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

2023 ANNUAL REPORT

CONTENTS

Chairman's Statement

Dear Shareholders and colleagues,

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

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

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

Chairman's Statement

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

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

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

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

Chairman's Statement

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

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

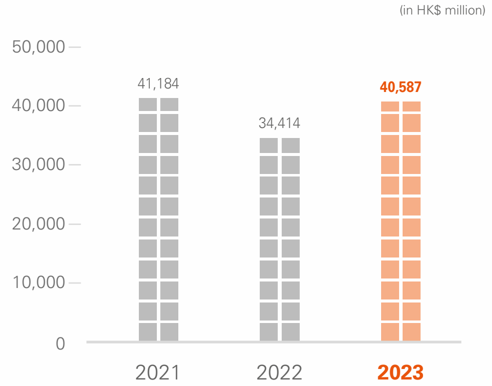
Cao Xinyi
Chairman
E-Commodities Holdings Limited

Management Discussion and Analysis of Financial Conditions and Operating Results

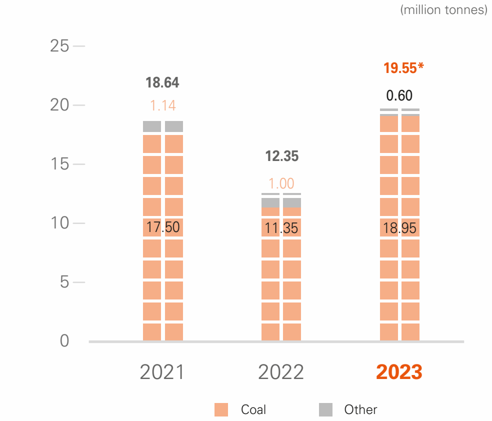
The following discussion and analysis should be read together with the Group's financial information and the notes thereto. The Group's financial statements have been prepared in accordance with all IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

I. OVERVIEW

Revenue

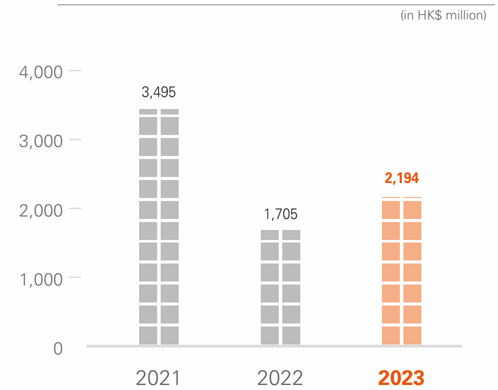


Supply Chain Trading Volumes

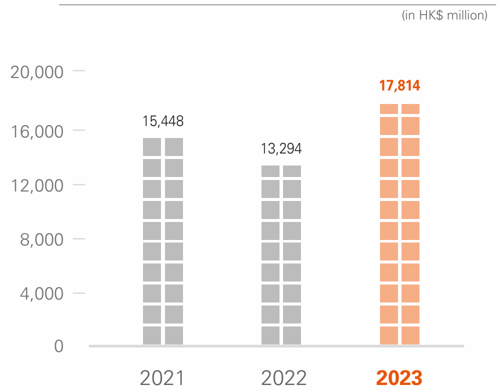


* Excluding sales volume of approximately 11.41 million tonnes of Mongolia coal executed through our associate Xianghui Energy.

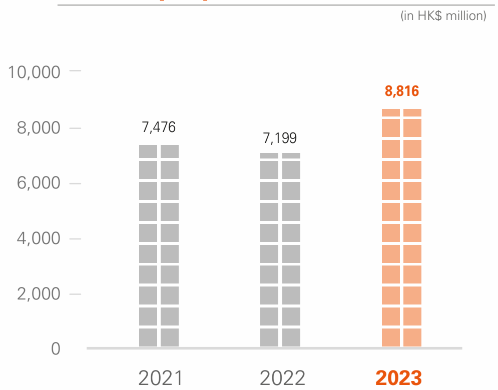
Net Profit



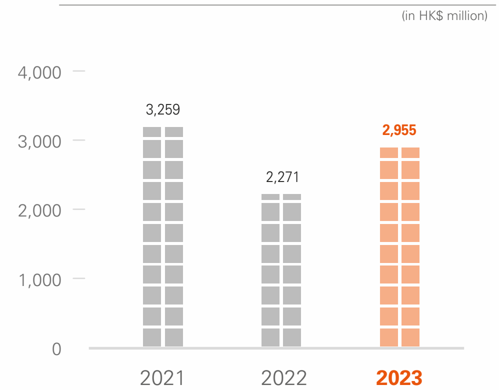
Total Assets



Total Equity



Cash Balance



Management Discussion and Analysis of Financial Conditions and Operating Results

II. FINANCIAL REVIEW

1. Revenue Overview

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

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

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

Supply Chain Trading

In 2023, our supply chain trading business sector recorded a revenue of HK$34,185 million, representing approximately 84.23% of the total revenue. This sector generates income by providing commodities trading services to our end customers, covering diversified commodities including, among others, coal products, oil and petrochemical products, iron ore and coke.

The revenue generated from coal products increased by approximately 18.12% from approximately HK$26,927 million in 2022 to approximately HK$31,805 million in 2023, mainly due to the increased coking coal trading volume.

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

Management Discussion and Analysis of Financial Conditions and Operating Results

Integrated Supply Chain Services

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

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

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

Business Prospects

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

2. Cost of Sales and Procurement

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

In 2023, the total procurement amount was HK$31,841 million, of which the top five suppliers accounted for 29.70%. No Director or their close associates (as defined under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), or shareholders of the Company owning more than 5% of the issued shares in the Company, has any interest in suppliers.

3. Operating Gross Profit

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

4. Administrative Expenses

The Group recorded administrative expenses of HK$1,113 million in 2023, representing an increase of 17.53% compared to HK$947 million of administrative expenses incurred in 2022. This was mainly due to an increase in business volume in 2023 as compared with the amount for the same period in 2022, and subsequently an increase in staff costs. The following factors were considered in determining the bonus: business pre-tax profit contribution (calculated by gross profit earned by each business sector team after deducting distributable finance costs and other distributable expenses) made by each business sector team, individual performance, and overall profit of the Company. The schemes are expected to incentivize business teams to achieve higher market share and better profit for the Company and its shareholders, so as to build sustainable competitive advantages for the Company in its industry.

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

5. Other Operating Expenses, Net

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

Note: Net realised and unrealised gain/(loss) on derivative financial instruments mainly represented the net gain or loss from commodity futures contracts entered into by the Group during the years ended 31 December 2023 and 2022.

Management Discussion and Analysis of Financial Conditions and Operating Results

6. Net Finance Costs

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

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

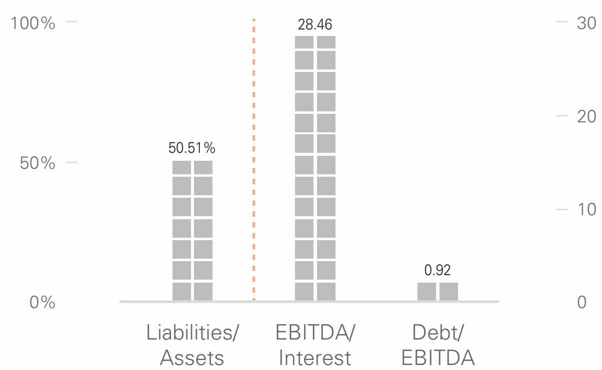
8. Impairment of Non-Current Assets

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

9. Indebtedness and Liquidity

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

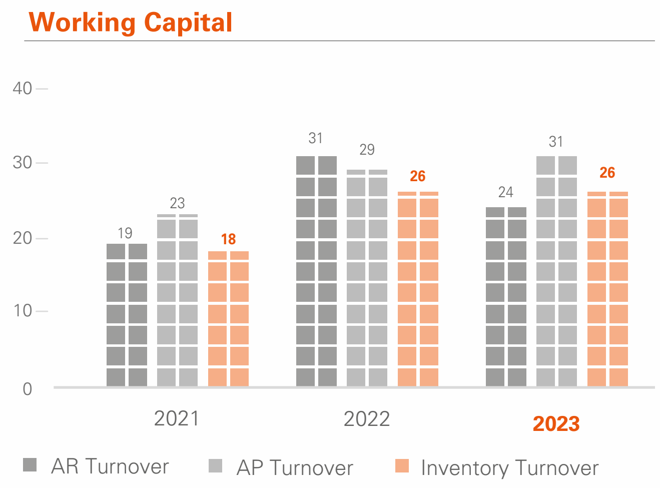
Indebtedness and Liquidity



Management Discussion and Analysis of Financial Conditions and Operating Results

10. Working Capital

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



11. Pledge of Assets

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

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

12. Cash Flow

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

Notes:

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

(2) Illustrative purpose only.

* Full margin deposit for bills payable

** Discounted bills and bill pledged loans

Management Discussion and Analysis of Financial Conditions and Operating Results

III. WORKING CAPITAL AND FINANCIAL POLICY

The Group managed its funds by pre-planning and real-time monitoring measures. The Group raised funds through business activities, discount of bills receivable, factoring of accounts receivable, banking facilities from domestic and overseas banks, and bond financing, so as to ensure funding for business operations, loan repayments and capital expenditure. In 2023, the Group was mainly financed by, including but not limited to, bank working capital loans, factoring of accounts receivable, cash inflow discounted from bank bills and other notes receivables, and other domestic and international bank facilities.

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

The main currencies of the Company's business and operation were United States dollars ("**USD**") and Renminbi ("**RMB**"). For the business for which purchases were made in USD and sales were made in RMB, the Company paid close attention to the exchange rate of USD to RMB. In the fluctuation of foreign exchange rate of USD to RMB, the Company used foreign exchange derivatives to avoid exchange rate fluctuation risks and lock in business profits.

IV. RISK FACTORS

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

1. Volatility of Commodities Prices

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

Management Discussion and Analysis of Financial Conditions and Operating Results

2. Dependence upon the Steel Industry

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

3. Liquidity risk

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

4. Currency risk

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

5. Fair value measurement

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

Management Discussion and Analysis of Financial Conditions and Operating Results

V. HUMAN RESOURCES

1. Employee Overview

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

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

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

2. Employee Education Overview

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

Management Discussion and Analysis of Financial Conditions and Operating Results

3. Training Overview

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

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

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

Training Overview

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

4. Pension Scheme

With respect to employees in Hong Kong and Singapore, the Group operates the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees in Hong Kong, and participates in the Central Provident Fund (CPF) Scheme (CPF Act 1953) for the employees in Singapore. The MPF Scheme is a defined contribution retirement plan administered by independent trustees, and The CPF is a mandatory social security savings scheme funded by contributions from employers and employees in Singapore, pursuant to which, (i) for the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the respective employee's relevant income, subject to a cap of monthly relevant income of HK$30,000; and (ii) working Singaporeans and permanent residents will be covered for the CPF scheme and the employer's CPF contribution is 17% of gross salary, subject to CPF contribution ceiling capped at SG$6,300. Contributions to both the MPF Scheme and CPF Scheme vest immediately. The Group made contributions of approximately HK$333,421 to the MPF Scheme in 2023 (2022: HK$256,821), and of approximately HK$1,082,804 to the CPF Scheme in 2023 (2022: HK$875,274).

Management Discussion and Analysis of Financial Conditions and Operating Results

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in a defined contribution retirement benefit scheme (the "**Retirement Benefit Scheme**") organised by the relevant local government authorities in the PRC. The Group was required to make specified contributions to the basic pension insurance, limited to a maximum rate of 16% of the employees' basic salaries subject to certain ceiling as stipulated by the relevant local governments in the PRC for the year ended 31 December 2023 (2022: 16%), and the employee was required to make contributions to the basic pension insurance in proportion to his/her salary as stipulated by the relevant local governments. After the employee reaches the statutory retirement age, he or she will receive a basic pension on a monthly basis. In 2023, the basic pension insurance premium paid by the Group amounted to approximately HK$11,981,844 (2022: HK$10,251,369). There was no forfeited contribution under the MPF Scheme, CPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years. In 2023, the Group did not have any defined benefit plan.

VI. HEALTH, SAFETY AND ENVIRONMENT

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

VII. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

IX. OTHER INFORMATION AND SUBSEQUENT TO THE REPORTING PERIOD

Acquisition of the entire equity interest in the Target Company

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

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

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

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

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

Provision of Counter-Guarantees

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

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

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

Profile of Directors and Senior Management

I. EXECUTIVE DIRECTORS: MS. CAO XINYI, MR. WANG YAXU, MR. ZHAO WEI, MS. CHEN XIUZHU

Ms. Cao Xinyi (曹欣怡), aged 41, is currently an executive Director, the chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**CEO**"). Ms. Cao joined the Company in 2009. She has extensive experience in the corporate strategy, business management, capital operation and corporate governance, and she has been successively responsible for the office of the Board, financial management, business operation and overall management of the Group since joining the Company, and possesses deep understanding and practice in commodities trading, logistics and finance. Before joining the Company in 2009, Ms. Cao worked at PricewaterhouseCoopers from 2005 to 2009. Ms. Cao serves as director and/or general manager of several subsidiaries of the Company. She graduated from City University of Hong Kong with a bachelor's degree in Business Administration in 2005. Ms. Cao is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wang Yaxu (王雅旭), aged 52, is currently an executive Director and senior vice president of the Company. Mr. Wang Yaxu joined the Group in 1995, then became an employee of the Company in 2007 upon the Company's establishment. He was responsible for overall business of the Group's Mongolian coal businesses such as procurement, sales, logistics and washing and processing. He is currently responsible for business development of domestic coal, washing and processing of coal of the Company. He also serves as director and/or general manager of several subsidiaries of the Company. Mr. Wang obtained a bachelor's degree in industrial management and engineering from Beijing University of Chemical Technology, and graduated with an EMBA degree from Beijing Jiaotong University in 2011.

Mr. Zhao Wei (趙偉), aged 53, is currently an executive Director and a vice president of the Company. Mr. Zhao joined the Group in 2016 and was appointed as the vice president of the Company in January 2021, and is currently responsible for the domestic warehousing and transportation (including railway, trucks and AGV transportation) in relation to import of Mongolian coal. Mr. Zhao also serves as a director and general manager of Inner Mongolia E35. Inner Mongolia E-35 and its subsidiaries are mainly engaged in the commodity logistics business of the Group. Mr. Zhao also serves as director and/or general manager of certain subsidiaries of the Company. Prior to joining the Group, Mr. Zhao served as, among others, assistant engineer, engineer, manager of business development department and general manager of Jinan Railway Bureau* (濟南鐵路局), Han Ji Railway Co., Ltd.* (邯濟鐵路有限責任公司) and Qingdao Bao Han Transportation and Trading Co., Ltd.* (青島寶邯運輸貿易有限公司) during the period from 1992 to 2009; and held positions in Lung Ming Mining Co., Ltd. during the period from 2009 to 2016, which were mainly responsible for the construction and improvement and operation management of mining railways, as well as the domestic circulation and sales of iron ore. Mr. Zhao has over 30 years of experience in logistics management and corporate operations. Mr. Zhao graduated from Lanzhou Jiaotong University in 1992 with a bachelor's degree in engineering.

Profile of Directors and Senior Management

Ms. Chen Xiuzhu (陳秀珠), aged 39, is currently an executive director, the vice president and company secretary of the Company. Ms. Chen joined the Company in July 2012 and was appointed as the vice president of the Company in March 2023. She is currently responsible for the Group's investment management, digital development and internet application innovation. Ms. Chen also serves as the director and/or general manager of certain subsidiaries of the Company. Ms. Chen has extensive experience in corporate governance and capital operations. Prior to joining the Company, Ms. Chen served as a project manager for ChinaMex from October 2006 to April 2010, and as an investor relations manager for China Solar & Clean Energy Solutions Inc. and Kailong Fund* (凱龍基金), respectively, from June 2010 to May 2012. Ms. Chen is a senior member of the Hong Kong Chartered Governance Institute. Ms. Chen obtained a bachelor's degree in arts from China University of Political Science and Law in September 2006, a master's degree in business administration from Beijing Normal University Business School in June 2014, and a master's degree in corporate governance from the Open University of Hong Kong in August 2019.

II. NON-EXECUTIVE DIRECTOR: MR. JIN ZHIQIANG

Mr. Jin Zhiqiang (靳智强), aged 50, is currently a non-executive Director. He is also the deputy general manager of Minmetals International Trading Company Pte. Ltd. From August 1996 to July 2004, he worked at the Minmetals trading mineral products department of China Minmetals Corporation. From July 2004 to September 2010, he served as the department manager at mineral products department of China National Minerals Co., Ltd.* (中國礦產有限責任公司) ("**China National Minerals**"), which is a wholly-owned subsidiary of Minmetals Development Co., Ltd.* (五礦發展股份有限公司) ("**Minmetals Development**"). From September 2010 to February 2013, he served as the deputy general manager at non-mineral refractory department under raw materials business division of Minmetals Development. From March 2013 to August 2020, he served as the general manager at non-mineral refractory department of China National Minerals. From August 2020 to March 2022, he served as the deputy general manager at China National Minerals. From March 2022 to April 2023, he served as the general manager of iron ore business department, and the deputy general manager at China National Minerals. From May 2023 to July 2023, he served as the deputy general manager of China National Minerals. Since July 2023, he has been serving as deputy general manager of Minmetals International Trading Company Pte. Ltd. Mr. Jin obtained a bachelor's degree in international trade from the University of International Business and Economics in July 1996, and a master's degree in business management from Beijing Institute of Technology in September 2005.

Profile of Directors and Senior Management

III. INDEPENDENT NON-EXECUTIVE DIRECTORS: MR. NG YUK KEUNG, MR. WANG WENFU, MR. GAO ZHIKAI

Mr. Ng Yuk Keung (吳育強), aged 59, is currently an independent non-executive Director. Mr. Ng worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From 2001 to 2003, Mr. Ng was the Chief Financial Officer of the International School of Beijing- Shunyi, an academic institution in Beijing, China. He subsequently joined Australian Business Lawyers, a law firm in Australia in 2003 and was later appointed as a consultant in 2004 responsible for advising on accounting matters. From 2004 to 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (stock code: 0438), a company listed on the Hong Kong Stock Exchange. From 2006 to 2010, Mr. Ng was a vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited. From 2010 to 2012, Mr. Ng was an executive director and the chief financial officer of China NT Pharma Group Company Limited (Stock Code: 1011), a company listed on the Hong Kong Stock Exchange. From February 2007 to October 2011, Mr. Ng was the independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (Stock Code: 3833), a company listed on the Hong Kong Stock Exchange. From March 2013 to May 2022, Mr. Ng was an executive director and the chief financial officer of Kingsoft Corporation Limited (Stock Code: 3888), a company listed on the Hong Kong Stock Limited. Mr. Ng is currently the chairman of board of directors of the International School of Beijing – Shunyi, and an independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (Stock Code: 631) and RoboSense Technology Co., Ltd (Stock Code: 2498). Mr. Ng graduated from The University of Hong Kong with a bachelor's degree in Social Sciences in 1988 and a master's degree in Global Business Management and E-commerce in 2002. He is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Wang Wenfu (王文福), aged 57, is currently an independent non-executive Director. Mr. Wang has extensive experience in the mining industry, with international business development, cross-border mergers and acquisitions, business network establishment, international trading and enterprises management experience. From April 2021 to July 2022, Mr. Wang was the managing director of Phu Bla Mining (Laos). Before Mr. Wang joined our Group as an independent non-executive Director in 2010, he worked for Aluminum Corporation of China Ltd. ("**CHALCO**") (Stock Code: 2600), a company listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and the New York Stock Exchange since 2004, and was mainly responsible for the development of CHALCO's overseas business, cross border mergers and acquisitions, foreign investment and risk management. He also acted as the President of Chinalco Overseas Holding Ltd., Director and President of Chalco Hong Kong Ltd., Chairman of Chalco Australia Pty. Ltd. and Chief Representative of CHALCO's operations in Vietnam and Indonesia. Mr. Wang graduated from the Department of Linguistics of Kunming University of Science and Technology in 1987. He also obtained a Master of Business Administration degree from Monash University in 1995 and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia in 2002.

Profile of Directors and Senior Management

Mr. Gao Zhikai (高志凱), aged 62, is currently an independent non-executive Director. Since January 2024, Mr. Gao has joined Cedrus Group, a global Swiss financial group, as a senior advisor to the Chairman and the Board of Directors. Mr. Gao will be involved with Cedrus' cross-border development and transactions, and participate in investments in China as well as globally. Mr. Gao is the independent non-executive Director of Modern Land (China) Co., Ltd (Stock Code: 1107) from November 2020 to present. Mr. Gao is currently the chairman of China Energy Security Institute, a vice president of Center for China and Globalization. Mr. Gao is also a current affairs commentator with CCTV News and appears regularly on BBC, CNN, Channel News Asia, Al Jazeera, NHK, RT, and other major news media. Mr. Gao has extensive work experience in diplomacy, legal, securities regulation, investment bank, equity investment, corporate management and charity. Mr. Gao was an interpreter for Mr. Deng Xiaoping and other Chinese leaders in the 1980s and worked in the Ministry of Foreign Affairs of the People's Republic of China. He also worked in the Secretariat of the United Nations and the Hong Kong Securities and Futures Commission. Mr. Gao has held senior positions in Morgan Stanley, China International Capital Corporation and Daiwa Securities. He has also held senior corporate positions in PCCW, Henderson Group and CNOOC Limited. Mr. Gao obtained a Juris Doctor degree from Yale Law School and a master's degree in Political Science from Yale Graduate School, a master's degree in English Literature from Beijing University of Foreign Studies, and a bachelor's degree in English Literature from Suzhou University. Mr. Gao is a licensed attorney-at-law in the State of New York, USA.

IV. SENIOR MANAGEMENT:

Ms. Zhu Hongchan (朱紅嬋), aged 49, is currently a senior vice president of the Company. She joined Winsway Group in 1995 and is currently responsible for the management of seaborne coal trading. Ms. Zhu is currently a director of E-Commodities Holdings Private Limited. Ms. Zhu graduated from Beijing University of Chemical Technology in 1995 with a bachelor's degree in Management Engineering and an EMBA degree from Beijing Jiaotong University in 2011.

Ms. Di Jingmin (邸京敏), aged 52, is currently a senior vice president of the Company. Ms. Di joined the Winsway Group in 1995 and is currently responsible for Winsway College, inheriting corporate culture, cultivating and selecting outstanding talents of the Group and other related work. She also serves as director and/or general manager of certain subsidiaries of the Company. Ms. Di graduated from Beijing University of Chemical Technology with a bachelor's degree in management engineering in 1995 and subsequently obtained a Master of Laws degree from the Chinese Academy of Social Sciences in 2009.

Ms. Ren Haiyan (任海燕), aged 40, is currently the chief financial officer of the Company. She joined the Group in 2009 and is currently responsible for the financial management of the Group. Ms. Ren has over 13 years of extensive experience in the financial management of the Group. She also serves as director of certain subsidiaries of the Company. Ms. Ren graduated from the University of Science and Technology Beijing in 2009 with a master's degree in management. She is a nonpracticing member of the Chinese Institute of Certified Public Accountants and a non-practicing (registered) tax accountant of the China Certified Tax Agents Association.

Profile of Directors and Senior Management

Ms. Zhu Jinzhu (朱金珠), aged 40, is currently a vice president of the Company. She joined Winsway Group in 2004 and was appointed as the Company's vice president in January 2021. She is currently responsible for coal relating procurement, transportation, management platform, project cooperation and cross-border transport at Sino-Mongolia ports. Ms. Zhu has more than 15 years of extensive experience in Mongolian coal procurement cooperation and cross-border logistics management. Ms. Zhu also serves as director and/or general manager of certain subsidiaries of the Company. Ms. Zhu graduated from University of Science and Technology Beijing in 2004 with a bachelor's degree in Engineering and an EMBA degree from Beijing Jiaotong University in 2014.

Ms. Zhong Fei (仲非), aged 53, is currently a vice president of the Company. She joined the Group in 2010 and is currently responsible for the Group's coking coal procurement management. Ms. Zhong Fei has extensive experience in coking coal procurement. Ms. Zhong Fei graduated from Griffith University in 2000 with a Bachelor degree of Arts in Asian and International Studies.

Ms. Liu Jinhong (劉錦紅), aged 44, is currently a vice president of the Company. She joined the Winsway Group in 2004 and is currently responsible for the Group's coking coal sales management. Ms. Liu has extensive experience in coking coal sales. Ms. Liu graduated from the University of Science and Technology Beijing in 2004 with a master's degree in management.

Mr. Wang Wei (王威), aged 40, is currently a vice president of the Company. He joined the Company in 2009 and is currently responsible for the management of projects development and construction. Mr. Wang was successively responsible for the coal washing and processing of the Group's Mongolian coal business and related infrastructure construction, operation management, and coal quality management. Mr. Wang graduated from China University of Mining and Technology in 2009 with a master's degree in engineering.

Mr. Dong Guoxuan (董國選), aged 51, is currently a vice president of the Company. He joined the Company in 2023 and is currently responsible for the coordination of Mongolian supply sources and organization of Mongolian transportation under the Group's E-35 business segment. Mr. Dong has extensive experience in the field of transportation in Mongolia. Mr. Dong graduated from Henan University of Economics and Law in 1992.

V. COMPANY SECRETARY:

Ms. Chen Xiuzhu (陳秀珠), please refer to the above profile.

Corporate Governance Report

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and furthering Shareholders' interests. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfil its commitment to excellence in corporate governance.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company for the year ended 31 December 2023.

CORPORATE PURPOSE, CULTURE AND STRATEGY

The mission of the Group is to "make commodity business easier". Leveraging on its rich experience in commodities trading management and well-established logistic infrastructures, the Group is able to provide comprehensive services across the value chain of commodities trading with high efficiency to satisfy the demands of its customers.

The Group is committed to developing "Simplicity, Efficiency and Dedication" corporate culture to achieve its mission and purpose. The Group is led by a young and motivated management and implements a comprehensive career development system with competitive remuneration and benefits designed to attract, motivate and retain talented people at all levels. The Group believes that its corporate culture enhance its employees sense of belonging and responsibility that enables the Group to deliver long-term sustainable growth and success.

The Board assumes responsibility for establishing the Group's strategy to align with its mission and corporate culture, upon which the Group would generate value in the long run. For the year ended 31 December 2023, the Group continued to expand and adopted innovative business model to establish omni-channels of marketing, accumulate resources and explore opportunities. Please refer to the Chairman Statement and Management Discussion and Analysis of Financial Conditions and Operating Results on pages 2 to 23 of this annual report.

CORPORATE GOVERNANCE

The Board has adopted the CG Code set out in Appendix C1 of the Listing Rules as its own set of corporate governance guidelines, with the additional requirement of at least 7 days' prior notice for Board meetings other than regular Board meetings (for which at least 14 days' notice is required) to give all Directors greater opportunity to attend.

Throughout the year ended 31 December 2023, the Board believes that the Company complied with the Code Provisions under the CG Code, 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 is the Chairman and also serves as the CEO. 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

Corporate Governance Report

strategies and boost effectiveness of its operations. In addition, under the supervision of the Board (which consists of 4 executive Directors, 1 non-executive Director and 3 independent non-executive Directors) and Board committees (only 2 executive Directors served on the Board committees and other members of which are all independent non-executive Directors), the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the deviation from the Code Provision C.2.1 is appropriate in such circumstances.

Except for the deviation mentioned above from the CG Code, the Board believes that the Company fully complied with all the Code Provisions throughout the year ended 31 December 2023 with which listed issuers are expected to comply with.

THE BOARD

The Board is the principal decision-making body of the Company. The powers, functions and duties of the Board include convening general meetings and reporting the Board's work at general meetings, implementing resolutions passed at general meetings, determining the Company's business plans and investment plans, formulating the annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles. The Board has given clear directions to the senior management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

The Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. The Board considers that it has maintained a balanced composition of executive directors and non-executive directors (including independent non-executive directors). The non-executive Director and three independent non-executive Directors actively participate in the formulation of the Company's policies and seek to represent the interests of the Shareholders as a whole. During the year ended 31 December 2023 and up to the date of this report, the composition of the Board is as follows:

Executive Directors

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

Non-executive Director

Mr. Guo Lisheng (resigned on 9 November 2023)
Mr. Jin Zhiqiang (appointed on 9 November 2023)

Corporate Governance Report

Independent non-executive Directors

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

During the year ended 31 December 2023, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, the number of which must represent at least one-third of its Board, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Biographical details of the Directors and senior management of the Company are set out in the section headed "Profile of Directors and Senior Management" on pages 24 to 28 of this annual report.

The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Company's business. There was no material financial, business, family or other relevant relationship among members of the Board.

For the year ended 31 December 2023, four full board meetings and one general meeting were held. The following is the attendance record of the board meetings held by the Board during 2023:

Name of Director	Attendance/ Number of general meetings held	Attendance/ Number of board meetings held
Executive Directors		
Cao Xinyi (Chairman)	1/1	4/4
Wang Yaxu	0/1	4/4
Di Jingmin (resigned on 28 August 2023)	1/1	2/4
Zhao Wei	0/1	4/4
Chen Xiuzhu (appointed on 28 August 2023)	0/1	2/4
Non-executive Director		
Guo Lisheng (resigned on 9 November 2023)	0/1	3/4
Jin Zhqiang (appointed on 9 November 2023)	0/1	1/4
Independent non-executive Directors		
Ng Yuk Keung	0/1	4/4
Wang Wenfu	0/1	4/4
Gao Zhikai	0/1	4/4

Corporate Governance Report

Sufficient notice convening the Board meetings was given to the Directors setting out the matters to be discussed. All Directors were given an opportunity to include matters in the agenda for the Board meetings and have access to the company secretary to ensure that all Board procedures and applicable rules and regulations were followed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary is responsible for keeping minutes for the Board meetings.

Each of executive Directors and non-executive Director has entered into a service contract with the Company for a term of three years. Each of independent non-executive Directors was appointed for a term of three years under the relevant appointment letter. They are all subject to retirement from office by rotation and re-election in accordance with the Articles of Association.

To ensure that independent views and input are available to the Board, the Board strictly complies with the Listing Rules, CG Code and nomination policy to assess and ensure the independence of the independent non-executive Directors. Each committee of the Board is authorised to engage external legal, financial or other independent professional advisers or other persons to enable it to discharge its duties as it considers necessary. For the year ended 31 December 2023, the aforesaid mechanisms were implemented effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the CEO, Ms. Cao Xinyi, has executive responsibilities, provides leadership to the Board in terms of establishing policies and business direction and oversees the day-to-day management of the Group's business. She ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. She also ensures that all Directors are properly briefed on issues to be discussed at board meetings.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, law, banking and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

The participation of the independent non-executive Directors in the Board brings independent judgment on the issues relating to the Group's strategy, conflicts of interest, connected transactions and management process in order to ensure that the interests of all Shareholders have been duly considered.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules 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 throughout the year ended 31 December 2023.

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

According to the Articles, at each annual general meeting one-third of the Directors are subject to retirement by rotation or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and shall be eligible for re-election. Every Director shall be subject to retirement at an annual general meeting at least once every three years. Any other appointment, resignation, removal or re-designation of Director will be disclosed in a timely manner to the Shareholders by way of announcement and shall include in such announcement the reasons given by the Director for his/her resignation.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C4 of Part 2 of the CG Code on 7 September 2010 and revised the written terms of reference on 26 March 2012, 31 December 2015 and 27 December 2018. 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 of the Group, overseeing the audit process and acting as the key representative body for overseeing the Group's relations with the external auditor and performing other duties and responsibilities as assigned by the Board from time to time. The audit committee currently comprises the three independent non-executive Directors, Mr. Ng Yuk Keung (Chairman), Mr. Wang Wenfu and Mr. Gao Zhikai.

For the year ended 31 December 2023, the audit committee held 2 meetings, at which members of the audit committee reviewed and discussed with the external auditors and the management of the Group's interim financial results and reports in respect of the first half year of 2023, and the annual financial results and reports in respect of the year ended 31 December 2022, and are of the opinion that such financial statements have complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure has been made.

Corporate Governance Report

The attendance records of the audit committee for the year ended 31 December 2023 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Ng Yuk Keung	2/2
Mr. Wang Wenfu	2/2
Mr. Gao Zhikai	2/2

AUDITORS' REMUNERATION

For the year ended 31 December 2023, the fees paid/payable in respect of audit and non-audit services provided by KPMG, the Group's external auditors, are set out below:

Service	Sum (HK$'000)
Audit services	7,166
Other services	434
	7,600

The audit committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board and at the general meetings of the Company by the Shareholders.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

The Company provided each newly appointed Director with formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities from time to time. The Company will arrange training and professional development for Directors as and when necessary. Each of the Directors also arranged by themselves to participate in courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or reading relevant materials.

Corporate Governance Report

During the year ended 31 December 2023, the Directors confirmed that they have participated in training and continuous professional development activities and a summary is provided as follows:

Name of Director	Type of continuous professional development programmes
Executive Directors	
Ms. Cao Xinyi (Chairman)	1,2,3
Mr. Wang Yaxu	1,2,3
Ms. Di Jingmin (resigned on 28 August 2023)	1,2,3
Mr. Zhao Wei	1,2,3
Ms. Chen Xiuzhu (appointed on 28 August 2023)	1,2,3
Non-executive Director	
Mr. Guo Lisheng (resigned on 9 November 2023)	1,2,3
Mr. Jin Zhiqiang (appointed on 9 November 2023)	1,2,3
Independent non-executive Directors	
Mr. Ng Yuk Keung	1,2,3
Mr. Wang Wenfu	1,2,3
Mr. Gao Zhikai	1,2,3

Notes:

1. Reading materials and updates relating to the latest developments of the Listing Rules and other applicable regulatory requirements.

2. Attending seminars/training workshops offered by external professionals and/or experts.

3. Internal group discussions on updates relating to general economy, business trend, corporate governance, directors' duties and the latest development of the Listing Rules and other applicable regulatory requirements.

Corporate Governance Report

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company deploys appropriate and sufficient resources to prepare its financial statements in accordance with IFRSs. Senior management is required to present and explain the financial reporting and matters that materially affect or may have a material impact on the financial performance and operations of the Company to the audit committee and the Board and respond to the queries and concerns raised by the audit committee and the Board to their satisfaction. The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the financial statements include applicable disclosure required by the Listing Rules and by the Hong Kong Companies Ordinance. The reporting responsibility of the external auditors of the Company on the financial statements of the Group is set out in the independent auditor's report on pages 58 to 65 of this annual report.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 7 September 2010 with written terms of reference in compliance with the Listing Rules and CG Code. The remuneration committee currently comprises two independent non-executive Directors, namely, Mr. Wang Wenfu (chairman) and Mr. Ng Yuk Keung and one executive Director, Ms. Cao Xinyi. The primary duties of the remuneration committee are to review and formulate remuneration policies for the Directors and senior management, to make recommendations on the remuneration package of the Directors and senior management and to evaluate and make recommendations on employee benefit arrangements. The Remuneration Committee also assesses performance of the Directors and proposes the terms of the Directors' service contracts.

The remuneration committee held 1 meeting during the year ended 31 December 2023, at which the members of the committee reviewed the remuneration and bonus plan of the Directors and senior management with reference to their duties, responsibilities, experience, qualifications and performance. No Director took part in any discussion about his/her own remuneration.

The attendance records of the remuneration committee for the year ended 31 December 2023 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Wang Wenfu	1/1
Mr. Ng Yuk Keung	1/1
Ms. Cao Xinyi	1/1

Details of the Directors' remuneration are set out in note 9 to the financial statements.

Corporate Governance Report

NOMINATION COMMITTEE

The Company established a nomination and corporate governance committee on 7 September 2010, which was renamed as the nomination committee on 10 December 2021, with written terms of reference in compliance with the Listing Rules and the CG Code. The nomination committee comprises two independent non-executive Directors, namely, Mr. Gao Zhikai (Chairman) and Mr. Ng Yuk Keung and one executive Director, Ms. Chen Xiuzhu. The primary function of the nomination committee is to formulate and implement the nomination policy laid down by the Board to oversee the composition, structure and evaluation of the Board and its committees and to develop, recommend to the Board and oversee the implementation of corporate governance principles and policies. The Board has adopted policy of nomination, setting out the standards and procedures for nomination and appointment of directors, to ensure the continuity of the Board and maintain its leadership, for the nomination of candidates for directorship of the Company by considering the skills, experience, professional knowledge, personal integrity and time commitment of such individuals, the Company's needs and other relevant statutory requirements and regulations.

The nomination committee held 2 meetings during the year ended 31 December 2023, at which the members of the committee reviewed and discussed the composition and structure of the Board and also evaluated the performance of the Board and its committees.

The nomination committee will review annually the structure, size and composition of the Board and where appropriate, recommend candidates to the Board before election to complement the Company's corporate strategy.

The attendance records of the nomination committee for the year ended 31 December 2023 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Gao Zhikai	2/2
Mr. Ng Yuk Keung	2/2
Ms. Di Jingmin (resigned on 28 August 2023)	1/2
Ms. Chen Xiuzhu (appointed on 28 August 2023)	1/2

Corporate Governance Report

ENVIRONMENTAL AND SOCIAL AND GOVERNANCE COMMITTEE

The Company established the health, safety and environmental committee on 7 September 2010, which was renamed as the environmental and social and governance committee and the responsibilities of which were adjusted with a new set of terms of reference adopted on 10 December 2021. The environmental, social and governance committee comprises two non-executive Directors, Mr. Gao Zhikai and Mr. Wang Wenfu and one executive Director, Ms. Chen Xiuzhu (Chairman). The primary function of the environmental, social and governance committee is to advise and assist the Board in monitoring, review and making appropriate recommendations to the Board on the best industry practices, the most recent requirements of Hong Kong market and the staff of ESG issues of the Group.

The environmental, social and governance committee held 1 meeting during the year ended 31 December 2023, at which the members of the committee reviewed and discussed ESG and the related matters of the Group.

The attendance records of the environmental, social and governance committee for the year ended 31 December 2023 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Gao Zhikai	1/1
Mr. Wang Wenfu	1/1
Ms. Di Jingmin (resigned on 28 August 2023)	1/1
Ms. Chen Xiuzhu (appointed on 28 August 2023)	0/1

RISK MANAGEMENT AND INTERNAL CONTROL

The internal control system has been designed to safeguard the assets of the Group, maintain proper accounting records and to ensure execution with appropriate authority and compliance with relevant laws and regulations. The Group has an function.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control system. During the year ended 31 December 2023, the Board carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day business operation. All purchase and sales contracts need to be reviewed by finance and legal departments before signing. The Group uses ERP system to track and record business invoices, and accounting entries will be generated from the system automatically. During execution, revenue and cost data are regularly being collected and examined with each business department to ensure the truthfulness and accuracy of the records. This allows us to monitor the operations of each business unit. The preparation process of the financial statements includes division of labor, authorisation and review. Only authorised individuals have access to prepare and modify the financial statements. The system can only provide reasonable but not absolute assurance against misstatements or losses.

Corporate Governance Report

The Group adopted a series internal control procedures for the handling and dissemination of inside information, including the management of insiders list, training for insiders and management controls for inside information to ensure that the potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide the disclosure of inside information in accordance with the SFO and the Listing Rules.

The Company also adopted an internal control system for the handling of its continuing connected transactions. In particular, the independent non-executive Directors conduct an annual review on the continuing connected transactions of the Company in the previous financial year, and confirm in the annual report of the Company that the continuing connected transactions were entered into in the ordinary and usual course of business, and conducted on normal commercial terms or better and according to the agreements of such transactions. The terms are fair, reasonable and in the interest of the Shareholders as a whole. The external auditor of the Company conducts an annual review on the continuing connected transactions of the Company in the previous financial year according to the Listing Rules, express its opinions, and issue relevant letters to the Board according to the requirements of the Listing Rules.

For the year ended 31 December 2023, the Board considers that the Group's internal control system was adequate and effective and that the Company complied with the CG Code with respect to its internal controls.

The Company established a whistleblowing policy and system for employees and those who deal with the Group to raise concerns, in confidence and with anonymity, where desired, about actual or suspected cases of impropriety in any matter related to the Group. For details, please refer to section VIII "Quality First" of the Company's 2023 Environment, Social and Governance Report.

The Company also established the Anti-Fraud, Anti-Money Laundering and Anti-Bribery Policy which sets out the Company's policy and systems that promote and support compliance with applicable anti-fraud, antibribery and corruption laws and regulations. For details, please refer to section VIII "Quality First" of the Company's 2023 Environment, Social and Governance Report.

COMPANY SECRETARY

For the year ended 31 December 2023, in compliance with Rule 3.28 of Listing Rules, the Company's company secretary is a full-time employee of the Company and familiar with the ordinary affairs of the Company. The company secretary supports the Board and each of the Board committees by ensuring good information flow and that policies and procedures of the Board and the relevant Board committees are followed advises the Board on governance matters and facilitates the induction and professional development of Directors. The company secretary also plays an essential role in the relationship between the Company and its Shareholders, including assisting the Board in discharging its obligations to the Shareholders pursuant to the Listing Rules.

In compliance with Rule 3.29 of the Listing Rules, Ms. Chen Xiuzhu confirmed that she has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2023.

Corporate Governance Report

CONVENING GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS BY SHAREHOLDERS

According to the Articles of Association, Shareholders who request the convening of an extraordinary general meeting shall comply with the following procedures:

- General meetings shall be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s).

- If the Board does not within 21 days from the date of deposit of the requisition duly proceed to convene the general meeting, the requisitionist(s) themselves or any of them representing more than one-half of their total voting rights, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business performance and strategies. The Board established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring the Shareholders and investment community are provided with timely access to comprehensive, equal and understandable information about the Company.

Corporate Governance Report

The Company maintains its open communication policy and deliver information to Shareholders and the investment community through various channels, which include publication of the Company's financial reports (including interim and annual reports), information and notices of the annual general meeting and extraordinary general meeting that may be convened, other disclosures in accordance with the regulatory requirements under the relevant laws and regulations and the Listing Rules, as well as its corporate communications and other corporate publications on the HKEXnews website (www.hkexnews.hk) and/or the Company's website.

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary or relevant personnel by mail to the Company's principal place of business in Hong Kong at the following address:

Unit 1902, Floor 19,
Far East Finance Centre
16 Harcourt Road, Admiralty, Hong Kong

The company secretary and relevant personnel shall, on a regular basis, report the Shareholder's enquiries and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquiries.

The Company has reviewed the implementation of the above Shareholders and investor communication policy in 2023 and based on the information set out the paragraphs above, considers the shareholders' communication policy effective.

DIVIDEND POLICY

On 27 December 2018, the Board approved and adopted a dividend policy, pursuant to which, in recommending or declaring the dividend, the Company shall maintain adequate cash reserves to meet its working capital requirements and future growth as well as its shareholders' value. The Board has the discretion to declare and distribute dividends to Shareholders, subject to the Articles of Association and all applicable laws and regulations. In recommending or declaring the dividend, the Board shall take into account, among others, the Group's financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of shareholders, any restrictions on payment of dividends by the Company to Shareholders or by its subsidiaries to the Company, taxation consideration and any other factors that the Board may consider relevant.

Corporate Governance Report

DIVERSITY POLICY

The Company has adopted the board diversity policy (the "**Board Diversity Policy**"), pursuant to which, in reviewing and assessing the Board composition and the nomination of directors, Board diversity has to be considered from a number of aspects, including but not limited to the gender, age, cultural and educational background, professional qualifications and skills, knowledge and industry and regional experience.

Even though the Board has not established a specific target number or date by which to achieve a specific number of women on the Board, the Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Board has two female Directors and six male Directors for the year ended 31 December 2023. The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective. The Board will adhere to the Board Diversity Policy, closely monitor the proportion of female members and ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered and selected.

The Company also values gender diversity at all levels of the Company, as at 31 December 2023, approximately 16.22% of the employees of the Group are female, in particular, 50.00% of senior management are female. The Company will continue to work to enhance gender diversity at all levels of the Company.

Report of the Directors

Dear Shareholders,

The Board is pleased to present its report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 prepared in accordance with IFRSs.

PRINCIPAL ACTIVITIES

The Company was incorporated in the BVI as a limited liability company on 17 September 2007. The Shares were listed on the Main Board on 11 October 2010.

The Group is principally engaged in the processing and trading of coal and other products and providing integrated supply chain services. Details of the Company's principal subsidiaries as at 31 December 2023 are set out in note 17 to the financial statements set out in this annual report.

OPERATING RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss on pages 66 to 68 of this annual report.

Further discussion and analysis of the Group's performance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business are set out on pages 2 to 23 of this annual report. This discussion forms part of the Directors' report.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 71 to 72 of this annual report.

As at 31 December 2023, there were no reserves available for distribution to Shareholders (31 December 2022: nil).

Subject to the BVI Business Companies Act (as revised), the Company may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and distributed if the Directors reasonably believe that, immediately after the payment of the dividends, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

The reserves of the Group available for distribution depend on the dividend distributable by the Company's subsidiaries. Regulations in the PRC currently permit distribution by way of dividends by the PRC subsidiaries only out of accumulated profits as determined in accordance with the PRC generally accepted accounting principles. These distributable profits differ from those that are reflected in the Group's financial statements prepared in accordance with the IFRSs.

Report of the Directors

DIVIDENDS

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 172 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2023 are set out in note 13 to the financial statements set out in this annual report.

SHARE CAPITAL

The Shares are without par value. Details of the movements in number of authorised and issued Shares during 2023 are set out in note 33 to the financial statements set out in this annual report.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group are set out in notes 26 and 29 to the financial statements set out in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Most of the Group's products are sold to steel mills in China. For the year ended 31 December 2023, sales to the Group's five largest customers accounted for 44.82% of the total revenue of the Group. The largest customer was accounted for 17.82% of the total revenue of the Group.

For the year ended 31 December 2023, total procurement amount of commodities was HK$31,841 million, of which, the top five suppliers accounted for 29.70%. The largest supplier accounted for 6.70% of the total procurement amount.

At no time during the year had the Directors, their associates or any Shareholder (which to the knowledge of the Directors own(s) more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Report of the Directors

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

The Directors during the year and up to the date of this report of the Directors are as follows:

Name	Position
Executive Directors	
Ms. Cao Xinyi	Executive Director and Chairman and CEO
Mr. Wang Yaxu	Executive Director
Ms. Di Jingmin (resigned on 28 August 2023)	Executive Director
Mr. Zhao Wei	Executive Director
Mr. Chen Xiuzhu (appointed on 28 August 2023)	Executive Director
Non-executive Director	
Mr. Guo Lisheng (resigned on 9 November 2023)	Non-executive Director
Mr. Jin Zhiqiang (appointed on 9 November 2023)	Non-executive Director
Independent Non-executive Directors	
Mr. Ng Yuk Keung	Independent Non-executive Director
Mr. Wang Wenfu	Independent Non-executive Director
Mr. Gao Zhikai	Independent Non-executive Director

Biographical details of the current Directors and the senior management of the Company are set out in the section headed "Profile of Directors and Senior Management" on pages 24 to 28 in this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with the Company or any other member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 36 to the consolidated financial statements, none of the Directors and controlling shareholders of the Company had a material beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors

CONNECTED TRANSACTIONS

Purchase of Properties

On 4 August 2023, each of the E-Commodities Guangdong and E-Commodities Jiangsu (collectively, the "**Purchasers**"), being an indirect wholly-owned subsidiary of the Company, and each of Mr. Wang Xingchun and Ms. Bai Jianping (collectively, the "**Vendors**") entered into two property purchase agreements, respectively, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase certain properties located in Nantong City, Jiangsu Province and Zhuhai City, Guangdong Province, respectively, with a total gross floor area of 2,863.44 square meters, for a total consideration of RMB78.20 million. As the Vendors are parents of Ms. Wang, the controlling shareholder of the Company, each of the Vendors is an associate of Ms. Wang, and therefore constitutes a connected person of the Company under Rules 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Property Purchase Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Further details in respect of the purchase of the properties are set out in the announcement of the Company dated 4 August 2023.

Provision of Counter-Guarantees

On 20 October 2023, the Company and Xiangyu Joint Stock entered into the counter-guarantee contract, pursuant to which the Company agreed to provide the counter-guarantee ("**Counter-Guarantee October 2023**") in favour of Xiangyu Joint Stock in proportion to its 49% equity interest in Xianghui Energy, pursuant to which the Counter-Guarantee October 2023 is for the amount drawn down on the banking facilities together with any interest accrued thereon, any penalties, compensation and other related fees and expenses which may be payable by Xiangyu Joint Stock as contemplated under the bank guarantee contract provided by Xiangyu Joint Stock in favour of the designated bank in an aggregate amount of up to RMB194.04 million. Xiangyu Joint Stock is a substantial shareholder of Inner Mongolia E-35 and Haotong Environmental Technology, both are indirect non-wholly owned subsidiaries of the Company, therefore, Xiangyu Joint Stock is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the provision of Counter-Guarantee October 2023 constituted connected transaction of the Company under Chapter 14A of the Listing Rules. Further details in respect of the provision of Counter-Guarantee October 2023 are set out in the Company's announcement dated 20 October 2023.

On 28 December 2023, the Company and Xiangyu Joint Stock entered into another counter-guarantee contract, pursuant to which the Company agreed to provide the counter-guarantee (the "**Counter-Guarantee December 2023**") in favour of Xiangyu Joint Stock in proportion to its 49% equity interest in Xianghui Energy, pursuant to which the Counter-Guarantee December 2023 is for an aggregate amount of up to RMB323.4 million representing proportionate guaranteed amount together with any interests accrued thereon, any penalties, compensation and other related fees and expenses which may be payable by Xiangyu Joint Stock as contemplated under the relevant bank guarantee contract provided by Xiangyu Joint Stock in favour of the designated bank. As aforementioned, Xiangyu Joint Stock is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the provision of Counter-Guarantee December 2023 constituted connected transaction of the Company under Chapter 14A of the Listing Rules. Further details in respect of the provision of Counter-Guarantee December 2023 are set out in the Company's announcement dated 28 December 2023.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

The Mutual Supply Framework Agreement

On 31 December 2021, the Company and Xiangyu Joint Stock entered into the Mutual Supply Framework Agreement in relation to the supply of E-Commodities Products, and the provision of E-Commodities Services, by the Group to Xiamen Xiangyu, and the supply of Xiangyu Products, and the provision of Xiangyu Services, by Xiamen Xiangyu to the Group, for a term of 3 years commencing from 1 January 2022 and ending on 31 December 2024. As Xiamen Xiangyu is a substantial shareholder of Inner Monoglia E-35 and Haotong Environmental Technology, both indirect non-wholly owned subsidiaries of the Company, therefore, Xiamen Xiangyu constitutes a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the transactions contemplated under the Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details of the Mutual Supply Agreement are set out below and the Company's announcement dated 31 December 2021.

Supply of products

Under the Mutual Supply Agreement, (i) the Group shall supply to Xiamen Xiangyu, from time to time during the term thereof, the E-Commodities Products (the "**Sales Transactions**") that mainly comprising seaborne coking coal, a small amount of domestic coking coal, petrochemical products and iron ores; and (ii) Xiamen Xiangyu shall supply to the Group, from time to time during the term thereof, the Xiangyu Products (the "**Procurement Transactions**") that mainly comprising petrochemical products (including, among others, methyl tert-butyl ether, petroleum coke, petrol and diesel), Mongolian coal, domestic coking coal, and a small amount of iron ores, with a view to leverage each party's respective advantages in resources and channels of suppliers and customers, and different nature of products in terms of, among others, country origins, products quality and indicators and categories, to expand their respective market competitiveness.

Provision of services

Under the Mutual Supply Agreement, (i) the Group shall provide to Xiamen Xiangyu, from time to time during the term thereof, the E-Commodities Services (the "**E-Commodities Services Transactions**") that mainly comprising commodities logistics services in Mongolia, Inner Mongolia and cross border ports through truck and railway transportation, warehousing, washing, processing and consulting services. In particular, the Company will provide to Xiamen Xiangyu the logistics services in relation to the Mongolian coal trading business of Xiamen Xiangyu, and (ii) Xiamen Xiangyu shall provide to the Group, from time to time during the term thereof, the Xiangyu Services (the "**Xiangyu Services Transactions**") that mainly comprising full suite of door-to-door logistics services in relation to international and domestic commodities trading business including, among others, ship transportation, multi-modal transportation, ports terminal services and bulk warehouse storage. In particular, Xiamen Xiangyu will provide to the Group with logistics services through its bulk shipping, warehousing, and road and railway transportation resources at coastal area for the Group's commodities trading business in relation to, among others, seaborne coking coal and petrochemical products, in order to facilitate the business cooperation between the Group and Xiamen Xiangyu by equipping with commodities logistics services and transportation services, which are the core competitive capability of the Group, as well as the port services at coastal areas and inland waterway of Xiamen Xiangyu.

Report of the Directors

On 26 October 2023 and 27 December 2023, the Board envisaged that the original annual caps for E-Commodities Services Transactions for the years ending 31 December 2023 and 2024 would be insufficient, and resolved to revise (i) the original annual cap from HK$3,990 million to HK$5,585 million and further to HK$6,100 million for the year ending 31 December 2023, and (ii) the original annual cap from HK$5,187 million to HK$7,537 million and further to HK$9,194 million for the year ending 31 December 2024, respectively. Further details in respect of the revisions of the annual caps are set out in the announcements of the Company dated 26 October and 27 December 2023, respectively.

The table below sets out the transaction amount and annual cap by the type of transactions for the year ended 31 December 2023:

	For the year ended 31 December 2023	
	Amounts Transaction (HK$ million)	**Annual Cap** (HK$ million)
Sale Transactions	1,260	6,400
Procurement Transactions	137	4,608
E-Commodities Services Transactions	5,628	6,100
Xiangyu Services Transactions	–	120
TOTAL	**7,025**	**17,228**

The Consultancy Agreement

On 30 December 2022, the Company and Mr. Wang Xingchun as the senior strategy consultant entered into the consultancy agreement (the "**Consultancy Agreement**") in relation to the provision of, on an exclusive basis, consultation and advisory services to the Company in relation to the development and construction of infrastructures and the related facilities for the Company's business operation along the Chinese port areas for a term of three years commencing from 1 January 2023 and ending on 31 December 2025. Under the consultancy agreement, the Company shall pay an annual service fees in Hong Kong dollars equivalent to US$1,000,000 on a monthly basis. Mr. Wang Xingchun is the father of Ms. Wang, therefore, an associate of Ms. Wang and a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the consultancy agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details in respect of the consultancy agreement are set out in the Company's announcement dated 30 December 2022.

For the year ended 31 December 2023, each of the transaction amount and the annual cap in respect of the service fees paid by the Company to Mr. Wang Xingchun as the senior strategy consultant was US$1,000,000 and US$1,000,000, respectively.

The Master Tenancy Framework Agreement

On 31 March 2023, the Company entered into the Master Tenancy Framework Agreement with Ms. Wang, for the purpose of regulating various transactions relating to the renting of certain residential or commercial premises and/or car parking spaces between the members of the Group and Ms. Wang and/or her associates for a term commencing on 1 April 2023 and ending on 31 December 2025.

Right-of-use Asset

In accordance with IFRS 16 *Leases*, the Group as a lessee, shall recognise a right-of-use asset and a lease liability at the commencement date, a right-of-use asset represents the Group's right to use an underlying asset for the lease term and a lease liability is measured at the present value of the lease payments that are not paid at that date which is discounted using the Group's incremental borrowing rate. Under IFRS 16, the Group presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset in its consolidated statement of profit or loss. Correspondingly, the Company is required to set the annual cap on the total value of right-of-use assets relating to the individual lease transactions entered into, and to be entered into, by the Group as the tenant in each year under the Master Tenancy Framework Agreement.

Ms. Wang is the controlling shareholder of the Company and therefore, Ms. Wang or any of her associates is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the entering into the Master Tenancy Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further details in respect of the Master Tenancy Framework Agreement are set out in the announcement of the Company dated 31 March 2023.

For the period from 1 April 2023 and ended 31 December 2023, each of the transaction amount and annual cap, which represents the total value of the right-of-use assets relating to the individual lease transactions entered into by the Group under the Master Tenancy Framework Agreement was HK$6 million and HK$7 million, respectively.

The independent non-executive Directors have reviewed the continuing connected transactions contemplated under each of the Mutual Supply Framework Agreement, Consultancy Agreement and Master Tenancy Framework Agreement for the year ended 31 December 2023 and confirmed that such continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) according to the agreement governing them to terms that are fair and reasonable and in the interest of the Shareholders as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions contemplated under each of the Mutual Supply Framework Agreement, Consultancy Agreement and Master Tenancy Framework Agreement for the year ended 31 December 2023. The auditor has issued its unqualified letter in accordance with the Rule 14A.56 of the Listing Rules and confirmed to the Board that, with respect to the disclosed continuing connected transactions:

Report of the Directors

i) nothing has come to the attention of the auditors that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

ii) for transactions involving the provision of goods or services by the Group, nothing has come to the attention of the auditors that causes to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.

iii) nothing has come to the attention of the auditors that causes to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

iv) with respect to the aggregate amount of each of the continuing connected transactions set out above in the list of continuing connected transactions, nothing has come to the attention of the auditors that causes to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, share-based incentive payments, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses Directors and senior management for expenses which are necessarily and reasonably incurred for providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for executive Directors, the remuneration committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Director, employment elsewhere in the Group and desirability of performance-based remuneration.

Details of the remuneration of the Directors are set out in note 9 to the financial statements set out in this annual report.

For the year ended 31 December 2023, the remuneration of the Company's senior management whose profiles are included in the section headed "Profile of Directors and Senior Management" of this annual report fell within the following bands:

Remuneration bands	Number of individuals
HK$1,000,000 to HK$9,000,000	2
HK$10,000,000 to HK$30,000,000	4
HK$100,000,000 to HK$200,000,000	1

Report of the Directors

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent in accordance with the guidelines set out in the Listing Rules.

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

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and Hong Kong 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 Hong Kong Stock Exchange, were as follows:

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

Notes:

(1) The shareholding percentage of the Company is calculated on the basis of 2,705,996,962 Shares in issue as at 31 December 2023, as the denominator.

Save as disclosed above, as at 31 December 2023, so far as is known to any Directors 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 Hong Kong 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 Hong Kong Stock Exchange.

Report of the Directors

SHARE-BASED INCENTIVE PLAN

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 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 RSUs 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 award 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).

Subject to the terms of the 2022 RSU Scheme, an RSU Award 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 trustee deed. 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.

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.

During the year ended 31 December 2023, no Shares were purchased under the 2022 RSU Scheme and no RSU Award was granted under the 2022 RSU Scheme. As at 31 December 2023, no outstanding and unvested RSU was held by (i) any Director, (ii) the five highest paid individuals; or (iii) other participants under the 2022 RSU Scheme.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2023, Shareholders who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Name of Corporation	Nature of Interest	Aggregate number of Shares or underlying Shares[1]	Approximate percentage of interest in the corporation[6]
Wang Yihan[2]	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.44%
Famous Speech[5]	The Company	Beneficial Owner	1,500,080,608 (L)	55.44%
Wang Xingchun[3]	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%
Winsway Resources[3]	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%
China Minmetals Corporation[4]	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.44%
Magnificent Gardenia	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%

Report of the Directors

Notes:

(1) (L) – long position.

(2) Ms. Wang directly controls Famous Speech and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech. Ms. Wang is a director of Famous Speech.

(3) Mr. Wang Xingchun and Winsway Resources are parties to an agreement covered by S.317 and S.318 of SFO entered into with Famous Speech, therefore, each of Mr. Wang Xingchun and Winsway Resources is deemed to be interested in the 1,500,080,608 shares held by Famouse Speech by virtue of S.317 of the SFO. Winsway Resources is owned as to approximately 50% each by Mr. Wang Xinchun and his spouse, Ms. Bai Jianping, therefore, Mr. Bai Jianping is deemed to be interested in Winsway Resources' interest in such 1,500,080,608 Shares.

(4) China Minmetals Corporation ("**China Minmetals**") is deemed to be interested in 1,500,080,608 Shares because Magnificent Gardenia, a corporation controlled by it, entered into an agreement which is covered by s.317 and s.318 of the SFO and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech by virtue of s.317 of the SFO.

(5) Pursuant to a distribution in specie of the 1,500,080,608 Shares to its members, namely Ms. Wang and Magnificent Gardenia, in proportion to their respective equity interest in Famous Speech (the "**Distribution in Specie**"). Upon completion of the Distribution in Specie, Famous Speech in no longer held any Share in the Company. For further details, please refer to the announcement of the Company dated 19 January 2024.

(6) The percentage shareholding of the Company is calculated on the basis of 2,705,996,962 Shares in issue, as at 31 December 2023, as the denominator.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 31 December 2023.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance (as that term is used in Appendix D2 of the Listing Rules) in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed in this annual report, no contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.

Report of the Directors

Save as disclosed in this annual report, no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

AUDIT COMMITTEE

The audit committee consists of three independent non-executive Directors, Mr. Ng Yuk Keung (chairman), Mr. Wang Wenfu and Mr. Gao Zhikai.

The audit committee has reviewed, together with the management of the Company, the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the financial statements of the Group for the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

There are no applicable provisions for pre-emptive rights under the Articles of Association or the BVI Business Companies Act (as revised) under which the Company is incorporated.

MODEL CODE FOR SECURITIES TRANSACTIONS

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, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2023.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company has adopted the CG Code. Throughout the year ended 31 December 2023, save as disclosed in the Corporate Governance Report in this annual report, the Company has complied with all the applicable code provisions as set out in the CG Code. For details of the corporate governance practice of the Company, please refer to the Corporate Governance Report on pages 29 to 42 of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group in the ordinary course of business are set out in note 36 to the financial statement set out in this annual report. Save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" in this section, the related party transactions disclosed in note 36 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

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

Repurchase of shares

As at 31 December 2023, the Company had a total of 2,705,996,962 shares in issue. The Company repurchased a total of 44,098,000 shares on the Stock Exchange during the year ended 31 December 2023, among which 36,278,000 repurchased shares were cancelled in 2023 and 7,820,000 repurchased shares were cancelled in 2024. The repurchase was effected for the enhancement of shareholder value in the long term.

Details of the repurchases are summarised as follows:

Months of the repurchases	Total number of Shares repurchased	Repurchased price per Share Highest (HK$)	Lowest (HK$)	Settlement cost (HK$)
January 2023	6,390,000	1.49	1.39	9,148,484.59
March 2023	8,942,000	1.47	1.37	12,740,247.19
April 2023	20,216,000	1.46	1.28	28,451,703.56
May 2023	730,000	1.32	1.30	956,178.39
June 2023	6,554,000	1.06	1.00	6,728,440.85
July 2023	1,266,000	1.07	1.02	1,322,718.97
Total	44,098,000	–	–	59,347,773.55

Save as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the directors, or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, which would require disclosure under the Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in or about the execution of their duty in their offices or otherwise in relation thereto. Such permitted indemnity provision was in force throughout the year ended 31 December 2023 and up to the date of this report. The Company arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company for the year ended 31 December 2023 and up to the date of this report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DONATIONS

During the year ended 31 December 2023, the Group made donations of approximately HK$2.12 million.

On behalf of the Board
Cao Xinyi
Chairman

26 March 2024

Independent auditor's report

Independent auditor's report to the shareholders of E-Commodities Holdings Limited
(incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of E-Commodities Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 66 to 166, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in respect of Trading of Seaborne Coal

Refer to note 4 to the consolidated financial statements and the accounting policies on page 96.

The Key Audit Matter	How the matter was addressed in our audit
The Group is principally engaged in the importing, processing and trading of coal and other products and the rendering of integrated supply chain services. The Group operates a significant part of its coal trading involving purchase of coking coal and other coal related products from upstream suppliers located in the United States of America, Australia, Canada and other countries, and sales of such products to downstream customers in the People's Republic of China (the "**PRC**") and other countries through sea transportation provided by third party shipping companies ("**Trading of Seaborne Coal**").	Our audit procedures to assess revenue recognition in respect of Trading of Seaborne Coal included the following: • assessing the design, implementation and operating effectiveness of the key internal controls over the recognition of revenue from Trading of Seaborne Coal; • inspecting, on a sample basis, the sales contracts to identify the terms of delivery and acceptance and assessing the revenue recognition criteria with reference to the requirements of the prevailing accounting standards;

Independent auditor's report

The Key Audit Matter	How the matter was addressed in our audit
For the year ended 31 December 2023, the Group's income from Trading of Seaborne Coal amounted to approximately HK$27,491,964,000, representing approximately 68% of the Group's total revenue for the year. The Group entered into significant volume of sales contracts with a wide range of customers. Revenue was recognized when the customer took possession of and accepted the goods which was taken to be the point in time when the customer obtained control of the goods. We identified revenue recognition in respect of Trading of Seaborne Coal as a key audit matter because revenue is a key performance measure for the Group and a key driver of the gross margin which increases the inherent risk of manipulation of revenue to meet targets and expectations and because the volume of transactions and differing trade terms increase the risk of errors in timing of recognition of revenue.	• selecting a sample of sales transactions recorded during the reporting period and just after the end of the reporting period and comparing the details with the underlying sales invoices, sales contracts and relevant documentation evidencing the date of delivery and acceptance of the goods or services to assess whether the related revenue has been recognized in the appropriate accounting period and in accordance with the Group's revenue recognition accounting policies; • requesting confirmations from the Group's customers, on a sample basis, to confirm the sales transaction amounts during the reporting period and inspecting underlying documentation relating to reconciling differences between the transactions confirmed by customers and the Group's accounting records; and • inspecting manual adjustments to revenue during the reporting period which met certain risk-based criteria and inquiring management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

Independent auditor's report

Expected credit loss allowance for trade receivables

Refer to note 23 to the consolidated financial statements and the accounting policies on page 85.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2023, the Group's gross carrying amount of trade receivables amounted to HK$1,526,392,000, against which an allowance of HK$78,195,000 for expected credit losses (ECLs) was recorded. The Group's trade receivables are mainly due from steel manufacturers and traders. According to the Group's past experience, the loss patterns for different groups of customers are not significantly different. Therefore, the trade receivables are not segmented when calculating the ECL allowance.	Our audit procedures to assess the ECL allowance for trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and the estimation of the ECL allowance; • evaluating the Group's ECL policy and the method of estimating the ECL allowance with reference to the requirements of the applicable accounting standard; • assessing whether items in the trade receivables ageing reports were categorised in the appropriate time band by comparing individual items therein with the underlying documentation, on a sample basis;

Independent auditor's report

The Key Audit Matter	How the matter was addressed in our audit
The Group measures the ECL allowance for the trade receivables at an amount equal to lifetime ECLs based on management's estimated loss rates. The estimated loss rates take into account the ageing of trade receivables balances and the repayment history of the Group's customers. Such assessment involves management judgement and estimation. We identified the ECL allowance for trade receivables as a key audit matter because determining the level of the ECL allowance requires the exercise of management judgement, which is inherently subjective.	• obtaining an understanding of the key parameters and assumptions that management uses in its implementation of the expected credit loss model, including historical credit loss data used in management's estimated loss rates; • assessing the appropriateness of management's estimate of the ECL allowance by examining the information used by management to derive such estimate, including testing the accuracy of the historical credit loss data and evaluating whether the historical loss rates should be adjusted based on current market conditions and forward-looking information; and • re-performing the calculation of the ECL allowance as at 31 December 2023 based on the Group's ECL policies and method.

Independent auditor's report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Management Discussion and Analysis prior to the date of this auditor's report and expect remaining other information to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realiztic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent auditor's report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Ying Man, Simon.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
26 March 2024

Consolidated statement of profit or loss

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

	Note	**2023**	2022
		HK$'000	HK$'000
Revenue	4	**40,586,665**	34,414,254
Cost of sales		**(36,887,007)**	(31,216,318)
Gross profit		**3,699,658**	3,197,936
Other revenue	5	**66,487**	40,381
Distribution costs		**(71,846)**	(107,948)
Administrative expenses		**(1,112,763)**	(947,281)
Other operating expenses, net	6	**(10,156)**	(82,269)
(Impairment)/reversal of impairment of non-current assets	7(c)	**(44,297)**	10,864
Profit from operations		**2,527,083**	2,111,683
Finance income		**55,376**	34,733
Finance costs		**(117,774)**	(251,766)
Net finance costs	7(a)	**(62,398)**	(217,033)
Share of profits less losses of associates	18	**199,500**	136,964
Share of profits less losses of joint ventures	19	**(1,672)**	7,230
Profit before taxation		**2,662,513**	2,038,844
Income tax	8	**(468,157)**	(333,952)
Profit for the year		**2,194,356**	1,704,892

Consolidated statement of profit or loss

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

	Note	**2023** **HK$'000**	2022 HK$'000
Profit attributable to:			
Equity shareholders of the Company		**2,122,640**	1,665,748
Non-controlling interests		**71,716**	39,144
Profit for the year		**2,194,356**	1,704,892
Earnings per share	12		
Basic and diluted (HK$)		**0.793**	0.594

The notes on pages 76 to 166 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 33(b).

Consolidated statement of profit or loss and other comprehensive income

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

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

The notes on pages 76 to 166 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2023
(Expressed in Hong Kong dollars)

	Note	**At 31 December 2023 HK$'000**	At 31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment	13	**2,220,030**	1,254,936
Investment property	13	**224,562**	–
Right-of-use assets	15	**1,112,707**	872,102
Construction in progress	14	**242,996**	395,694
Intangible assets	16	**240,226**	115,061
Interest in associates	18	**1,093,674**	1,427,870
Interest in joint ventures	19	**101,208**	75,838
Other investments in equity securities	20	**102,646**	92,235
Deferred tax assets	31(b)	**78,934**	55,207
Other non-current assets	21	**251,627**	81,792
Total non-current assets		**5,668,610**	4,370,735
Current assets			
Inventories	22	**3,424,955**	1,749,316
Trade and other receivables	23	**4,879,315**	4,043,068
Restricted bank deposits	24	**886,132**	860,107
Cash and cash equivalents	25	**2,955,453**	2,270,966
Total current assets		**12,145,855**	8,923,457
Current liabilities			
Secured bank loans	26	**1,907,519**	890,260
Trade and other payables	28	**5,887,291**	3,674,994
Other interest-bearing borrowings	29	**–**	438,844
Lease liabilities	30	**254,377**	232,755
Income tax payable	31(a)	**309,276**	140,295
Provision	32	**–**	292,849
Total current liabilities		**8,358,463**	5,669,997
Net current assets		**3,787,392**	3,253,460
Total assets less current liabilities		**9,456,002**	7,624,195

Consolidated statement of financial position

at 31 December 2023
(Expressed in Hong Kong dollars)

	Note	**At 31 December 2023 HK$'000**	At 31 December 2022 HK$'000
Non-current liabilities			
Secured bank loans	26	**139,640**	77,415
Lease liabilities	30	**366,045**	256,230
Deferred income	27	**28,444**	48,980
Deferred tax liabilities	31(b)	**105,915**	42,700
Total non-current liabilities		**640,044**	425,325
NET ASSETS		**8,815,958**	7,198,870
CAPITAL AND RESERVES			
Share capital	33(c)	**5,420,519**	5,661,398
Reserves		**3,073,554**	1,257,316
Total equity attributable to equity shareholders of the Company		**8,494,073**	6,918,714
Non-controlling interests		**321,885**	280,156
TOTAL EQUITY		**8,815,958**	7,198,870

Approved and authorised for issue by the board of directors on 26 March 2024.

Cao Xinyi)
) Directors
Wang Yaxu)

The notes on pages 76 to 166 form part of these financial statements.

Consolidated statement of changes in equity

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

	Share capital HK$'000 (note 33(c))	Statutory reserve HK$'000 (note 33(d))	Employee share trusts HK$'000 (note 33(c))	Other reserve HK$'000 (note 33(d))	Exchange reserve HK$'000 (note 33(d))	Treasury shares HK$'000 (note 33(d))	Fair value reserve (non-recycling) 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)	(44,449)	(410,585)	(198,062)	(40,580)	1,515,688	6,918,714	280,156	7,198,870
Changes in equity for 2023:											
Total comprehensive income	-	-	-	-	(50,933)	-	(976)	2,122,640	2,070,731	80,328	2,151,059
Dividends approved in respect of the previous year (note 33(b))	-	-	-	-	-	-	-	(240,611)	(240,611)	-	(240,611)
Purchase of own shares	-	-	-	-	-	(50,853)	-	-	(50,853)	-	(50,853)
Cancellation of repurchased shares (note 33(c))	(240,879)	-	-	-	-	240,879	-	-	-	-	-
Appropriation to statutory reserve (note 33(d))	-	172,250	-	-	-	-	-	(172,250)	-	-	-
Acquisition of non-controlling interests	-	-	-	7,243	-	-	-	-	7,243	(14,599)	(7,356)
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(24,000)	(24,000)
Dividends declared in respect of the current year (note 33(b))	-	-	-	-	-	-	-	(211,151)	(211,151)	-	(211,151)
Balance at 31 December 2023	5,420,519	652,388	(44,834)	(37,206)	(461,518)	(8,036)	(41,556)	3,014,316	8,494,073	321,885	8,815,958

The notes on pages 76 to 166 form part of these financial statements.

Consolidated statement of changes in equity

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

	Share capital HK$'000 (note 33(c))	Statutory reserve HK$'000 (note 33(d))	Employee share trusts HK$'000 (note 33(c))	Other reserve HK$'000 (note 33(d))	Exchange reserve HK$'000 (note 33(d))	Treasury shares HK$'000 (note 33(d))	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2022	5,784,673	416,418	–	(44,449)	298,913	(144,582)	(37,916)	954,164	7,227,221	249,057	7,476,278
Changes in equity for 2022:											
Total comprehensive income	–	–	–	–	(709,498)	–	(2,664)	1,665,748	953,586	31,099	984,685
Purchase of own shares	–	–	–	–	–	(325,510)	–	–	(325,510)	–	(325,510)
Dividends approved in respect of the previous year (note 33(b))	–	–	–	–	–	–	–	(865,561)	(865,561)	–	(865,561)
Cancellation of repurchased shares (note 33(c))	(272,030)	–	–	–	–	272,030	–	–	–	–	–
Shares issued for exercise of warrants (note 33(c))	148,755	–	–	–	–	–	–	–	148,755	–	148,755
Contribution to employee share trusts (note 33(c))	–	–	(44,834)	–	–	–	–	–	(44,834)	–	(44,834)
Appropriation to statutory reserve (note 33(d))	–	63,720	–	–	–	–	–	(63,720)	–	–	–
Dividends declared in respect of the current year (note 33(b))	–	–	–	–	–	–	–	(174,943)	(174,943)	–	(174,943)
Balance at 31 December 2022	5,661,398	480,138	(44,834)	(44,449)	(410,585)	(198,062)	(40,580)	1,515,688	6,918,714	280,156	7,198,870

The notes on pages 76 to 166 form part of these financial statements.

Consolidated cash flow statement

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

	Note	**2023**	2022
		HK$'000	HK$'000
Operating activities			
Profit before taxation		**2,662,513**	2,038,844
Adjustments for:			
Depreciation of investment property, property, plant and equipment and right-of-use assets	7(c)	**358,653**	254,607
Amortisation of intangible assets	7(c)	**11,378**	7,818
Amortisation of deferred income		**(2,540)**	(8,922)
Interest income	7(a)	**(55,376)**	(34,733)
Interest expenses	7(a)	**101,801**	103,186
Net realized and unrealized (gain)/loss on derivative financial instruments	6	**(7,248)**	81,260
Changes in fair value on warrants	7(a)	**–**	8,782
Loss/(gain) on disposal of property, plant and equipment and construction in progress	6	**17,737**	(2,038)
Share of profits less losses of associates		**(199,500)**	(136,964)
Share of profits less losses of joint ventures		**1,672**	(7,230)
Impairment/(reversal of impairment) of non-current assets	7(c)	**44,297**	(10,864)
Foreign exchange loss, net	7(a)	**(12,034)**	125,458
		2,921,353	2,419,204
(Increase)/decrease in inventories		**(1,675,639)**	652,192
(Increase)/decrease in trade and other receivables		**(433,888)**	865,106
Increase/(decrease) in trade and other payables		**1,777,814**	(1,146,177)
Decrease in provision		**(292,849)**	–
Income tax paid		**(271,437)**	(618,132)
Net cash generated from operating activities		**2,025,354**	2,172,193

Consolidated cash flow statement

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

	Note	**2023** **HK$'000**	2022 HK$'000
Investing activities			
Payment for purchase of property, plant and equipment, construction in progress, and intangible assets		**(881,728)**	(632,627)
Payment for purchase of investment property		**(229,852)**	–
Proceeds from sale of property, plant and equipment		**24,679**	16,985
(Increase)/decrease in restricted bank deposits		**(26,025)**	137,924
Net cash outflows from purchase or settlement of derivative financial instruments, and structured deposits products		**(470,777)**	(199,268)
Capital contributions to an associate		**(18,898)**	(191,486)
Capital contributions to a joint venture		**(28,685)**	–
Dividends received from an associate		**115,688**	96,711
Loan to a joint venture	21	**(195,184)**	–
Payment for acquisition of non-controlling interests		**(7,630)**	–
Acquisition of assets and liabilities through acquisition of subsidiary	34	**(162,083)**	–
Net cash outflows from acquisition of subsidiaries		**–**	(16,001)
Interest received		**46,549**	35,280
Net cash used in investing activities		**(1,833,946)**	(752,482)
Financing activities			
Proceeds from bank loans		**16,585,939**	11,798,263
Repayment of bank loans		**(15,387,676)**	(12,114,833)
Proceeds from interest-bearing borrowings from an associate	18	**–**	463,128
Repayment of interest-bearing borrowings from an associate	18	**–**	(622,761)
Proceeds from shares issued for exercise of warrant		**–**	77,212

Consolidated cash flow statement

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

	Note	**2023** **HK$'000**	2022 HK$'000
Capital element of finance leases rentals paid		**(344,718)**	(179,173)
Interest element of finance leases rentals paid		**(35,941)**	(24,929)
Interest paid		**(65,717)**	(78,990)
Dividends paid to equity shareholders of the Company		**(399,530)**	(1,059,281)
Dividends paid to non-controlling interests		**(18,673)**	–
Proceeds from sales and lease back of property, plant and equipment		**249,698**	–
Purchase of own shares		**(50,853)**	(325,510)
Contribution to employee share trusts		**–**	(44,834)
Net cash generated from/(used in) financing activities		**532,529**	(2,111,708)
Net increase/(decrease) in cash and cash equivalents		**723,937**	(691,997)
Cash and cash equivalents at 1 January	25(a)	**2,270,966**	3,259,393
Effect of foreign exchange rate changes		**(39,450)**	(296,430)
Cash and cash equivalents at 31 December	25(a)	**2,955,453**	2,270,966

The notes on pages 76 to 166 form part of these financial statements.

Notes to the financial statements

(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 importing, processing and trading of coal and other products and the rendering of integrated supply chain services

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in associates and joint ventures.

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

– Investments in securities (see note 2(f)); and

– derivative financial instruments (see note 2(g)).

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is different from the functional currency of the Company and its principal subsidiaries. The Company's functional currency is United Stated dollars ("**US$**"). As the Company is a listed company in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

(c) Changes in accounting policies

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

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o) or (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 2(i)).

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

(f) Other investments securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments (see note 35(e)).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Other investments securities (continued)

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(u)(ii)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see note 2(u)(ii)).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(h) Investment property

Investment property is the building which is owned or held under a leasehold interest (see note 2(k)) to earn rental income.

Investment property is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the investment property less its estimated residual value using the straight line method over its estimated useful life as follow:

Buildings	33 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Rental income from investment property is accounted for as described in note 2(u)(ii)(d).

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognized in the statement of financial position at cost less impairment losses (see note 2(l)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	10 to 40 years
Plant and machinery	3 to 20 years
Railway special assets	8 to 50 years
Motor vehicles	4 to 10 years
Office and other equipment	2 to 10 years

Freehold land is not depreciated.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation with finite useful lives, and impairment losses (see note 2(l)). Amortisation is recognized in profit or loss on a straight-line basis over the assets' useful lives. The following other intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	10 years
Exclusive services agreement	20 years
Permits	10-20 years

Both the period and method of amortisation are reviewed annually.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i) and 2(l)(iii)).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including trade and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Basis of calculation of interest income (continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– investment property;

– right-of-use assets;

– construction in progress;

– intangible assets; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in note 2(u).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost, using the effective interest method less an allowance for credit losses (see note 2(l)(i)).

Insurance reimbursement is recognized and measured in accordance with note 2(t).

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs, see note 2(w).

(p) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Refund liabilities arising from rights of returns and volume rebates are recognized in accordance with the policy set out in note 2(u).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(l)(i).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligations for contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in relevant jurisdictions are recognized as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognized as an expense.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(ii) Share-based payments

The fair value of share options and restricted share units granted to employees is recognized as an employee cost with a corresponding increase in the other reserve within equity. The fair value of share options is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of restricted share units is measured at grant date using the market price of the Company's shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options and restricted share units, the total estimated fair value of the options and restricted share units is spread over the vesting period, taking into account the probability that the options and restricted share units will vest.

During the vesting period, the number of share options and restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the other reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options and restricted share units that vest (with a corresponding adjustment to the other reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount related to share options is recognized in the other reserve until either the option is exercised (when it is transferred to the share capital account) or the option expires (when it is released directly to retained earnings). The equity amount related to restricted share units is recognized in other reserve until the restricted share units become vested and is transferred to employee share trusts.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either; or

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of goods that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Sales of the Group's goods are recognized as follows:

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sales of goods

Revenue is recognized when the customer takes possession of and accepts the goods which was taken to be the point in time when the customer obtain control of the goods.

(b) Rendering of services

Revenue from rendering of services are recognized when the services are rendered.

Where a contract has two or more performance obligations, the Group allocates the transaction price to each service in proportion to those stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) Dividends

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

(b) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(l)(i)). Interest income is recognized as it accrues using the effective interest method.

(c) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized in profit or loss over the useful life of the assets.

(d) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired, are translated into HK$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty and critical accounting judgement made by the management are as follows:

(i) Impairment of non-current assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, this asset may be considered "impaired", and an impairment loss may be recognized in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales revenue and amount of operating costs. An increase or decrease in the above impairment loss would affect the net profit in future years.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(ii) Allowance for diminution in value of inventories

If the costs of inventories fall below their net realizable values, an allowance for diminution in value of inventories is recognized. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the products, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than estimated.

(iii) ECL for trade receivables

As explained in note 2(l), The Group estimates ECL for trade receivables measured at amortised cost. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(iv) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in 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.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue

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

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Coal	**31,805,175**	26,927,042
– Rendering of integrated supply chain services	**6,326,916**	3,756,526
– Oil and petrochemical products	**2,026,735**	3,137,601
– Iron ore	**319,433**	515,550
– Coke	**33,530**	29,298
– Others	**74,876**	48,237
	40,586,665	34,414,254

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

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

(b) Segment reporting

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

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

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

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

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

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation where "interest" is regarded as including investment income.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

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

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

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

(iii) Geographic information

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(iii) Geographic information (continued)

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5 OTHER REVENUE

	2023	2022
	HK$'000	HK$'000
Government grants	**61,405**	36,586
Others	**5,082**	3,795
	66,487	40,381

6 OTHER OPERATING EXPENSES, NET

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

Note: Net realized and unrealized gain/(loss) on derivative financial instruments mainly represented the net gain or loss from commodity futures contracts entered into by the Group during the year ended 31 December 2023 and 2022.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 PROFIT BEFORE TAXATION

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

(a) Net finance costs

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

(b) Staff costs

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (continued)

During the year ended 31 December 2023, staff costs of the Group included accrued bonus of approximately HK$407,360,000 (2022: HK$354,248,000) for the business sector teams, including coking coal and other teams. The following factors were considered in determining the bonus, business pre-tax profit (calculated by gross profit earned by each business sector team after deducting distributable finance costs and other distributable expenses) made by each business sector team, individual performance, and overall profit of the Group. A certain proportion ranging from 5%-20% of business pre-tax profit made by each business sector team is distributed to the corresponding business sector team in the form of bonus.

(c) Other items

	2023 **HK$'000**	2022 HK$'000
Amortisation and depreciation#		
– property, plant and equipment and investment property	**205,860**	167,040
– right-of-use assets	**152,793**	87,567
– intangible assets	**11,378**	7,818
Impairment loss on trade and other receivables	**19,865**	56,395
Impairment/(reversal of impairment) of non-current assets		
– property, plant and equipment (note 13)	**–**	(30,064)
– right-of-use assets (note 15)	**44,297**	–
– interests in a joint venture	**–**	19,200
Auditors' remuneration		
– audit and review services	**7,166**	7,521
– other services	**434**	20
Reversal of provisions (note 32)	**(42,818)**	–
Cost of inventories# (note 22(b))	**32,133,588**	29,055,291

Cost of inventories includes HK$6,196,000 (2022:HK$37,888,000) and HK$1,053,000 (2022: HK$35,062,000) for the year ended 31 December 2023 relating to staff costs, depreciation and amortisation which amount is also included in the respective total amount disclosed separately above or in note 7(b) for each type of these expenses.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2023 **HK$'000**	2022 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**5,053**	9,867
Current tax – Outside of Hong Kong		
Provision for the year	**415,948**	278,540
Under-provision in respect of prior years	**7,668**	507
Deferred Tax		
Origination and reversal of temporary differences (note 31(b))	**39,488**	45,038
	468,157	333,952

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

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

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

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

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

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

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 **HK$'000**	2022 HK$'000
Profit before taxation	**2,662,513**	2,038,844
Notional tax on profit before taxation, calculated at the rates applicable to profit in the jurisdictions concerned	**501,758**	366,615
Tax effect of non-taxable income	**(42,586)**	(33,189)
Tax effect of non-deductible expenses	**3,428**	1,058
Tax effect of utilization of previously unrecognized tax losses	**(19,665)**	(9,899)
Tax effect of unused tax losses and other temporary differences not recognized	**17,554**	8,860
Under-provision in respect of prior years	**7,668**	507
Actual tax expense	**468,157**	333,952

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement Scheme Contributions HK$'000	Total HK$'000
Executive directors				
Cao Xinyi	235	76,491	33	76,759
Wang Yaxu	235	14,985	60	15,280
Zhao Wei	235	12,220	60	12,515
Di Jingmin (resigned on 28 August 2023)	157	7,874	55	8,086
Chen Xiuzhu (appointed on 28 August 2023)	78	5,967	9	6,054
Non-executive directors				
Guo Lisheng (resigned on 9 November 2023)	–	–	–	–
Jin Zhiqiang (appointed on 9 November 2023)	–	–	–	–
Independent non-executive directors				
Gao Zhikai	1,566	–	–	1,566
Ng Yuk Keung	1,566	–	–	1,566
Wang Wenfu	1,566	–	–	1,566
	5,638	117,537	217	123,392

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS (CONTINUED)

	2022			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement Scheme Contributions HK$'000	Total HK$'000
Executive directors				
Cao Xinyi	235	38,916	32	39,183
Wang Yaxu	235	21,496	59	21,790
Di Jingmin	235	10,293	59	10,587
Zhao Wei	235	7,022	59	7,316
Non-executive directors				
Guo Lisheng	–	–	–	–
Independent non-executive directors				
Gao Zhikai	1,566	–	–	1,566
Ng Yuk Keung	1,566	–	–	1,566
Wang Wenfu	1,566	–	–	1,566
	5,638	77,727	209	83,574

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2022: two) is directors whose emoluments are disclosed in note 9. During the year ended 31 December 2023, the emoluments in respect of the other four individuals (2022: three) were as follow:

	2023 HK$'000	2022 HK$'000
Salaries and other emoluments	**12,524**	9,437
Discretionary bonuses	**234,550**	198,728
Retirement scheme contributions	**279**	261
	247,353	208,426

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

During the year ended 31 December 2023, the emoluments of the four individuals (2022: three) with the highest emoluments were within the following bands:

	2023 Number of individuals	2022 Number of individuals
HK$20,000,000 to HK$30,000,000	**3**	2
HK$100,000,000 to HK$200,000,000	**1**	1

11 OTHER COMPREHENSIVE INCOME

Other comprehensive income does not have any tax effect for the year ended 31 December 2023 (2022: HK$ nil).

12 EARNINGS PER SHARE

(a) Basic earnings per share

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

Weighted average number of ordinary shares (basic):

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

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

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

13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Reconciliation of carrying amount

	Land and buildings HK$'000	Plant and machinery HK$'000	Railway special assets HK$'000	Motor vehicles HK$'000	Office and other equipment HK$'000	Sub-total HK$'000	Investment property HK$'000	Total HK$'000
Cost:								
At 1 January 2022	1,276,596	424,589	320,018	837,923	174,299	3,033,425	–	3,033,425
Additions	23,517	45,770	–	77,595	55,357	202,239	–	202,239
Transferred from construction in progress (note 14)	85,829	106,234	–	2,493	5,534	200,090	–	200,090
Disposals	–	(344)	–	(22,515)	(608)	(23,467)	–	(23,467)
Exchange adjustments	(114,367)	(41,392)	(28,645)	(182,403)	(18,017)	(384,824)	–	(384,824)
At 31 December 2022 and 1 January 2023	1,271,575	534,857	291,373	713,093	216,565	3,027,463	–	3,027,463
Additions	197,784	42,540	1,438	197,369	49,317	488,448	229,852	718,300
Acquisition of a subsidiary (note 34)	98,958	2,966	9,140	1,038	134	112,236	–	112,236
Transferred from construction in progress (note 14)	256,230	116,688	67,966	137,699	20,868	599,451	–	599,451
Disposals	(2,227)	(9,107)	–	(17,731)	(2,408)	(31,473)	–	(31,473)
Exchange adjustments	(24,576)	(7,349)	(4,784)	6,896	(8,853)	(38,666)	(1,552)	(40,218)
At 31 December 2023	1,797,744	680,595	365,133	1,038,364	275,623	4,157,459	228,300	4,385,759
Accumulated depreciation and impairment losses:								
At 1 January 2022	735,838	331,015	298,630	342,061	109,967	1,817,511	–	1,817,511
Charge for the year	39,573	25,406	1,566	59,588	40,907	167,040	–	167,040
Impairment loss/(reversal of impairment loss)	16,244	–	–	(46,308)	–	(30,064)	–	(30,064)
Written back on disposal	–	(87)	–	(11,104)	(481)	(11,672)	–	(11,672)
Exchange adjustments	(66,613)	(30,652)	(26,805)	(28,299)	(17,919)	(170,288)	–	(170,288)

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Land and buildings HK$'000	Plant and machinery HK$'000	Railway special assets HK$'000	Motor vehicles HK$'000	Office and other equipment HK$'000	Sub-total HK$'000	Investment property HK$'000	Total HK$'000
At 31 December 2022 and 1 January 2023	725,042	325,682	273,391	315,938	132,474	1,772,527	–	1,772,527
Charge for the year	48,004	38,610	2,210	84,741	28,531	202,096	3,764	205,860
Written back on disposal	(71)	(686)	–	(8,757)	(2,404)	(11,918)	–	(11,918)
Exchange adjustments	(10,894)	(3,758)	(4,153)	968	(7,439)	(25,276)	(26)	(25,032)
At 31 December 2023	762,081	359,848	271,448	392,890	151,162	1,937,429	3,738	1,941,167
Net book value:								
At 31 December 2023	1,035,663	320,747	93,685	645,474	124,461	2,220,030	224,562	2,444,592
At 31 December 2022	546,533	209,175	17,982	397,155	84,091	1,254,936	–	1,254,936

Note: At 31 December 2023, property, plant and equipment of the Group of HK$730,220,000 (2022: HK$436,111,000) have been pledged as collateral for the Group's borrowings (see note 26), bills payable (see note 28) and lease liabilities (see note 30).

Reversal of impairment loss/Impairment loss

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (CONTINUED)

(b) The analysis of net book value of property

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

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

(c) Investment property

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

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

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

On 12 July 2023, the Group has acquired properties with a total number of 131 office units located in the Hengqin New District, Zhuhai City, from the developer. The total consideration for the acquisition is approximately HK$229,852,000.

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

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14 CONSTRUCTION IN PROGRESS

	2023 **HK$'000**	2022 HK$'000
At 1 January	**395,694**	282,072
Additions	**463,552**	349,394
Transferred to property, plant and equipment (note 13)	**(599,451)**	(200,090)
Disposals	**(9,033)**	–
Exchange adjustments	**(7,766)**	(35,682)
At 31 December	**242,996**	395,694

15 RIGHT-OF-USE ASSETS

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

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

Notes:

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

At 31 December 2023, land use rights of the Group of HK$84,751,000 (2022: HK$181,065,000) have been pledged as collateral for the Group's borrowings (see note 26), bills payable (see note 28) and lease liabilities (see note 30).

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

15 RIGHT-OF-USE ASSETS (CONTINUED)

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

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset (note 7(c)):		
Ownership interests in leasehold land and buildings	**18,627**	14,629
Other properties leased for own use	**30,413**	20,599
Plant, machinery and equipment	**103,753**	52,339
	152,793	87,567
Interest on lease liabilities (note 7(a))	**35,941**	24,929
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December	**4,514**	5,456
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**492**	338
Impairment loss (note 7(c))	**44,297**	–

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

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 25(c), 30 and 35 respectively.

Impairment loss

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

Notes to the financial statements

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16 INTANGIBLE ASSETS

	Exclusive service agreement (note (i)) HK$'000	Software HK$'000	Permits (note (ii)) HK$'000	Total HK$'000
Cost:				
At 1 January 2022	105,152	37,195	–	142,347
Additions	–	33,051	–	33,051
Exchange adjustments	154	(4,579)	–	(4,425)
At 31 December 2022	105,306	65,667	–	170,973
Additions	–	4,285	–	4,285
Acquisition of a subsidiary (note 34)	–	–	137,933	137,933
Disposals	–	(12,170)	–	(12,170)
Exchange adjustments	(4)	(911)	–	(915)
At 31 December 2023	105,302	56,871	137,933	300,106
Accumulated amortisation and impairment losses:				
At 1 January 2022	36,082	13,262	–	49,344
Charge for the year	5,023	2,795	–	7,818
Exchange adjustments	24	(1,274)	–	(1,250)
At 31 December 2022	41,129	14,783	–	55,912
Charge for the year	4,598	6,780	–	11,378
Disposals	–	(7,132)	–	(7,132)
Exchange adjustments	(15)	(263)	–	(278)
At 31 December 2023	45,712	14,168	–	59,880
Net book value:				
At 31 December 2023	59,590	42,703	137,933	240,226
At 31 December 2022	64,177	50,884	–	115,061

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(Expressed in Hong Kong dollars unless otherwise indicated)

16 INTANGIBLE ASSETS (CONTINUED)

Note:

(i) The exclusive service agreement ("**ESA**") represents an agreement entered by the Company and Minghua Energy Group Co., Ltd. ("**Minghua Group**") on 18 January 2017, under which Minghua Group shall provide to the Company and its subsidiaries logistics services on an exclusive basis, including but not limited to, dispatching of coal products, weighing, loading and unloading of transport vehicles, setting the stack and loading containers. The term of the ESA is 10 to 20 years which commenced from 1 January 2017.

(ii) Permits represent the operating permit for coal washing business and special railway linkage permit acquired during the acquisition of Hebei Chun'ao Industrial Co., Ltd. ("**Hebei Chun'ao**"). Further details are disclosed in note 34.

Amortisation of the exclusive right is calculated using the straight-line method to allocate the cost over 10 to 20 years during the term of the ESA.

17 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of major subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
E-Commodities (HK) Holdings Limited ("**E-Commodities (HK)**")	23 October 2009 Hong Kong	US$31,312,613	100%	–	Supply chain trading of commodities
E-Commodities Holdings Private Limited ("**E-Commodities Singapore**")	31 December 2009 The Republic of Singapore ("**Singapore**")	Singapore dollars ("**SGD**") 1,000,000 US$34,295,000	100%	–	Supply chain trading of commodities
Nantong E-commodities Supply Chain Management Co., Ltd. ("**Nantong E-commodities**")**	2 April 2013 PRC	RMB50,000,000	–	100%	Supply chain trading of commodities
Hainan More Richway Supply Chain Management Co., Ltd. ("**Hainan More Richway**")**	13 November 2020 PRC	RMB166,740,000	–	100%	Supply chain trading of commodities

Notes to the financial statements

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17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company Direct	Indirect	Principal activities
E-Commodities (GuangDong) Supply Chain Management Co., Ltd. ("**E-Commodities (GuangDong)**")**	15 January 2021 PRC	RMB150,000,000	–	100%	Supply chain trading of commodities
Inner Mongolia Haotong Energy Joint Stock Co., Ltd. ("**Inner Mongolia Haotong**")**	18 November 2005 PRC	RMB740,000,000	–	100%	Supply chain trading of coal
Urad Middle Banner Teng Sheng Da Energy Co., Ltd. ("**Tengshengda**")**	17 June 2014 PRC	RMB50,000,000	–	100%	Supply chain trading of coal
Beijng E-Link Tecnology Co,. Ltd. ("**Beijing E-Link**") **	26 March 2014 PRC	RMB29,380,000	–	100%	Supply chain technology service
E-Commodities (Beijing) Supply Chain Management Co., Ltd. ("**E-Commodities Beijing**")*	6 November 1995 PRC	US$276,500,000	–	100%	Investment holding Supply chain trading of coal
Urad Zhongqi Yiteng Mining Co., Ltd. ("**Yiteng**")**	7 September 2005 PRC	RMB320,000,000	–	100%	Logistics service
Erlianhot Haotong Energy Co., Ltd. ("**Erlianhot Haotong**")***	18 January 2007 PRC	RMB95,370,000	–	94.86%	Logistics service
Eco Global Logistics LLC. ("**Eco Global**")	11 June 2019 MN	RMB37,434,500 US$23,700,000 MNT20,000	–	100%	Logistics service

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ejina Qi Ruyi Winsway Energy Co., Ltd. ("**Ejina Qi Winsway**")**	30 June 2010 PRC	RMB50,000,000	–	80.4%	Logistics service
Inner Mongolia Hutie Winsway Logistics Co., Ltd. ("**Inner Mongolia Hutie Winsway Logistics**")**	22 July 2010 PRC	RMB113,500,000	–	87.05%	Logistics service
Hainan Jiaxin Intelligent Logistics Co., Ltd. ("**Hainan Jiaxin**")**	13 November 2020 PRC	RMB5,000,000	–	100%	Logistics service
Yida Yunji Smart Logistics (Damao Banner) Co., Ltd.**	27 August 2019 PRC	RMB49,710,000	–	100%	Logistics service
Ejina Haotong Energy Co., Ltd. ("**Ejinaqi Haotong**")**	19 May 2008 PRC	RMB260,000,000	–	100%	Processing of coal and trading of commodities
Inner Mongolia Minghua Clean Energy Co.,Ltd ("**Minghua**")**	8 May 2015 PRC	RMB101,200,500	–	100%	Processing of coal and trading of commodities
Yingkou Haotong Mining Corporation ("**Yingkou Haotong**")**	16 November 2009 PRC	RMB175,000,000	–	100%	Processing of coal and trading of commodities
Ulanqab Haotong Energy Co., Ltd. ("**Ulanqab Haotong**")**	2 March 2010 PRC	RMB240,000,000	–	100%	Processing of coal and trading of commodities
Hebei Chunao Industrial Co., Ltd. ("**Hebei Chunao**")**	25 June 2010 PRC	RMB150,000,000	–	100%	Processing of coal and trading of commodities

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17 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Baotou-city E-35 Logistics Co., Ltd. ("**Baotou-city E-35**")**	20 January 2021 PRC	RMB61,000,000	–	100%	Processing of coal and trading of commodities
Beijing E-Daotong Import and Export Co., Ltd. ("**Beijing E-Daotong**") **	25 July 2019 PRC	RMB980,100,000	–	100%	Investment holding
Inner Mongolia E-35 Technology Co., Ltd. ("**Inner Mongolia E-35**") **	4 June 2019 PRC	RMB795,500,000	–	80%	Investment holding
Inner Mongolia Haotong Environmental Technology Co., Ltd. ("**Haotong Environmental Technology**") **	24 October 2019 PRC	RMB433,945,500	–	80%	Investment holding

* Wholly foreign owned enterprises established under the PRC law.

** Limited liability companies established under the PRC law.

*** Sino-foreign equity joint ventures established under the PRC law.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTEREST IN ASSOCIATES

The following table lists out the particulars of the Group's associates, all of which are unlisted entities:

				Proportion of ownership interest			
Company Name	**Form of business structure**	**Place of incorporation and business**	**Particulars of paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Xianghui Energy (Xiamen) Co., Ltd. ("**Xianghui Energy**")	Incorporated	PRC	RMB1,200,000,000	49%	–	49%	Coal trading in the PRC (note i)
TTJV Co. LLC. ("**TTJV**")	Incorporated	Mongolia	MNT283,637,000	30%	–	30%	Coal mining services (note ii)

Note i:

On 11 December 2022, the Company, Xiamen Xiangyu Joint Stock Company Limited ("**Xiamen Xiangyu**"), and Xianghui Energy entered into the capital reduction agreement, pursuant to which the registered capital of Xianghui Energy was reduced from RMB2,000,000,000 to RMB1,200,000,000, while the Company and Xiamen Xiangyu agreed to reduce their respective subscribed registered capital in proportion to their respective equity interest in Xianghui Energy. Afterwards the Company and Xianghui Energy entered into a debt offset agreement, pursuant to which the Company's interest-bearing borrowings from Xianghui Energy were offset by the amount of capital reduction that shall be returned by Xianghui Energy. The capital reduction and debt offset have been completed on 31 January 2023, and the percentage of equity interest in Xianghui Energy held by the Company remain at 49%.

Note ii:

On 3 October 2022, the Company acquired 30% equity interest of TTJV from one of the shareholders of TTJV with the consideration of US$24,000,000. TTJV commenced operation in March 2012 and is mainly engaged in coal mining services in Mongolia. The investment in TTJV enables the Group to extend to the upstream of the integrated supply chain services.

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

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18 INTEREST IN ASSOCIATES (CONTINUED)

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

	Xianghui Energy		TTJV	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Gross amounts of the associate				
Current assets	**4,789,477**	4,282,231	**428,613**	264,614
Non-current assets	**14,775**	13,561	**740,063**	416,762
Current liabilities	**3,000,220**	1,743,791	**258,467**	105,605
Non-current liabilities	**826**	1,063	**281,827**	–
Equity	**1,803,206**	2,550,938	**628,382**	575,771
Revenue	**17,873,779**	11,065,051	**832,432**	108,435
Profit for the year	**404,299**	276,304	**45,903**	5,987
Other comprehensive income	**(6,173)**	(167,907)	**6,709**	(54,903)
Total comprehensive income	**398,126**	108,397	**52,612**	(48,916)
Dividend received from the associate	**115,688**	96,711	**–**	–
Reconciled to the Group's interest in the associate				
Gross amounts of net assets of the associate	**1,803,206**	2,550,938	**628,382**	575,771
Group's effective interest	**49%**	49%	**30%**	30%
Group's share of net assets of the associate	**883,571**	1,249,960	**188,515**	172,731
Carrying amount in the consolidated financial statements	**883,571**	1,249,960	**188,515**	172,731

Aggregate information of associate that is not individually material:

	2023	2022
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	**21,588**	5,179
Aggregate amounts of the Group's share of the associate's		
Loss from continuing operations	**(2,079)**	(221)
Total comprehensive income	**(2,079)**	(221)

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

19 INTEREST IN JOINT VENTURES

Aggregate information of the joint ventures that was not individually material:

	2023 **HK$'000**	2022 HK$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**101,208**	75,838
Aggregate amounts of the Group's share of the joint ventures'		
Profit from continuing operations	**(1,672)**	7,230
Other comprehensive income	**(1,288)**	(8,022)
Total comprehensive income	**(2,960)**	(792)

20 OTHER INVESTMENTS IN EQUITY SECURITIES

	At 31 December **2023** **HK$'000**	At 31 December 2022 HK$'000
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	**102,646**	92,235

Other investments in equity securities represent the Group's equity interests in third party companies engaged in coal mining, railway logistics, ports management and coal storage business. As at 31 December 2023, the Group holds equity interests in a range of 1-15% in these companies.

The Group designated its investment in those third party companies at FVOCI (non-recycling), as these investments are held for strategic purposes. Changes during the current period represented fair value adjustments on these equity securities based on adjusted net asset method.

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21 OTHER NON-CURRENT ASSETS

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Loan to a joint venture (note)	**205,921**	–
Advance payments for property and equipment and construction in progress	**45,706**	81,792
	251,627	81,792

Note:

On 4 January 2023, the Group entered into a loan agreement ("**Loan Agreement**") with one of the Group's joint venture ("**the Joint Venture**") of which the ultimate owner of the other shareholder operates logistic services in Mongolia. Pursuant to the Loan Agreement, the maximum cap of the loan is US$25,000,000 with a maturity date of 3 January 2031 and interest rate is 7% per annum. Meanwhile a loan would be simultaneously provided to a fellow subsidiary of the other shareholder of the Joint Venture with identical terms to finance its purchase of logistics facilities. According to the loan arrangement, the purchased logistics facilities would be pledged to the Joint Venture and eventually pledged to the Group as collateral of the loan. As at 31 December 2023, under the Loan Agreement, the principal amount of the loan to the Joint Venture amounted to US$25,000,000 (equivalent to HK$195,184,000), and the accrued interest amounted to US$1,371,000 (equivalent to HK$10,737,000).

22 INVENTORIES

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

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

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22 INVENTORIES (CONTINUED)

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

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

At 31 December 2023, inventory of the Group of HK$1,023,315,000 (2022: HK$nil) have been pledged as collateral for the Group's borrowings (see note 26), bills payable (see note 28).

23 TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

(iii) As at 31 December 2023, the structured deposit products were issued by two commercial banks with variable interest rates and have matured as at the date of the report and been fully recovered by the Group.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

At 31 December 2023, bills receivable of the Group of HK$381,255,000 (2022: HK$433,147,000) have been pledged as collateral for bills payable (see note 28).

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

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

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(Expressed in Hong Kong dollars unless otherwise indicated)

24 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of HK$740,657,000 (2022: HK$669,520,000) as at 31 December 2023, as collateral for the Group's borrowings (see note 26) and banking facilities in respect of issuing bills and letters of credit by the Group (see note 28).

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Cash at bank and on hand	**2,955,453**	2,270,966

At 31 December 2023, cash and cash equivalents of HK$1,618,201,000 (2022: HK$1,517,423,000) were held by the Company's subsidiaries located in the PRC in the form of RMB. 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.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Secured bank loans HK$'000 (Note 26)	Other interest-bearing borrowings HK$'000 (Note 29)	Lease liabilities HK$'000 (Note 30)	Total HK$'000
At 1 January 2023	**967,675**	**438,844**	**488,985**	**1,895,504**
Changes from financing cash flows:				
Proceeds from bank loans	**16,585,939**	**–**	**–**	**16,585,939**
Repayment of bank loans	**(15,387,676)**	**–**	**–**	**(15,387,676)**
Capital element of finance leases rentals paid	**–**	**–**	**(344,718)**	**(344,718)**
Interest element of finance leases rentals paid	**–**	**–**	**(35,941)**	**(35,941)**
Total changes from financing cash flows	**1,198,263**	**–**	**(380,659)**	**817,604**
Exchange adjustments	**(118,779)**	**6,938**	**(33,183)**	**(145,024)**
Other changes:				
Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**582,440**	**582,440**
Offset by rental deposits	**–**	**–**	**(73,102)**	**(73,102)**
Offset by the capital reduction (note 18)	**–**	**(445,782)**	**–**	**(435,512)**
Interest expenses (note 7(a))	**–**	**–**	**35,941**	**35,941**
Total other changes	**–**	**(445,782)**	**545,279**	**99,497**
At 31 December 2023	**2,047,159**	**–**	**620,422**	**2,667,582**

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (continued)

	Secured bank loans HK$'000 (Note 26)	Warrants HK$'000	Other interest-bearing borrowings HK$'000 (Note 29)	Lease liabilities HK$'000 (Note 30)	Total HK$'000
At 1 January 2022	1,367,660	62,763	648,289	270,849	2,349,561
Changes from financing cash flows:					
Proceeds from bank loans	11,798,263	–	–	–	11,798,263
Repayment of bank loans	(12,114,833)	–	–	–	(12,114,833)
Proceeds from interest-bearing borrowings from a associate	–	–	463,128	–	463,128
Repayment of interest-bearing borrowings from an associate	–	–	(622,761)	–	(622,761)
Proceeds from shares issued for exercise of warrants	–	77,210	–	–	77,210
Capital element of finance leases rentals paid	–	–	–	(179,173)	(179,173)
Interest element of finance leases rentals paid	–	–	–	(24,929)	(24,929)
Total changes from financing cash flows	(316,570)	77,210	(159,633)	(204,102)	(603,095)
Exchange adjustments	(83,415)	–	(49,812)	(75,507)	(208,734)
Changes in fair value	–	8,782	–	–	8,782
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	472,816	472,816
Exercise of warrants	–	(148,755)	–	–	(148,755)
Interest expenses (note 7(a))	–	–	–	24,929	24,929
Total other changes	–	(148,755)	–	497,745	348,990
At 31 December 2022	967,675	–	438,844	488,985	1,895,504

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 HK$'000	2022 HK$'000
Within operating cash flows	**5,006**	5,794
Within financing cash flows	**380,659**	204,102
	385,665	209,896

These amounts relate to the following:

	2023 HK$'000	2022 HK$'000
Lease rentals paid	**385,665**	209,896

26 SECURED BANK LOANS

(a) The secured bank loans comprise:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Bank loans	**2,047,159**	967,675

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Short-term loans and current portion of long-term loans	**1,907,519**	890,260
Long-term loans	**139,640**	77,415
	2,047,159	967,675

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

26 SECURED BANK LOANS (CONTINUED)

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

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Within 1 year	**1,907,519**	890,260
After 1 year but within 2 years	**12,548**	71,714
After 2 years	**127,092**	5,701
	2,047,159	967,675

(c) The secured bank loans are analyzed as follows:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Secured by discounted trade and bills receivables	**805,768**	472,429
Secured by restricted bank deposits, property, plant and equipment, land use rights and inventories	**677,002**	295,105
Secured by restricted bank deposits	**136,586**	69,384
Credit guarantee	**427,803**	130,757
	2,047,159	967,675

27 DEFERRED INCOME

Deferred income represents the unrecognized government grants relating to compensating the Group for the cost of assets.

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(Expressed in Hong Kong dollars unless otherwise indicated)

28 TRADE AND OTHER PAYABLES

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Trade and bills payables	**4,004,491**	2,334,774
Prepayments from customers	**534,019**	282,132
Payables in connection with construction projects	**112,071**	37,313
Payables for purchase of equipment and motor vehicles	**145,301**	51,973
Payables for staff related costs (note i)	**569,896**	530,321
Payables for other taxes	**84,496**	184,733
Derivative financial instruments (note ii)	**–**	166
Dividends payable	**234,599**	189,661
Payables for an acquisition of a subsidiary (note 34)	**145,317**	–
Others	**57,101**	63,921
	5,887,291	3,674,994

Notes:

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

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

The Group's bills payable are analyzed as follows:

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28 TRADE AND OTHER PAYABLES (CONTINUED)

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

29 OTHER INTEREST-BEARING BORROWINGS

As at 31 December 2023, loans from Xianghui Energy have been offset by capital reduction (see note 18).

30 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Within 1 year	**254,377**	232,755
After 1 year but within 2 years	**189,570**	175,219
After 2 years but within 5 years	**176,475**	81,011
	366,045	256,230
Present value of lease liabilities	**620,422**	488,985

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(Expressed in Hong Kong dollars unless otherwise indicated)

30 LEASE LIABILITIES (CONTINUED)

The Group's lease liabilities are analyzed as follows:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Secured by Group's property, plant and equipment and land use rights	**133,894**	180,712
Unsecured and unguaranteed	**486,528**	308,273
	620,422	488,985

31 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	2023 HK$'000	2022 HK$'000
At 1 January	**140,295**	501,830
Provision for the year (note 8(a))	**421,001**	288,407
Under/(over) -provision in respect of prior years (note 8(a))	**7,668**	507
Income tax paid	**(271,437)**	(618,132)
Exchange adjustments	**11,749**	(32,317)
At 31 December	**309,276**	140,295

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

31 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unrealized profits arising from intra-group transactions	Credit loss allowance	Loss/ (gain) from changes in fair value	Written-down of inventory	Share of profits of associates and joint ventures	Accelerated depreciation of fixed assets	Right-of-use Assets	Lease liabilities	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	6,630	17,341	(1,240)	49,427	(18,910)	–	(4,115)	4,110	4,302	57,545
(Credited)/Charged to profit or loss	(66)	17,851	7,373	(47,246)	(11,713)	(11,147)	(4,848)	3,532	1,226	(45,038)
At 31 December 2022 and 1 January 2023	6,564	35,192	6,133	2,181	(30,623)	(11,147)	(8,963)	7,642	5,528	12,507
Charged/(Credited) to profit or loss	10,392	(2,688)	(11,958)	19,909	(18,297)	(31,650)	(12,204)	9,962	(2,954)	(39,488)
At 31 December 2023	16,956	32,504	(5,825)	22,090	(48,920)	(42,797)	(21,167)	17,604	2,574	(26,981)

Reconciliation to the consolidated statement of financial position

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Net deferred tax assets recognized in the consolidated statement of financial position	**78,934**	55,207
Net deferred tax liability recognized in the consolidated statement of financial position	**(105,915)**	(42,700)
	(26,981)	12,507

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(Expressed in Hong Kong dollars unless otherwise indicated)

31 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognized:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Deductible temporary differences	**1,179,862**	1,189,499
Unrecognized tax losses	**244,678**	467,603

In accordance with the accounting policy set out in Note 2(s), the Group has not recognized deferred tax assets in respect of cumulative tax losses of HK$244,678,000 as of 31 December 2023 (31 December 2022: HK$467,603,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognized tax losses at the end of the reporting period will expire in the following years:

	2023 HK$'000	2022 HK$'000
2023	**–**	14,707
2024	**22,125**	32,384
2025	**65,593**	78,418
2026	**14,475**	38,737
2027	**75,817**	303,357
2028	**66,668**	–
	244,678	467,603

Notes to the financial statements

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32 PROVISION

The movements of provision are as follows:

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

Note:

During the year ended 31 December 2021, a provision of US$37.50 million (approximately HK$292,421,000) was made by the Group for a compensation claim from a supplier. It was related to the Group's unexecuted contracts for purchase of 146,360 tonnes of coking coal, for which the Group had issued notice of termination of execution to the supplier for the reason of product quality before goods acceptance.

As at 31 December 2022, based on the available facts and circumstance in respect of the compensation claim that it was expected to be proceeded with arbitration procedures, taking into account the legal advice from its independent legal counsel, the Group based on its best estimate to provide for the amounts of the compensation claim.

The above arbitration case was ruled on 21 November 2023 and the relevant compensation has been settled. The Group paid the compensation of HK$250,242,000 and a reversal of provision of HK$42,818,000 has been credited to the consolidated statement of profit or loss in 2023.

Notes to the financial statements

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33 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK$'000	Employee share trusts HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Treasury shares HK$'000	Accumulated loss HK$'000	Total HK$'000
Balance at 1 January 2023	5,661,398	(44,834)	(7,005)	(10,716)	(198,062)	(3,095,916)	2,304,865
Changes in equity for 2023:							
Purchase of own shares (note 33(c))	–	–	–	–	(50,853)	–	(50,853)
Dividends approved in respect of the previous year (note 33(b)(i))	–	–	–	–	–	(240,611)	(240,611)
Cancellation of repurchased shares (note 33(c))	(240,879)	–	–	–	240,879	–	–
Total comprehensive income for the year	–	–	–	21,306	–	(924,638)	(903,382)
Dividends declared in respect of the current year (note 33(b)(i))	–	–	–	–	–	(211,151)	(211,151)
Balance at 31 December 2023	5,420,519	(44,834)	(7,005)	10,590	(8,036)	(4,472,316)	898,918

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(Expressed in Hong Kong dollars unless otherwise indicated)

33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

The Company (continued)

	Share capital HK$'000	Employee share trusts HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Treasury shares HK$'000	Accumulated loss HK$'000	Total HK$'000
Balance at 1 January 2022	5,784,673	–	(7,005)	(5,156)	(144,582)	(5,204,127)	423,803
Changes in equity for 2022:							
Purchase of own shares (note 33(c))	–	–	–	–	(325,510)	–	(325,510)
Dividends approved in respect of the previous year (note 33(b)(i))	–	–	–	–	–	(865,561)	(865,561)
Cancellation of repurchased shares (note 33(c))	(272,030)	–	–	–	272,030	–	–
Shares issued for exercise of warrants	148,755	–	–	–	–	–	148,755
Contribution to employee share trusts	–	(44,834)	–	–	–	–	(44,834)
Total comprehensive income for the year	–	–	–	(5,560)	–	3,148,715	3,143,155
Dividends declared in respect of the current year (note 33(b))	–	–	–	–	–	(174,943)	(174,943)
Balance at 31 December 2022	5,661,398	(44,834)	(7,005)	(10,716)	(198,062)	(3,095,916)	2,304,865

(b) Dividends

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

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

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

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33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	2023 **No. of shares** **'000**	2022 No of shares '000
Authorised:		
Ordinary shares with no par value	**6,000,000**	6,000,000

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

Note:

Cancellation of repurchased shares

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Other reserve

The other reserve comprises the following:

– the aggregate amount of paid-in capital or share capital of the companies now comprising the Group after elimination of the investments in subsidiaries and the changes in equity arisen from the acquisition of non-controlling interests;

– the net loss on purchase of non-controlling interest in a subsidiary; and

– the fair value of unexercised share options granted to employees of the Company at the grant date that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii).

(ii) Statutory reserve

Pursuant to the Articles of Association of the companies comprising the Group in the PRC, appropriations to the statutory reserve were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective companies comprising the Group. During the year ended 31 December 2023, amounts in retained earnings of HK$172,250,000 (2022: HK$63,720,000) were transferred from retained earnings to the statutory reserve.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which are dealt with in accordance with the accounting policies as set out in note 2(v).

(iv) Treasury shares

During the year ended 31 December 2023, the Company has repurchased on-market own shares in aggregate of 44,098,000 shares (2022: 239,108,000shares) at a cash consideration of HK$50,853,000 (2022: HK$325,510,000).

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(g)).

33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes secured bank loans, other interest-bearing borrowings, lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

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33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2023 and 2022 was as follows:

	Note	**At 31 December 2023 HK$'000**	At 31 December 2022 HK$'000
Current liabilities:			
– Secured bank loans	26	**1,907,519**	890,260
– Other interest-bearing borrowings		**–**	438,844
– Lease liabilities	30	**254,377**	232,755
		2,161,896	1,561,859
Non-current liabilities:			
– Secured bank loans	26	**139,640**	77,415
– Lease liabilities	30	**366,045**	256,230
Add: Unaccrued proposed dividends	33(b)	**319,509**	240,611
Total debt		**2,987,090**	2,136,115
Less: Cash and cash equivalents	25	**(2,955,453)**	(2,270,966)
Adjusted net debt		**31,637**	(134,851)
Total equity		**8,815,958**	7,198,870
Less: Unaccrued proposed dividends	33(b)	**(319,509)**	(240,611)
Adjusted capital		**8,496,449**	6,958,259
Adjusted net debt-to-capital ratio		**(0.4)%**	(2)%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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34 ACQUISITION OF A SUBSIDIARY

On 27 December 2023, the Group acquired 100% equity interest in Hebei Chun'ao Industrial Co., Ltd. ("**Hebei Chun'ao**") from two independent third parties. Hebei Chun'ao was principally engaged in coal washing, coal blending and related railway logistics service in the PRC. Prior to the acquisition, Hebei Chun'ao has suspended production with no incomplete order and no employee. At the date of acquisition, Hebei Chun'ao mainly held principal assets comprise (i) land use rights of three parcels of lands in the PRC; (ii) one building in the PRC; (iii) one railway line; and (iv) two production line for coal washing and one production line for coal blending. Accordingly, the acquisition of the Hebei Chun'ao has been accounted for as asset acquisition through acquisition of a subsidiary.

The assets and liabilities of Hebei Chun'ao as at the date of acquisition were as follows:

	Fair value consideration allocated HK$'000
Property, plant and equipment (note 13)	112,236
Right-of-use assets	57,231
Intangible assets	137,933
Trade and other payables (note 28)	(145,317)
Total net assets acquired	162,083
Total consideration settled by cash	162,083

An analysis of the cash flows on acquisition:

	HK$'000
Cash paid	(162,083)
Net cash flow on acquisition included in cash flow from investing activities	(162,083)

Intangible assets arising from the acquisition represent the operating permit for coal washing business and special railway linkage permit, the fair value of intangible assets is determined based on the income approach, where the expected revenue is assessed and discounted at the market yield expected by investors.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and bills receivables. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk. Management has had a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 25% (2022: 15%) and 67% (2022: 70%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the processing and trading of coal and other products business segment.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2023.

	2023		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	**1.55%**	**1,435,394**	**(22,288)**
1 – 180 days past due	**26.35%**	**47,645**	**(12,554)**
More than 180 days past due	**100.00%**	**43,353**	**(43,353)**
		1,526,392	**(78,195)**

	2022		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.15%	1,798,059	(2,647)
1 – 180 days past due	22.71%	5,833	(1,325)
More than 180 days past due	100.00%	39,411	(39,411)
		1,843,303	(43,383)

Expected loss rates are based on actual loss experience over the past 1 year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

Movement in the loss allowance account in respect of trade and bills receivables during the year is as follows:

	2023	2022
	HK$'000	HK$'000
Adjusted balance at 1 January	**105,765**	76,328
Provision of impairment loss	**40,949**	29,454
Exchange adjustments	**(682)**	(17)
Balance at 31 December	**146,032**	105,765

The Group had recorded an written off of impairment loss of HK$20,755,000 (2022: HK$62,198,000) to trade and bills receivables on an individual basis in 2023.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	2023 Contractual undiscounted cash outflow					2022 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**Total HK$'000**	**Carrying amount at 31 December HK$'000**	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount at 31 December HK$'000
Secured bank loans	**1,931,109**	**16,290**	**138,856**	**2,086,225**	**2,047,159**	902,746	78,236	5,861	986,843	967,675
Trade and other payables (excluding prepayments from customers)	**5,336,093**	**17,179**	**–**	**5,353,272**	**5,353,272**	3,392,862	–	–	3,392,862	3,392,862
Other interest-bearing borrowings	**–**	**–**	**–**	**–**	**–**	438,853	–	–	438,853	438,844
Lease liabilities	**281,604**	**201,768**	**240,908**	**724,280**	**620,422**	258,698	187,189	82,726	528,613	488,985
	7,548,806	**235,237**	**379,764**	**8,163,807**	**8,020,853**	4,993,159	265,425	88,587	5,347,171	5,288,366

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings.

Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2023		2022	
	Interest rate	**HK$'000**	Interest rate	HK$'000
Fixed rate borrowings:				
Lease liabilities	**5.00% – 7.50%**	**620,422**	5.00% – 7.50%	488,985
Bank loans	**1.65% – 8.90%**	**2,047,159**	1.40% – 8.90%	967,675
Other interest-bearing borrowings	**N/A**	**–**	3.65% – 3.85%	438,844
		2,667,581		1,895,504

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, cash balances and bank loans that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi. The Group manages this risk as follows:

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(i) Recognized assets and liabilities

In respect of trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Most of the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currency (expressed in HK$)									
	2023									
	US$	RMB	HKD	KRW	CAD	GBP	MOP	MNT	SGD	JPY
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash and cash equivalents	15,132	619,649	262,346	4,139	2,624	–	841	–	835	5
Trade and other receivables	19,341	166,227	–	–	–	–	–	–	–	–
Trade and other payables	(400,798)	(506,955)	–	–	–	–	–	(44)	–	–
Bank loans	(85,673)	(26,916)	(5,010)	–	–	(23,996)	–	–	–	–
Net exposure arising from recognized assets and liabilities	(451,998)	252,005	257,336	4,139	2,624	(23,996)	841	(44)	835	5

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	Exposure to foreign currency (expressed in HK$) 2022					
	US$ HK$'000	RMB HK$'000	SGD HK$'000	HKD HK$'000	JPY HK$'000	MNT HK$'000
Cash and cash equivalents	154,474	473,720	4,255	201,832	1,003	–
Trade and other receivables	6,309	301,103	–	–	–	–
Trade and other payables	(287,191)	(192,054)	–	–	–	(43)
Bank loans	(46,781)	(64,264)	–	(5,226)	–	–
Net exposure arising from recognized assets and liabilities	(173,189)	518,505	4,255	196,606	1,003	(43)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated loss) and other components of consolidated equity that would arise if foreign exchange rate to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis (continued)

	2023		2022	
	Increase/ (decrease) in foreign exchange rate	**Increase/ (decrease) in loss after tax and accumulated loss HK$'000**	Increase/ (decrease) in foreign exchange rate	(Decrease)/ increase in loss after tax and accumulated loss HK$'000
RMB	**5%**	**9,797**	5%	21,770
	(5)%	**(9,797)**	(5)%	(21,770)
US$	**5%**	**(18,641)**	5%	(7,374)
	(5)%	**18,641**	(5)%	7,374
HKD	**5%**	**10,989**	5%	8,468
	(5)%	**(10,989)**	(5)%	(8,468)
GBP	**5%**	**(900)**	5%	–
	(5)%	**900**	(5)%	–
KRW	**5%**	**207**	5%	–
	(5)%	**(207)**	(5)%	–
CAD	**5%**	**104**	5%	–
	(5)%	**(104)**	(5)%	–
MOP	**5%**	**37**	5%	–
	(5)%	**(37)**	(5)%	–
SGD	**5%**	**36**	5%	212
	(5)%	**(36)**	(5)%	(212)
JPY	**5%**	**–**	5%	35
	(5)%	**–**	(5)%	(35)
MNT	**5%**	**2**	5%	(2)
	(5)%	**(2)**	(5)%	2

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

(e) Fair values measurement

(i) 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, categorized 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 financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement (continued)

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

Fair value hierarchy (continued)

2023

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'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**
Liabilities:				
Derivative financial instruments:				
– Forward foreign exchange contracts	**–**	**–**	**–**	**–**

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement (continued)

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

Fair value hierarchy (continued)

2022

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

During the years ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: 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 financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement (continued)

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

Information about Level 3 fair value measurements

	Valuation techniques 2023 HK$'000	**Unobservable input 2023 HK$'000**	**Range 2023 HK$'000**
Unlisted equity securities	**Adjusted net assets method**	**Marketability discount**	**10%**

	Valuation techniques 2022 HK$'000	Unobservable input 2022 HK$'000	Range 2022 HK$'000
Unlisted equity securities	Adjusted net assets method	Marketability discount	10%

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	2023	2022
	HK$'000	HK$'000
Unlisted equity securities:		
At 1 January	**92,235**	106,997
Net unrealized gains or losses recognized in other comprehensive income during the period	**10,411**	(14,762)
At 31 December	**102,646**	92,235
Warrants:		
At 1 January	**–**	62,763
Changes in fair value recognized in profit or loss during the period	**–**	8,782
Exercise of warrants	**–**	(71,545)
At 31 December	**–**	–
Total loss for the period included in profit or loss for assets held at the end of the reporting period	**–**	8,782

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

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

36 MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the year.

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9, and certain of the highest paid employees as disclosed in note 10, is as follows:

	2023 HK$'000	2022 HK$'000
Short-term employee benefits	**388,997**	326,725
Post-employment benefits	**591**	581

The remuneration is included in "staff costs" (see note 7(b)).

(b) Material related party transactions

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

	2023 HK$'000	2022 HK$'000
Sales of products to an associate and a joint venture	**2,598,156**	3,366,787
Rendering of integrated supply chain services to an associate and joint ventures	**5,650,649**	2,426,931
Purchase of products from a joint venture	**30,776**	14,328
Interest on loan to a joint venture	**10,737**	–
Interest on other interest-bearing borrowings from an associate	**–**	20,688

The directors of the Group is 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 financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

36 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances

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

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Other interest-bearing borrowings from an associate (note 29)	**–**	438,844
Trade and other receivables due from an associate and joint ventures (note 23)	**394,890**	664,577
Loan to a joint venture (note 21)	**205,921**	–
Payables due to an associate and joint ventures (note 28)	**60,346**	–

37 COMMITMENTS

Capital commitments outstanding at 31 December 2023 not provided for in the financial statements are as follows:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Authorised but not contracted for	**724,277**	296,116
Contracted for	**340,884**	225,503
	1,065,161	521,619

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2023 HK$'000**	At 31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment, net		**397**	672
Intangible assets		**59,590**	64,176
Interests in subsidiaries	17	**1,806,007**	2,888,177
Total non-current assets		**1,865,994**	2,953,025
Current assets			
Trade and other receivables		**13,006**	576
Cash and cash equivalents		**33,137**	32,603
Total current assets		**46,143**	33,179
Current liabilities			
Trade and other payables		**1,013,219**	681,339
Total current liabilities		**1,013,219**	681,339
Net current liabilities		**(967,076)**	(648,160)
NET ASSETS		**898,918**	2,304,865
CAPITAL AND RESERVES			
Share capital	33(c)	**5,420,519**	5,661,398
Reserves		**(4,521,601)**	(3,356,533)
TOTAL EQUITY		**898,918**	2,304,865

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 33(b).

40 IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDERS

At 31 December 2023, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be Famous Speech Limited and Ms. Wang respectively. Famous Speech Limited is incorporated in the British Virgin Islands and does not produce financial statements available for public use.

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")	1 January 2024
Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")	1 January 2024
Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements	1 January 2024
Amendments to IAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

In this annual report, unless the context requires otherwise, the following expressions have the following meanings:

"2022 RSU Scheme"	the 2022 restricted share unit scheme adopted by the Company, as amended from time to time
"Articles of Association" or "Articles"	the articles of association of our Company as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	our board of Directors
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong
"Code Provision(s)"	the code provisions under the CG Code
"Company", "our Company", "we" or "us"	E-Commodities Holdings Limited (易大宗控股有限公司), formerly known as "Winsway Enterprises Holdings Limited (永暉實業控股股份有限公司)", a company incorporated under the laws of the BVI with limited liability on 17 September 2007 and, except where the context indicates otherwise, including our subsidiaries
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Convertible Bonds"	the 5% convertible bonds in an aggregate principal amount of US$40 million issued by the Company on 14 September 2017
"Director(s)"	the director(s) of our Company
"E-Commodities Guangdong"	E-Commodities (Guangdong) Supply Chain Management Co., Ltd.* (易大宗(廣東)供應鏈管理有限公司), a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company

Definitions

"E-Commodities Jiangsu"	E-Commodities (Jiangsu) Supply Chain Management Co., Ltd.* (易大宗（江蘇）供應鏈管理有限公司), a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
"E-Commodities Products"	the products mainly comprising coal, petrochemical products, iron ores and other bulk commodities to be supplied by the Group to Xiamen Xiangyu under the Mutual Supply Framework Agreement
"E-Commodities Services"	the services mainly comprising the integrated supply chain services and other services to be supplied by the Group to Xiamen Xiangyu under the Mutual Supply Framework Agreement
"ESG"	Environmental, Social, and Governance
"Group" or "our Group"	our Company and its subsidiaries
"Famous Speech"	Famous Speech Limited, a company incorporate under BVI laws with limited liability, the controlling shareholder of the Company which is owned as to 73.3% and 26.7% by Ms. Wang and Magnificent Gardenia as at 31 December 2023 respectively
"Hainan More Richway"	Hainan More Richway Supply Chain Management Co., Ltd.* (海南富多達供應鏈管理有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
"Haotong Environmental Technology"	Inner Mongolia Haotong Environmental Technology Co., Ltd.* (內蒙古浩通環保科技有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time)
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

Definitions

"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board (the "**IASB**") and the International Accounting Standards ("**IAS**") and Standing interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Inner Mongolia E-35"	Inner Mongolia E-35 Technology Co., Ltd.* (內蒙古易至科技股份有限公司), a company established under the laws of the PRC with limited liability on 4 June 2019 and our indirectly wholly-owned subsidiary
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Magnificent Gardenia"	Magnificent Gardenia Limited, a company incorporated under the BVI laws with limited liability
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Master Tenancy Framework Agreement"	the master tenancy framework agreement dated 31 March 2023 entered into between the Company and Ms. Wang in respect of the leases of certain residential and commercial premises and/or certain car parking spaces by Ms.Wang and/or any of her associates as the landlord to the Company or any of its subsidiaries as the tenant for a term commencing 1 April 2023 and ending on 31 December 2025; for further details, please refer to the announcement of the Company dated 31 March 2023
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules
"MPF Scheme"	the Mandatory Provident Fund, a company saving scheme for the retirement of residents in Hong Kong
"Ms. Wang"	Ms. Wang Yihan (王奕涵女士), our ultimate controlling shareholder

Definitions

"Mutual Supply Framework Agreement"	the products and services mutual supply framework agreement entered into between the Company and Xiangyu Joint Stock in respect of the mutual supply of E-Commodities Products and Xiangyu Products, and the provision of E-Commodities Services and Xiangyu Services for a term of 3 years commencing from 1 January 2022
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the participant's accounts, which gives a participant under the 2022 RSU Scheme (as the case may be) a conditional right when RSU Award vests to obtain either a Share or an equivalent value in cash with reference to the value of a Share on or about the date of vesting, as determined by the Board in its absolute discretion
"RSU Award(s)"	a restricted share unit granted to a participant under the 2022 RSU Scheme (as the case may be)
"SFO"	the Securities and futures Ordinance (Chapter 571 of the Laws of Hong Kong)(as amended from time to time)
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) with no par value of the Company
"Shareholders"	holders of the Shares
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Trust"	the trust or trusts declared by this Trust Deed
"Trust Deed"	a trust deed entered into between the Company as the settlor and the Trustee as the trustee in respect of the appointment of the Trustee for the administration of the 2022 RSU Scheme (as restated, supplemented and amended from time to time)
"Trustee"	Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong, or other trustee or trustees for the time being of the Trust appointed pursuant to the provisions of this Trust Deed

Definitions

"TTJV"	TTVJ Co., Ltd., a company incorporated in Mongolia and owned as to 30% by the Company through its subsidiary
"United States", "US" or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States
"Winsway Group"	the group of companies owned and/or controlled by Mr. Wang Xingchun and/or his associates which is not a member of the Group
"Winsway Resources"	Winsway Resources Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 31 December 2009 and owned as to approximately 50% each by Mr. Wang Xingchun and his spouse, Ms. Bai Jianping
"Xiamen Xiangyu"	Xiangyu Joint Stock and its subsidiaries
"Xianghui Energy"	Xianghui Energy (Xiamen) Co., Ltd.* (象暉能源(廈門)有限公司), a company incorporated under the laws of the PRC on 6 August 2019, which is indirectly owned as to 49% and 51% by the Company and Xiamen Xiangyu, respectively. Xianghui Energy mainly engages in trading of Mongolian coal in the PRC
"Xiangyu Joint Stock"	Xiamen Xiangyu Joint Stock Company Limited* (廈門象嶼股份有限公司), a state-owned enterprise incorporated under the laws of the PRC on 23 May 1997, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600057.SH)
"Xiangyu Logistics"	Xiamen Xiangyu Logistics Group Co., Ltd.* (廈門象嶼物流集團有限責任公司), a company established under the laws of the PRC and a subsidiary of Xiangyu Joint Stock
"Xiangyu Products"	the products mainly comprising petrochemical products, Mongolian coal, domestic coal, and a small amount of iron ores to be supplied by Xiamen Xiangyu to the Group under the Mutual Supply Framework Agreement
"Xiangyu Services"	the services mainly comprising full suite door-to-door logistics services in relation to international and domestic ports terminal services and bulk warehouse storage to be supplied by Xiamen Xiangyu to the Group under the Mutual Supply Framework Agreement

* *For identification purpose only*

Five-Year Financial Summary

	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**40,586,665**	34,414,254	41,183,601	21,977,308	30,051,788
Profit/(loss) before taxation	**2,662,513**	2,038,844	4,069,623	552,225	324,958
Income tax	**(468,157)**	(333,952)	(574,830)	(99,678)	(12,155)
Profit/(loss) for the year	**2,194,356**	1,704,892	3,494,793	452,547	312,803
Attributable to:					
Equity shareholders of the Company	**2,122,640**	1,665,748	3,462,244	462,364	312,404
Non-controlling interests	**71,716**	39,144	32,549	(9,817)	399
Profit/(loss) for the year	**2,194,356**	1,704,892	3,494,793	452,547	312,803
Total assets	**17,814,465**	13,294,192	15,447,993	8,692,437	9,322,561
Total liabilities	**8,998,507**	6,095,322	7,971,715	4,881,824	6,180,827
Non-controlling interests	**321,885**	280,156	249,057	(116,140)	(119,658)
Total equity attributable to equity shareholders of the Company	**8,494,073**	6,918,714	7,227,221	3,926,753	3,261,392

Company Information

BOARD MEMBERS

Executive Directors

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

Non-executive Director

Guo Lisheng (resigned on 9 November 2023)
Jin Zhiqiang (appointed on 9 November 2023)

Independent Non-executive Directors

Ng Yuk Keung
Wang Wenfu
Gao Zhikai

AUDIT COMMITTEE

Chairman

Ng Yuk Keung

Member

Wang Wenfu
Gao Zhikai

REMUNERATION COMMITTEE

Chairman

Wang Wenfu

Member

Cao Xinyi
Ng Yuk Keung

NOMINATION COMMITTEE

Chairman

Gao Zhikai

Member

Ng Yuk Keung
Di Jingmin (resigned on 28 August 2023)
Chen Xiuzhu (appointed on 28 August 2023)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Chairman

Di Jingmin (resigned on 28 August 2023)
Chen Xiuzhu (appointed on 28 August 2023)

Member

Wang Wenfu
Gao Zhikai

Company Information

COMPANY SECRETARY

Chen Xiuzhu

CHIEF FINANCIAL OFFICER

Ren Haiyan

LEGAL COUNSEL

Baker & McKenzie

AUDITORS

KPMG
Public Interest Entity Auditor
registered in accordance with the Financial Reporting Council Ordinance

REGISTERED OFFICE IN THE BVI

Nerine Trust Company (BVI) Limited,
Nerine Chambers,
PO Box 905,
Road Town, Tortola
BVI

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1902, Floor 19,
Far East Finance Centre,
16 Harcourt Road,
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

ING Bank N.V.
Rabo Bank
DBS Bank
CITIC Bank

WEBSITE

www.e-comm.com

HKEX STOCK CODE

1733