



雲能國際

YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)


(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

Interim Report

2024

** for identification purpose only*

 This Interim Report is printed on environmentally friendly paper

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

HU Xiangwei (*Chairman*)
ZHU Yingxue (*Chief Executive Officer*)
YANG Jie
WANG Jin
SONG Henan

Independent Non-executive Directors

SHI Fazhen
LIU Zongliu
JING Pilin

AUDIT COMMITTEE

SHI Fazhen (*Chairman*)
LIU Zongliu
JING Pilin

NOMINATION COMMITTEE

HU Xiangwei (*Chairman*)
ZHU Yingxue
SHI Fazhen
LIU Zongliu
JING Pilin

REMUNERATION COMMITTEE

SHI Fazhen (*Chairman*)
HU Xiangwei
ZHU Yingxue
LIU Zongliu
JING Pilin

COMPANY SECRETARY

NG King Hang

BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10 Bermuda
Bermuda Company Registration
Number 34778

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2008, 20/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
9 Raffles Place #26-01,
Republic Plaza Tower I,
Singapore 048619

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

COMPANY WEBSITE

www.yeigi.com



MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

For the six months ended 30 June 2024 (“HY2024”), the principal activities of Yunnan Energy International Co. Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are: (1) the provision of distribution and after-sales services in the PRC for different analytical instruments, including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing (the “Distribution Business”); and (2) the trading and supply chain business on commodities, diversified industrial and consumer products (the “Supply Chain Business”).

Distribution Business

The Distribution Business is mainly conducted through identifying the demands of the Group’s existing and potential customers (including specification of products, price that the customers can afford, etc.), sourcing the products from various suppliers and supplying the products to the customers. The Group also provides after-sales services such as testing, training and maintenance services for the products sold. The business model of the Distribution Business remains unchanged during HY2024.

The customers of the Distribution Business mainly consist of a variety of businesses and institutions, including hospitals, universities, research institutions, companies in the industrial sector and government agencies. All customers were users or distributors in the PRC during the reporting period. The Group prioritises cooperation with state-owned enterprises and high-quality private enterprises that have strong contract performance capabilities, sound financial control, and comprehensive internal management.

By visiting potential downstream customers who have an intention to cooperate, after both parties confirm the cooperation intention and project, the Group conducts internal analysis and evaluation according to the procedures stipulated by the Group’s system. Upon internal resolution and agreement, a supply contract is signed with downstream customers. According to the products and parameters specified in the contract, a procurement contract is then signed with upstream suppliers, namely medical device agents or distributors.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW (CONTINUED)

Distribution Business (Continued)

The Group has been serving our extensive customer base in the PRC and a vast sales network associated with the Group's PRC offices in Beijing, Shanghai, southwest region of the PRC and Macau to identify and discuss with the existing and potential customers on product specifications, provision of after-sale services. In HY2024, the Group continued to seize the opportunity of the national subsidy policy for equipment procurement and interest loans for Grade 3A hospitals in Yunnan Province, and established stable business cooperation with many Grade 3A hospitals in Yunnan Province and state-owned medical enterprises or medical equipment distributors with good qualifications in Yunnan Province. The Group won the bid and carried out procurement, distribution and trading of medical devices, and entered into contracts with independent third parties, including purchase and sales contracts for ultrasound system, biological microscope project, hospital surgical teaching system, magnetic resonance and computed tomography equipment, radiofrequency treatment equipment system, intense pulsed light treatment equipment, hydro-optical machine, medical centrifuge procurement project, digital subtraction angiography procurement project, endoscope cleaning workstation and mirror storage cabinet project, monitor, syringe pump and anesthesia machine equipment project, and operating room inspection electrocardiogram electronic gastrointestinal endoscopy project. As of 30 June 2024, the Group has entered into sales contracts related to the Distribution Business with a total amount of approximately HK\$37.7 million, and achieved a revenue of approximately HK\$3.1 million from the distribution of precision instruments in HY2024.

For HY2024, the revenue from the Distribution Business decreased by HK\$13.3 million or 81.1% to HK\$3.1 million from HK\$16.4 million for the six months ended 30 June 2023 ("HY2023") due to the reasons as explained below.

As the sales contracts newly signed for the Distribution Business in HY2024 were mostly for imported equipments, the time required for production, manufacturing, and customs clearance was relatively long, and so was the delivery time. As a result, only a small portion of the equipment was delivered and accepted in HY2024. At the same time, due to delays in renovation of clients' hospital departments, the sales contracts signed for the Distribution Business in 2023 had not yet been delivered and accepted in HY2024. More equipments are expected to be delivered and accepted in the second half of 2024.

Supply Chain Business

In HY2024, the Group continued to conduct the supply chain business on commodities, diversified industrial and consumer products, primarily relating to construction materials, agricultural and metallic commodities, consumer products, and medical devices, in order to steadily broaden its revenue stream and channels and increase its profitability. The Supply Chain Business is mainly conducted through identifying the requirements of the Group's existing and potential customers (including specification of products, price that the customers can afford, etc.), the Group will then source products from various suppliers and supply the products to the customers.

The customers of the Supply Chain Business mainly consist of state-owned companies and companies in the industrial sector, including companies engaged in the production and processing of stainless steel pipes in Vietnam, companies engaged in the production of electrolytic copper, and companies in phosphate rock, coal, titanium concentrate, rubber, panax notoginseng, cassava, and other agricultural commodities.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW (CONTINUED)

Supply Chain Business (Continued)

The Group leverages on its extensive customer base established through the Distribution Business with over 30 years of operation, the extensive experience and network in the international supply chain sector of its management and staff, together with the support from the controlling shareholder of the Company, Yunnan Provincial Energy Investment Group Co., Ltd. (the "YEI Group"), to identify different potential customers for its Supply Chain Business. Since this year, the Group has been actively rating and screening customers, continuously optimising the trade chain and reducing trade risks. In addition, the Group participates in tender or quotation invitations from the existing and potential customers in both government and non-government sectors, and open tender for the provision of supply chain services.

The Group actively expands business channels and continues to carry out the Supply Chain Business. In HY2024, we recorded a revenue of HK\$215.7 million, a gross profit of HK\$6.1 million and a gross profit margin of approximately 2.8%. In particular, the international business recorded a revenue of HK\$57.6 million, a gross profit of HK\$1.5 million and a gross profit margin of approximately 2.6% (In HY2023, the international trading business recorded a revenue of HK\$26.9 million, a gross profit of HK\$0.1 million and a gross profit margin of 0.4%). Firstly, the business of stainless steel and equipment export to Vietnam was carried out steadily, with sales of approximately HK\$32.5 million, a gross profit of HK\$0.6 million and a gross profit margin of 1.8%. Secondly, the tower and wire business for export to Laos recorded sales of approximately HK\$9.3 million, a gross profit of HK\$0.8 million and a gross profit margin of 8.6%. Thirdly, the re-export of electrolytic copper with a re-export amount of HK\$14.9 million. Fourthly, the export of cooking pots with an export amount of HK\$0.9 million. The international trading business segment progressed steadily and the Group maintained a good growth momentum.

In HY2024, the domestic trading business recorded a revenue of approximately HK\$158.1 million, a gross profit of HK\$4.6 million and a gross profit margin of approximately 2.9% (In HY2023, the domestic trading business recorded a revenue of HK\$63.5 million, a gross profit of HK\$1.3 million and a gross profit margin of approximately 2.0%), which involved the trading of coffee powder, panax notoginseng, phosphate rock, coal, titanium ore, etc. Revenue from the trading of coffee powder amounted to HK\$14.4 million, a gross profit of HK\$0.8 million and a gross profit margin of 5.6%; revenue from the trading of panax notoginseng amounted to HK\$121.8 million, a gross profit of HK\$3.1 million and a gross profit margin of 2.5%; revenue from the trading of phosphate rock amounted to HK\$12.5 million, a gross profit of HK\$0.3 million and a gross profit margin of 2.4%; revenue from the trading of coal amounted to HK\$8.0 million, a gross profit of HK\$0.3 million and a gross profit margin of 3.8%; and revenue from the trading of titanium ore products amounted to HK\$1.4 million, a gross profit of HK\$0.1 million and a gross profit margin of 7.1%.

In HY2024, the revenue from the Supply Chain Business increased by HK\$125.3 million or 138.6% to HK\$215.7 million from HK\$90.4 million for HY2023. The Group has sold around 1,398.6 tons of stainless steel raw materials and six sets of stainless steel production equipment, as well as around 606.4 tons of panax notoginseng in HY2024.



MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW

Unaudited Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

The key value for the Distribution Business lies in the provision of technical services to the Group's customers, including design of system specifications, formulation of testing standard requirements against customers' budgets, installation of equipment and relevant systems, on-site after-sale services, etc. In HY2024, most sales contracts were signed for imported equipment. Due to the time span for production, manufacturing, and customs clearance, only a small portion of the equipment was delivered and accepted in HY2024. At the same time, due to delays in renovation of clients' hospital departments, the sales contracts signed for the Distribution Business in 2023 had not yet been delivered and accepted in HY2024. More equipments are expected to be delivered and accepted in the second half of 2024. Thus, the revenue from the Distribution Business has decreased its financial performance and its revenue in HY2024 decreased by 81.1% to HK\$3.1 million from HK\$16.4 million in HY2023.

Leveraging on the Distribution Business's experience accumulated over three decades of operation as well as the extensive experience and network in the international supply chain sector of its management and staff, the Supply Chain Business has continued to improve its financial performance and its revenue in HY2024 increased by HK\$125.3 million or 138.6% to HK\$215.7 million from HK\$90.4 million for HY2023.

In HY2024, the Group faced greater operational pressure in the Distribution Business which was partially offset by the improvement in the Supply Chain Business' financial results, the financial performance of the Group had improved in HY2024 as Supply Chain Business' revenue and gross profit have been increased.

Revenue

Revenue in HY2024 increased by 104.9% to HK\$218.8 million from HK\$106.8 million in HY2023, which is mainly attributable to the increased revenue contribution from the Supply Chain Business.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW (CONTINUED)

Cost of sales

Cost of sales in HY2024 increased by 102.5% to HK\$212.6 million from HK\$105.0 million in HY2023. The increase was in line with the increase in revenue.

Gross profit and gross profit margin

The gross profit in HY2024 increased by 244.4% to HK\$6.2 million from HK\$1.8 million in HY2023. The increase in the gross profit of the Supply Chain Business is mainly caused by the increasing demand by end customers for the Group's products. The gross profit margin in HY2024 was 2.8% compared to 1.7% in HY2023. The increase in gross profit margin is mainly attributable to the increase in proportion of revenue of the Supply Chain Business in PRC markets which had a relatively higher gross profit margin.

Other income and gains, net

Other income and gains in HY2024 increased by 57.1% to HK\$1.1 million from HK\$0.7 million in HY2023. The increase was mainly due to the increase of bank interest income.

Selling and distribution expenses

Selling and distribution expenses in HY2024 increased by 150.0% to HK\$1.0 million from HK\$0.4 million in HY2023, which is mainly attributable to the increase in freight and insurance as a result of increased sales activities in both the PRC and the overseas markets.

Administrative expenses

Administrative expenses in HY2024 decreased by 17.5% to HK\$5.2 million from HK\$6.3 million in HY2023, mainly due to the decrease in legal and professional fee.

Reversal of impairment losses/(impairment losses) of financial assets, net

Impairment losses of financial assets, net in HY2024 was HK\$0.2 million due to the increase in the outstanding balance of certain trade receivables.

Other expenses, net

Other expenses, net in HY2024 increased by 41.2% to HK\$24,000 from HK\$17,000 in HY2023, mainly due to the increase in tax late filing expenses.



MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW (CONTINUED)

Finance costs

Finance costs in HY2024 decreased by 14.3% to HK\$1.2 million from HK\$1.4 million in HY2023, mainly due to a lower loan interest rate during HY2024.

Loss for the period

In view of the above, the Group's loss for HY2024 decreased to HK\$0.3 million from HK\$5.9 million in HY2023, mainly due to (i) the increase in the revenue and gross profit of the Supply Chain Business mainly caused by the increase in demand for certain agricultural commodities and industrial products, including panax notoginseng; and (ii) the decrease of administrative expenses due to effective cost control.

Unaudited Condensed Consolidated Statement of Financial Position

Inventories

Inventories increased by HK\$10.8 million from HK\$40.6 million as at 31 December 2023 to HK\$51.4 million as at 30 June 2024, mainly due to the increase in variety of commodities, including phosphate rock and electrolytic copper, resulting from the expanded coverages under the Supply Chain Business. The Group maintains a certain level of inventories to support its customers needs in Supply Chain Business.

Trade receivables

Trade receivables increased by HK\$69.7 million from HK\$93.1 million as at 31 December 2023 to HK\$162.8 million as at 30 June 2024, mainly due to the increase in trade receivables of the Supply Chain Business which are less than 120 days as a result of the increase in revenue of panax notoginseng and stainless steel in HY2024.

Trade payables

Trade payables increased by HK\$37.8 million from HK\$29.8 million as at 31 December 2023 to HK\$67.6 million as at 30 June 2024, mainly due to the increase in trade payables of the Supply Chain Business which are less than 60 days as a result of the increase in procurement of Supply Chain Business.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW (CONTINUED)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group's net current assets amounted to HK\$124.2 million (31 December 2023: HK\$165.2 million), of which the bank balances and cash were HK\$26.1 million (31 December 2023: HK\$120.6 million), all of which were denominated in United States dollars, Hong Kong dollars and Renminbi. The Group's current ratio was 1.5 (31 December 2023: 2.1).

Loan from a fellow subsidiary as at 30 June 2024 was HK\$154.1 million (Loan from an intermediate holding company as at 31 December 2023: HK\$91.4 million), all of which were denominated in Renminbi. The Group's gearing ratio stood at 93.8% as at 30 June 2024 (31 December 2023: 55.3%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralised financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers 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 term and long term.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 19 January 2024, the Group signed an equity transfer agreement with a subsidiary of YEI Group and YEIG Dayao Green Energy Generation Co., Ltd. ("Dayao Green Energy") to acquire 6.67% equity interest in Dayao Green Energy. The Group completed the acquisition on 26 March 2024 and designated its investment in Dayao Green Energy at fair value through other comprehensive income of HK\$ 40.0 million, which is 9.8% of the Group's total assets as at 30 June 2024. Dayao Green Energy develops, constructs, operates and manages certain gigawatt-level photovoltaic solar power generation projects in Dayao County. As of 30 June 2024, Dayao Green Energy's six photovoltaic solar power generation stations with a total installed capacity of approximately 523,000 kilowatts have met the conditions for full-capacity grid connection. No dividends were received on this investment during HY2024. Details of the acquisition are disclosed in the circular of the Company dated 23 February 2024.

Save for those disclosed in this report, there were no significant investments held by the Group as at 30 June 2024, nor were there other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during HY2024. Apart from those disclosed in this report, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this report.



MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW (CONTINUED)

PLEDGE ON ASSETS

The Group did not have any charges on its assets as at 30 June 2024.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 30 June 2024.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

The Group's transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging against significant foreign exchange exposure should the need arise.

INTERIM DIVIDEND

The Board did not recommend or declare any interim dividend for HY2024 (HY2023: Nil).

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE RULES ("LISTING RULES") GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED ("SEHK")

There was no other change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2023 annual report of the Company up to the date of this report.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2024, there were 31 (31 December 2023: 28) employees in the Group. In HY2024, the employee benefit expense was approximately HK\$2.8 million. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including training, medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) PROSPECTS

The Group will continue to focus on both the Distribution Business and Supply Chain Business, with a view to increasing its business scale and broadening the customer base continuously, which in turn will increase revenue and profit contribution from such businesses and generate returns for its shareholders. In this connection, the Group has formulated detailed business plans in the upcoming financial years, as further discussed below:

Distribution Business

In addition to its existing customer base in the PRC, the Group plans to make use of the well-established resources and extensive marketing network/business relationship of the YEI Group, to expand the Distribution Business in regions of the PRC, particularly in the Southwest region in China. Set out below is a summary of the key business plans:

- The Group will expand its external customer channel resources in multiple aspects, actively participate in bidding and strive to facilitate a number of newly signed sales contracts in the second half of 2024. In the early stage of carrying out the medical-related business, the Group has accumulated experience with some reputable international brands namely Thermo Fisher, Olympus, Philips and GM. Moreover, the Group has also established a relationship with suppliers or distributors with good reputation and qualifications in Yunnan Province. In 2024, the Group will, upon assessment of the risk associated with payment collection, actively participate in the public tender and bidding projects for medical equipment of high-end large Grade 3A hospitals in the three provinces of Southwest China, and continuously expand new project cooperation opportunities through direct trade to hospitals, so as to enhance the sales results and profitability of the Distribution Business.
- The Group is actively exploring potential customers in Southwest China and providing a wide range of the Group's products and services based on the customers' procurement plan, so as to meet the needs of potential customers in different industries and expand the distribution trading market in various aspects.



MANAGEMENT DISCUSSION AND ANALYSIS

(III) PROSPECTS (CONTINUED)

Supply Chain Business

The Group regularly conducts detailed review of its operations and adjusts its sales strategies to explore new potential projects. By broadening business channels and stringently controlling risky businesses, the Group enhances its revenue stream and improves its profitability under the premise of stable trading. Accordingly, the Group has been actively developing the Supply Chain Business in both domestic and overseas markets. The Group also strives to capture potential opportunities for the Supply Chain Business through its management team's extensive experience (particularly relating to international trade and energy projects) and business network. Set out below is a summary of the key business plans:

- In the second half of 2024, the Company will continue to develop the Supply Chain Business, and strive to sign long-term supply agreements with relevant companies engaging in coal and mineral products business to achieve long-term and stable large-value trade. In terms of the international trading business, in addition to maintaining the original export trade, the Company will actively explore new customers of the same category, export of new energy products and trade of industrial products to gradually realise the two-wheel driven import and export trade.
- The Group's Supply Chain Business is currently handled by a seasoned management team of 11 persons of the Group, led by Mr. Ma Can, who is graduated from Yunnan University with a master's degree in business administration. He has the qualifications of customs broker and inspector. He has worked in Cambodia, Laos and other Southeast Asian countries and foreign economic and trade enterprises in Yunnan Province for several years. He has more than 20 years of rich international experience and trade experience and overseas work background, and long been engaged in the import and export trade of coke, coal, machinery and equipment, fertilisers, pesticides, medical and health products. The other management team has an average 7 years of experience in the international supply chain industry. Leveraging on the YEI Group's business network in overseas markets, the Group plans to set up teams for further development of international Supply Chain Business, including but not limited to construction materials, medical devices and energy. Under the management organisation of Mr. Ma, the Group has formed the seasoned management team with efficient customs declaration advantages and broad trade category advantages. As the global economic situation slowly recovers, the Group will seize all market opportunities to develop international Supply Chain Business, and win new tenders and the accelerate promotion of potential stainless steel, rubber, electrolytic copper, fertiliser, chemical raw materials and other trading businesses. The Group will continue to expand its business team, deepen training, and enhance capabilities of employees in response to the increasing level of business activities and market demand.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) PROSPECTS (CONTINUED)

International Energy Project Investment

The Group has begun exploring development opportunities in the area of green energy project investment in Yunnan Province and overseas to explore the expansion of the installed capacity of energy projects, thereby improving the Group's profitability to promote its long-term development and create returns for shareholders. The Group plans to leverage on the good relationship between YEI Group and the governments and cooperative units in Yunnan Province and southeast Asia including Laos and Myanmar to engage in green energy investment projects in Yunnan Province, Myanmar and Laos.

As of 30 June 2024, Dayao Green Energy's six photovoltaic solar power generation stations with a total installed capacity of approximately 523,000 kilowatts have met the conditions for full-capacity grid connection. Dayao Green Energy shall commence the commercial operation of the abovementioned six photovoltaic solar power generation stations in the region in the third quarter of 2024. To fund its operation, Dayao Green Energy has obtained bank project loans of HK\$1,882.1 million in 2024. The acquisition of the equity interest in Dayao can broaden the sources of our profit and cash inflows and provide the Group with further experience in the investment and operation of green energy projects.

The Board is of the view that the cooperation with YEI Group to develop the Dayao Projects is in line with the Company's strategic objective of investing in green energy projects. The Group plans to expand investment opportunities in green energy projects within Yunnan Province in the second half of 2024, including centralised and distributed solar photovoltaic power generation, wind power generation, etc., so as to provide the Group with further experience in the investment and operation of green energy projects, and better support the Group implementing its next strategic arrangement to develop the green energy market in Southeast Asia.



OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, to the knowledge of the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required (a) to be notified to the Company and the SEHK 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) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers (the “Model Code”) as set out in Appendix C3.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of HY2024 nor at any time during HY2024 was the Company nor any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as to the knowledge of the Directors of the Company, the following persons (other than the Directors whose interests are disclosed in the section headed "Directors' Interests in Shares and Underlying Shares and Debentures" above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK 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:

Long position in Shares

Name	Capacity and nature of interests	Direct Interest		Deemed Interest	
		Number of Shares held	Approximate percentage of the issued share capital of the Company	Number of Shares held	Approximate percentage of the issued share capital of the Company
Baodi International Investment Company Limited (Note 1)	Beneficial owner	201,196,995	73.05%	-	-
Yunnan Energy Investment (HK) Co. Limited (Note 1)	Interest of controlled corporation	-	-	201,196,995	73.05%
Yunnan Provincial Energy Investment Group Co., Limited (Note 1)	Interest of controlled corporation	-	-	201,196,995	73.05%

Note:

- 201,196,995 shares are owned by Baodi International Investment Company Limited which is wholly owned by Yunnan Energy Investment (HK) Co. Limited, which in turn is wholly owned by Yunnan Provincial Energy Investment Group Co., Limited. Accordingly, Yunnan Energy Investment (HK) Co. Limited and Yunnan Provincial Energy Investment Group Co., Limited are deemed to be interested in all the Shares held by Baodi International Investment Company Limited.



OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons (other than the Directors) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK 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.

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

During HY2024, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK or the Singapore Exchange Securities Trading Limited ("SGX-ST").

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the unaudited condensed consolidated interim results of the Group for HY2024, including the review of the accounting principles and practices adopted by the Group, and has also discussed auditing, risk management and internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company recognises the importance of good corporate governance and accountability to shareholders. The Board believes that the Company and all its stakeholders can benefit from such practice and management culture. Therefore, the Company continuously reviews its corporate governance practice to comply, where applicable, with the principles and guidelines of the Corporate Governance Code (the "Hong Kong Code") contained in Appendix C1 to the Listing Rules.

In the opinion of the Board, the Company has complied with the applicable code provisions of the Hong Kong Code throughout HY2024.

SUBSEQUENT EVENTS

From the end of the reporting period to the date of this report, the Group did not have any other significant events.



OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during HY2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of noncompliance with the Model Code by such employees was noted by the Company during HY2024.

DISCLOSURE ON THE WEBSITES OF THE EXCHANGES AND THE COMPANY

This report shall be published on the respective websites of the SEHK, SGX-ST and the Company.

By Order of the Board
Yunnan Energy International Co. Limited
Hu Xiangwei
Chairman

Hong Kong, 27 August 2024

FINANCIAL STATEMENTS

RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Yunnan Energy International Co. Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024 (“HY2024”) together with the comparative figures for the six months ended 30 June 2023 (“HY2023”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
		HK\$'000	HK\$'000
Revenue	4	218,810	106,779
Cost of sales		(212,621)	(104,983)
Gross profit		6,189	1,796
Other income and gains, net	5	1,142	652
Selling and distribution expenses		(1,029)	(402)
Administrative expenses		(5,213)	(6,288)
Reversal of impairment losses/(impairment losses) of financial assets, net		(172)	143
Other expenses, net		(24)	(17)
Finance costs	6	(1,206)	(1,409)
LOSS BEFORE TAX	7	(313)	(5,525)
Income tax	8	–	(349)
LOSS FOR THE PERIOD		(313)	(5,874)

FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
		HK\$'000	HK\$'000
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods</i>			
<i>– Exchange differences:</i>			
On translation of foreign operations		(661)	(2,092)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX			
		(661)	(2,092)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			
		(974)	(7,966)
Loss for the period attributable to: Shareholders of the Company			
		(313)	(5,874)
Total comprehensive loss for the period attributable to:			
Shareholders of the Company		(974)	(7,966)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY:			
Basic and diluted			
For loss for the period	10	(HK0.11 cents)	(HK2.13 cents)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	11	107	126
Equity investment designated at fair value through other comprehensive income	12	40,025	–
Total non-current assets		40,132	126
CURRENT ASSETS			
Inventories		51,410	40,614
Trade receivables	13	162,807	93,102
Prepayments, deposits and other receivables	14	127,777	64,297
Cash and bank balances		26,050	120,618
Total current assets		368,044	318,631
CURRENT LIABILITIES			
Trade payables	15	67,598	29,823
Other payables and accruals	16	22,096	32,159
Loan from a fellow subsidiary	17	154,127	–
Loan from an intermediate holding company	18	–	91,446
Total current liabilities		243,821	153,428
NET CURRENT ASSETS		124,233	165,203
TOTAL ASSETS LESS CURRENT LIABILITIES		164,355	165,329
Net assets		164,355	165,329
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	19	107,420	107,420
Reserves		56,935	57,909
Total equity		164,355	165,329

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Capital and other reserves (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
At 1 January 2024	107,420	143,392	3,071	-	-	(9,127)	(79,427)	165,329
Loss for the period	-	-	-	-	-	-	(313)	(313)
Other comprehensive loss for the period:								
Exchange differences:								
On translation of foreign operations	-	-	-	-	-	(661)	-	(661)
Total comprehensive loss for the period	-	-	-	-	-	(661)	(313)	(974)
At 30 June 2024	107,420	143,392	3,071	-	-	(9,788)	(79,740)	164,355

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the Company							Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Capital and other reserves (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
At 1 January 2023	107,420	143,392	3,071	-	-	(8,043)	(74,457)	171,383
Loss for the period	-	-	-	-	-	-	-	-
Other comprehensive loss for the period:	-	-	-	-	-	-	(5,874)	(5,874)
Exchange differences:	-	-	-	-	-	(2,092)	-	(2,092)
On translation of foreign operations	-	-	-	-	-	(2,092)	-	(2,092)
Total comprehensive loss for the period	-	-	-	-	-	(2,092)	(5,874)	(7,966)
At 30 June 2023	107,420	143,392	3,071	-	-	(10,135)	(80,331)	163,417

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Net cash flows used in operating activities	(114,499)	(116,668)
Cash flows from Investing activities		
Interest received	533	98
Purchases of items of property, plant and equipment	(6)	(62)
Purchase of an equity investment designated at fair value through other comprehensive income	(40,025)	–
Net cash flows from/(used in) investing activities	(39,498)	36
Cash flows from financing activities		
New loan from an intermediate holding company	16,509	158,766
New loan from a fellow subsidiary	154,083	–
Repayment of loan to an intermediate holding company	(104,556)	(22,681)
Interest paid	(3,511)	–
Net cash flows from financing activities	62,525	136,085
Net increase/(decrease) in cash and cash equivalents	(91,472)	19,453
Cash and cash equivalents at beginning of the period	120,618	43,090
Effect of foreign exchange rate changes, net	(3,096)	(16,130)
Cash and cash equivalents at end of the period	26,050	46,413



FINANCIAL STATEMENTS

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Yunnan Energy International Co. Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability. The Company’s shares have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”) and a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

During the period, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- (a) Distribution of branded analytical and laboratory instruments and life science equipment (the “Distribution Business”)
- (b) Supply chain business on the trading of diversified industrial and consumer products (the “Supply Chain Business”)

The immediate holding company of the Company is Baodi International Investment Company Ltd. (“Baodi”), which is incorporated in the British Virgin Islands with limited liability, and in the opinion of the directors, the ultimate holding company of the Company is Yunnan Provincial Energy Investment Group Co., Ltd, which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and is wholly owned by The State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People’s Government of the PRC.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

These revised IFRSs did not have any significant impact on the financial position on performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services and has two reportable operating segments as follows:

- the Distribution Business segment, which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and
- the Supply Chain Business segment, which is engaged in the trading of commodities, diversified industrial and consumer products.

The chief operating decision maker of the Group ("CODM", identified as the executive directors of the Company and certain senior management) monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, non lease-related finance costs, depreciation and amortisation, as well as head office and corporate administrative expenses are excluded from such measurement.

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3. OPERATING SEGMENT INFORMATION (CONTINUED)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment revenue and results

	Distribution Business		Supply Chain Business		Total	
	30 June		30 June		30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	3,094	16,367	215,716	90,412	218,810	106,779
Segment results	(70)	151	3,204	(2,705)	3,134	(2,554)
Interest income					533	97
Interest expenses					(1,206)	(1,409)
Depreciation and amortisation					(25)	(21)
Corporate administration costs					(2,749)	(1,638)
Loss before tax					(313)	(5,525)

Segment assets and liabilities

Segment assets and liabilities information is not disclosed as it is not regularly reviewed by the CODM.

Geographical information

The Group's revenue from external customers, based on location of customers, is detailed below:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000
PRC (including Hong Kong and Macau)	161,229	79,838
Asia (other than the PRC)	57,581	24,846
Other areas	–	2,095
Total	218,810	106,779

No geographical information about the Group's non-current assets is presented as more than 90% of the Group's non-current assets as at the end of each of these periods were located in the PRC (including Hong Kong and Macau).

FINANCIAL STATEMENTS

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

The revenue generated from sales to each of the customers which individually contributed more than 10% of the Group's total revenue during the period is set out below:

	Six months ended 30 June 2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Customer A from the Supply Chain Business segment	93,019	N/A*
Customer B from the Supply Chain Business segment	32,486	23,397
Customer C from the Supply Chain Business segment	28,773	20,843
Customer D from the Supply Chain Business segment	N/A*	24,206
Customer E from the Supply Chain Business segment	N/A*	15,173

* The corresponding revenue of these customers is not disclosed as they individually did not contribute 10% or more of the Group's total revenue for the relevant period.

4. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 June 2024 (unaudited) <i>HK\$'000</i>	2023 (unaudited) <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of goods	218,810	106,799

FINANCIAL STATEMENTS

4. REVENUE (CONTINUED)

Notes:

- a. Disaggregated revenue information

For the six months ended 30 June 2024

	Distribution Business (unaudited)	Supply Chain Business (unaudited)	Total (unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods or services and point of revenue recognition			
Sales of goods, recognised at the point in time	3,094	215,716	218,810
Geographical markets			
PRC (including Hong Kong and Macau)	3,094	158,135	161,229
Asia (other than the PRC)	–	57,581	57,581
Total revenue from contracts with customers	3,094	215,716	218,810

For the six months ended 30 June 2023

	Distribution Business (unaudited)	Supply Chain Business (unaudited)	Total (unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods or services and point of revenue recognition			
Sales of goods, recognised at the point in time	16,367	90,412	106,779
Geographical markets			
PRC (including Hong Kong and Macau)	16,367	63,471	79,838
Asia (other than the PRC)	–	24,846	24,846
Other areas	–	2,095	2,095
Total revenue from contracts with customers	16,367	90,412	106,779

FINANCIAL STATEMENTS

4. REVENUE (CONTINUED)

- b. The following table shows the amounts of revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods	19,921	11,509

- c. No revenue recognised during the six months ended 30 June 2024 and 2023 related to performance obligations satisfied or partially satisfied in previous years.

Performance obligations

The performance obligation for the sale of goods is satisfied upon delivery of the goods and payment is generally due within 60 to 150 days from delivery, except for new customers, where payment in advance is normally required.

The Group has applied the practical expedient in IFRS 15 to its revenue from the sale of goods for not disclosing the remaining performance obligations under the Group's existing contracts as all contracts in which the performance obligations are expected to be recognised as revenue have an original expected duration of one year or less.

5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Bank interest income	533	97
Insurance subsidies	105	–
Tax refund	30	–
Remedy for late payment	–	44
	668	141
Gains, net		
Fair value gain of derivative financial instruments, net	166	–
Foreign exchange gain, net	308	511
	474	511
	1,142	652

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6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on loan from an intermediate holding company	528	1,409
Interest on loan from a fellow subsidiary	678	–
	1,206	1,409

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	212,621	104,983
Depreciation of items of property, plant and equipment	25	21
Lease payments not included in the measurement of lease liabilities	9	8
Employee benefit expense (excluding directors' remuneration):		
Salaries, allowances and benefits in kind	2,575	2,605
Defined contribution scheme contributions	245	42
	2,820	2,647
Foreign exchange differences, net	(308)	(511)
Impairment losses/(reversal of impairment losses) of financial assets, net:		
Trade receivables	172	(143)

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8. INCOME TAX

An analysis of the Group's income tax is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – PRC	–	349

Note:

- (a) The income tax expense of the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions of operations.

No provision for Hong Kong profits tax and Macau income tax was made as the Group did not have any assessment profits arising from Hong Kong and Macau for both periods.

Under the Law of the PRC on Corporate Income Tax (the “PRC Corporate Income Tax Law”) and the Implementation Regulation of the PRC Corporate Income Tax Law, the income tax rate applicable to subsidiaries established in the PRC is 25% (six months ended 30 June 2023: 25%).

9. DIVIDENDS

The Board did not recommend or declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to shareholders of the Company of HK\$313,000 (six months ended 30 June 2023: HK\$5,874,000) and the weighted average number of ordinary shares of 275,437,000 (six months ended 30 June 2023: 275,437,000) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for each of the periods ended 30 June 2024 and 2023 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$6,000 (six months ended 30 June 2023: HK\$62,000) on acquisition of property, plant and equipment. During the period, the Group did not dispose items of property, plant and equipment (six months ended 30 June 2023: Nil).

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12. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The equity investment designated at fair value through other comprehensive income (“FVTOCI”) is an unlisted equity investment that represented 6.67% equity interest of YEIG Dayao Green Energy Generation Co., Ltd. (“Dayao Green Energy”), a private entity incorporated in the PRC, which is responsible for the development, construction, operation and management of the green energy project. The Group designated its investment in Dayao Green Energy at FVTOCI, as the investment is held for long-term strategic purpose. No dividends were received on this investment during HY2024 (2023: Nil).

13. TRADE RECEIVABLES

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade receivables	(a)	155,232	94,065
Provisionally priced receivable	(b)	14,734	6,037
Impairment		(7,159)	(7,000)
		162,807	93,102

Notes:

- (a) The Group’s trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 150 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. Except for collection of trade debts arising from trading with overseas customers which is covered by insurance policies, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.
- (b) Included in the trade receivables was a derivative asset of US\$1,884,000 (equivalent to HK\$14,734,000). During the period, the Group has entered into a copper cathode trading contract with a customer, of which the contract is provisionally priced at the time of each respective shipment date. The final sales price is based on the average quoted market prices of copper cathode on the London Metal Exchange less discounts during the second month after the date of delivery. The Group considered this provisionally priced receivable as an embedded derivative under IFRS 9. The change in the fair value of the provisionally priced receivable is calculated based on relevant forward market prices as at 30 June 2024 and recognised in “other income and gains, net” in profit or loss.

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13. TRADE RECEIVABLES (CONTINUED)

- (c) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 90 days	100,556	77,712
91 to 120 days	46,142	–
121 to 365 days	2,837	1,956
1 to 2 years	13,272	13,434
	162,807	93,102

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	(a)	72,258	54,187
Deposits and other receivables	(b)	47,240	1,711
Value-added tax recoverable		8,890	9,012
		128,388	64,910
Impairment allowance		(611)	(613)
		127,777	64,297

Notes:

- (a) Prepayments mainly comprise advance payments for purchase of inventories held for trading and other expenses. Included in the prepayments was mainly an advance payment for the purchase of coal for trading of RMB34,752,000 (equivalent to HK\$38,092,000) (31 December 2023: RMB34,752,000, equivalent to HK\$38,348,000) and the expected delivery date has been extended to 31 December 2024 due to the delay in the resumption of production at vendor's coal mine. The Group holds entire equity interest of vendor's wholly owned subsidiary and partial equity interest of vendor's another wholly owned subsidiary as collaterals, each of which holds a coal mine. Considering the current market value of coal from expected delivery and the value of the pledged collateral, the Group is of the opinion that no impairment provision over the prepayment is considered necessary as at 30 June 2024 (31 December 2023: Nil). The increase in prepayments in HY2024 was mainly due to the increase in procurement for contracts signed for the Distribution Business during the period.

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14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

- (b) Deposits and other receivables mainly comprise tendering deposits and performance pledged deposits.

15. TRADE PAYABLES

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade payables	(a)	53,030	29,823
Provisionally priced payable	(b)	14,568	–
		67,598	29,823

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Less than 60 days	44,688	28,638
61-180 days	14,963	1,152
181-365 days	7,914	33
Over 365 days	33	–
	67,598	29,823

Notes:

- (a) The trade payables are non-interest-bearing and are normally settled on terms ranging from 60 days to 90 days.
- (b) Included in the trade payables was a derivative liability of US\$1,863,000 (equivalent to HK\$14,568,000). As detailed in note 13(b) to the financial statements, during the period, the Group has entered into a copper cathode trading contract with a supplier, of which the contract is provisionally priced at the time of each respective shipment date. The final sales price is based on the average quoted market prices of copper cathode on the London Metal Exchange less discounts during the second month after the date of delivery. The Group considered this provisionally priced payable as an embedded derivative under IFRS 9. The change in the fair value of the provisionally priced payable is calculated based on relevant forward market prices as at 30 June 2024 and recognised in “other income and gains, net” in profit or loss.

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16. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
Accruals		1,455	2,432
Contract liabilities – customers’ deposits	(a)	19,888	28,313
Other payables	(b)	335	1,318
Due to a fellow subsidiary	(c)	418	96
		22,096	32,159

Notes:

- (a) Contract liabilities include short-term advances received from customers for the supply of diversified industrial and consumer products. The decrease in contract liabilities in HY2024 was mainly due to a large amount of short-term advances were recorded as sales proceeds upon recognition of sales of agricultural commodities during the period.
- (b) Other payables are non-interest-bearing and have an average term of three months.
- (c) The amount due to a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

17. LOAN FROM A FELLOW SUBSIDIARY

The loan balance as at 30 June 2024 was a loan advanced to the Group from YEIG International Consulting (Beijing) Co., LTD., a fellow subsidiary, pursuant to a loan agreement dated 28 March 2024 entered into between the two parties with a total loan facility of RMB180,000,000. This loan was unsecured, bearing an interest at the rate of 2.5% per annum with a maturity date as of 28 March 2025, which could be repaid before the maturity date as mutually agreed between the two parties. As at 30 June 2024, the outstanding balance under this loan facility amounted to RMB140,616,000 (equivalent to HK\$154,127,000), which included an interest payable of RMB616,000 (equivalent to HK\$678,000).

The above loan arrangements with a fellow subsidiary constitute an exempted connected transaction under Chapter 14A of the Listing Rules.

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18. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

The loan balance as at 31 December 2023 was a loan advanced to the Group from Yunnan Energy Investment (HK) Co. Limited, an intermediate holding company, pursuant to a loan agreement dated 25 March 2023 entered into between the two parties with a total loan facility of RMB190,000,000. This loan was unsecured, bearing an interest at the rate of 4% per annum with a maturity date as of 24 March 2024, which could be repaid before the maturity date as mutually agreed between the two parties. As at 31 December 2023, the outstanding balance under this loan facility amounted to RMB82,870,000 (equivalent to HK\$91,446,000), which included an interest payable of RMB2,870,000 (equivalent to HK\$3,189,000). The loan was fully repaid during the period ended 30 June 2024.

The above loan arrangement with an intermediate holding company constitutes an exempted connected transaction under Chapter 14A of the Listing Rules.

19. SHARE CAPITAL

Shares

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
800,000,000 ordinary share of US\$0.05 each	312,000	312,000
Issued and fully:		
275,437,000 ordinary share of US\$0.05 each	107,420	107,420

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20. DEREGISTRATION OF A SUBSIDIARY

The Group applied to deregister a wholly-owned subsidiary, Yunnan Energy International Trading Limited. The deregistration was completed on 28 March 2024 and no gain or loss was resulted from the deregistration of this subsidiary. There was no cash flow in relation to the deregistration of this subsidiary.

21. CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

22. CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group did not have any significant capital commitment.

23. RELATED PARTIES DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
		2024	2023
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Interest paid and payable on loan from an intermediate holding company	(i)	528	1,409
Interest paid and payable on loan from a fellow subsidiary	(ii)	678	–

Notes:

- (i) Details of the loan from an intermediate holding company are set out in note 18 to the unaudited condensed financial statements. The loan from an intermediate holding company is exempted connected transactions as defined under Chapter 14A of the Listing Rules.
- (ii) Details of the loan from a fellow subsidiary are set out in note 17 to the unaudited condensed financial statements. The loan from a fellow subsidiary is exempted connected transactions as defined under Chapter 14A of the Listing Rules.

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23. RELATED PARTIES DISCLOSURES (CONTINUED)

- (b) Outstanding balances with related parties:

The Group had a loan from a fellow subsidiary of RMB140,616,000 (equivalent to HK\$154,127,000) as at 30 June 2024, and the amount is unsecured and bears interest at the rate of 2.5% per annum, as further detailed in note 17 to the unaudited condensed financial statements.

- (c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	579	–
Post-employment benefits	9	–
Total compensation paid to key management personnel	588	–