

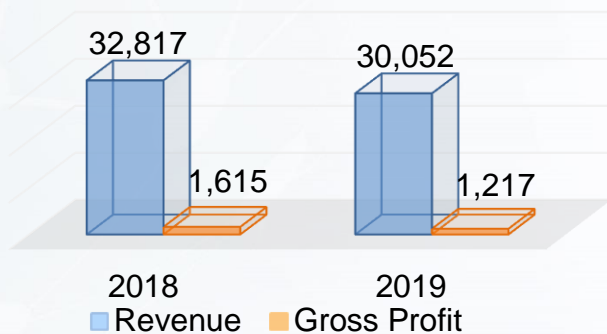


2019

Annual Results



Revenue/Gross Profit (HK\$ million)

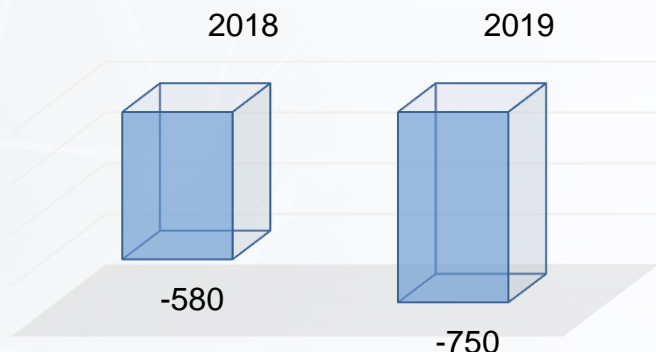


(HK\$ million)	2018	2019
Revenue	32,817	30,052
Gross Profit	1,615	1,217
Gross Profit Margin	4.92%	4.05%

Product	2018			2019		
	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue
Coal	21,341	28,029	85.41%	21,853	26,292	87.49%
Oil & Petrochemicals	457	3,005	9.16%	373	2,062	6.86%
Iron Ore	2,340	1,228	3.74%	1,599	1,024	3.41%
Nonferrous Metals	16	351	1.07%	20	424	1.41%
Logistics Service	-	134	0.41%	-	184	0.61%
Coke	10	26	0.08%	14	28	0.09%
Others	-	44	0.13%	-	38	0.13%
Total	24,164	32,817	100%	23,859	30,052	100%

- The Company generated revenue of HK\$30.052bn in 2019, down by 8.43% compared with HK\$32.817bn in 2018. This is mainly due to a decrease in the average selling price of coal in 2019. Sale volume and market share of coal trading remained stable
- Coking coal contributed revenue of HK\$25.510bn or 84.89% and generated gross profit of HK\$1.017bn
- Gross profit margin decreased to 4.05% from 4.92% in 2018. Compare with 2018, the gross profit per tonne of coal narrowed. Macro-economically, it was due to slower Global and China's economic growth, which was particularly affected by the trade war between China and the United States, and micro-economically, the decrease of the net profit was impacted by China customs policies, additional time required for imported coal customs clearance caused to lower gross margin in coal trading

Operating Expense (HK\$ million)



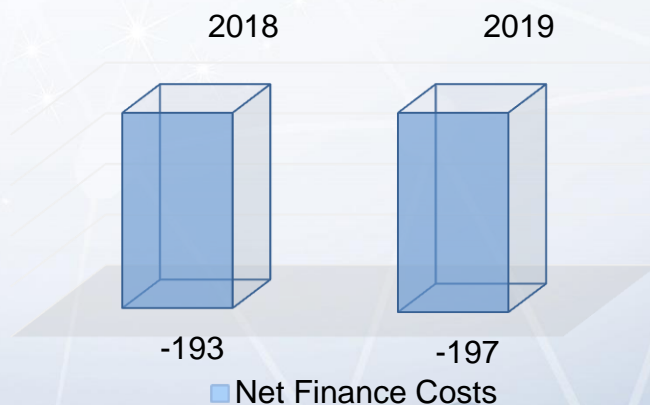
■ Total Operating Expenses (Excluding Reversal of Impairment of Non-Current Assets).

(HK\$ million)	2018	2019
Distribution Costs	(195)	(253)
Administrative Expenses	(445)	(431)
Other Operating Income/(Expenses), net	60	(66)
Total Operating Expenses (Excluding Reversal of Impairment of Non-Current Assets)	(580)	(750)
As % of the Total Revenue	-1.77%	-2.50%

- In 2019, the total operating expenses (excluding the reversal of impairment of non-current assets) was HK\$750 mn, 2.50% of the revenue compared to 1.77% in 2018. The increase was mainly due to the increase in distribution costs and other net operating expenses
- In 2019, administrative expenses slightly decreased. The increase in distribution costs was mainly due to the increased sales volume of Mongolia coal and the increased domestic sales volume of seaborne coal that had already completed customs clearance process. The increase in other net operating expenses was due to losses on futures during futures hedging operations and foreign exchange lock-up costs arising from forward foreign exchange lock-up transactions in order to hedge the risk of foreign exchange fluctuation. The income of the corresponding hedging objects is embodied in gross profit

(HK\$ million)	2018	2019
Finance Income	42	47
Finance Costs	(235)	(244)
Net Finance Costs	(193)	(197)
As % of Total Revenue	-0.59%	-0.66%

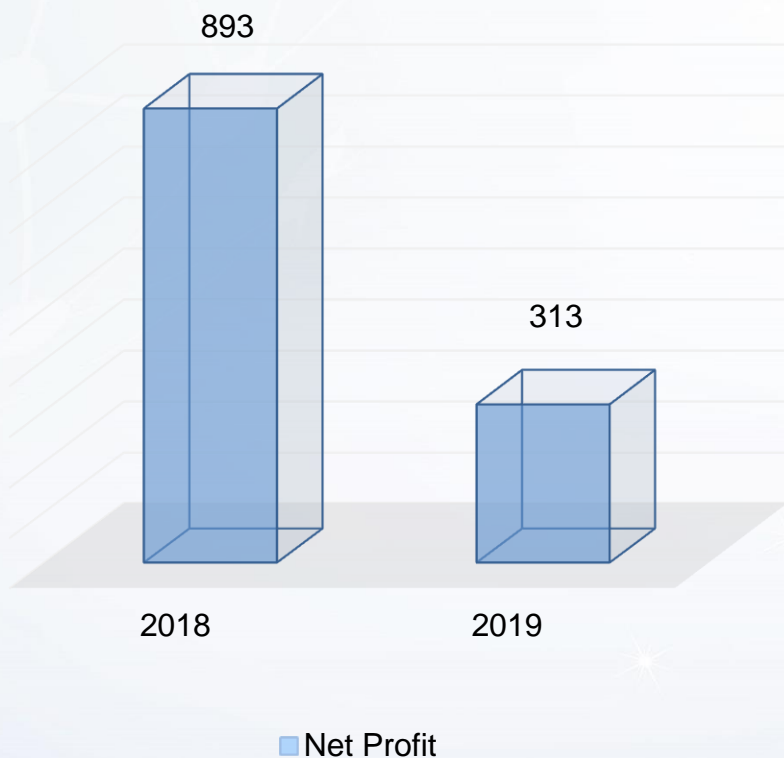
Finance Income/Costs (HK\$ million)



■ Net Finance Costs

- In 2019, finance income increased by 11.90% over 2018. The increase was mainly due to the increase in interest income on low risk financial assets
- Finance costs increased by 3.83% over 2018, mainly due to increased interest accrued on secured bank loans and interest on lease liabilities

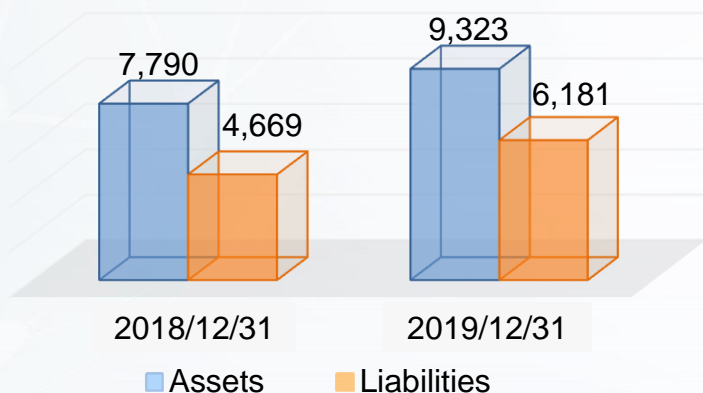
Net Profit (HK\$ million) /EPS (HK\$)



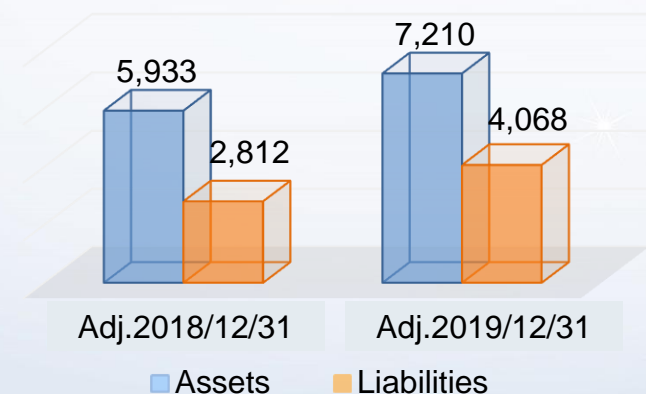
(HK\$ million)	2018	2019
Net Profit	893	313
Profit Attributable to Shareholders	880	312
Basic EPS (HK\$)	0.286	0.103

- In 2019, the Company recorded a net profit of HK\$313 million
- Basic EPS was HK\$0.103 as of 2019
- No dividend was declared for the year ended 31 December, 2019

Assets/Liabilities (HK\$ million)



Adjusted Assets/Liabilities (HK\$ million)



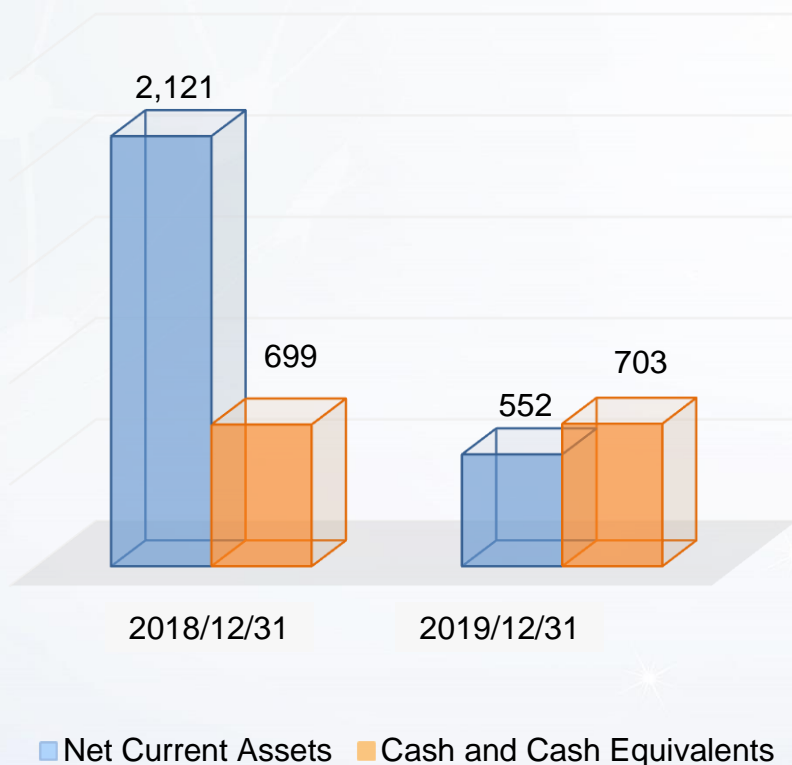
(HK\$ million)	2018/12/31	2019/12/31
Assets	7,790	9,323
Liabilities	4,669	6,181
Total Equity	3,121	3,142
Gearing Ratio	59.94%	66.30%

- As at December 31, 2019, the Company's gearing ratio grew to 66.30% from 59.94% as at the end of 2018
- In 2019, Company's assets increased by 19.68%, liabilities increased by 32.38%. The increase in gearing ratio was mainly due to borrowings of HK\$606mn from Xianghui (an associate of the Company), as well as the increase in discounted bills with recourse rights of HK\$308mn, the increase in lease liability of HK\$170mn and the increase in trade payables for purchasing inventory of HK\$283mn

(HK\$ million)	Adj.2018/12/31	Adj.2019/12/31
Assets	5,933	7,210
Liabilities	2,812	4,068
Gear Ratio	47.39%	56.42%

- After receiving bank acceptance bills and letters of credit, the Company discounts or pledges such bills to against loans from banks. According to accounting standards, assets and liabilities will increase at the same time. However, such bills and letters of credit discounted pledge loans are based on bank credit, and there is no substantial risk
- Excluding the impact of the accounting and loans pledged with full amount bank deposits, the Company's adjusted total assets and liabilities were shown as the above. The Company's adjusted gearing ratio at was 56.42%, debt level remains stable.

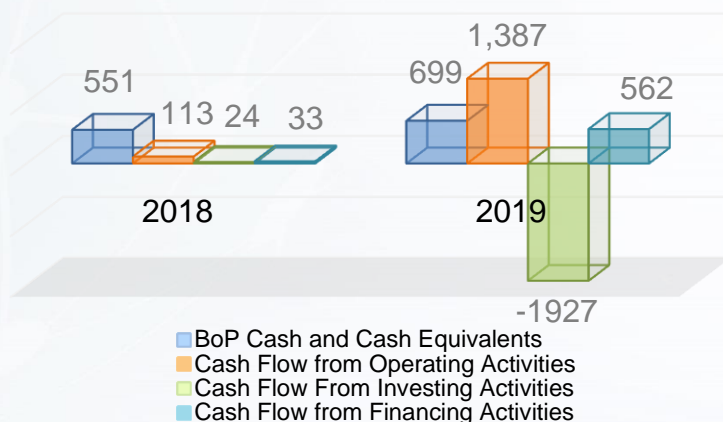
Current Assets and Cash (HK\$ million)



(HK\$ million)	2018/12/31	2019/12/31
Current Assets	6,560	6,491
Current Liabilities	4,439	5,940
Net Current Liabilities	2,121	552
Cash and Cash Equivalents	699	703
Current Ratio	1.48	1.09

- As of 31 December 2019, the current assets of the Company was generally in line with that at the end of 2018, with a slightly decrease of 1.05%. Current liabilities increased by 33.81%. The increase in current liabilities was mainly due to borrowings of HK\$606mn from Xianghui (an associate of the Company), and the increase in discounted bills receivable with recourse rights of HK\$308mn
- Current ratio as of 31 December 2019 was 1.09, a slight decrease compare with that at the end of 2018

Cash Flow (HK\$ million)



(HK\$ million)	2018	2019
Cash and Cash equivalents at 1 January	551	699
Cash Flow from Operating Activities	113	1,387
Cash Flow from Investing Activities	24	(1,927)
Cash Flow from Financing Activities	33	562
Impact of Change in Foreign Exchange Rates	(21)	(19)
Cash and Cash equivalents at 31 Dec	699	703

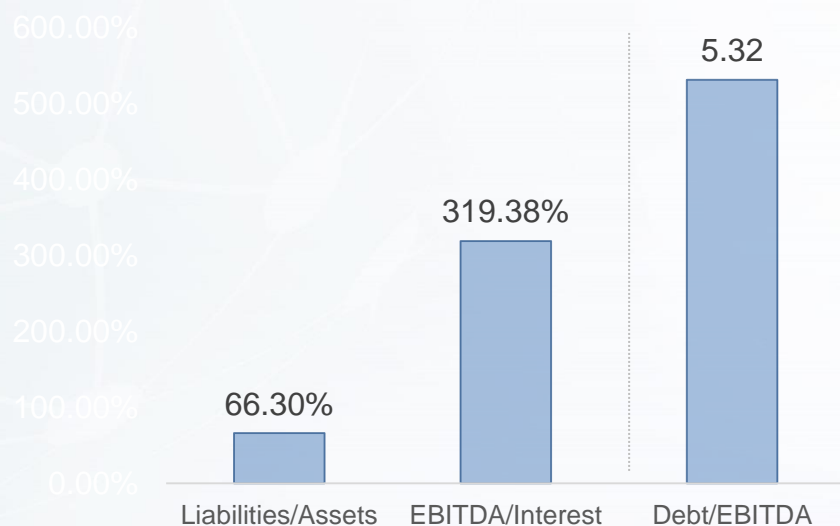
- In 2019, the operating cash inflow was HK\$1,387mn, which was contributed from profit in cash of HK\$584mn and net cash inflow of working capital changes of HK\$803mn. The changes in working capital was mainly due to the gradual decrease in the capital occupation of Mongolian coal business since October 2019, and more Mongolian coal trading businesses were transferred to Xianghui Energy
- The cash outflow from investing activities was HK\$1,927mn, mainly due to the capital injection of HK\$1,094mn into Xianghui, an increase in restricted bank deposits for bank credit pledges of approx. HK\$498mn and investment in purchases of logistics assets of HK\$282mn
- The cash inflow from financing activities was HK\$562mn, which was mainly due to borrowings of HK\$606mn from Xianghui Energy

Adjusted Cash Flow (HK\$ million)

(HK\$ million)	Adj.2018	Adj.2019
Cash and Cash equivalents at 1 January	551	699
Cash Flow from Operating Activities	616	1,064
Cash Flow from Investing Activities	24	(1,415)
Cash Flow from Financing Activities	(470)	373
Impact of Change in Foreign Exchange Rates	(21)	(19)
Cash and Cash equivalents at 31 Dec	699	703

- 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 pledge, thus, is called low risk borrowing business. According to applicable accounting standards, although such bills receivable is 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 is 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 to cash flow is analyzed as left.

Indebtedness and Liquidity



	2018/12/31	2019/12/31
Liabilities/Assets	59.94%	66.30%
EBITDA/Interest	598.48%	319.38%
Debt/EBITDA	2.30	5.32

- The Company's gearing ratio as at December 31, 2019 was 66.30%, Debt/EBITDA was 5.32

Adjusted Indebtedness and Liquidity

	Adj.2018/12/31	Adj.2019/12/31
Liabilities/Assets	47.39%	56.42%
Debt/EBITDA	0.72	1.91

- After receiving bank acceptance bills and letters of credit, the Company discounts or pledges such bills and letters of credit to against loans from banks. According to accounting standards, assets and liabilities will increase at the same time. However, such bills and letters of credit discounted pledge loans are based on bank credit, and there is of low risk
- Excluding the impact of the accounting and loans pledged with full amount bank deposits, the Company's adjusted gearing ratio was 56.42%, adjusted Debt/EBITDA was 1.91. The Company's indebtedness and liquidity remains at a very healthy level



Thank You!

