

Annual Results  
**2020**



## A – Supply Chain Trading

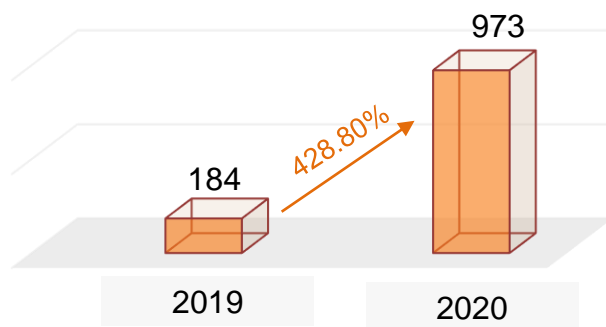
Product	Volume ('000 tonnes)	Amount (HK\$m)	As % of Total Revenue	Gross Margin
Coal	18,890	18,248	83.03%	6.26%
Oil and Petrochemical	433	2,052	9.34%	2.84%
Iron Ore	393	330	1.50%	-0.50%
Nonferrous Metals	16	327	1.49%	2.96%
Coke	3	6	0.03%	0.51%
<b>Total</b>	<b>19,735</b>	<b>20,962</b>	<b>95.38%</b>	<b>6.00%</b>

In 2020, gross margin\* for commodity trading sector was 6.00%.

Country	Amount (HK\$m)	As % of Total Revenue
PRC (including Hong Kong, Macau and Taiwan)	18,129	82.49%
South Korea	1,394	6.34%
India	552	2.51%
Turkey	191	0.87%
Poland	268	1.22%
Indonesia	155	0.71%
United Kingdom	80	0.36%
Italy	65	0.30%
Brazil	60	0.27%
Vietnam	68	0.31%
<b>Total</b>	<b>20,962</b>	<b>95.38%</b>

## B – Integrated Supply Chain Services (warehousing, logistics, washing and processing)

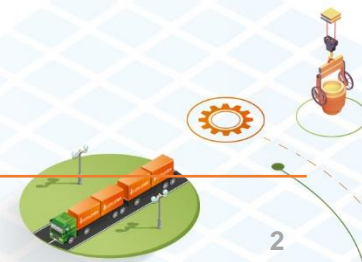
(HK\$ million)



In 2020, our integrated supply chain service business has further expanded to include Mongolia and Sino-Mongolian cross-boarder transportation and storage services, from previously Inner Mongolia focused supply chain services (warehousing, logistics and washing) in 2019.

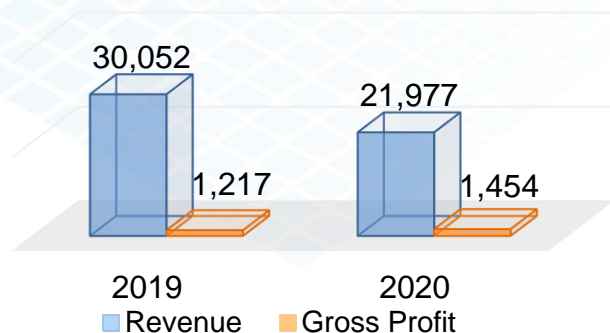
In 2020, gross margin\* of integrated supply chain services was 15.04%.

\* Deducted distribution cost  
e-comm.com





## Revenue/ Gross Profit (HK\$ million)

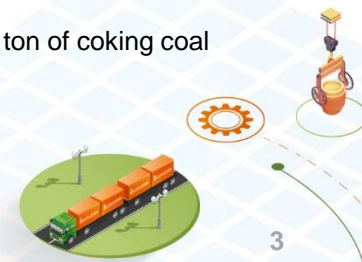


(HK\$ million)	2019	2020
Revenue	30,052	21,977
Gross Profit	1,217	1,454
Gross Profit Margin	4.05%	6.62%

Product	2019			2020		
	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue
Coal	21,853	26,292	87.49%	18,890	18,248	83.03%
Oil and Petrochemical	373	2,062	6.86%	433	2,052	9.34%
Iron Ore	1,599	1,024	3.41%	393	330	1.50%
Nonferrous Metals	20	424	1.41%	16	327	1.49%
Integrated Supply Chain Services	-	184	0.61%	-	973	4.43%
Coke	14	28	0.09%	3	6	0.03%
Others	-	38	0.13%	-	42	0.19%
<b>Total</b>	<b>23,859</b>	<b>30,052</b>	<b>100%</b>	<b>19,735</b>	<b>21,977</b>	<b>100%</b>

- The company's recorded revenue of HK\$21,977 million, a 26.87% decrease compared to HK\$30,052 million in 2019. The decrease was primarily resulted from 1) the mongolian coal business was operated through Xianghui Energy, and profit was recorded as a share of profit of an associate in the Group; 2) the drop of the average selling price of coking coal
- Coking coal contributed revenue of HK\$18,037 million, accounting for 82.07%; and generated gross profit\* of HK\$1,102 million, increased by HK\$330 million compared with 2019
- The gross profit margin increased to 6.62% from 4.05% in 2019. The increase was mainly attributable to the profit per ton of coking coal

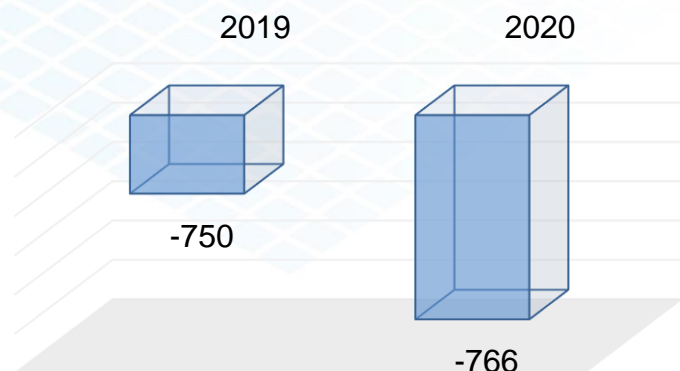
\* Deducted distribution cost.





# Financial Update (Cont'd)

## Operating Expense (HK\$ million)



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

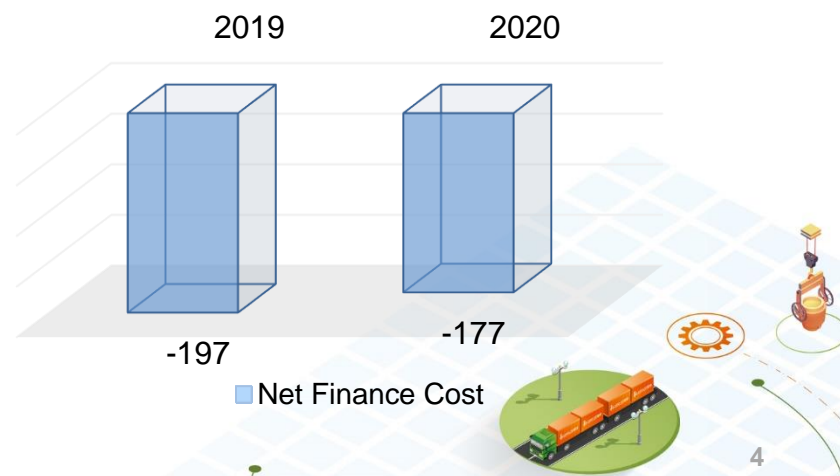
(HK\$ million)	2019	2020
Distribution Cost	(253)	(68)
Administrative Expenses	(431)	(555)
Other Operating Expenses, Net	(66)	(143)
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(750)	(766)
As % of Total Revenue	-2.50%	-3.49%

- In 2020, the total operating expenses was HK\$766 million, accounting for 3.49% of total revenue as compared to 2.50% in 2019. The increase was mainly due to the increase in administrative expenses and the increase in other net operating expenses
- In 2020, management expenses reduced by approximately HK\$50 million after deducting bonuses and impairment effects. The decrease in distribution costs was mainly due to the fact that the mongolian coal business was operated through Xianghui Energy and the distribution costs of mongolian coal trading business decreased correspondingly
- The increase in other net operating expenses is due to the unexpected pandemic situation change in Mongolia resulting the uncertainties for the border-crossings of Mongolian coal, which led a loss on the futures market

(HK\$ million)	2019	2020
Finance Income	47	50
Finance Costs	(244)	(228)
Net Finance Costs	(197)	(177)
As % of Total Revenue	-0.66%	-0.81%

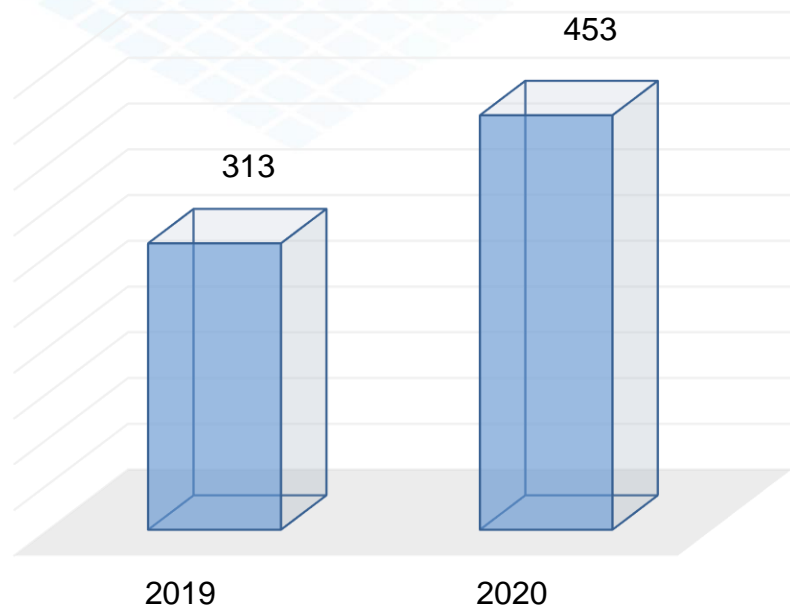
- In 2020, finance income increased by 6.38%. The increase was mainly due to the increase in interest income from low-risk bank wealth management products
- Finance costs decreased by 6.56%, mainly due to the decrease in interest expense on discounted bills receivables for the transfer of the mongolian coal trading business to Xianghui Energy and the decreased interest rate applied to offshore bank facilities of the Group

## Finance Income/ Costs (HK\$ million)





## Net Profit (HK\$ million)

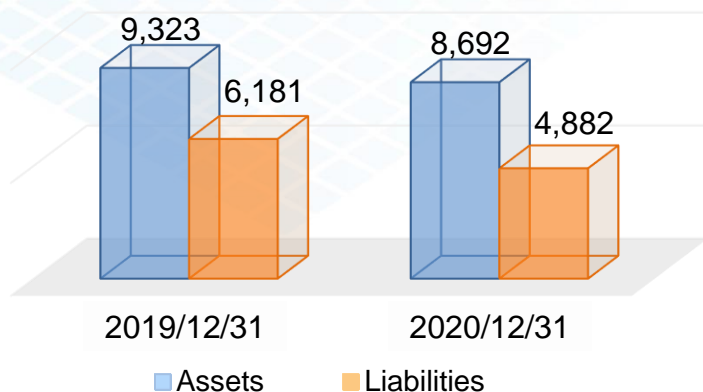


■ Net Profit

(HK\$ million/HK\$)	2019	2020
Net Profit	313	453
Profit Attributable to Shareholders	312	462
Basic EPS	0.103	0.152

- The Company posted a net profit of HK\$453 million, a 44.73% increase compared to 313 million in 2019
- Basic EPS was HK\$0.152 as of December 31, 2020

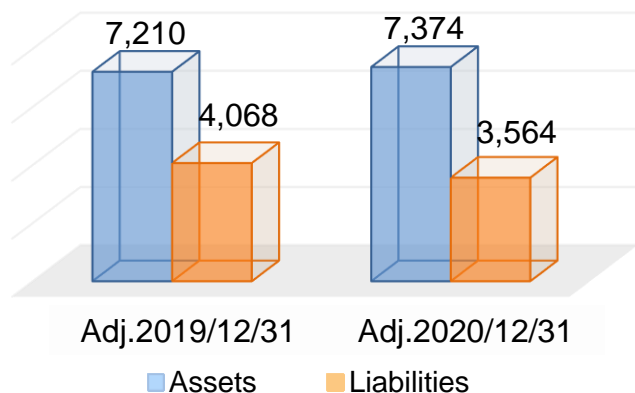
## Assets/Liabilities (HK\$ million)



(HK\$ million)	2019/12/31	2020/12/31
Assets	9,323	8,692
Liabilities	6,181	4,882
Total Equity	3,142	3,811
Gearing Ratio	66.30%	56.16%

- As at December 31, 2020, the Company's gearing ratio decreased from 66.30% to 56.16%
- In 2020, the Company's assets decreased by 6.77%, mainly due to the fact that the mongolian coal business was operated through Xianghui Energy and the corresponding receivables and inventories decreased
- Liabilities decreased by 21.02%, mainly due to the decreased discounted bills with recourse rights and pledge loan

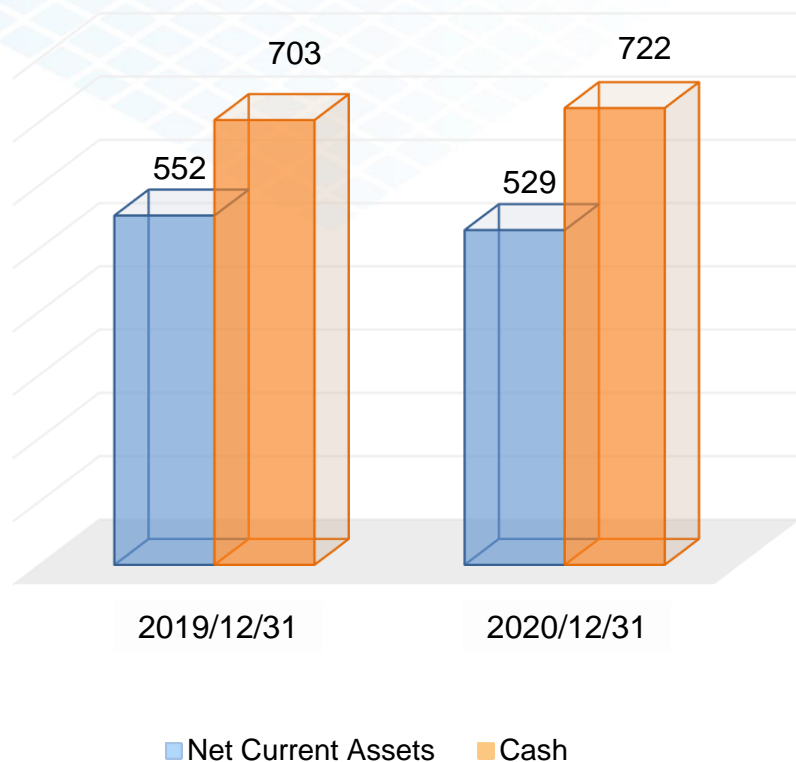
## Adjusted Assets/Liabilities (HK\$ million)



(HK\$ million)	Adj.2019/12/31	Adj.2020/12/31
Assets	7,210	7,374
Liabilities	4,068	3,564
D/A Ratio	56.42%	48.32%

- 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 48.32%, debt level remains stable.

## Current Assets and Cash (HK\$ million)

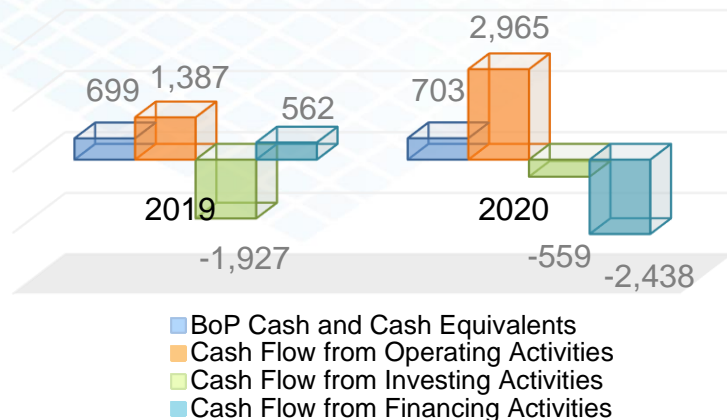


(HK\$ million)	2019/12/31	2020/12/31
Current Assets	6,491	5,012
Current Liabilities	5,940	4,483
Net Current Asset	552	529
Cash and Cash Equivalents	703	722
Current Ratio	1.09	1.12

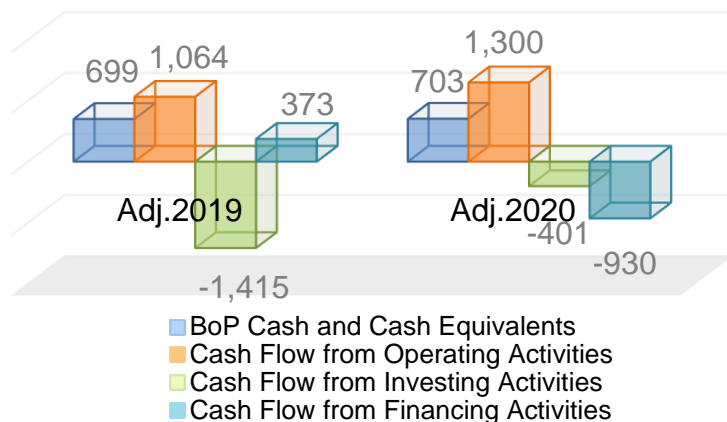
- As at December 31, 2020, the Company's current ratio was 1.12. The Company's current assets decreased by 22.79%, mainly due to the fact that the mongolian coal business was operated through Xianghui Energy, which reduces the corresponding receivables and inventories
- Current liabilities decreased by 24.53%, mainly due to the decreased discounted bills with recourse rights and pledge loan
- Current ratio as of 31 December 2020 was 1.12, a slight increase compare with that at the end of 2019



## Cash Flow (HK\$ million)



## Adjusted Cash Flow (HK\$ million)



(HK\$ million)	2019	2020
Cash and cash equivalents at 1 January	699	703
Cash Flow from Operating Activities	1,387	2,965
Cash Flow from Investing Activities	(1,927)	(559)
Cash Flow from Financing Activities	562	(2,438)
Impact of Change in Foreign Exchange Rates	(19)	50
Cash and cash equivalents at 30 June	703	722

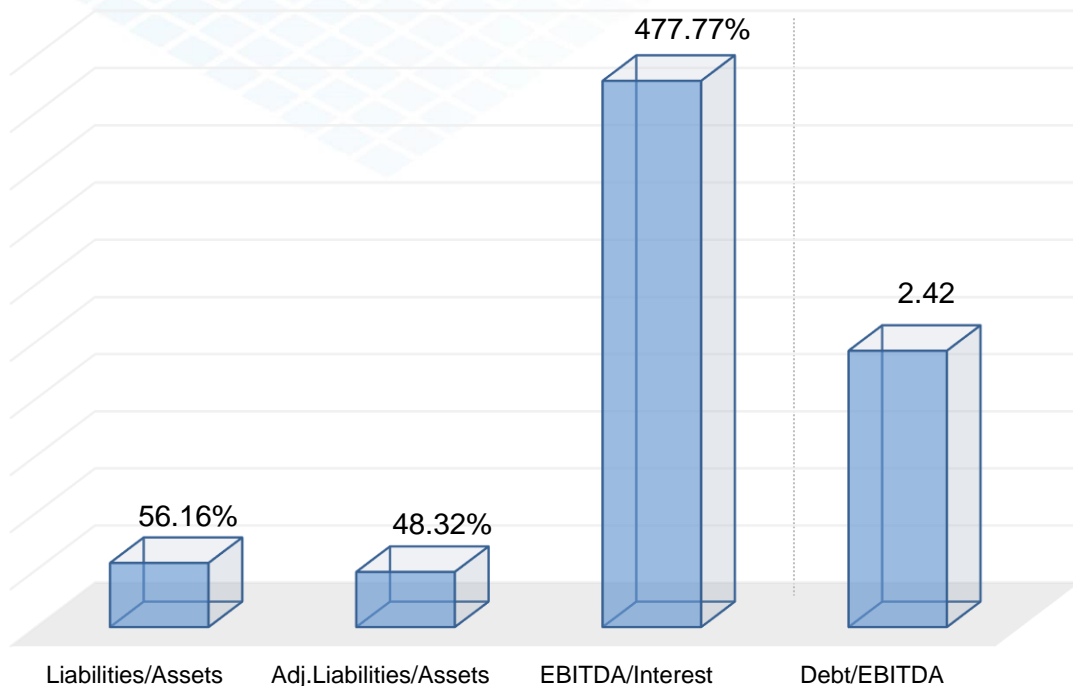
- In 2020, cash inflow from operating activities was HK\$2,965mn, which was mainly contributed from cash profit of HK\$552mn and net cash inflow of working capital changes of HK\$2,105mn. The changes in working capital include a decrease in inventory by HK\$612mn, a decrease in account receivables by HK\$1,027mn and a increase in account payable by HK\$461mn. This was mainly due the mongolian coal business has gradually been operated through Xianghui Energy since October 2019. Trading revenue from Mongolian coal business transferred to integrated supply chain services revenue, corresponding to the reduction in trade capital occupation
- The cash outflow from investing activities was HK\$559mn. The outflow was mainly due to the investment of logistics assets, including but not limited to the investment of transport vehicles, containers, digital transformation of logistics parks, coal shed closure transformation, etc., which results cash outflow of HK\$467mn, as well as the settlement of derivative financial instruments of approximately HK\$108mn
- The cash outflow from financing activities was HK\$2,438mn, which was mainly due to reduction of discounted bills receivable and pledges of the bills receivable of approximately HK\$1,508mn

(HK\$ million)	Adj.2019	Adj.2020
Cash and cash equivalents at 1 January	699	703
Cash Flow from Operating Activities	1,064	1,300
Cash Flow from Investing Activities	(1,415)	(401)
Cash Flow from Financing Activities	373	(930)
Impact of Change in Foreign Exchange Rates	(19)	50
Cash and cash equivalents at 30 June	703	722

- 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, such cash flows are classified as financing activities. As acceptance bills and letters of credit received from operating activities, in order to explain the company's business activities more clearly, the impact of the above changes is analysed as above



## Liabilities and Liquidity



	2019/12/31	2020/12/31
Liabilities/Assets	66.30%	56.16%
Adjusted Assets/Liabilities	56.42%	48.32%
EBITDA/Interest	319.38%	477.77%
Liabilities/EBITDA	5.32	2.42

- As at December 31 2020, the Company's gearing ratio was 56.16%, adjusted gearing ratio was 48.32%, EBITDA/Interest was 477.77%, Liabilities/EBITDA was 2.42

Thank You!

