



2023

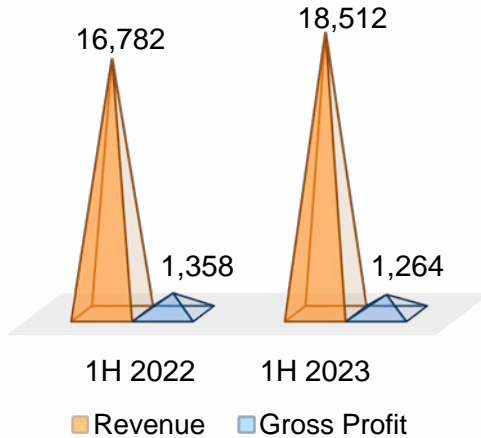
Interim Results August 2023





Financial Update

Revenue/ Gross Profit (HK\$ million)



(HK\$ million)	1H 2022	1H 2023
Revenue	16,782	18,512
Gross Profit ^①	1,358	1,264
Gross Profit Margin	8.09%	6.83%

Product	1H 2022('000 tonnes / HK\$ million)					1H 2023('000 tonnes / HK\$ million)				
	Volume	Amount	As % of Total Revenue	Gross Profit ^①	Gross Profit Margin	Volume	Amount	As % of Total Revenue	Gross Profit ^①	Gross Profit Margin
Coal	4,559	13,067	77.86%	706	5.40%	7,853 ^②	14,061	75.96%	419	2.98%
Oil and Petrochemical	244	2,149	12.80%	10	0.46%	133	1,107	5.98%	12	1.08%
Integrated Supply Chain Services	-	1,310	7.80%	629	48.02%	-	3,072	16.60%	825	26.85%
Iron Ore	263	234	1.39%	11	4.72%	213	194	1.05%	1	1.01%
Coking Coal	5	17	0.10%	-3	17.56%	11	27	0.15%	-4	-14.90%
Others	-	7	0.04%	5	70.98%	-	50	0.27%	10	20.34%
Total	5,070	16,782	100%	1,358	8.09%	8,210	18,512	100%	1,264	6.83%

- In the first half of 2023, the Company recorded a consolidated revenue of approximately HK\$18,512 million, representing an increase of approximately 10.31% compared to approximately HK\$16,782 million for the first half of 2022, mainly due to the following factors: i) The revenue generated from trading of coal increased by approximately 7.61% compared to the same period in 2022, primarily attributable to the increased coal trading volume. ii) With the complete lifting of the pandemic restrictions, the Chinese and Mongolian governments have actively promoted the import of Mongolian coal. The increased import volume has led to an increase in the overall supply chain services volume, resulting in an increase of approximately 134.58% in revenue generated from integrated supply chain services segment compared to the same period in 2022.
- The Group recorded an operating gross profit of approximately HK\$1,264 million in the first half of 2023, representing a decrease of approximately 6.92% compared to an operating gross profit of approximately HK\$1,358 million in the first half of 2022. Overall, operating gross profit has slightly decreased mainly due to the sluggish prices of coking coal in the first half of 2023. In the first quarter of 2023, coking coal prices were generally fluctuating within a narrow range, while in the second quarter of 2023, prices experienced an overall downward trend before stabilizing. Additionally, the domestic economic situation fell short of expectations, with a significant influx of imported supply and weak demand in the downstream steel sector, leading to a decline in operating gross profit per ton of coking coal.

Note ① : The gross profit for the above-mentioned businesses is calculated as revenue minus cost of sales and distribution expenses.

Note ② : The coal trade volume in the first half of 2023 does not include the 4.97 million tonnes of Mongolian media sales executed through the joint venture company, Xianghui Energy.



Segment revenue and gross profit

A – Supply Chain Trading

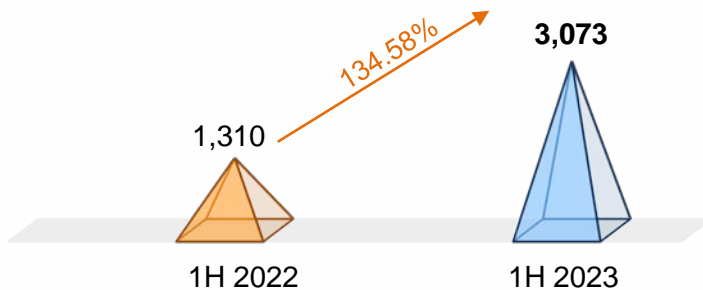
Product	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Gross Margin
Coal	7,853	14,061	75.96%	2.98%
Oil and Petrochemical	133	1,107	5.98%	1.08%
Iron Ore	213	194	1.05%	1.01%
Coking coal	11	27	0.15%	-14.90%
Total	8,210	15,389	83.13%	2.79%

In 1H2023, the gross profit margin of the supply chain trading business was 2.79%, compared to 4.68% in the same period.

Country	Amount (HK\$ million)	As % of Total Revenue
PRC (including Hong Kong, Macau and Taiwan)	11,650	62.93%
Indonesia	998	5.39%
India	640	3.45%
Korea	590	3.19%
Malaysia	588	3.18%
Vietnam	447	2.42%
Netherlands	338	1.83%
Japan	138	0.74%
Total	15,389	83.13%

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

(HK\$ million)



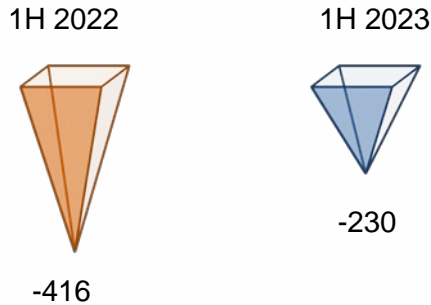
In 1H2023, gross margin for integrated supply chain services sector was 26.85%, compared to 48.02% in the same period.

For the first half of 2023, the Company recorded a revenue of approximately HK\$3,073 million from the integrated supply chain services segment, representing an increase of approximately 134.58% compared to approximately HK\$1,310 million in the first half of 2022. With the complete lifting of pandemic restrictions and the strong promotion by the governments of China and Mongolia, the import volume of Mongolian coal has significantly increased. Benefiting from the Company's precise deployment of bilateral cross-border logistics assets, the Company has effectively leveraged its ability to integrate logistics resources and its strong cross-border capabilities. This has resulted in an increase in port clearance volume and revenue from the integrated supply chain services segment. Additionally, the Company has pioneered the development of the Automated Guided Vehicle (AGV) unmanned cross-border transportation project, which consistently demonstrated advantages in safety, efficiency, and technology in port cross-border transportation. As a result, the customs clearance efficiency and cross-border capacity of the Company improved.



Financial Update (Cont'd)

Operating Expense (HK\$ million)

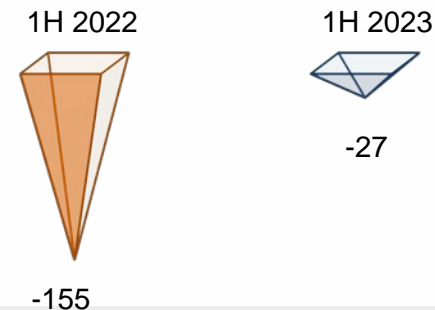


(HK\$ million)	1H 2022	1H 2023
Administrative Expenses	(366)	(384)
Other Operating Expenses, Net	(50)	154
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(416)	(230)
As % of Total Revenue	-2.48%	-1.24%

- In the first half of 2023, the total operating expenses (excluding the reversal of long-term asset impairment) for the company amounted to HK\$230 million, representing a decrease in the percentage of operating income from 2.48% in the first half of 2022 to 1.24%. This was mainly due to using derivative instruments for hedging purposes which generated approximately HK\$121 million in gains from the futures market.

(HK\$ million)	1H 2022	1H 2023
Finance Income	14	27
Finance Costs	(169)	(54)
Net Finance Costs	(155)	(27)
As % of Total Revenue	-0.92%	-0.15%

Finance Income/ Costs (HK\$ million)

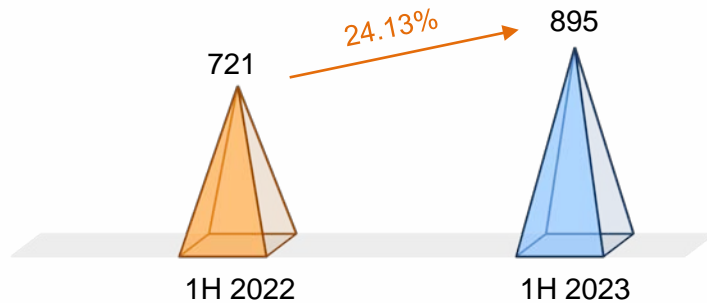


- In the first half of 2023, representing a decrease of 82.58%. The decrease was mainly due to a decrease in finance costs, which was decreased by 68.05% compared to the amount incurred for the first half of 2022. Such a decrease was primarily attributed to significant fluctuations of exchange rate in the market during the same period in 2022. In the first half of 2023, the Company's business and foreign exchange teams strategically conducted transactions in favorable currencies the course of business. The group also strengthened its exchange rate management to reduce exchange rate risk.



Financial Update (Cont'd)

Net Profit (HK\$ million)



(HK\$ million/HK\$)	1H 2022	1H 2023
Net Profit	721	895
Profit Attributable to Shareholders	703	845
Basic/Diluted EPS	0.246	0.314

- In the first half of 2023, the Company achieved a net profit of HK\$895 million, representing a year-on-year increase of 24.13%. The main contributing factors were the increase in income from futures hedging and a decrease in foreign exchange losses compared to the same period last year.
- As of June 30, 2023, the basic earnings per share and diluted earnings per share were both HK\$0.314.
- On August 28, 2023, the board of directors approved the declaration of an interim dividend in cash of HK\$0.078 per share or approximately HK\$211 million for the six months ended 30 June 2023.

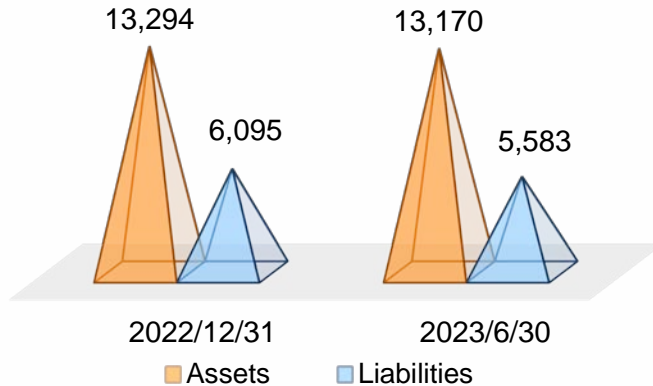
2023 Interim Dividend

(HK\$'000)	
1H 2023 Profit Attributable to Shareholders	844,604
1H 2023 Equity Shareholders' Profit*25%	211,151
Total Number of Shares (as of June 30, 2023)	2,705,996,962
Interim Dividend per Share	0.078



Financial Update (Cont'd)

Assets/Liabilities (HK\$ million)

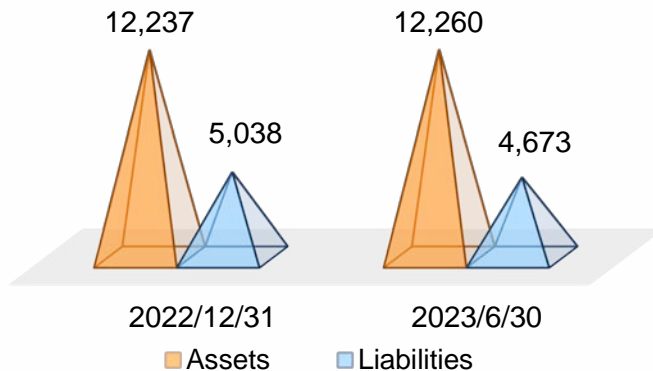


(HK\$ million)	2022/12/31	2023/6/30
Assets	13,294	13,170
Liabilities	6,095	5,583
Total Equity	7,199	7,587
Gearing Ratio	45.85%	42.39%

- The Company's gearing ratio as at 30 June 2023 was 42.39%, which represents a decrease compared to approximately 45.85% as at the beginning of 2023. This indicates an improvement in the Company's financial stability, enhanced profitability, reduced financial risk, and strengthened debt-paying ability.

(HK\$ million)	Adj.2022/12/31	Adj.2023/6/30
Assets	12,237	12,260
Liabilities	5,038	4,673
Gearing Ratio	41.17%	38.12%

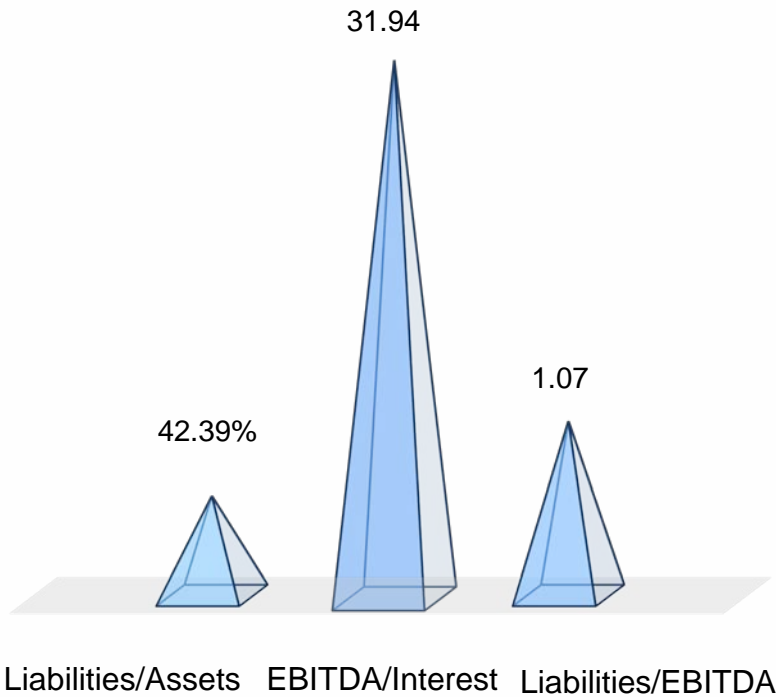
Adjusted Assets/Liabilities (HK\$ million)



- After accepting bank acceptance bills and letters of credit, the company discounts or pledges them to banks. According to accounting standards, both assets and liabilities increase simultaneously. However, the discounting or pledging of such bills and letters of credit is based on the bank's credit and does not involve substantial risk.
- In order to provide a more accurate representation of the company's business and asset situation, the impact of such transactions can be excluded for analysis purposes. After excluding these effects, the company's actual debt ratio is only 38.12%. The overall debt level is healthy, and the company has good liquidity.



Liabilities and Liquidity

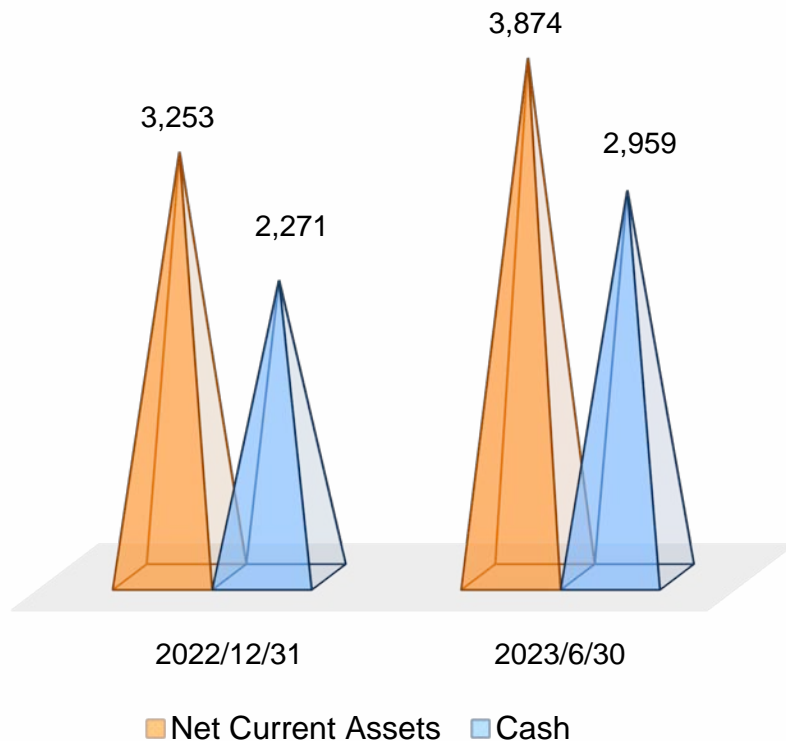


	1H 2022	1H 2023
Liabilities/Assets	56.57%	42.39%
Adjusted Liabilities/Assets	52.87%	38.12%
EBITDA/Interest	20.90	31.94
Liabilities/EBITDA	2.37	1.07

- As at June 30, 2023, the Group's debt ratio has decreased from 56.57% at June 30, 2022 to 42.39%. The EBITDA/interest ratio has increased from 20.90 at June 30, 2022 to 31.94, and the debt/EBITDA ratio has decreased from 2.37 at June 30, 2022 to 1.07. The company's ability to repay loans and interest has significantly improved.



Current Assets and Cash (HK\$ million)



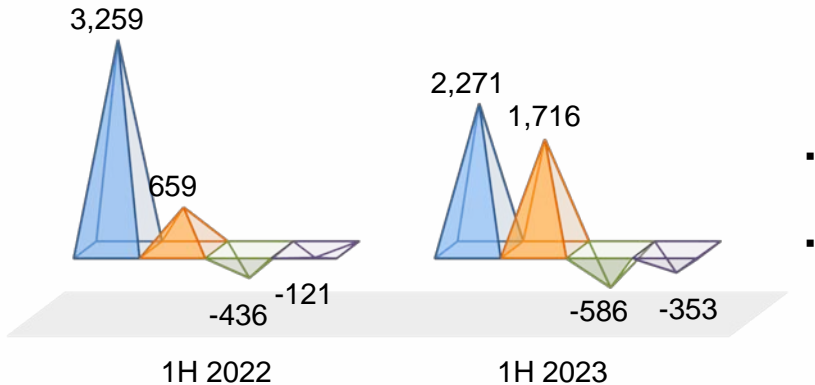
(HK\$ million)	2022/12/31	2023/6/30
Current Assets	8,923	8,884
Current Liabilities	5,670	5,010
Net Current Assets	3,253	3,874
Cash and Cash Equivalents	2,271	2,959
Current Ratio	1.57	1.77
Cash Ratio	40.05%	59.06%

- As at June 30, 2023, the company's net current assets has increased by 19.09%, and cash and cash equivalents have increased by 30.30%. The current ratio has increased from 1.57 at the beginning of the year to 1.77, and the cash ratio has increased from 40.05% to 59.06%. The company's ability to realize its current assets has strengthened, and its short-term debt repayment capability has improved.

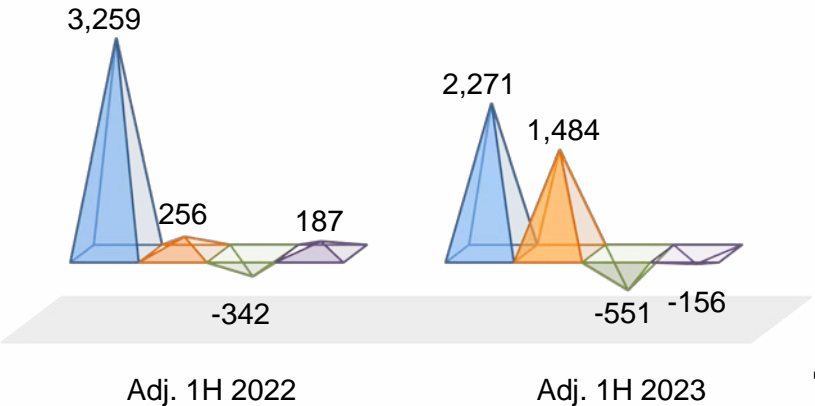


Financial Update (Cont'd)

Cash Flow (HK\$ million)



■ BoP Cash and Cash Equivalents
 ■ Cash Flow from Operating Activities
 ■ Cash Flow from Investing Activities
 ■ Cash Flow from Financing Activities



■ BoP Cash and Cash Equivalents
 ■ Cash Flow from Operating Activities
 ■ Cash Flow from Investing Activities
 ■ Cash Flow from Financing Activities

(HK\$ million)	1H 2022	1H 2023
Cash and cash equivalents at 1 January	3,259	2,271
Cash Flow from Operating Activities	659	1,716
Cash Flow from Investing Activities	(436)	(586)
Cash Flow from Financing Activities	(121)	(353)
Impact of Change in Foreign Exchange Rates	(69)	(88)
Cash and cash equivalents at 30 June	3,291	2,959

- For the first half of 2023, the Group had a net cash inflow from operating activities of approximately HK\$1,716 million. The net cash inflow from operating activities was mainly attributable to cash profit.
- The Group had a net cash outflow from investing activities of approximately HK\$586 million. The cash outflow from investing activities was approximately HK\$855 million which was mainly attributable to a cash outflow from logistics assets, coal washing assets and property investments, increased occupation of restricted fund. The cash inflow from investing activities was approximately HK\$269 million, which was attributable to a cash inflow from increased income from financial derivatives and receipt of dividends from associates.
- The Group had a net cash outflow from financing activities of approximately HK\$353 million, was mainly attributable to the payment of dividends of approximately HK\$194 million, lease repayments of approximately HK\$131 million and share repurchase payments HK\$50 million.

(HK\$ million)	Adj.1H 2022	Adj.1H 2023
Cash and cash equivalents at 1 January	3,259	2,271
Cash Flow from Operating Activities	256	1,484
Cash Flow from Investing Activities	(342)	(551)
Cash Flow from Financing Activities	187	(156)
Impact of Change in Foreign Exchange Rates	(69)	(88)
Cash and cash equivalents at 30 June	3,291	2,959

- After receiving acceptance bills and letters of credit from customers, the company discounts them or pledges them as collateral for loans with banks. According to accounting standards, such cash flows are classified as borrowings and recorded under financing activities. However, since the acceptance bills and letters of credit received are related to operating activities, the classification of these cash flows is adjusted to operating activities, as shown above.



Logistics Assets Layout in 1H 2023

Since 2005, our Company has been strategically located at the Sino-Mongolia land border crossings (including major land customs clearance ports in China and Mongolia such as Gants Mod Port, Ceke Port and Erlianhot Port). As at 30 June, 2023, our Company has invested a total of approximately **HK\$5.2 billion** in book value of fixed assets at Sino-Mongolia ports and invested a total of **HK\$364 million** in surrounding supporting assets in 1H 2023. The main layout in the three major ports as follows:

Gants Mod Port

A total investment of **HK\$141 million** was made in supporting assets around ports in 1H 2023



- Owns lands of **2.39 million m²**, corresponding to about **2.52 million m²** of land in Mongolian ports abroad
- Storage capacity of **2.21 million tonnes**
- Railway reloading capacity of **30 million tonnes**
- Coal washing capacity of **11 million tonnes/year**
- Construct and put into operation **30 units** of AGV
- Groups of **1,073** trucks are used in rotation
- Owns equities in the Xigan Line and Ganquan Line

Ceke Port

A total investment of **HK\$40 million** was made in supporting assets around ports in 1H 2023



- Owns lands of **1.41 million m²**, corresponding to about **1.62 million m²** of land in Mongolian ports abroad
- Storage capacity of **2 million tonnes**
- Coal washing plant under construction, coal washing capacity of **1.5 million tonnes/year**
- Railway reloading capacity of **10 million tonnes/year**
- Construct and put into operation **10 units** of AGV
- Groups of **89** trucks are used in rotation

Erlianhot Port

A total investment of **HK\$83 million** was made in supporting assets around ports in 1H 2023



- Owns lands of **2.98 million m²**, corresponding to about **0.51 million m²** of land in Mongolian ports abroad
- Storage capacity of **2.58 million tonnes**
- Construct and invest **350 wagons for self-owned vehicles**, with a capacity of **22,400 tonnes/time**
- Railway reloading capacity of **20 million tonnes/year**
- Coal washing capacity of **4 million tonnes/year**
- Construct and put into operation **15 units** of AGV

Projects Under Construction

In 1H 2023, continue to invest approximately **HK\$100million** in supporting assets around the port under construction



- Planning lands of **5.4 million m²**
- Planning storage capacity of **0.8 million tonnes/year**
- Coal washing plant under construction, coal washing capacity of **1.5 million tonnes/year**



Thank You!

