



# 2021

## Interim Result

August 2021





# Operational Update

## A – Supply Chain Trading

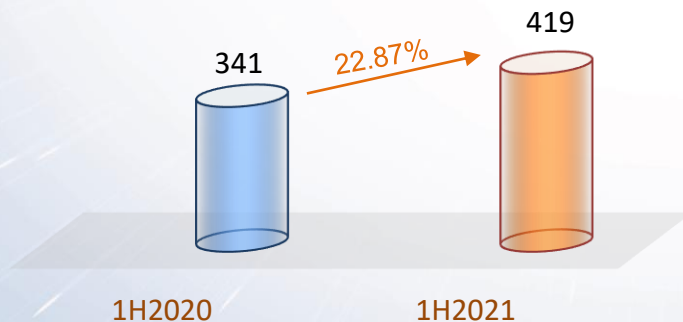
Product	Volume ('000 tonnes)	Amount (HK\$mn)	As % of Total Revenue	Gross Margin
Coal	6,744	9,337	76.99%	12.89%
Oil and Petrochemical	255	1,794	14.79%	2.00%
Iron Ore	393	485	4.00%	-2.89%
Nonferrous Metals	2	51	0.42%	0.33%
Coke	7	20	0.18%	6.06%
<b>Total</b>	<b>7,401</b>	<b>11,687</b>	<b>96.38%</b>	<b>10.49%</b>

Country	Amount (HK\$mn)	As % of Total Revenue
PRC (including Hong Kong, Macau and Taiwan)	9,873	81.41%
South Korea	816	6.73%
India	621	5.12%
Turkey	143	1.18%
Ukraine	124	1.02%
Vietnam	71	0.59%
Indonesia	39	0.33%
<b>Total</b>	<b>11,687</b>	<b>96.38%</b>

In 1H2021, gross margin\* for supply chain trading sector was 10.49%.

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

(HK\$ million)



In 1H2021, sales revenue generated from integrated supply chain services was HK\$419 million, representing an increase of 22.87% compared to approximately HK\$341 million in the first half of 2020. This was mainly due to the increase in our cross-border logistics business, which started operating in November 2020.

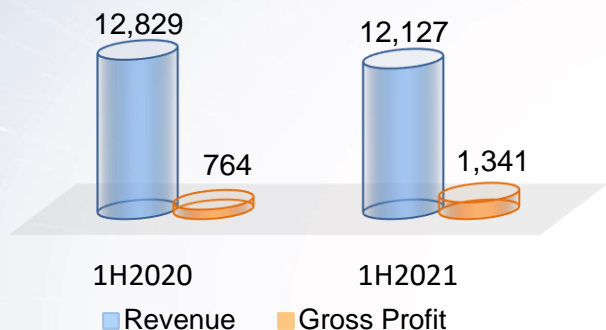
In 1H2021, gross margin\* for integrated supply chain services sector was 10.53%.

\* The gross profit of the above business is revenue minus cost of sales minus distribution expenses..



# Financial Update

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



(HK\$ million)	1H2020	1H2021
Revenue	12,829	12,127
Gross Profit	764	1,341
Gross Profit Margin	5.95%	11.06%

Product	1H2020			1H2021		
	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue
Coal	11,219	11,432	89.11%	6,744	9,337	76.99%
Petrochemical	187	878	6.84%	255	1,794	14.79%
Integrated Supply Chain Services	-	341	2.66%	-	419	3.45%
Iron Ore	78	65	0.50%	393	485	4.00%
Nonferrous Metals	5	93	0.73%	2	51	0.42%
Coke	-	-	-	7	20	0.18%
Others	-	21	0.16%	-	21	0.17%
<b>Total</b>	<b>11,490</b>	<b>12,829</b>	<b>100%</b>	<b>7,401</b>	<b>12,127</b>	<b>100%</b>

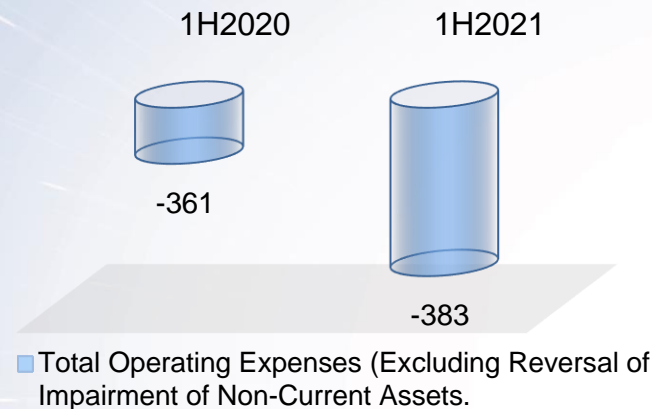
- The company's recorded revenue of HK\$12,127 million, a 5.47% decrease compared to HK\$12,829 million in 1H2020. The decrease was primarily due to the decrease in coking coal trading volume. Affected by the epidemic and policies, China's total coking coal imports in the first half of 2021 had fallen sharply. Nevertheless, the consolidated revenue of the Group barely decreased since the average price of coking coal had risen due to the supply shortage
- Coking coal contributed revenue of HK\$9,249 million, accounting for 76.27%; and generated gross profit of HK\$1,201 million, increased by HK\$504 million compared with 1H2020
- The gross profit margin increased to 11.06% from 5.95% in 1H2020. This was mainly due to strong demand in the coking coal market and rise in coking coal price, resulting in an increased profit per ton





# Financial Update (Cont'd)

## Operating Expense (HK\$ million)

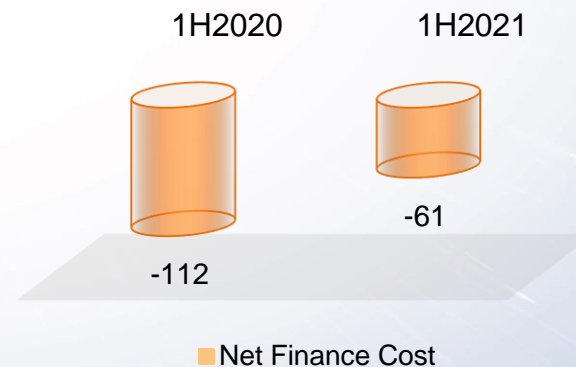


(HK\$ million)	1H2020	1H2021
Distribution Cost	(43)	(48)
Administrative Expenses	(295)	(352)
Other Operating Expenses, Net	(23)	17
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(361)	(383)
As % of Total Revenue	-2.78%	-3.16%

- In 1H2021, the total operating expenses was HK\$383 million, accounting for 3.16% of total revenue as compared to 2.78% in 1H2020. The increase was mainly due to the increase in administrative expenses
- The increase in administrative expenses was mainly due to the accrued bonuses of approximately HK\$149 million for business sector teams in 1H2021, an increase of approximately HK\$49 million year-on-year. The slight increase in distribution expenses was mainly due to the increase in door-to-door delivery demand. Other net operating income is mainly due to futures earnings

(HK\$ million)	1H2020	1H2021
Finance Income	35	13
Finance Costs	(147)	(75)
Net Finance Costs	(112)	(61)
As % of Total Revenue	-0.87%	-0.50%

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

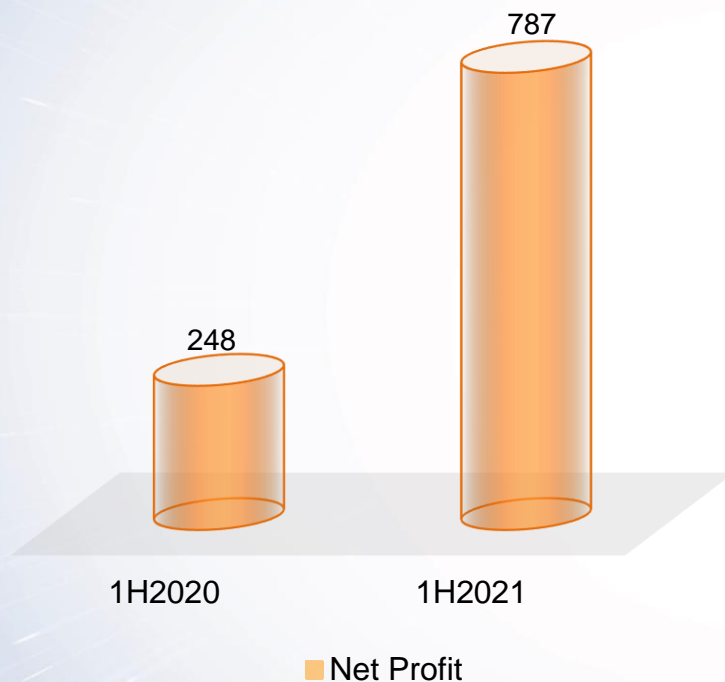


- Compared with 1H2020, finance income decreased by 62.86%, finance costs decreased by 48.98% and net finance costs decreased by 45.54% in 1H2021. The change was mainly due to the early redemption of the Company's convertible bonds on August 14, 2020, therefore, the Company's finance income and finance costs decreased correspondingly in the first half of 2021



# Financial Update (Cont'd)

## Net Profit (HK\$ million)



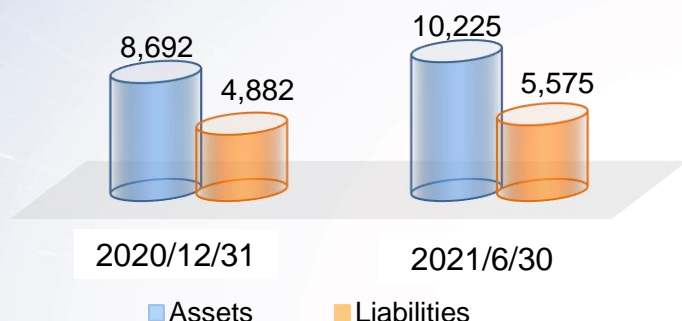
(HK\$ million/HK\$)	1H2020	1H2021
Net Profit	248	787
Profit Attributable to Shareholders	255	778
Basic EPS	0.084	0.257

- The Company posted a net profit of HK\$787 million in 1H2021, representing a 217.34% increase compared to HK\$248 million in the first half of 2020. The increase in gross profit was mainly due to strong coal demand in the coal market and rise in coal price, resulting in an increased profit per ton
- Basic EPS was HK\$0.257 as of June 30, 2021
- The declaration of a special dividend in cash of HK\$0.064 per share of the Company has been approved by the Board, which is expected to be payable on or around 10 January 2022. The Company will make a further announcement to set out the details on the payment of the special dividend and closure of register of members of the Company.



# Financial Update (Cont'd)

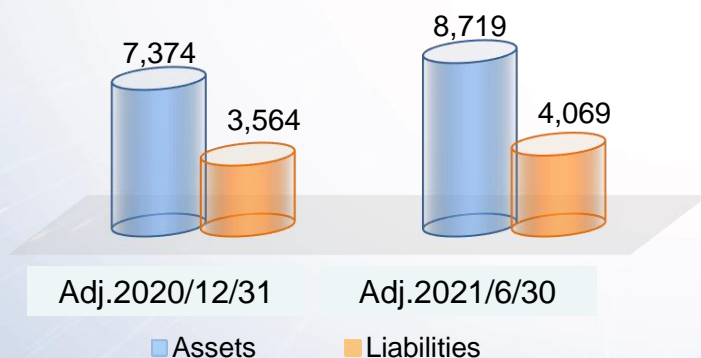
## Assets/Liabilities (HK\$ million)



(HK\$ million)	2020/12/31	2021/6/30
Assets	8,692	10,225
Liabilities	4,882	5,575
Total Equity	3,811	4,650
Gearing Ratio	56.16%	54.52%

- As at June 30, 2021, the Company's gearing ratio decreased from 56.16 % to 54.52%
- In 1H2021, the Company's assets increased by 17.64% compared to the end of 2020, mainly due to the increase in coal inventory and the increase in trade receivables and prepayments; Liabilities increased by 14.20%, mainly due to the increased discounted bills with recourse rights and pledge loan

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



(HK\$ million)	Adj.2020/12/31	Adj.2021/6/30
Assets	7,374	8,719
Liabilities	3,564	4,069
D/A Ratio	48.32%	46.67%

- 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 46.67%, debt level remains stable.



## Financial Update (Cont'd)

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



(HK\$ million)	2020/12/31	2021/6/30
Current Assets	5,012	6,489
Current Liabilities	4,483	5,262
Net Current Asset	529	1,227
Cash and Cash Equivalents	722	907
Current Ratio	1.12	1.23

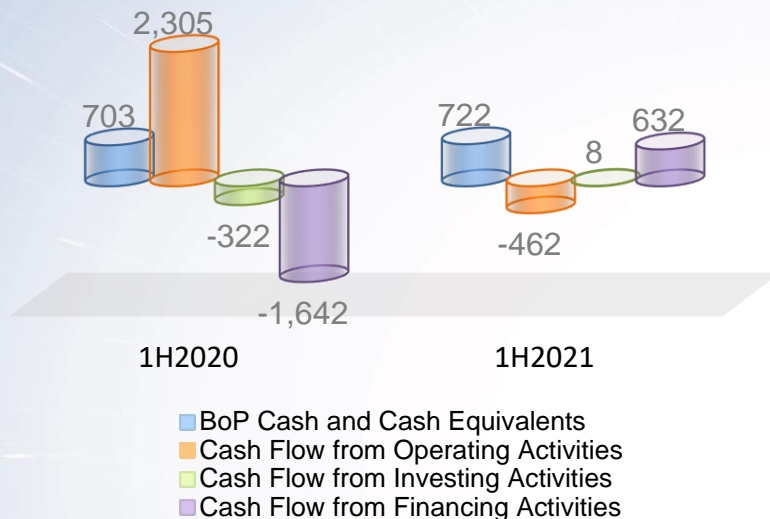
- As at June 30, 2021, the Company's current ratio was 1.23, slight increase compared to the end of 2020. Compared with the end of 2020, the company's current assets increased by 29.47%, current liabilities increased by 17.38%, and net current assets increased by 131.95%. This was mainly due to an increase in the Company's profitability and liquidity in the first half of 2021



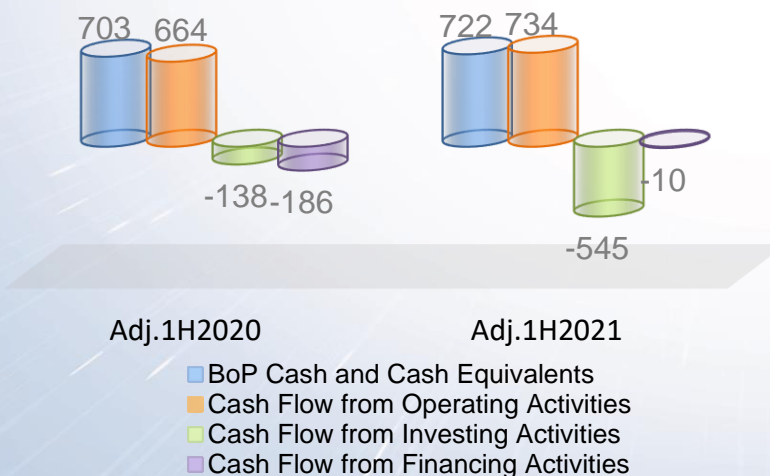


# Financial Update (Cont'd)

## Cash Flow (HK\$ million)



## Adjusted Cash Flow (HK\$ million)



(HK\$ million)	1H2020	1H2021
Cash and cash equivalents at 1 January	703	722
Cash Flow from Operating Activities	2,305	(462)
Cash Flow from Investing Activities	(322)	8
Cash Flow from Financing Activities	(1,642)	632
Impact of Change in Foreign Exchange Rates	27	7
Cash and cash equivalents at 30 June	1,016	907

- In 1H2021, operating cash outflow was approximately HK\$462 million, mainly due to cash profit of HK\$1,048 million and net cash outflow of HK\$1,446 million from changes in working capital. Changes in working capital include an increase of HK\$492 million in inventories and an increase of HK\$883 million in bills receivable, trade and other receivables
- The cash inflow from investing activities was HK\$8 million. This inflow was mainly due to cash outflow from investment in logistics assets, reduction in the use of restricted bank deposits, and dividends received from associates
- Cash inflow from financing activities was HK\$632 million, mainly because of cash inflow of bills discounted loans due of approximately HK\$643 million

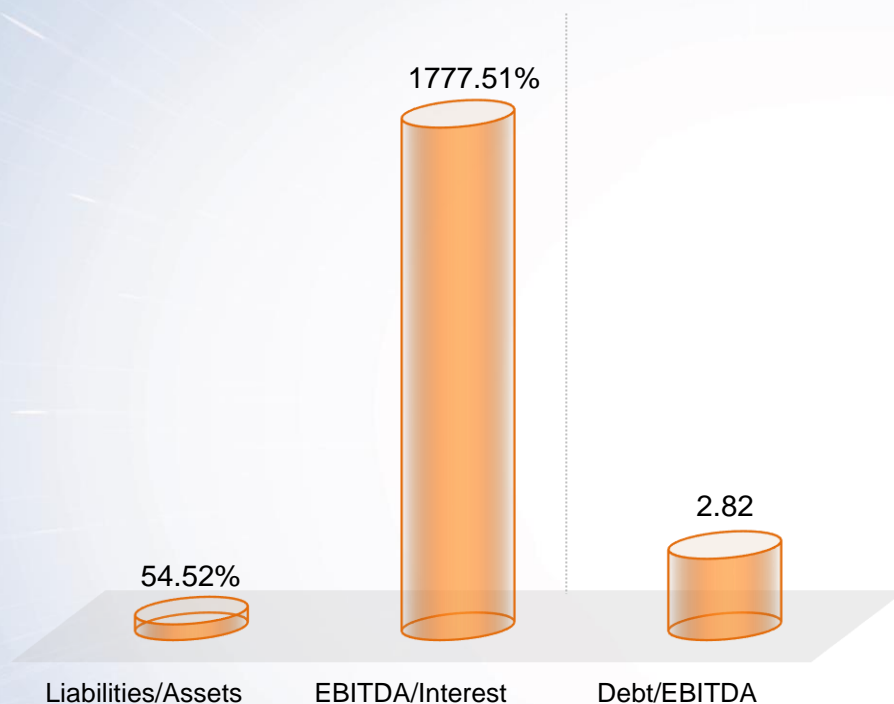
(HK\$ million)	Adj.1H2020	Adj.1H2021
Cash and cash equivalents at 1 January	703	722
Cash Flow from Operating Activities	664	734
Cash Flow from Investing Activities	(138)	(545)
Cash Flow from Financing Activities	(186)	(10)
Impact of Change in Foreign Exchange Rates	27	7
Cash and cash equivalents at 30 June	1,016	907

- 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



	2020/6/30	2021/6/30
Liabilities/Assets	57.85%	54.52%
EBITDA/Interest	412.95%	1777.51%
Liabilities/EBITDA	5.08	2.82

- As at June 30, 2021, the Company's gearing ratio was 54.52%, EBITDA/Interest was 1,777.51%, and Liabilities/EBITDA was 2.82
- In 1H2021, the Company's debt and liquidity indicators have improved. EBITDA/Interest increased from 412.95% in 1H2020 to 1,777.51%, mainly due to the strong market demand in 1H2021 which results in the increase in coal prices and the increase in profit per ton. The Company's profitability has increased substantially

**Thank You!**

 **易大宗**  
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