

2022

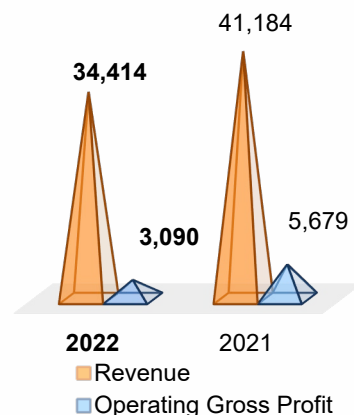
Annual Results

March 2023





Revenue / Operating Gross Profit (HK\$ million)



(HK\$ million)	2022	2021
Revenue	34,414	41,184
Operating Gross Profit ^①	3,090	5,679
Gross Margin	8.98%	13.79%

Product	2022 ('000 tonnes/HK\$ million)					2021 ('000 tonnes/HK\$ million)				
	Volume	Amount	As % of Total Revenue	Operating Gross Profit ^①	Gross Profit Margin	Volume	Amount	As % of Total Revenue	Operating Gross Profit ^①	Gross Profit Margin
Coal	11,347 ^②	26,927	78.24%	1,554	5.77%	17,502	36,107	87.67%	5,541	15.35%
Petrochemical	379	3,138	9.12%	5	0.15%	419	3,008	7.30%	13	0.43%
Integrated Supply Chain Services		3,757	10.92%	1,492	39.71%	-	982	2.38%	120	12.21%
Iron Ore	613	516	1.50%	4	0.77%	690	865	2.10%	-50	-5.77%
Coke	9	29	0.08%	-3	-9.56%	32	112	0.27%	4	3.12%
Others	-	48	0.14%	38	79.01%	2	110	0.26%	51.02	0.33%
Total	12,348	34,414	100%	3,090	8.98%	18,646	41,184	100%	5,679	13.79%

- The Company's recorded consolidated revenue of HK\$34,414 million, representing a decrease of 16.44% compared to HK\$41,184 million in 2021:
 - 1) Revenue generated from coal decreased by 25.42% compared with 2021, mainly due to the complex and changing international situation and the impact of the COVID-19 pandemic. The supply and demand in the coking coal market changed from strong supply and weak demand to a phase of both weak supply and demand, and the downstream steel mills were less motivated to purchase, and the international coking coal prices were shaken significantly. Thus, The Group adopted a cautious strategy trading according to the market trends with diversified procurement channels and trading strategies.
 - 2) Revenue generated from integrated supply chain services segment increased by 282.59% compared with 2021, mainly due to ① the pandemic precautionary measures and the trade cooperation actively promoted and coordinated by the governments of China and Mongolia to ensure the smooth customs clearance of cargoes, leading to a significant increase in the volume of cargoes pass through China and Mongolia ports; ② the Company's continued layout of integrated supply chain service assets over the years paid off, leading to a growth in the integrated supply chain business; ③ the development of a digital intelligence platform and the establishment of a smart logistic park, which helped the integrated supply chain logistics business.
- The recorded operating gross profit of HK\$3,090 million with a gross profit margin of 8.98%, a decrease of 13.79% compared to the operating gross profit margin in 2021. However, it was still higher than the operating gross profit margin recorded from 2018 to 2020, which were 4.33%, 3.21% and 6.31%, respectively.

^① Note: Operating gross profit is the financial gross profit less distribution expenses

^② Note: The trading volume of coal does not include the volume of Mongolian coal amounting to 4.18 million tonnes, which was implemented by joint venture Xianghui Energy in 2022



A – Supply Chain Trading

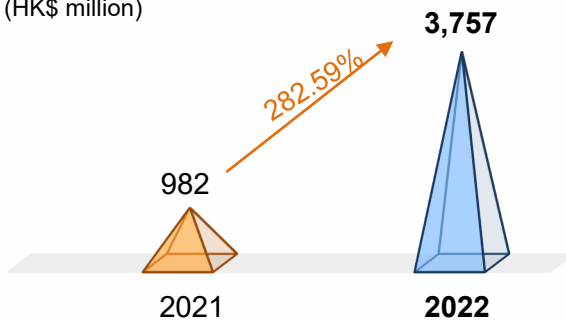
Product	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Gross Margin
Coal	11,347	26,927	78.24%	5.77%
Oil and Petrochemical	379	3,138	9.12%	0.15%
Iron Ore	613	516	1.50%	0.77%
Coke	9	29	0.08%	-9.56%
Total	12,348	30,610	88.95%	5.10%

In 2022, gross margin for supply chain trading sector was 5.10%.

Country	Amount (HK\$ million)	As % of Total Revenue
PRC (including Hong Kong, Macau and Taiwan)	24,286	70.57%
South Korea	1,888	5.49%
Indonesia	1,412	4.10%
Netherland	1,314	3.82%
Malaysia	607	1.76%
India	569	1.65%
Brazil	253	0.74%
Others	281	0.82%
Total	30,610	88.95%

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

(HK\$ million)



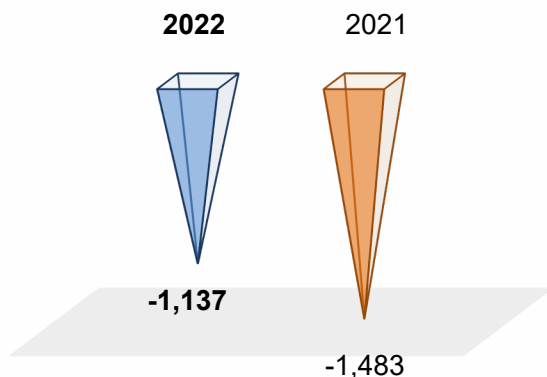
In 2022, gross margin for integrated supply chain services sector was 39.71%, a 12.21% increase compared with 2021.

In 2022, the revenue for the integrated supply chain services sector increased significantly, an increase of 282.59% from HK\$982 million in 2021 to HK\$3,757 million

- 1) the active promotion of the Chinese and Mongolian governments and the effective implementation of the pandemic prevention and control policies of the two countries, the customs clearance at the ports were increased and the volume of supply chain logistics business increased;
- 2) the Automated Guided Vehicle (AGV) unmanned cross-border transportation vehicle implemented by the Company in the Sino-Mongolia Gants Mod Port had been officially operating in July 2022, and the Ceke Port and Erlianhot Port had also entered the trial operation and testing, which greatly improves the efficiency of customs clearance and transportation capacity;
- 3) the Company's continuous investment in logistics infrastructure in strategic areas at Sino-Mongolia land ports has enabled us to have irreproducible logistic services capabilities between China and Mongolia (including major land customs clearance ports in China and Mongolia such as Gants Mod Port, Ceke Port and Erlianhot Port), as well as the warehousing and railway and automobile transportation distribution capabilities between paired port parks. And allocating the sales capacity of the coking coal trading team to serve the downstream steel customer cluster for a long time and stably.



Operating Expense (HK\$ million)



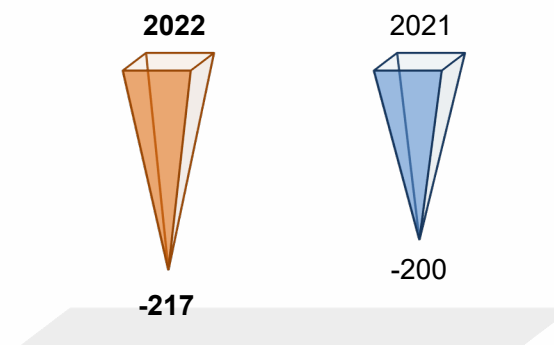
(HK\$ million)	2022	2021
Distribution Cost	(108)	(155)
Administrative Expenses	(947)	(1,488)
Other Operating Expenses, Net	(82)	160
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(1,137)	(1,483)
As % of Total Revenue	-3.31%	-3.60%

- In 2022, the total operating expenses(excluding reversal of Impairment of long-term assets) was HK\$1,137 million, decreasing to 3.31% of operating income as a percentage of revenue from 3.60% in 2021.
- The decrease in distribution costs is mainly due to decline of trading volume of coal about 6.3 million tonnes; and the decrease in administrative expenses is mainly due to the decrease in the accrued bonus of approximately HK\$666 million in 2022; the net operating loss in other expenses this year is primarily due to a loss of HK\$83 million on futures, where the Company used futures derivatives to hedge and reduce exposure to market price fluctuation.

(HK\$ million)	2022	2021
Finance Income	35	23
Finance Costs	(252)	(222)
Net Finance Costs	(217)	(200)
As % of Total Revenue	-0.63%	-0.48%

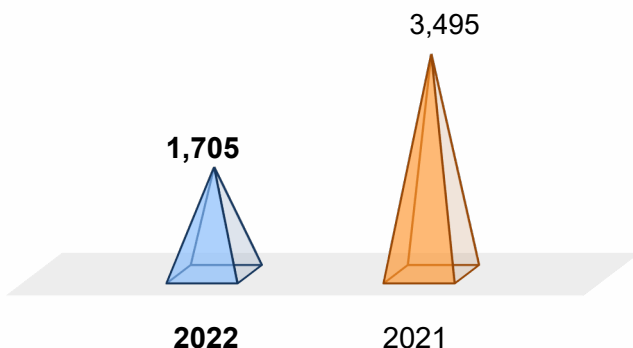
- Compared with 2021, finance income increased by 52.17%, finance costs increased by 13.51% and net finance costs increased by 8.50% in 2022. Net finance costs did not change much year-on-year. The slightly increase was mainly because of the foreign exchange losses as a result of exchange rate fluctuations and decrease in fair value due to exercise of warrants.

Finance Income/ Costs (HK\$ million)





Net Profit (HK\$ million)



(HK\$ million/HK\$)	2022	2021
Net Profit	1,705	3,495
Profit Attributable to Shareholders	1,666	3,462
Basic/Diluted EPS	0.594	1.151/1.128

- In 2022, the Company recorded a net profit of HK\$1,705 million, a year-on-year decrease of 51.22%. The decline is mainly due to the impact of the pandemic and policies, with domestic downstream steel mills reducing procurement and maintaining low inventory operations; and coking coal prices have returned to a reasonable range compared to the severe imbalance between supply and demand in 2021.
- As of December 31, 2022, both basic and diluted earnings per share were HK\$0.594.

2022 Final Dividend

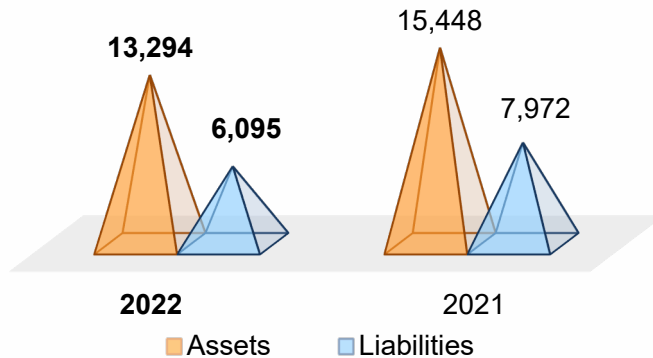
(HK\$'000)	
Profit attributable to equity shareholders for 2H2022	962,443
Profit attributable to equity shareholders for 2H2022 *25%	240,611
Total Number of Shares (as of Mar 22, 2023)	2,867,922,962
Final Dividend per Share	HK\$0.084

- On August 24, 2022, the board of directors and management approved the declaration of an interim cash dividend of HK\$175 million. Based on profit attributable to equity shareholders for the second half of 2022, it is proposed to distribute a cash dividend of HK\$0.084 per share or a total of approximately HK\$241 million at the end of 2022 (The dividend plan will be submitted to the Company's AGM for voting and approval). Together with the interim dividend of HK\$0.061 per share, the total cash dividend distributed for the year is HK\$0.145 per share.



Financial Update (Cont'd)

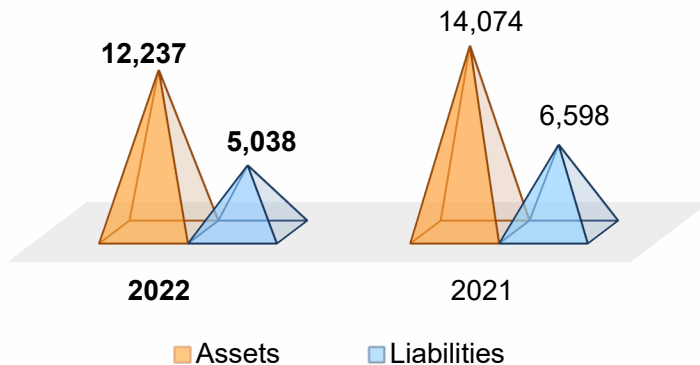
Assets / Liabilities (HK\$ million)



(HK\$ million)	2022/12/31	2021/12/31
Assets	13,294	15,448
Liabilities	6,095	7,972
Total Equity	7,199	7,476
Gearing Ratio	45.85%	51.60%

- As of December 31, 2022, the Company's gearing ratio decreased from 51.60% at the end of 2021 to 45.85%.
- At the end of 2022, the Company's assets decreased by 13.94% compared to the end of 2021, mainly due to 1) Payment of cash dividends of approximately HK\$1,059 million; 2) Net expenditure on share repurchases of about HK\$326 million.

Adjusted Assets / Liabilities (HK\$ million)

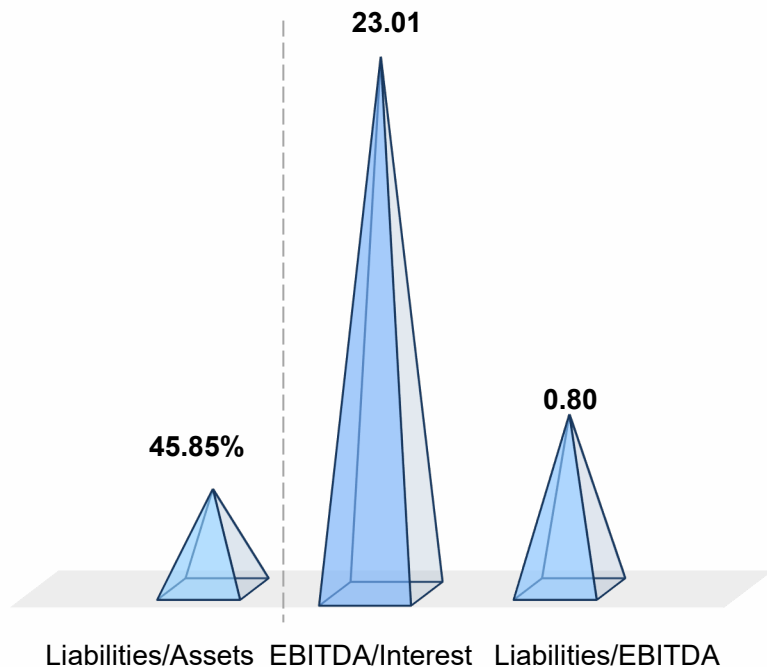


(HK\$ million)	Adj.2022/12/31	Adj.2021/12/31
Assets	12,237	14,074
Liabilities	5,038	6,598
Gearing Ratio	41.17%	46.88%

- 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 41.17%, debt level remains stable.



Liabilities and Liquidity

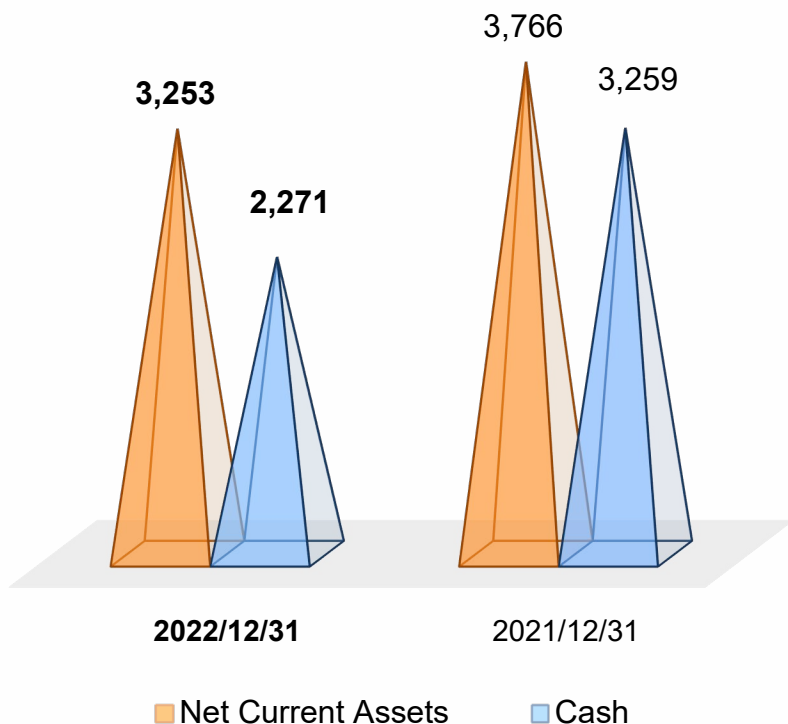


	2022	2021
Liabilities/Assets	45.85%	51.60%
Adj. Liabilities/Assets	41.17%	46.88%
EBITDA/Interest	23.01	34.56
Liabilities/EBITDA	0.80	0.52

- As of December 31, 2022, the Company's gearing ratio is 45.85%. The Company's gearing ratio has decreased, and debt repayment capacity has improved. EBITDA/interest is 23.01 and Liabilities /EBITDA is 0.80.



Current Assets and Cash (HK\$ million)



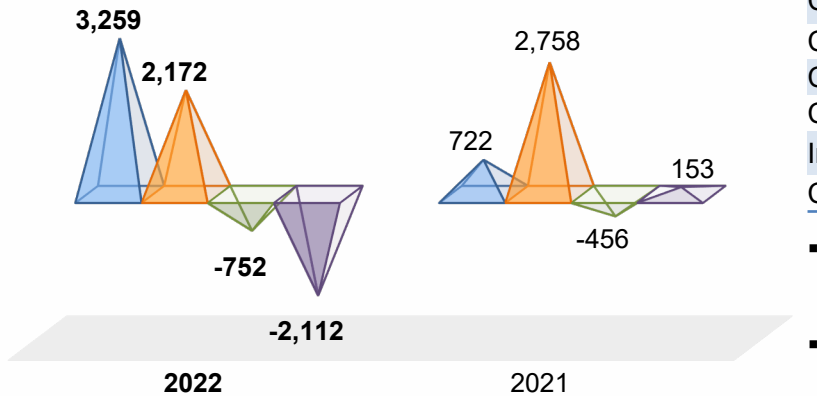
(HK\$ million)	2022/12/31	2021/12/31
Current Assets	8,923	11,522
Current Liabilities	5,670	7,756
Net current Asset	3,253	3,766
Cash and Cash Equivalents	2,271	3,259
Current Ratio	1.57	1.49
Cash Ratio	40.05%	42.02%

- As of December 31, 2022, the Company's current assets decreased by 22.56% compared to the end of 2021. Current liabilities decreased by 26.90% and net working capital decreased by 13.62%. The Company's current ratio is 1.57, and the cash ratio is 40.05%.

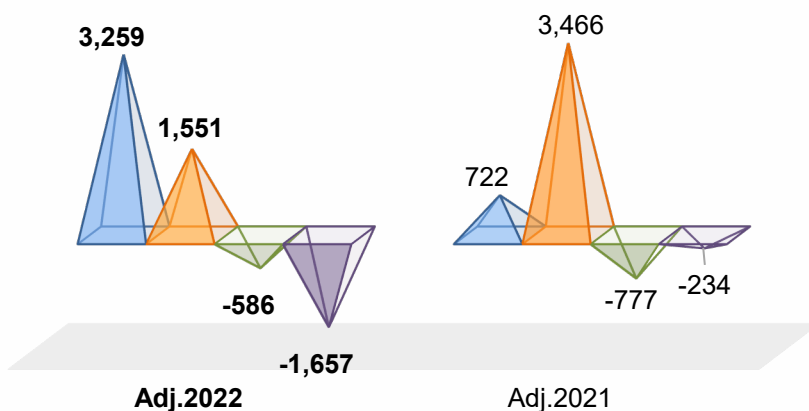


Financial Update (Cont'd)

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)	2022	2021
Cash and cash equivalents at 1 January	3,259	722
Cash Flow from Operating Activities	2,172	2,758
Cash Flow from Investing Activities	(752)	(456)
Cash Flow from Financing Activities	(2,112)	153
Impact of Change in Foreign Exchange Rates	(296)	83
Cash and cash equivalents at 31 December	2,271	3,259

- In 2022, the net cash inflow from operating activities was approximately HK\$2,172 million, mainly due to the cash inflow from operating profit of about HK\$2,419 million.
- The net cash outflow from investing activities was HK\$752 million, mainly due to the net cash outflow of HK\$633 million for investment in logistics assets and supporting facilities.
- The net cash outflow from financing activities was HK\$2,112 million, mainly due to the cash outflow of HK\$1,059 million for dividends paid by the listed company, the net cash outflow of HK\$326 million for share repurchases, and the cash outflow of approximately HK\$204 million for lease asset repayments.

(HK\$ million)	Adj.2022	Adj.2021
Cash and cash equivalents at 1 January	3,259	722
Cash Flow from Operating Activities	1,551	3,466
Cash Flow from Investing Activities	(586)	(777)
Cash Flow from Financing Activities	(1,657)	(234)
Impact of Change in Foreign Exchange Rates	(296)	83
Cash and cash equivalents at 31 December	2,271	3,259

- 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.



Logistics Assets Layout in 2022

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 of the end of 2022, our Company has invested a total of approximately **HK\$4.4 billion** in book value of fixed assets at Sino-Mongolia ports and invested a total of **HK\$706 million** in surrounding supporting assets in 2022. The main layout in the three major ports as follows:

Gants Mod Port

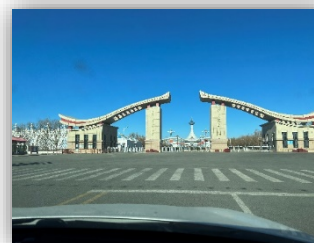
A total investment of **HK\$485 million** was made in supporting assets around ports in 2022



- Owns lands of **1.28 million m²**
- Storage capacity of **1.5 million tonnes**
- Coal washing capacity of **7 million tonnes/year**
- Annual transit volume of **17.5 million tonnes**
- **30 units** of AGV
- Owns equities in the Xigan Line and Ganquan Line

Ceke Port

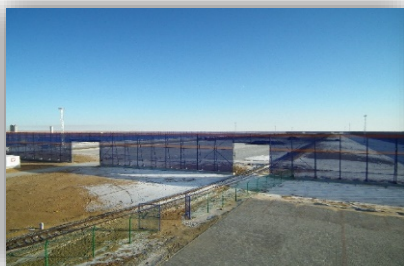
A total investment of **HK\$111 million** was made in supporting assets around ports in 2022



- Owns lands of **1.41 million m²**
- Storage capacity of **2 million tonnes**
- Annual transit volume of **15 million tonnes**
- **10 units** of AGV

Erlianhot Port

A total investment of **HK\$99 million** was made in supporting assets around ports in 2022



- Owns lands of **2.98 million m²**
- Storage capacity of **2.33 million tonnes**
- Annual transit volume of **6 million tonnes**
- Transshipment capacity of **10 million tonnes/year**
- Coal washing capacity of **4 million tonnes/year**

2022 Projects Under Construction

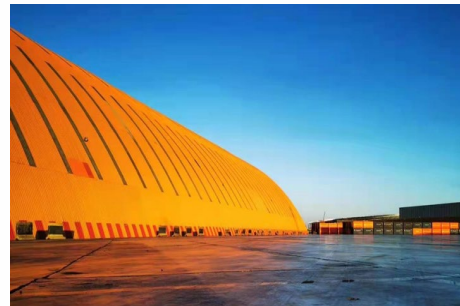
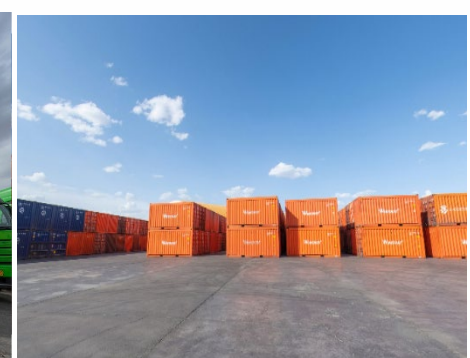
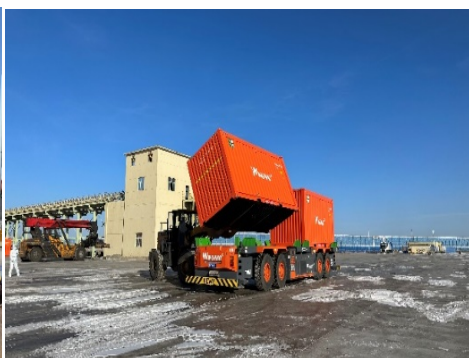
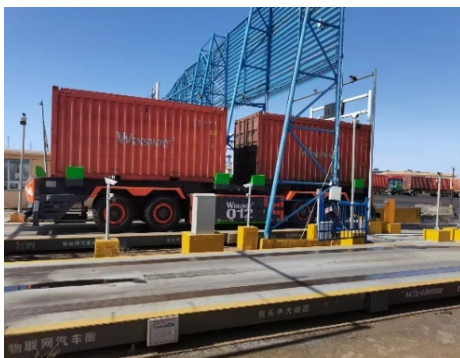
A total investment of **HK\$10.9 million** was made in supporting assets around two ports under construction in 2022



- Owns lands of **1.74 million m²**, and planning lands of **500 thousand m²**
- Planning throughput volume of **8 million tonnes/year**
- Planning coal washing capacity of **4 million tonnes/year**
- Planning railway line of **450m**



Logistics Assets Layout in 2022



Thank You!

