

WINSWAY 易大宗

2023

Annual Results



Mar, 2024

Revenue & Gross Profit Overview



Revenue/Operating Gross Profit



(HK\$ million)	2022	2023
Revenue	34,414	40,587
GP ¹	3,090	3,628
GPM	8.98%	8.94%

Product	2022 ('000 tonnes/HK\$ million)					2023 ('000 tonnes/HK\$ million)				
	Volume ²	Amount	As % of Total Revenue	Operating Gross Profit ¹	Gross Profit Margin	Volume ²	Amount	As % of Total Revenue	Operating Gross Profit ¹	Gross Profit Margin
Coal	11,347	26,927	78.24%	1,554	5.77%	18,945	31,805	78.36%	2,032	6.39%
Integrated Supply Chain Services	-	3,757	10.92%	1,492	39.71%	-	6,327	15.59%	1,523	24.08%
Petrochemical	379	3,138	9.12%	5	0.15%	242	2,027	4.99%	14	0.68%
Iron Ore	613	516	1.50%	4	0.77%	352	319	0.79%	1	0.44%
Coke	9	29	0.08%	(3)	(9.56%)	15	34	0.09%	(6)	(16.62%)
Others	-	48	0.14%	38	79.01%	-	75	0.18%	63	84.55%
Total	12,348	34,414	100%	3,090	8.98%	19,554	40,587	100%	3,628	8.94%

- In 2023, the Company's revenue was approx. HK\$40,587million, an increase of 17.94% compared to HK\$34,414 million in 2022:
 - The revenue generated from trading of coal increased by approx. 18.12% compared to 2022, benefiting from the increase of 66.96% in coal trading volume;
 - The revenue of integrated supply chain services increased by 68.41%. In 2023, the coal import volume at the Sino-Mongolia land ports reached a record high. Leading to a corresponding increase in the volume of the integrated supply chain services.
- Operating gross profit was HK\$3,628 million in 2023, an increase of 17.41% compared to HK\$3,090 million recorded in 2022. Among them, the gross profit of supply chain trading business contributed 58.02%, and the gross profit of integrated supply chain services contributed 41.98% (2022: 51.72% and 48.28%):
 - In 2023, the economic growth was less than expected, and the price of coking coal showed a pattern of first downward trend followed by an upward trend. The steel industry maintained steady smoothly despite the downturn in the real estate industry, and the demand from infrastructure investment, shipbuilding, automobiles, machinery and other major industries was stable. With the assistance of exports, the growth rate of steel production has shown signs of recovery, providing good support for the demand for coking coal;
 - In this market context, our Company has targeted customer needs and fully utilized our integrated supply chain service capabilities. We have closely followed market trends to ensure a stable supply. As a result, the Company has experienced an increase in both supply chain trading volume and the volume of the integrated supply chain services, leading to a rise in gross profit.

Note: 1. Operating gross profit = Revenue - Cost of sales - distribution expenses.

2. The coal trading volume didn't include the volume of Mongolian coal trading executed by the joint venture Xianghui Energy.

(2023: 11.41 million tonnes; 2022: 4.18 million tonnes)

Revenue & Gross Profit Overview - By Segments



Supply Chain Trading

GPM for supply chain trading was 5.97%

Product	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Gross Margin
Coal	18,945	31,805	78.36%	6.39%
Oil and Petrochemical	242	2,027	4.99%	0.68%
Iron Ore	352	319	0.79%	0.44%
Coke	15	34	0.09%	(16.62%)
Total	19,554	34,185	84.23%	5.97%

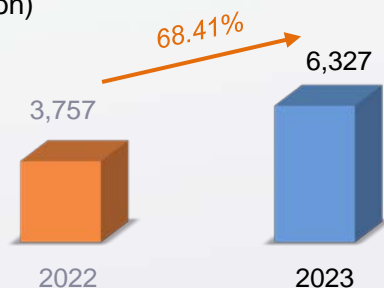
Country	Amount (HK\$ million)	As % of Total Revenue
PRC (including Hong Kong, Macau and Taiwan)	26,299	64.80%
South Korea	2,006	4.94%
Indonesia	1,954	4.81%
Malaysia	1,397	3.44%
Vietnam	966	2.38%
India	940	2.32%
Netherland	338	0.83%
Japan	237	0.58%
Others	48	0.12%
Total	34,185	84.23%

Integrated Supply Chain Services

(Logistics, warehousing, washing & processing and other services)

GPM for integrated supply chain services was 24.08%

(HK\$ million)



Revenue of Integrated Supply Chain Services

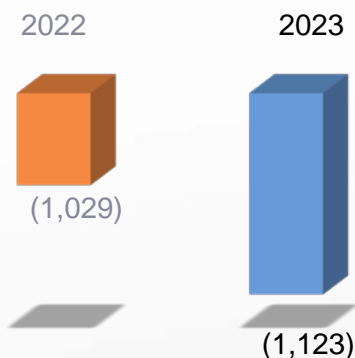
In 2023, revenue of integrated supply chain services segment improved significantly, increasing 68.41% to HK\$ 6,327 million from HK\$ 3,757 million in 2022. In 2023, the customs clearance volume at the three major ports of China and Mongolia witnessed a significant increase, the overall number of customs clearance vehicles doubled, and the coal imports at various ports reached a record high. The Company's logistics, warehousing, processing and other supply chain services capabilities were fully utilized and released.

- Inner Mongolia E-35¹: the Company achieved: i) a cross-border transportation volume of 11.06 million tonnes in 2023, representing an increase of 96.80% as compared with the year of 2022; ii) storage capacity of 16.23 million tonnes in 2023, representing an increase of 79.73% as compared with the year of 2022; iii) a domestic transportation volume of 11.70 million tonnes in 2023, representing an increase of 58.97% as compared with the year of 2022. In this regard, the asset utilization efficiency has been greatly improved, indicating the increased marginal benefit derived from the economic of scale of our fixed assets;
- Haotong²: the Company completed a coal washing and processing volume of 9.47 million tonnes in 2023, representing an increase of 20.48% as compared with the year of 2022. Coal washing service not only improves the stability of product quality, but also provides customers with customized services, which is a crucial component of the Company's business.

Note: 1. Refer to the subdivision of Logistics.
2. Refer to the subdivision of coal washing and processing.



Operating Expense



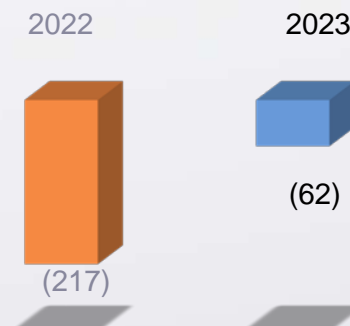
(HK\$ million)	2022	2023
Administrative Expenses	(947)	(1,113)
Other Operating Expenses, Net	(82)	(10)
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(1,030)	(1,123)
As % of Total Revenue	2.99%	2.77%

- In 2023, the total operating expenses (excluding the reversal of long-term asset impairment) for the company amounted to HK\$1,123 million, representing a stable percentage of revenue. This marked a 9.03% increase from 2022, mainly due to the increase in administrative expenses. Administrative expenses rose by 17.53%, mainly due to the increase in business volume and profit in 2023 as well as the increase in staff costs.

Finance Income/Costs

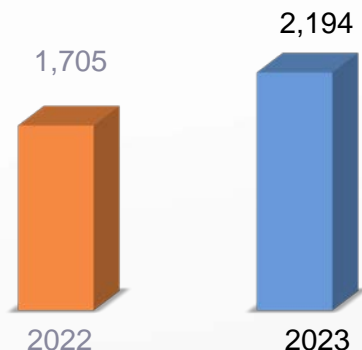
(HK\$ million)	2022	2023
Finance Income	35	55
Finance Costs	(252)	(117)
Net Finance Costs	(217)	(62)
As % of Total Revenue	0.63%	0.15%

- In 2023, net finance cost decreased by 71.43% compared to 2022, mainly because of the decrease of financial costs. Financial costs decreased by 53.57% compared with 2022. The decrease was mainly due to the market exchange rate fluctuations having a relatively smaller range in 2023 compared to 2022. Simultaneously, the Company's business and foreign exchange teams strategically conducted transactions in favorable currencies, strengthening exchange rate management and reducing exchange rate risks.





Net profit



(HK\$ million)	2022	2023
Net Profit	1,705	2,194
Profit Attributable to Shareholders	1,666	2,123
Basic/Diluted EPS	HK\$0.594	HK\$0.793

- In 2023, the Company recorded a net profit of HK\$2,194 million, representing an increase of 28.68% compared to 2022. Profit attributable to equity shareholders was HK\$2,123 million in 2023, representing an increase of 27.43% compared to 2022.
- For the year ended December 31, 2023, both basic and diluted earnings per share were HK\$0.793.

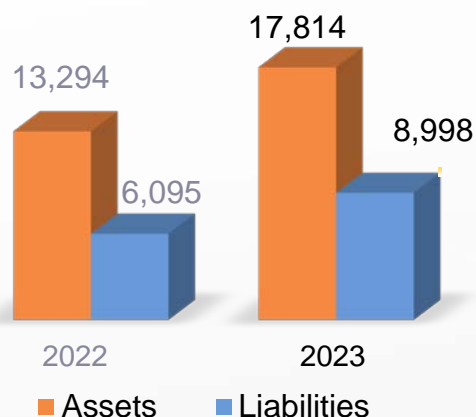
2023 Final Dividend

(HK\$ million)	
Profit attributable to equity shareholders for 2H2023	1,278
Profit attributable to equity shareholders for 2H2023 *25%	320
Total Number of Shares (as of Dec 31, 2023)	2,705,996,962
Final Dividend per Share	HK\$ 0.118

- On 28 August 2023, the Board of Directors and Management approved the declaration of an interim cash dividend of HK\$ 211 million. Based on the profit attributable to equity shareholders for the second half of 2023, it is proposed to distribute a cash dividend of HK\$0.118 per share or approx. HK\$320 million in total at the end of 2023. Together with the interim dividend of HK\$0.078 per share, a total cash dividend of HK\$0.196 per share for the full year.



Assets / Liabilities



(HK\$ million)	2022/12/31	2023/12/31
Assets	13,294	17,814
Liabilities	6,095	8,998
Total Equity	7,199	8,816
Gearing Ratio	45.85%	50.51%

- As of December 31, 2023, the Company's total assets were HK\$ 17,814 million, representing an increase of 34.00% over the same period in 2022, and total liabilities were HK\$ 8,998 million, representing an increase of 47.65% over the same period in 2022, mainly due to the increase in business scale and total assets in 2023. At the same time, the Company reasonably arranged debt financing, maintained a reasonable structure of assets and liabilities, and the overall debt level of the Company is healthy and stable.

Adjusted Assets / Liabilities

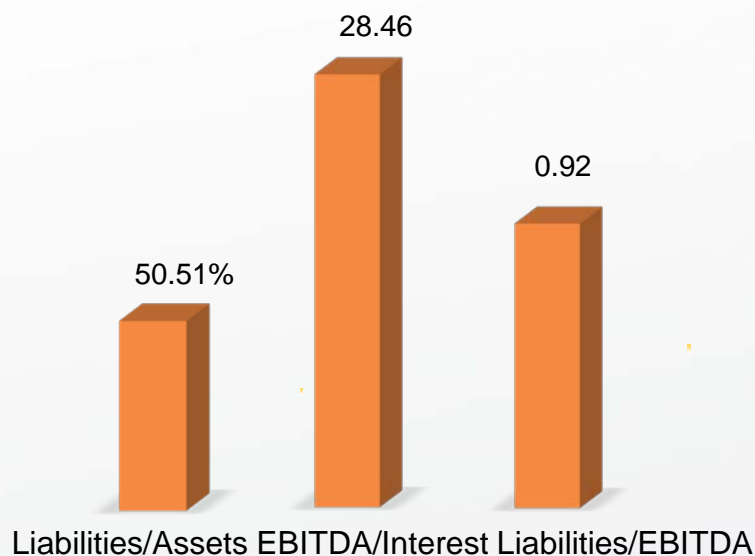


(HK\$ million)	Adj.2022/12/31	Adj.2023/12/31
Assets	12,237	15,611
Liabilities	5,038	6,795
Gearing Ratio	41.17%	43.53%

- 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 43.53%, debt level remains stable.



Liabilities and Liquidity

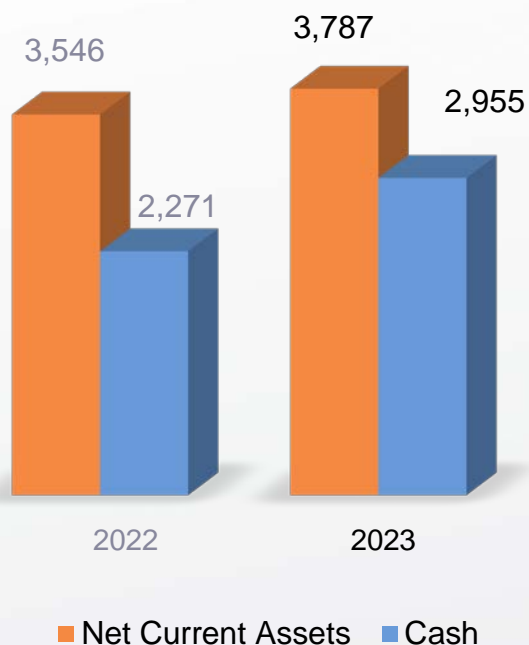


	2022	2023
Liabilities/Assets	45.85%	50.51%
Adj. Liabilities/Assets	41.17%	43.53%
EBITDA/Interest	23.01	28.46
Liabilities/EBITDA	0.80	0.92

- As of December 31, 2023, the asset-liability ratio was 50.51%, representing a slight increase compared to the same period of 2022; EBITDA / interest increased to 28.46 from 23.01 in 2022; Debt / EBITDA increased to 0.92 from 0.80 in 2022, and the overall financial risk is manageable.



Current Assets and Cash

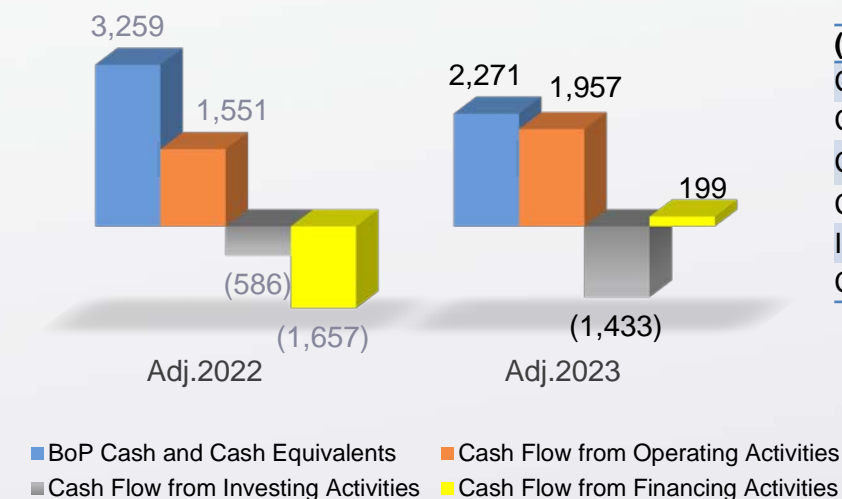
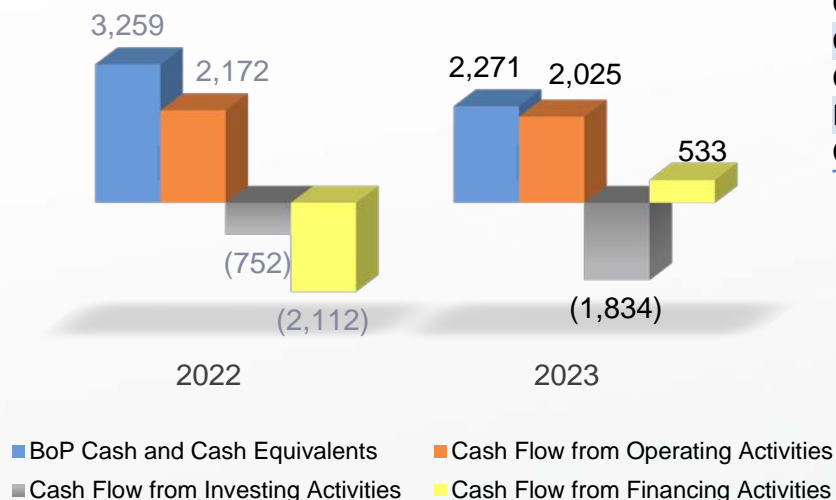


(HK\$ million)	2022/12/31	2023/12/31
Current Assets	8,923	12,145
Current Liabilities	5,377	8,358
Net Current Asset	3,546	3,787
Cash and Cash Equivalents	2,271	2,955
Current Ratio	1.66	1.45
Cash Ratio	42.24%	35.36%

- As of December 31, 2023, the Company's net current assets increased by 6.79%, cash and cash equivalents increased by 30.12%, and the Company's current ratio was 1.45 and cash ratio was 35.36%.



Cash Flow



(HK\$ million)	2022	2023
Cash and cash equivalents at 1 January	3,259	2,271
Cash Flow from Operating Activities	2,172	2,025
Cash Flow from Investing Activities	(752)	(1,834)
Cash Flow from Financing Activities	(2,112)	533
Impact of Change in Foreign Exchange Rates	(296)	(39)
Cash and cash equivalents at 31 December	2,271	2,955

- In 2023, the net cash inflow from operating activities was approx. HK\$2,025 million. The net cash inflow from operating activities in 2023 was mainly attributable to cash profit;
- The net cash outflow from investing activities was HK\$1,834 million, of which the outflow of cash was approximately HK\$2,021 million, mainly attributable to a cash outflow from domestic and foreign logistics facilities construction and transportation equipment, acquisition and construction of coal washing plants, coal washing equipment, and purchase of properties. The cash inflow of approximately HK\$187 million was mainly due to the receipt of dividends from associates;
- The net cash inflow from financing activities was HK\$533 million, mainly due to the increase in bank loans.

(HK\$ million)	Adj. 2022	Adj. 2023
Cash and cash equivalents at 1 January	3,259	2,271
Cash Flow from Operating Activities	1,551	1,957
Cash Flow from Investing Activities	(586)	(1,433)
Cash Flow from Financing Activities	(1,657)	199
Impact of Change in Foreign Exchange Rates	(296)	(39)
Cash and cash equivalents at 31 December	2,271	2,955

- 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 Updates in 2023



Since 2005, our company has continuously improved and expanded the construction of Sino-Mongolian land ports and other strategic locations. As of the end of 2023, the total book value of our company's self-invested/participated long-term assets at the Sino-Mongolia ports reached approximately **HK\$6.1 billion**. In the current year, there was an additional investment of approximately **HK\$1.2 billion** in supporting assets around the ports.

Strategic asset layout updates

The Capacity of washing and processing

The Capacity reached **28 million tonnes** in 2023, an increase of **2 million tonnes** (In 2022, was 26 million tonnes including projects under construction);
The available land area with washing and processing capacity is **3.07 million m²**;
In December 2023, the Company acquired Tangshan Coal Washing Plant;
In March 2024, Baiyun Coal Washing Plant has been put into operation, and Ceke Coal Washing Plant is in trial operation.

The Capacity of static storage

The Capacity of static storage reached **7.6 million tonnes**, increased **0.9 million tonnes** compared to 2022;
The available land area with static storage capacity is **674,521 m²**;
The Mandura Customs Supervision Area was cleared in December 2023, led storage capacity increased.

AGV

57 Units

Increased **17 units**
compared to 2022

Overseas double-trailer transport vehicles

1,382 Sets

Increased **220 sets**
compared to 2022

Domestic single-trailer transport vehicles

243 Sets

Increased **114 sets**
compared to 2022

Container (Self-purchase & rental)

24,933 Units

Increased **2,795 Units**
compared to 2022

Layout of ports updates

Gants Mod



- Increase a land with the export supervision qualification, with a land area of **61,655 m²**.

Ceke



- Realized official cross-border transportation of AGV at Ceke Port;
- The Ceke Coal Washing Plant was built successfully and has put into trial operation in March 2024.

Mandula



- In December 2023, the customs supervision area officially cleared the customs;
- In October 2023, Baiyun Coal Washing Plant was built successfully and has put into operation.

Arihasat



- The logistics park project had obtained the land title certificate on November 21, 2023, with a land area of **674,521 m²**. The procedures before the next land construction are being arranged. In the future, the construction will start with the development of business.

Zhuen Kadabuqi



- The land of the Smart Logistics Park project has entered the publicity stage. After paying the land-related fees, the relevant pre-construction procedures will be proceed. In the future, the construction will start with the development of business.

Thank You!

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