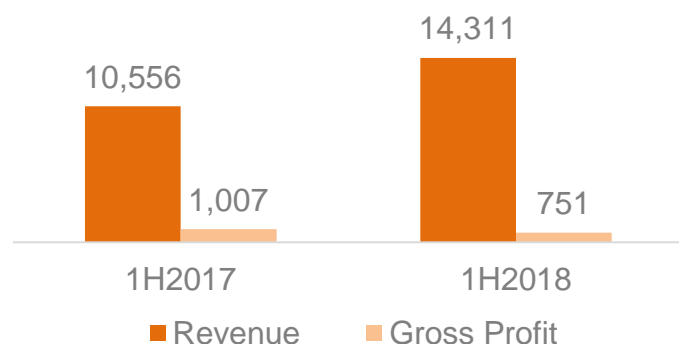


2018 Interim Result

Financial Update

Revenue/Gross Profit (HK\$ million)



Product	1H2017			1H2018		
	Volume ('000 tonnes)	Amount (HK\$ mn)	As % of Total Rev	Volume ('000 tonnes)	Amount (HK\$ mn)	As % of Total Rev
Coal	8,150	10,020	94.91%	9,108	11,917	83.27%
Petrochemicals	107	442	4.19%	190	1,372	9.59%
Iron Ore	103	52	0.49%	1,452	793	5.54%
Nonferrous Metals	-	-	-	7	156	1.09%
Logistics Services	-	36	0.34%	-	68	0.47%
Others	-	7	0.07%	-	6	0.04%
Total	8,371	10,556	100%	10,756	14,311	100%

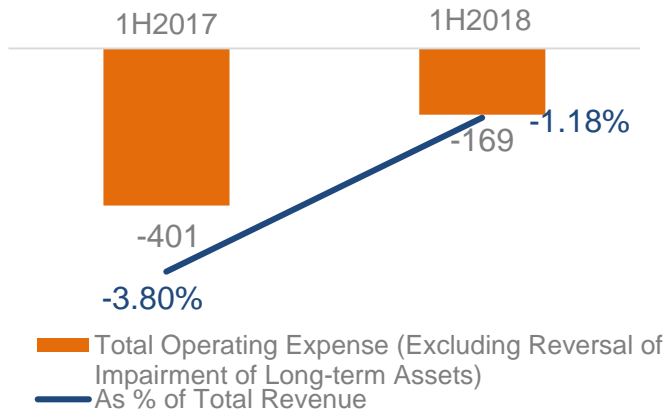
(HK\$ million)	1H2017	1H2018
Revenue	10,556	14,311
Gross Profit	1,007	751
Gross Profit Margin	9.54%	5.25%

- Supported by increased supply chain trading volume, the Company generated sales revenue of HK\$14.311bn in 1H2018, up by 35.57% compared with HK\$10.556bn in 1H2017
- Coking coal contributed sales revenue of HK\$11.261bn or 78.69% and generated gross profit of HK\$631mn
- Gross profit margin slipped to 5.25% from 9.54% for the same period in 2017, reflecting the decrease in profit margin of coking coal and a moderately lower profit target due to new expansion into other non-coking coal commodities



Financial Update (Cont'd)

Operating Expense (HK\$ million)



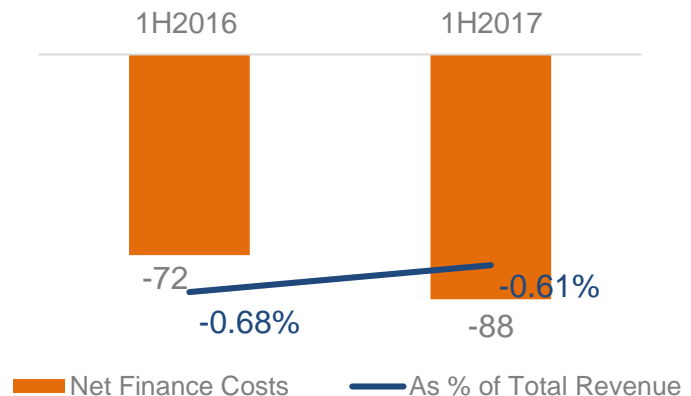
(HK\$ million)	1H2017	1H2018
Distribution Cost	(181)	(69)
Administrative Expenses	(187)	(138)
Other Operating Expenses, Net	(33)	38
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(401)	(169)
As % of Total Revenue	-3.80%	-1.18%

- The Company recorded total operating expenses of HK\$169mn in 1H2018, down by 57.86% compared with 1H2017. Operating expenses as percentage of sales revenue decreased from 3.80% in 1H2017 to 1.18%.
- Due to the lowered efficiency of customs clearance at China-Mongolia boarder crossings in the first quarter of 2018, the import of Mongolian coal decreased in the first half of the year, which led to decreases in both the sales volume of Mongolian coal and the corresponding distribution costs. Decrease in administrative expenses was mainly due to the reversal of an impairment loss as a result of repayments received from customers.

(HK\$ million)	1H2017	1H2018
Finance Income	1	24
Finance Costs	(73)	(112)
Net Finance Costs	(72)	(88)
As % of Total Revenue	-0.68%	-0.61%

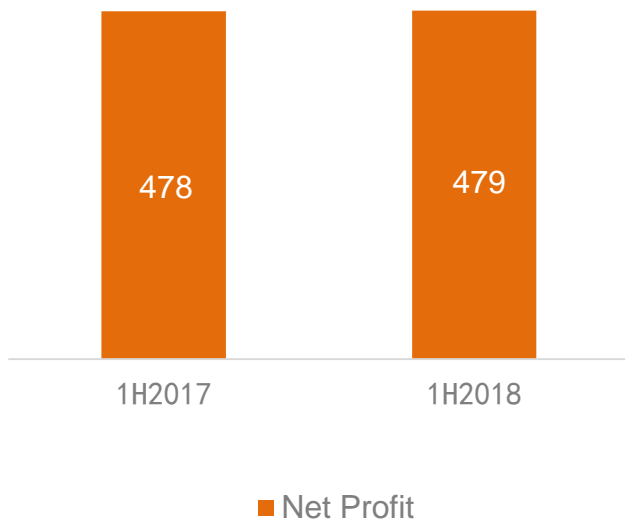
- The Company issued US\$40 mn 5-year 5% convertible bonds in September 2017. Increase in financial income is mainly due to the gains from changes in the fair value of convertible bonds. Increase in financial costs is mainly due to the interest accrued on the convertible bonds.
- Net finance costs as a percentage of total revenue remained stable.

Finance Income/Costs (HK\$ million)



Financial Update (Cont'd)

Net Profit/EPS (HK\$ million)



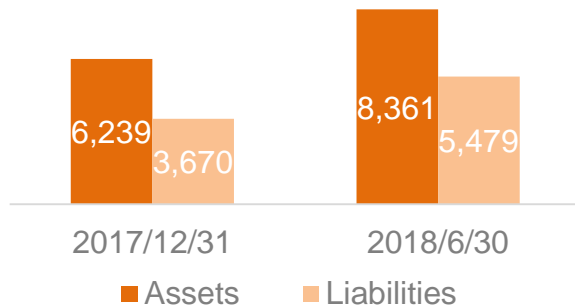
(HK\$ million/HK\$)	1H2017	1H2018
Net Profit	478	479
Profit Attributable to Shareholders	481	470
EPS	0.157	0.152

- The Company posted net profit of HK\$479mn in 1H2018, remained basically flat with last year
- EPS was HK\$0.152 as of June 30, 2018



Financial Update (Cont'd)

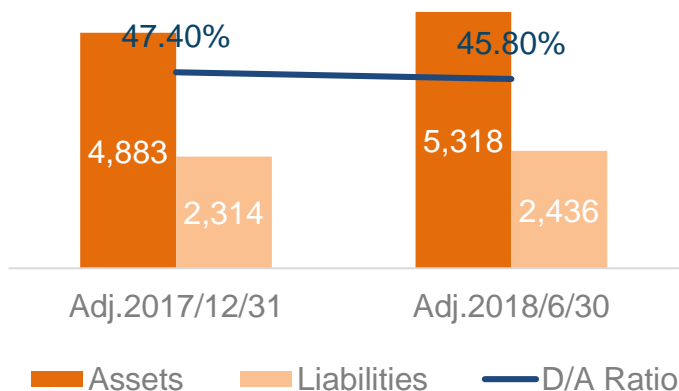
Assets/Liabilities (HK\$ million)



(HK\$ million)	2017/12/31	2018/6/30
Assets	6,239	8,361
Liabilities	3,670	5,479
Total Equity	2,569	2,882
D/A Ratio	58.83%	65.53%

- As at June 30, 2018, the Company's D/A ratio grew to 65.53% from 58.83% as at June 30, 2017
- Increase in assets and liabilities in 1H2018 were both due to increase in trade and other receivables caused increased volume, as well as recourse discounting and pledged loans against bills receivable

Adjusted Assets/Liabilities (HK\$ million)



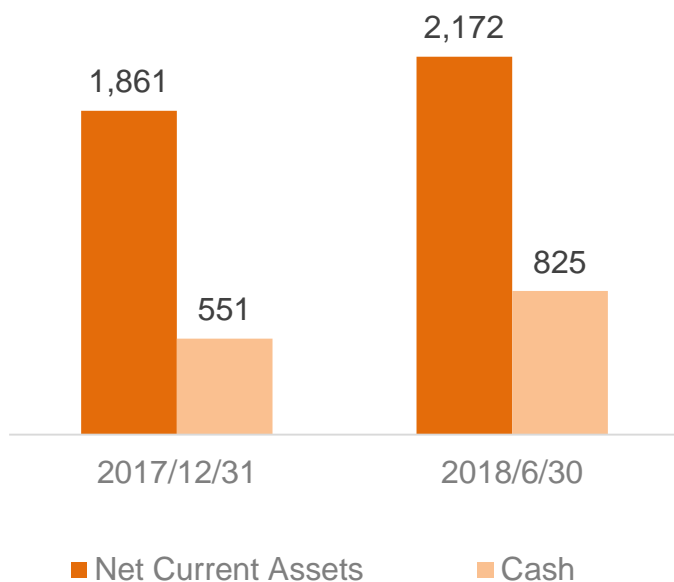
(HK\$ million)	Adj.2017/12/31	Adj.2018/6/30
Assets	4,883	5,318
Liabilities	2,314	2,436
D/A Ratio	47.40%	45.80%

- In supply chain trading activities, bank acceptance bills and letter of credit payments are common payment methods. The company discounts such bills and pledges the bills to against loans before they expire, but according to applicable accounting standards, such cashflows are classified as financing cashflows and are counted as liabilities. Therefore, they affects the Company's gearing ratio on the accounting statement date
- Excluding the impact of the accounting and loans pledged with full amount bank deposits, the Group's adjusted total assets and liabilities show as the above. The Group's adjusted gearing ratio at the end of June 2018 was 45.80%, debt level remains stable and liquidity healthy



Financial Update (Cont'd)

Current Assets and Cash (HK\$ million)



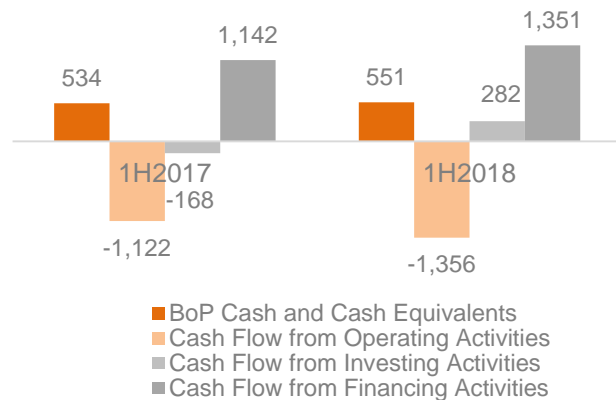
(HK\$ million)	2017/12/31	2018/6/30
Current Assets	5,162	7,268
Current Liabilities	3,301	5,096
Net Current Asset	1,861	2,172
Cash and Cash Equivalents	551	825
Quick Ratio	1.56	1.43

- As at June 30, 2018, the Company's current assets increased by 40.80% over the same period in 2017, which was due to increase in trade and other receivables due to increased volume as well as recourse discounting and pledged loans against bills receivable. Current liabilities rose by 54.38% over the same period in 2017, which was mainly due to the increase of secured bank and other loans
- Quick ratio was 1.43, remained basically flat with last year

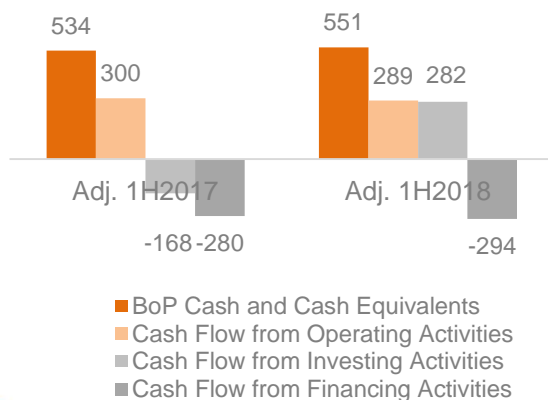


Financial Update (Cont'd)

Cash Flow (HK\$ million)



Adjusted Cash Flow (HK\$ million)



(HK\$ million)	1H2017	1H2018
Cash and cash equivalents at 1 January	534	551
Cash Flow from Operating Activities	(1,122)	(1,356)
Cash Flow from Investing Activities	(168)	282
Cash Flow from Financing Activities	1,142	1,351
Impact of Change in Foreign Exchange Rates	23	(3)
Cash and cash equivalents at 30 June	410	825

- In 1H2018, cash outflow from operating activities was HK\$1,356mn. It was mainly due to HK\$1,645 mm net cash received from recourse discounting and pledged loans against bills receivable, both of which had been accounted for under financing activities, though the bills receivable were received from sales
- Cash inflow from investing activities stood at HK\$282mn. It was generated mainly due to decrease in restricted bank deposits as collateral for banking facilities in respect of the Group borrowings, issuance of bills, and letters of credit by the Group
- The Company posted a cash inflow from financing activities of HK\$1,351mn. It was mainly due to an increase of net proceeds from bank and other loans during 1H2018, including HK\$1,645 million net cash received from recourse discounting and pledged loans against bills receivable

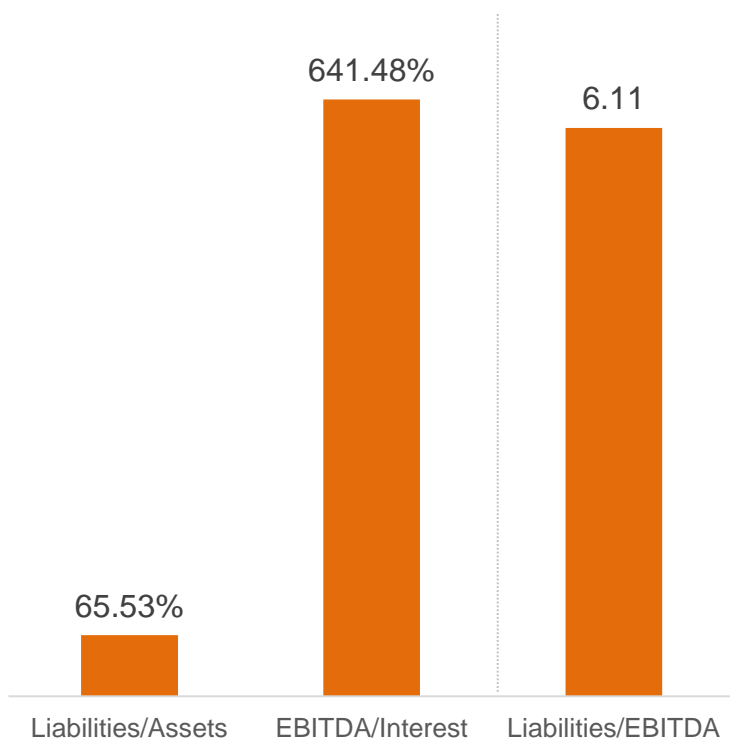
(HK\$ million)	Adj.1H2017	Adj.1H2018
Cash and cash equivalents at 1 January	534	551
Cash Flow from Operating Activities	300	289
Cash Flow from Investing Activities	(168)	282
Cash Flow from Financing Activities	(280)	(294)
Impact of Change in Foreign Exchange Rates	23	(3)
Cash and cash equivalents at 30 June	410	825

- In supply chain trading activities, bank acceptance bills and letter of credit payments are common payment methods. The company discounts such bills and pledges the bills to against loans before they expire, but according to applicable accounting standards, such cashflows are classified as financing cashflows and are counted as liabilities. Therefore, they affects the Company's gearing ratio and cashflows on the accounting statement date. In order to more intuitively show the company's business and assets, the impact of these changes is analysed as above



财务情况更新 (续)

Liabilities and Liquidity



	2017/6/30	2018/6/30
Liabilities/Assets	61.87%	65.53%
EBITDA/Interest	1,013%	641.48%
Liabilities/EBITDA	3.38	6.11

- The Company's D/A ratio as at June 30, 2018 was 65.53%, Liabilities/EBITDA was 6.11, it was mainly due to recourse discounting and pledged loans against bills receivable





谢谢
Thank you!