



To Make Commodity Business Easier

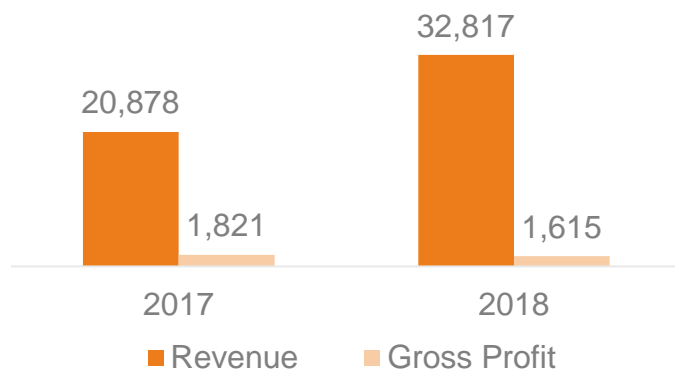
2018 Annual Results



March 2019



Revenue/Gross Profit (HK\$ million)



(HK\$ million)	2017	2018
Revenue	20,878	32,817
Gross Profit	1,821	1,615
Gross Profit Margin	8.72%	4.92%

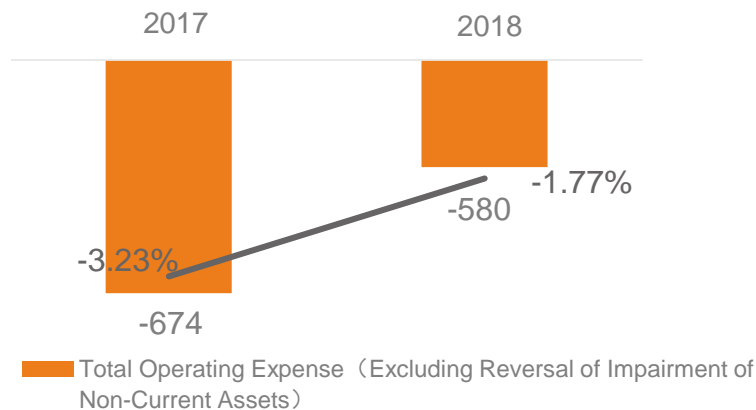
Product	2017			2018		
	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue
Coal	16,519	19,428	93.05%	21,351	28,055	85.49%
Petrochemicals	173	846	4.05%	457	3,005	9.16%
Iron Ore	482	274	1.31%	2,340	1,228	3.74%
Nonferrous Metals	11	226	1.08%	16	351	1.07%
Logistics Service	-	94	0.45%	-	134	0.41%
Others	-	10	0.06%	-	44	0.13%
Total	17,185	20,878	100%	24,164	32,817	100%

- Supported by increased supply chain trading volume, the Company generated revenue of HK\$32.817bn in 2018, up by 57.18% compared with HK\$20.878bn in 2017
- Coking coal contributed revenue of HK\$26.882bn or 81.91% and generated gross profit of HK\$1.241bn, gross profit margin is 4.62%
- Gross profit margin slipped to 4.92% from 8.72% 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)	2017	2018
Distribution Costs	(296)	(195)
Administrative Expenses	(378)	(445)
Other Operating Income/(Expenses), net	(0)	60
Total Operating Expenses (Excluding Reversal of Impairment of Non-Current Assets)	(674)	(580)
As % of the Total Revenue	-3.23%	-1.77%

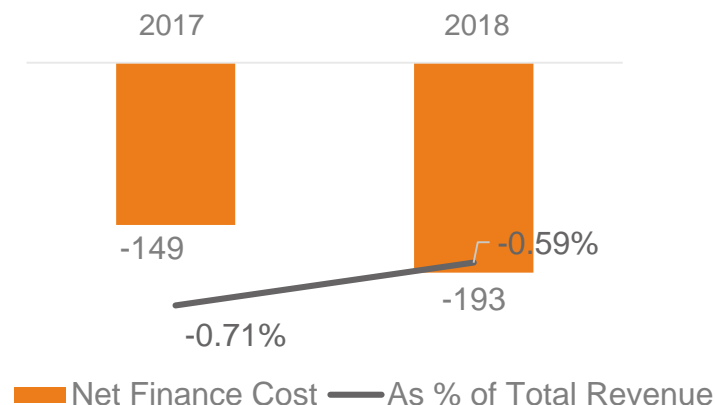
- The Company recorded total operating expenses of HK\$580mn in 2018, down by 13.95% compared with 2017. Operating expenses as percentage of total revenue decreased from 3.23% in 2017 to 1.77%
- Increase in administrative expenses was mainly due to an increase in business volume



(HK\$ million)	2017	2018
Finance Income	7	42
Finance Costs	(156)	(235)
Net Finance Costs	(149)	(193)
As % of Total Revenue	-0.71%	-0.59%

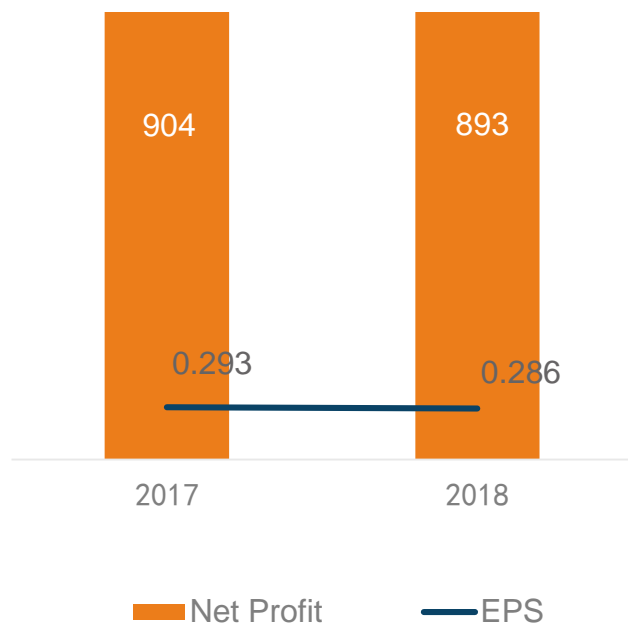
- The Company issued US\$40mn 5-year 5% convertible bonds in September 2017. Increase in finance income is mainly due to the gains from changes in the fair value of convertible bonds. Increase in finance costs is mainly due to the increased interest accrued on the convertible bonds, discounted bills receivable, secured loans, interest on factoring and finance charges from letter of credit
- Net finance costs as a percentage of total revenue remain stable

Finance Income/Costs (HK\$ million)





Net Profit/EPS (HK\$ million)



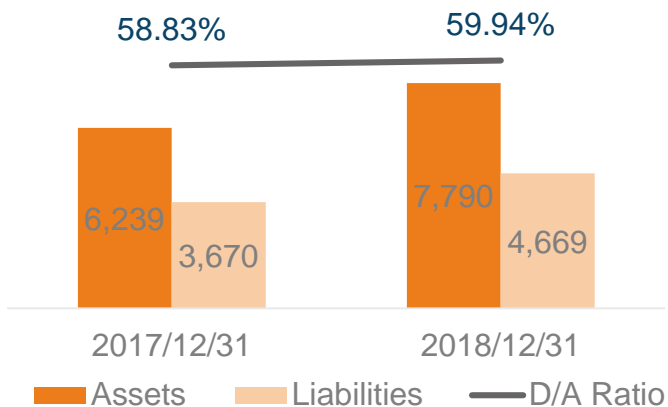
(HK\$ million/HK\$)	2017	2018
Net Profit	904	893
Profit Attributable to Shareholders	904	880
EPS	0.293	0.286

- In 2018, the Company continued to enjoy stable growth by entering into new market and expanding more categories of commodities. As a result, recorded a net profit of HK\$893 million, remained basically flat with last year.
- EPS was HK\$0.286 as of 2018



Financial Update (Cont'd)

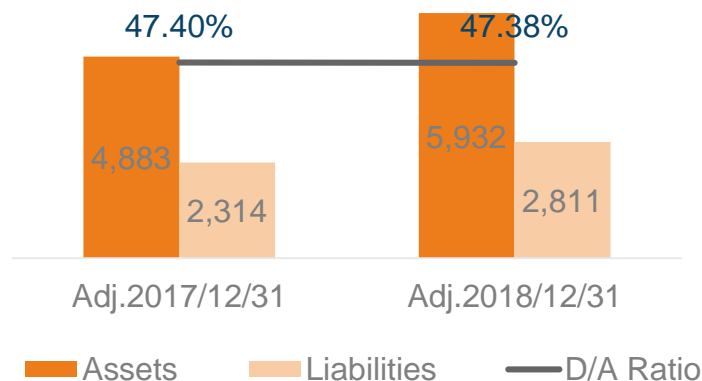
Assets/Liabilities (HK\$ million)



(HK\$ million)	2017/12/31	2018/12/31
Assets	6,239	7,790
Liabilities	3,670	4,669
Total Equity	2,569	3,121
D/A Ratio	58.83%	59.94%

- As at December 31, 2018, the Company' D/A ratio grew to 59.94% from 58.83% as at end of 2017
- Increase in assets and liabilities in 2018 were mainly 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)

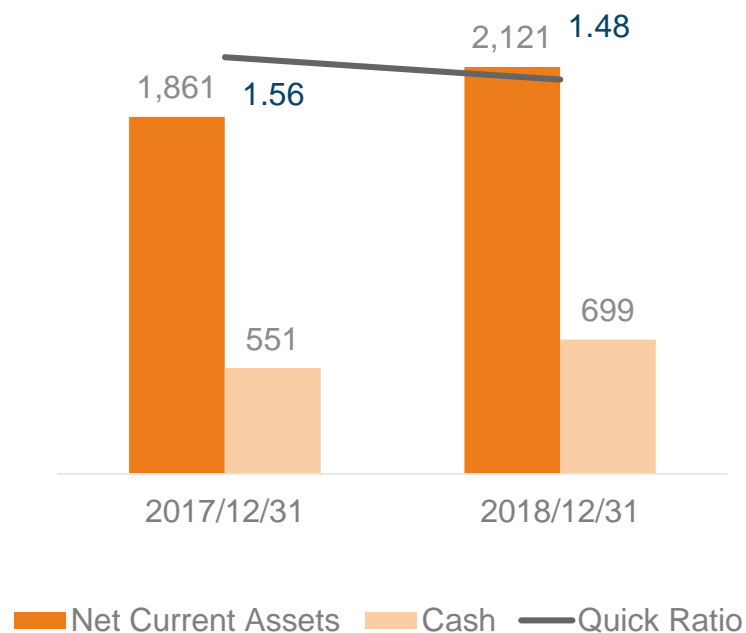


(HK\$ million)	Adj.2017/12/31	Adj.2018/12/31
Assets	4,883	5,932
Liabilities	2,314	2,811
D/A Ratio	47.40%	47.38%

- In supply chain trading activities, bank acceptance bills and letter of credit payment are common payment methods. The company discounts such bills and pledge the bills to against loans before they expire, but according to applicable accounting standards, such cash flows are classified as financing cash flows 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 was 47.38%, debt level remains stable and liquidity healthy.



Current Assets and Cash (HK\$ million)



(HK\$ million)	2017/12/31	2018/12/31
Current Assets	5,162	6,560
Current Liabilities	3,301	4,439
Net Current Liabilities	1,861	2,121
Cash and Cash Equivalents	551	699
Quick Ratio	1.56	1.48

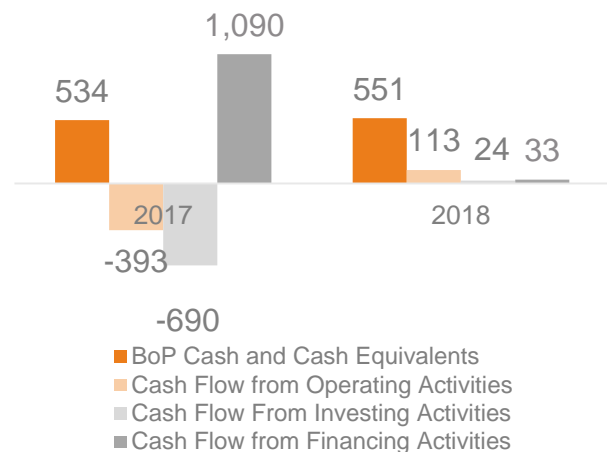
- As at December 31, 2018, the Company's current assets increased by 27.08% over the same period in 2017, which was due to increase in trade volume which cause both the increase in bill receivable and holding inventory. Current liabilities rose by 34.47% compared to the end of 2017. This was due to an increase in trade receivables and a reclassification of convertible bonds as part of current liabilities. The reclassification was done to reflect the rights of convertible bond holders to redeem the convertible bonds starting September 14, 2019
- Quick ratio was 1.48, remained basically flat with last year.



Financial Update (Cont'd)

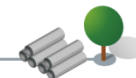


Cash Flow (HK\$ million)

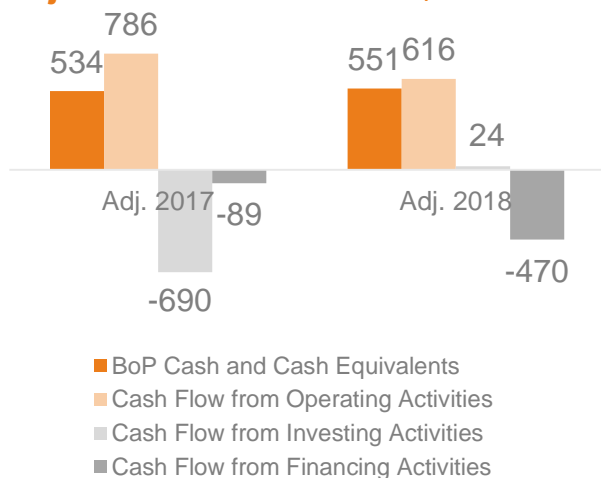


(HK\$ million)	2017	2018
Cash and Cash equivalents at 1 January	534	551
Cash Flow from Operating Activities	(393)	113
Cash Flow from Investing Activities	(690)	24
Cash Flow from Financing Activities	1,090	33
Impact of Change in Foreign Exchange Rates	10	(21)
Cash and Cash equivalents at 30 June	551	699

- In 2018, cash inflow from operating activities was HK\$113mn, mainly due to HK\$503mn 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\$24mn. 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\$33mn. It was mainly due to an increase of net proceeds from bank and other loans during 2018, including HK\$503mn net cash received from recourse discounting and pledge and pledged loans against bills receivable



Adjusted Cash Flow (HK\$ million)

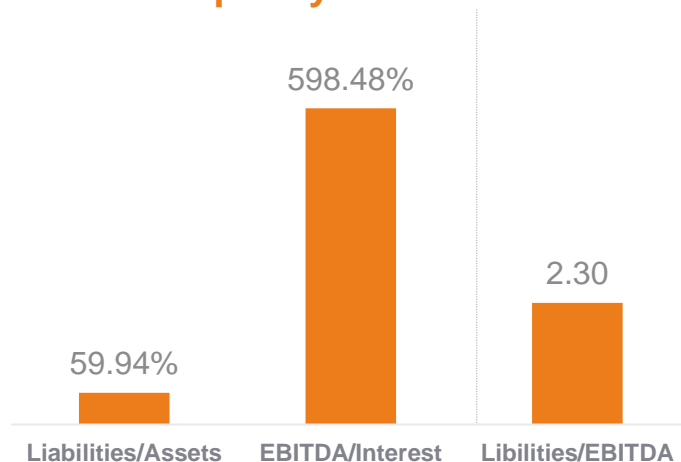


(HK\$ million)	Adj.2017	Adj.2018
Cash and Cash equivalents at 1 January	534	551
Cash Flow from Operating Activities	786	616
Cash Flow from Investing Activities	(690)	24
Cash Flow from Financing Activities	(89)	(470)
Impact of Change in Foreign Exchange Rates	10	(21)
Cash and Cash equivalents at 30 June	551	699

- 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 cash flows are classified as financing cash flow and are counted as liabilities. Therefore, they affects the Company's gearing ratio and cash flows on the accounting statement date. In order to more intuitively show the company's business and assets, the impact of these changes is analyzed as above.



Liabilities and Liquidity



	2017/12/31	2018/12/31
Liabilities/Assets	58.83%	59.94%
EBITDA/Interest	862.07%	598.48%
Liabilities/EBITDA	1.97	2.30

- The Company's D/A ratio as at December 31, 2018 was increased to 59.94%, Liabilities/EBITDA was increased to 2.30, it was mainly due to recourse discounting and pledged loans against bills receivable.

2018 Dividend Calculation

(HK\$)

Profit attributable to equity shareholders in 2018	879,772,000
Profit attributable to equity shareholders in 2018 *25%	219,943,000
TSO at Dec 31, 2018	3,066,722,356
Dividend per Share(HK\$)	0.072
TSO at Mar 28, 2018	3,046,562,356
Est. Dividend to be paid for 2018	218,497,140

- On March 28, an estimated final dividend in cash of HK\$ 0.072 per share or approximately HK\$218mn has been reviewed and approved by the Board of Directors, which will be submitted on the coming AGM for voting and approval.

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THANK YOU!

