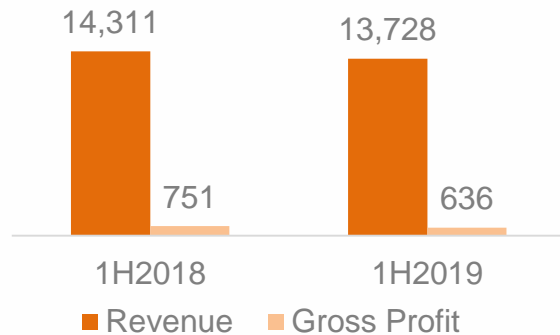




2019
Interim Result

Financial Update

Revenue/ Gross Profit (HK\$ million)



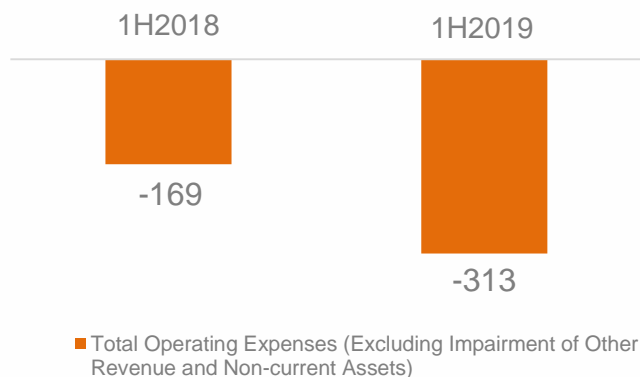
(HK\$ million)	1H2018	1H2019
Revenue	14,311	13,728
Gross Profit	751	636
Gross Profit Margin	5.25%	4.63%

Product	1H2018			1H2019		
	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue	Volume ('000 tonnes)	Amount (HK\$ million)	As % of Total Revenue
Coal	9,108	11,917	83.27%	9,106	11,386	82.94%
Petrochemical	190	1,372	9.59%	230	1,369	9.98%
Iron Ore	1,452	793	5.54%	1,078	676	4.93%
Nonferrous Metals	7	156	1.09%	9	201	1.47%
Logistics Services	-	68	0.47%	-	58	0.42%
Coke	-	-	-	14	28	0.21%
Others	-	6	0.04%	-	9	0.07%
Total	10,756	14,311	100%	10,438	13,728	100%

- The Company's recorded revenue of HK\$13,728 million, a 4.07% decrease compared to HK\$14,311 million in the first half of 2018. The decrease is primarily resulted from decreased average selling price of coal in the first half of 2019
- Supply chain trading amount of coking coal reached HK\$10.907 billion, accounting for 79.45%; the gross profit of coking coal was HK\$450 million
- Gross profit margin decreased from 5.25% in the same period of 2018 to 4.63%. The decrease in gross profit was mainly due to, 1) the slightly decreased profitability of coking coal; 2) our petrochemical business suffered a loss due to the violent fluctuation of the chemical product market

Financial Update (Cont'd)

Operating Expense (HK\$ million)

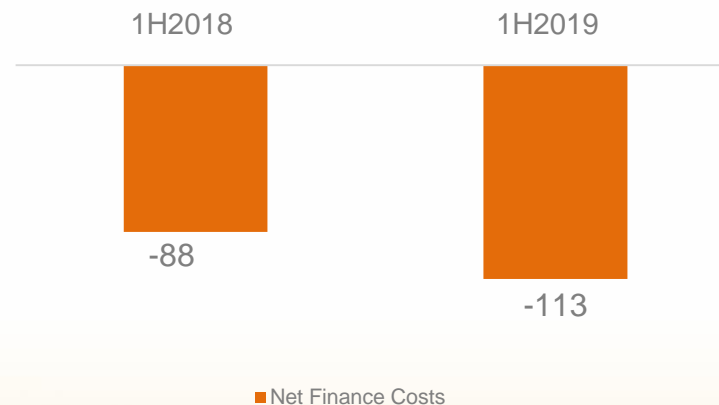


(HK\$ million)	1H2018	1H2019
Distribution Cost	(69)	(111)
Administrative Expenses	(138)	(183)
Other Operating Expenses, Net	38	(19)
Total Operating Expenses (Excluding Reversal of Impairment of Long-term Assets)	(169)	(313)
As % of Total Revenue	-1.18%	-2.28%

- The Company recorded total operating expenses of HK\$313 million in 1H2019, accounting for 2.28% of total revenue as compared to 1.18% in 1H2018. The additional operating expenses are mainly attributable to the increase of distribution cost and administrative expenses
- In 1H2019, the increase in distribution costs were mainly due to the increased sales volume of Mongolian coal. The higher administrative expenses is primarily due to the reversal of an impairment loss as a result of repayments of HK\$76 million received from customers in the first half of 2018. Otherwise, the administrative expenses for the first half of 2019 decreased slightly

Finance Income/ Costs (HK\$ million)

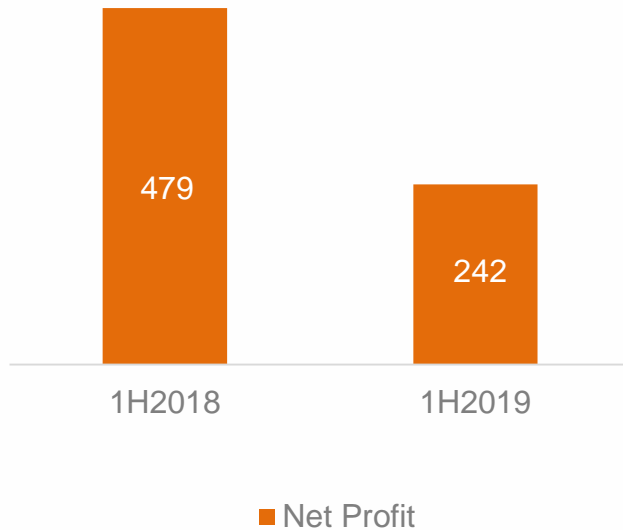
(HK\$ million)	1H2018	1H2019
Finance Income	24	8
Finance Costs	(112)	(121)
Net Finance Costs	(88)	(113)
As % of Total Revenue	-0.62%	-0.82%



- The Company issued US\$40 million 5-year 5% convertible bonds in September 2017. Decrease in financial income is mainly due to changes in the fair value of convertible bonds. The Company suffered loss of HK\$4 million in 2019 in contrast to the gain of HK\$21 million over the same period of 2018
- Net finance costs as a percentage of total revenue remained stable

Financial Update (Cont'd)

Net Profit (HK\$ million)

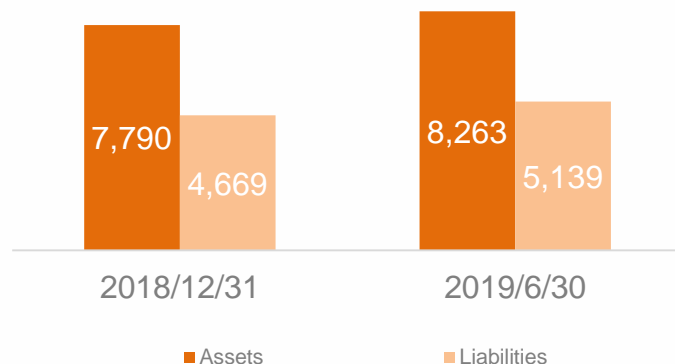


(HK\$ million/HK\$)	1H2018	1H2019
Net Profit	479	242
Profit Attributable to Shareholders	470	238
EPS	0.152	0.078

- The Company posted net profit of HK\$242 million in 1H2019
- EPS was HK\$0.078 as of June 30, 2019

Financial Update (Cont'd)

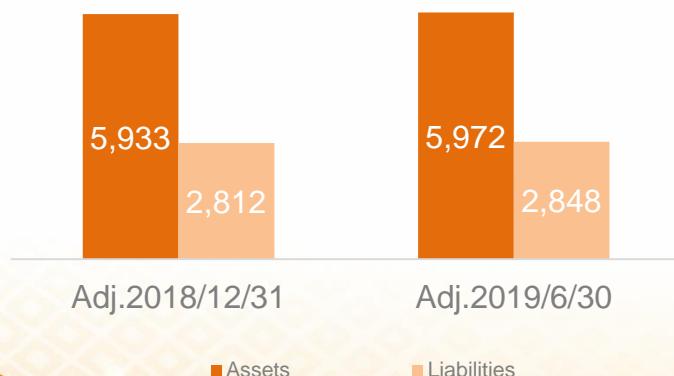
Assets/Liabilities (HK\$ million)



(HK\$ million)	2018/12/31	2019/6/30
Assets	7,790	8,263
Liabilities	4,669	5,139
Total Equity	3,121	3,124
D/A Ratio	59.94%	62.19%

- As at June 30, 2019, the Company's D/A ratio grew to 62.19% from 59.94% as at June 30, 2018
- In 1H2019, the Company's assets and liabilities grew by 6.07% and 10.07% respectively as compared to those at the end of 2018. Increase in assets and liabilities were both due to the increase of restricted bank deposits and bills receivable as a result of the full amount margin deposit for L/Cs or bank acceptance bills

Adjusted Assets/Liabilities (HK\$ million)

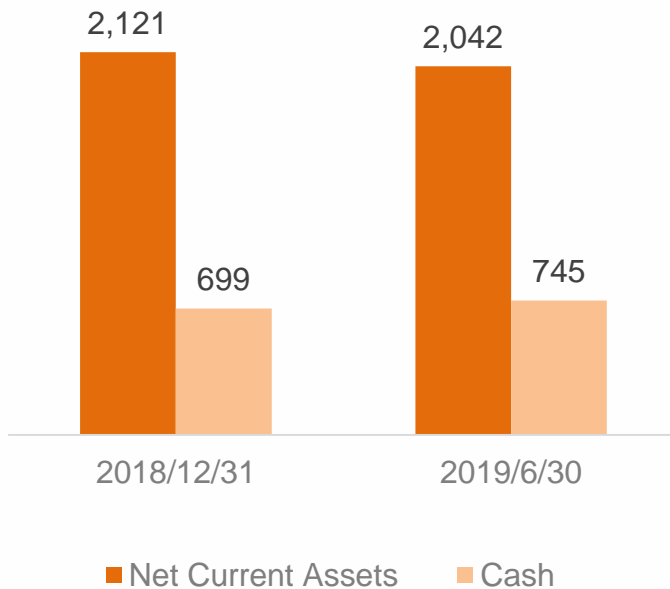


(HK\$ million)	Adj.2018/12/31	Adj.2019/6/30
Assets	5,933	5,972
Liabilities	2,812	2,848
D/A Ratio	47.39%	47.69%

- In trading activities, bank acceptance bills and letter of credit payments are common payment methods. The Company discounts such bills and pledges the bills against loans before they expire, but according to applicable accounting standards, such cash flows are classified as financing cash flows and recognized as liabilities. Therefore, they affect the Company's D/A ratio and cash flow analysis on the accounting statement date
- To reflect the Company's business and asset profile more accurately, the above factors are eliminated. The Group's adjusted D/A ratio is 47.69%, indicating healthy debt level on the whole

Financial Update (Cont'd)

Current Assets and Cash (HK\$ million)

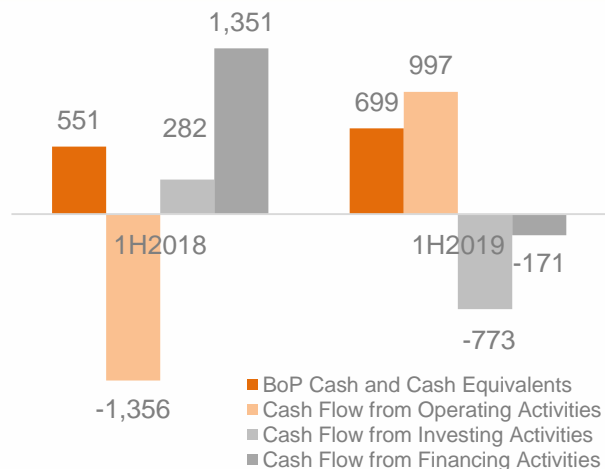


(HK\$ million)	2018/12/31	2019/6/30
Current Assets	6,560	6,919
Current Liabilities	4,439	4,877
Net Current Asset	2,121	2,042
Cash and Cash Equivalents	699	745
Current Ratio	1.48	1.42

- As at Jun 30, 2019, the Company's current assets increased by 5.47% over the same period in 2018, current liabilities rose by 9.87% over the same period in 2018, which were mainly due to increase in restricted bank deposits and bills receivable resulted from letter of credit or bank acceptance bills issued for full margin deposits domestically
- Current ratio was 1.42, remained basically flat with the level at the end of 2018

Financial Update (Cont'd)

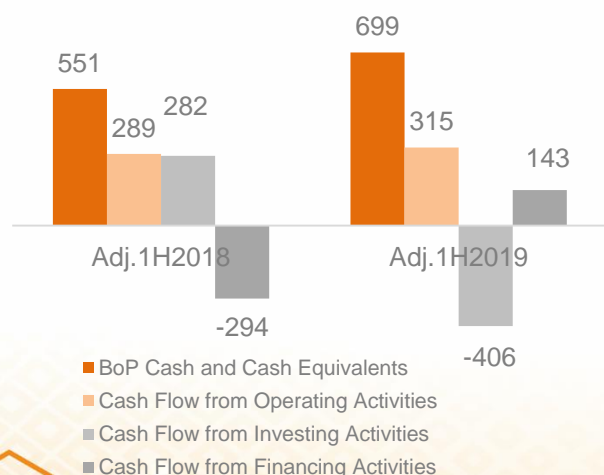
Cash Flow (HK\$ million)



(HK\$ million)	1H2018	1H2019
Cash and cash equivalents at 1 January	551	699
Cash Flow from Operating Activities	(1,356)	997
Cash Flow from Investing Activities	282	(773)
Cash Flow from Financing Activities	1,351	(171)
Impact of Change in Foreign Exchange Rates	(3)	(7)
Cash and cash equivalents at 30 June	825	745

- In 1H2019, cash inflow from operating activities was HK\$997mn, which was mainly contributed from cash profit of HK\$352 million and net cash inflow of working capital changes of HK\$645 million
- Cash outflow from investing activities stood at HK\$773mn. It was generated mainly due to an increase in restricted bank deposits for bank credit pledge of approximately HK\$683 million
- The Company posted a cash outflow from financing activities of HK\$171mn. The Company's open credits from domestic banks have remained at a stable level, the front-to-back limits from overseas bank have increased. The cash outflow from financing activities was mainly attributable to the reduction of the discounted bill receivable and the pledge of the bills receivable of approximately HK\$314 million

Adjusted Cash Flow (HK\$ million)

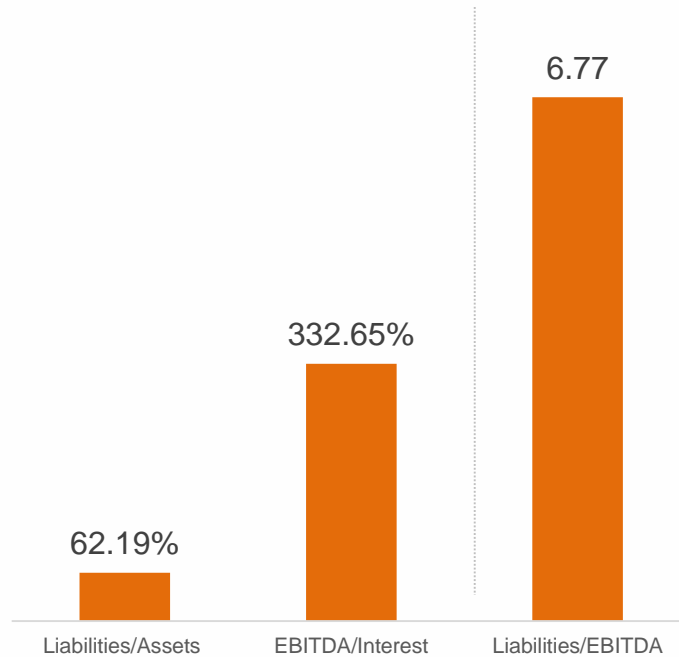


(HK\$ million)	Adj.1H2018	Adj.1H2019
Cash and cash equivalents at 1 January	551	699
Cash Flow from Operating Activities	289	315
Cash Flow from Investing Activities	282	(406)
Cash Flow from Financing Activities	(294)	143
Impact of Change in Foreign Exchange Rates	(3)	(7)
Cash and cash equivalents at 30 June	825	745

- In the supply chain trading business, acceptance bills and letters of credit are common payment methods. After receiving the acceptance bills and the letters of credit, the company will carry out the recourse discount or pledge loan, and deposit the full margin into the bank to issue bills payable. This method has very low risk since these two types of business liabilities use cashable bills and cash pledge, thus, is called low risk borrowing business. According to applicable accounting standards, although such bills receivable is from sales, the cash received from discounted bills receivable and the pledge loans are classified as financing activities in the cash flow statement. Although the bills payable is from procurements, the Company deposits the full margin into the bank to issue the bills payable, which are classified as investment activities in the cash flow statement. Therefore, in order to explain the company's business activities more clearly, the impact of the above changes is analysed as above:

Financial Update (Cont'd)

Liabilities and Liquidity



	2018/6/30	2019/6/30
Liabilities/Assets	65.53%	62.19%
EBITDA/Interest	641.48%	332.65%
Liabilities/EBITDA	6.11	6.77

- As at June 30 2019, the Company's gearing ratio was 62.19%, EBITDA/Interest was 332.65%, Liabilities/EBITDA was 6.77. Liabilities and liquidity maintain at a very healthy level

Thank you!