

# WINSWAY 易大宗

# 2024

## Interim Results



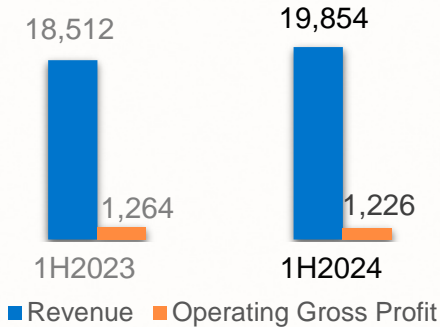
August 2024



# Revenue & Gross Profit Overview

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## Revenue/Operating Gross Profit



(HK\$ mn)	1H2023	1H2024
Revenue	18,512	19,854
OGP <sup>1</sup>	1,264	1,226
GPM	6.83%	6.18%

Product	1H2023 ('000 tonnes/HK\$ mn)					1H2024 ('000 tonnes/HK\$ mn)				
	Volume <sup>2</sup>	Amount	As % of Total Revenue	Operating Gross Profit <sup>1</sup>	Gross Profit Margin	Volume <sup>2</sup>	Amount	As % of Total Revenue	Operating Gross Profit <sup>1</sup>	Gross Profit Margin
Coal	7,853	14,061	75.96%	419	2.98%	9,952 <sup>②</sup>	16,858	84.91%	670	3.97%
Petrochemical	133	1,107	5.98%	12	1.08%	82	747	3.76%	7	0.88%
Integrated Supply Chain Services	-	3,073	16.60%	825	26.85%	-	2,101	10.58%	535	25.47%
Iron Ore	213	194	1.05%	2	1.01%	130	113	0.57%	3	2.72%
Others	11	77	0.42%	6	8.05%	-	35	0.18%	11	32.26%
<b>Total</b>	<b>8,210</b>	<b>18,512</b>	<b>100%</b>	<b>1,264</b>	<b>6.83%</b>	<b>10,164</b>	<b>19,854</b>	<b>100%</b>	<b>1,226</b>	<b>6.18%</b>

- In 1H2024, the Company recorded a consolidated revenue of approximately HK\$19,854 mn, an increase of 7.25% from HK\$18,512 mn in 1H2023, mainly due to the coal trading volume increased by 26.73% compared with 1H2023. Among it, the growth of domestic coal trading volume doubled compared with 1H2023.
- In 1H2024, the volatility of coking coal prices decreased, with a generally tight balance maintained between supply and demand. In the first quarter, due to weak demand from end users, steel mills were increasingly inclined to cut back production, resulting in notably lower molten iron output compared to the same period last year, and a consistent decline in coking coal prices. As demand for major steel varieties entered the high season in the first quarter, steel mills were more eager to increase production. However, after a temporary rebound, coking coal prices began to seek a new low. On the supply side, domestic coking coal production was impacted by safety inspections, while imports provided additional supply. In this context, the company posted approximately HK\$1,226 million in gross profit for the first half of 2024, of which, the supply chain trading business contributed 56.36% to the gross profit, and the integrated supply chain services contributed 43.64%.

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

2. The coal trading volume didn't include 4.88 mn tonnes of Mongolian coal trading executed by the joint venture Xianghui Energy in 1H2024.

# Revenue & Gross Profit Overview

## - By Segments

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### A – Supply Chain Trading

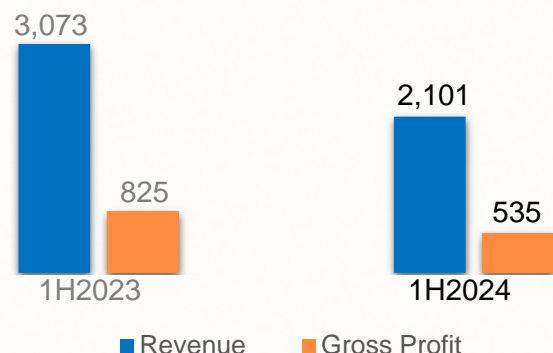
Product	Volume ('000 tonnes)	Amount (HK\$ mn)	As % of Total Revenue	Gross Margin
Coal	9,952	16,858	84.91%	3.97%
Oil and Petrochemical	82	747	3.76%	0.88%
Iron Ore	130	113	0.57%	2.72%
<b>Total</b>	<b>10,164</b>	<b>17,718</b>	<b>89.24%</b>	<b>3.84%</b>

*GPM for supply chain trading was 3.84% in 1H2024, 2.79% YOY*

Country	Amount (HK\$ mn)	As % of Total Revenue
PRC(including Hong Kong, Macau and Taiwan)	13,230	66.64%
Indonesia	1,836	9.25%
Malaysia	1,012	5.09%
South Korea	714	3.60%
Japan	503	2.53%
India	295	1.49%
Vietnam	129	0.65%
<b>Total</b>	<b>17,718</b>	<b>89.24%</b>

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

(HK\$ mn)



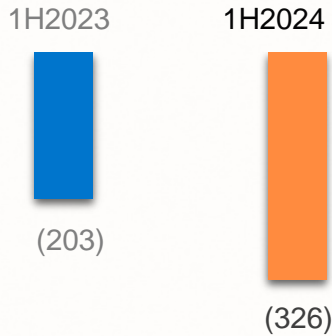
- In 1H2024, the revenue of integrated supply chain services sector recorded HK\$ 2,101 mn. The decrease in revenue was mainly due to the continuous decline in transportation fee (Trans-Mongolian Short Route), reaching a historic low, which affected revenue.
- It is worth noting that the Company's comprehensive business structure over the entire supply chain has enabled us to effectively manage costs. Additionally, by actively adapting to changing market conditions and aligning with policy directions, the Company achieved a gross profit of HK\$535 million and a gross profit margin of approximately 25.47%, which remained almost the same as 1H2023.

*GPM for integrated supply chain services was 25.47% in 1H2024, 26.85% YOY*



# Financial Update

## Operating Expenses

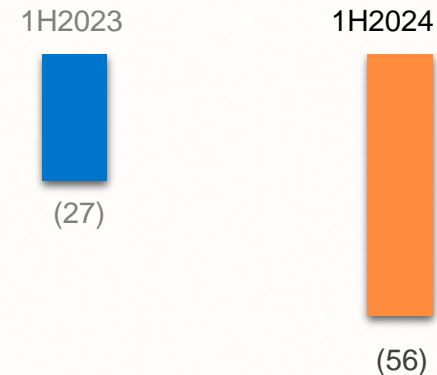


(HK\$ mn)	1H2023	1H2024
Administrative Expenses	(384)	(420)
Other revenue/(expenses)	181	94
Total Operating Expenses (Excluding Reversal of Impairment of Long-Term Assts)	(203)	(326)

- In 1H2024, the operating expenses (excluding the reversal of long-term asset impairment) for the Company amounted to HK\$ 326 mn, mainly due to: 1) The Company's business expansion needs, the corresponding increase in labor costs, resulting in an increase in administrative expenses; 2) To hedge the risk of market price fluctuations, the Company used futures derivatives, of which the income from the futures was HK\$ 40 mn.

## Finance Income/ Costs

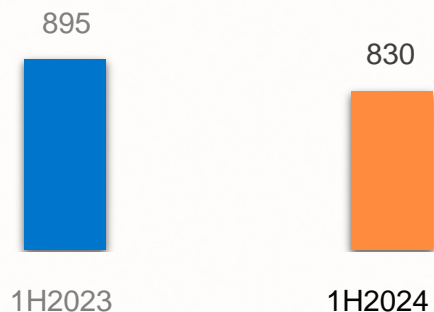
(HK\$ mn)	1H2023	1H2024
Finance Income	27	29
Finance Costs	(54)	(85)
Net Finance Costs	(27)	(56)



- In 1H2024, net financial costs increased by 107.41% compared with 1H2023, mainly due to an increase in financial costs. Financial costs increased by 57.41% compared with 1H2023, mainly due to the increased trading volume which resulted in the increased use of credit facility, the proportion of bill settlement increased and bill discount increased.



## Net Profit



(HK\$ mn)	1H2023	1H2024
Net profit	895	830
Profit Attribute to Shareholders	845	783
Basic EPS	0.314	0.294

- In 1H2024, the Company recorded a net profit of HK\$830 mn; the Company's performance remained stable.
- As of June 30, 2024, the basic earnings per share were HK\$0.294.

## 1H2024 Interim Dividend

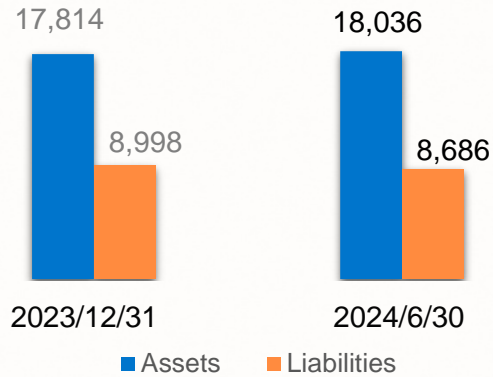
(HK\$'000)

Profit attributable to equity shareholders for 1H2024	782,859
Profit attributable to equity shareholders for 1H2024 *25%	195,715
Total Number of Shares (as of Jun 30, 2024)	2,698,176,962
Interim Dividend per Share	HK\$ 0.073

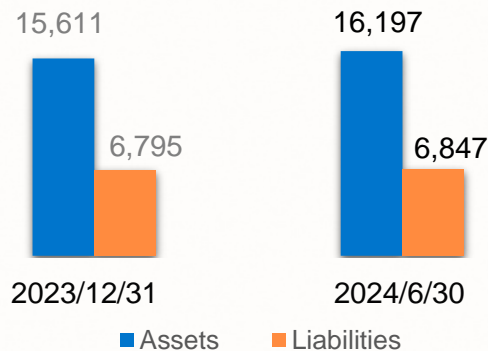
- The Company proposed to distribute a cash dividend of HK\$ 0.073 per share or approx. HK\$196 mn in 1H2024.



## Assets/Liabilities (HK\$ mn)



## Adjusted Assets/Liabilities (HK\$ mn)



(HK\$ mn)	2023/12/31	2024/6/30
Assets	17,814	18,036
Liabilities	8,998	8,686
Total Equity	8,816	9,350
Gearing Ratio	50.51%	48.16%

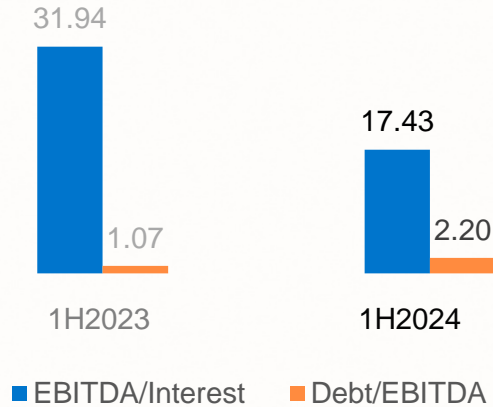
- As of June 30, 2024, the Company's gearing ratio has decreased from 50.51% from the beginning of 2024 to 48.16%. The Company's overall financial position remained healthy.

(HK\$ mn)	Adj.2023/12/31	Adj.2024/6/30
Assets	15,611	16,197
Liabilities	6,795	6,847
Gearing Ratio	43.53%	42.27%

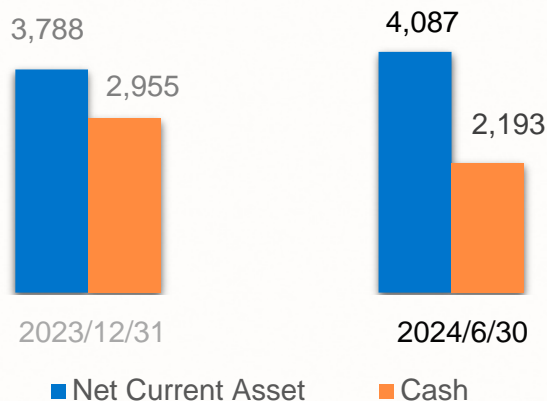
- After receiving bank acceptance bills and letters of credit, the Company discounts or pledges such bills to against loans from banks. According to accounting standards, assets and liabilities will increase at the same time. However, such bills and letters of credit discounted pledge loans are based 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 42.27%. The overall debt level was healthy and the liquidity was good.



## Liabilities and Liquidity



## Current Assets and Cash (HK\$ mn)



	1H2023	1H2024
EBITDA/Interest	31.94	17.43
Debt/EBITDA	1.07	2.20

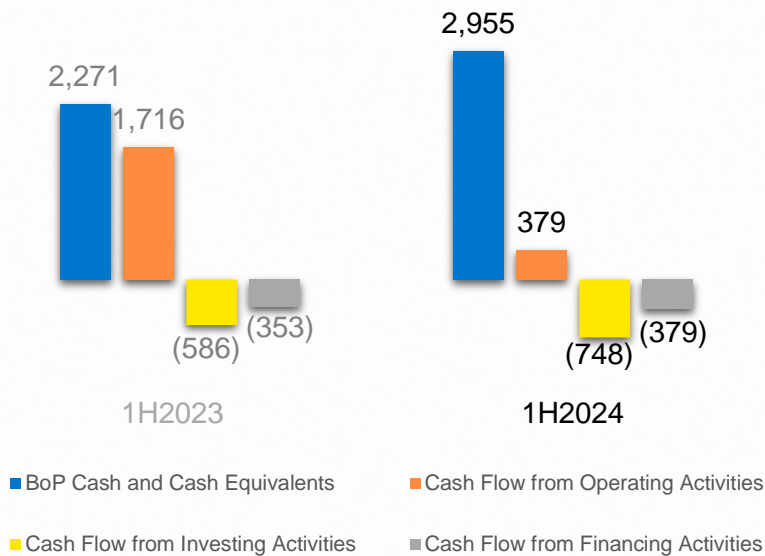
- As of June 30,2024, EBITDA / interest decreased to 17.43 from 31.94 in 1H2023; Debt/EBITDA rose to 2.20 from 1.07 in 1H2023. Mainly due to the trading volume increased in 1H2024 yoy; the amount of working capital increased; the use of trade financing amount and discounting of bill receipts increased. As a result, interest expenses increased.

(HK\$ mn)	2023/12/31	2024/6/30
Current Assets	12,146	12,347
Current Liabilities	8,358	8,260
Net Current Asset	3,788	4,087
Cash and Cash Equivalents	2,955	2,193
Current Ratio	1.45	1.49
Cash Ratio	0.35	0.27

- As of June 30,2024, the Company's net current assets increased by 7.89%, and current ratio increased to 1.49 from 1.45 at the beginning of the year.
- Cash and cash equivalents decreased by 25.79%, and cash ratio decreased to 0.27 from 0.35 at the beginning of the year. Mainly due to the necessary expenses such as dividends and bonuses were paid in 1H2024.



## Cash Flow (HK\$ mn)



(HK\$ mn)	1H2023	1H2024
Cash and cash equivalents at 1 January	2,271	2,955
Cash Flow from Operating Activities	1,716	379
Cash Flow from Investing Activities	(586)	(748)
Cash Flow from Financing Activities	(353)	(379)
Impact of Change in Foreign Exchange Rates	(88)	(15)
Cash and cash equivalents at 31 December	2,959	2,193

- In 1H2024, the net cash inflow from operating activities was approximately HK\$379 mn, mainly attributable to cash profits generated from operating activities.
- In 1H2024, the net cash outflow from investing activities was HK\$748 mn, of which cash outflow was approximately HK\$1,210 mn, mainly due to a cash outflow from logistics assets, coal washing assets and property investments, other property investment of approximately HK\$495 mn, increased occupation of restricted fund of approximately HK\$462 mn, and acquisition of subsidiary of HK\$113 mn. The cash inflow from investing activities in the first half of 2024 was approximately HK\$473 mn, which was attributable to a cash inflow from receipt of dividends from associates, joint ventures and other invested companies of approximately HK\$169 mn and receipt from futures business of approximately HK\$163 mn.
- In 1H2024, the net cash outflow from financing activities was approximately HK\$379 mn, mainly due to the payment of dividends of approximately HK\$210 mn, the repayment of financial leases of approximately HK\$149 mn, and the further capital contribution in Inner Mongolia E-35 and Haotong Environmental Technology from Xiangyu of approximately HK\$109 mn.



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Thank You!

