

# E-Commodities- An Integrated Commodity Platform Service Provider

*A global leading O2O commodities supply chain platform, based  
on information services and warehousing/ logistical facilities*



# Content

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Section I

**Recent Update**

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Section II

**Financial Update**

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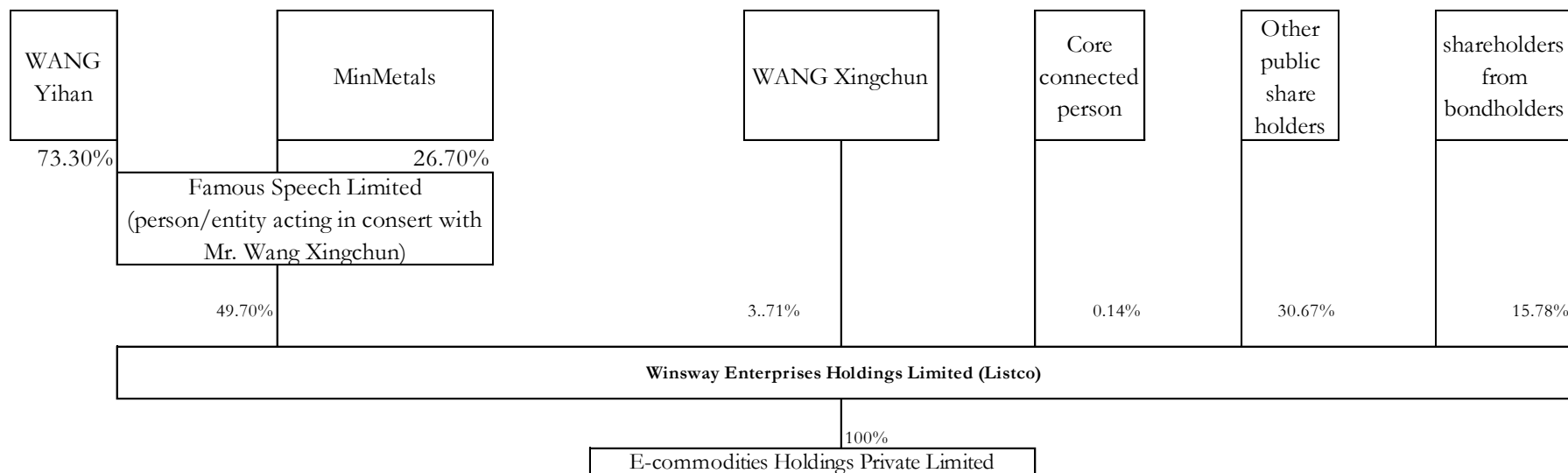
Section III

**Corporate Strategy**

# Section I

Recent Update

- The Company has announced that the Restructuring effective date occurred on 23<sup>rd</sup> June, 2016
- The Debt Restructuring was consists of a redemption of the outstanding Senior Notes and Interest Payment and all accrued, schedule interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of
  - Cash consideration of 50 million USD excluding consent fee and financial advisor fee
  - 18.75% of total issued shares on a diluted basis
  - Certain Contingent Value Right (CVR)
- The Company completed the debt restructuring in the first half of 2016. On one hand, the Company has tried its best to protect equity investor and debt investor's interest, and on the other hand, the capital structure of the Company has improved significantly. Our trading business will be benefited from the improved capital structure as we can secure more financing from the banks.



## Notes:

1. Before the debt restructuring and rights issue, the total outstanding shares was about 3.77 billion shares. As at 31 August 2016, after share consolidation and rights issue, the outstanding shares was 2.05 billion and after final distribution in October, the final share number will be 3.02 billion.
2. As shown in the above chart, Min Metals has 13.27% shares in the Listco with directly and indirectly owned subsidiaries. Mr. Wang and Ms Wang have in total 40.14% shares in the Listco through the directly and indirectly owned subsidiary.

# Operation Update – Mongolian Coal and Seaborne Coal

**Seaborne Coal Top 5 Suppliers**

N o.	Company Name	Procurement Tonnage ('000)	%	Total amounts (million HKD)
1	BHP	760	13.67%	442
2	Peabody	720	12.95%	388
3	Riotinto	530	9.53%	295
4	Yancoal	500	8.99%	271
5	Anglo	440	7.91%	264
6	Others	2,610	46.95%	1,499
7	Total	5,560	100%	3,159

**Mongolian Coal Top 1 Supplier**

N o.	Company Name	Procurement Tonnage ('000)	%	Total amounts (million HKD)
1	ETT	195	89.86%	364
2	Others	22	10.14%	40
8	Total	217	100%	404

**Top 5 Customers**

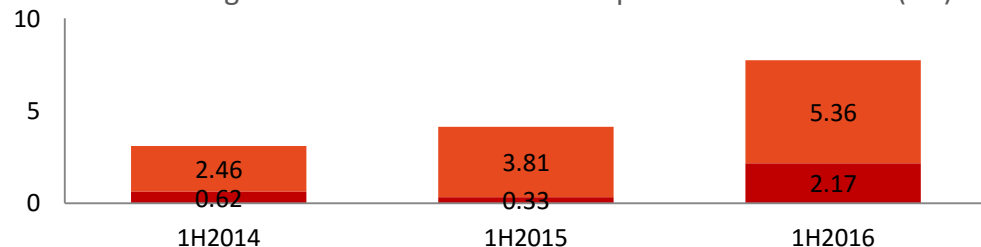
No.	Company Name	Amount (Million HKD)	% Total Revenue
1	Liu Steel	813	17.29%
2	JiuJiang International	574	12.20%
3	Baotou Steel	476	10.12%
4	Bao Steel	244	5.19%
5	Angang	202	4.30%
6	Others	2,394	50.90%
7	Total	4,703	100%

Note:

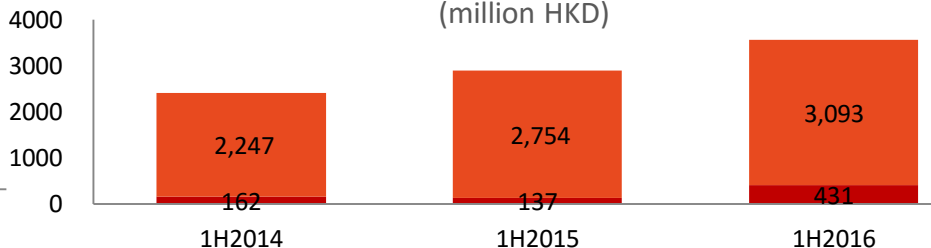
1. The revenue of the Company in the first half of 2016 is mainly from the sales of seaborne coal and Mongolian coal;
2. Seaborne coal is still mainly procured from international large suppliers, like BHP, with sound reputation. The volume proportion procured from top5 suppliers is around 55% of the total procurement volume;
3. In the first half of 2016, nearly 90% Mongolian coal is procured from ETT for the exclusive sales agreement signed with TTJV regarding the exclusive supply of 65% production volume p.a. from ETT;
4. Main clients of seaborne coal and Mongolian coal are domestic large steel plants with sound reputation and financial performance, and currently reliable in receivables recovery.

# Operation Update –Mongolian Coal and Seaborne Coal

Mongolian coal and seaborne coal procurement volume (mt)



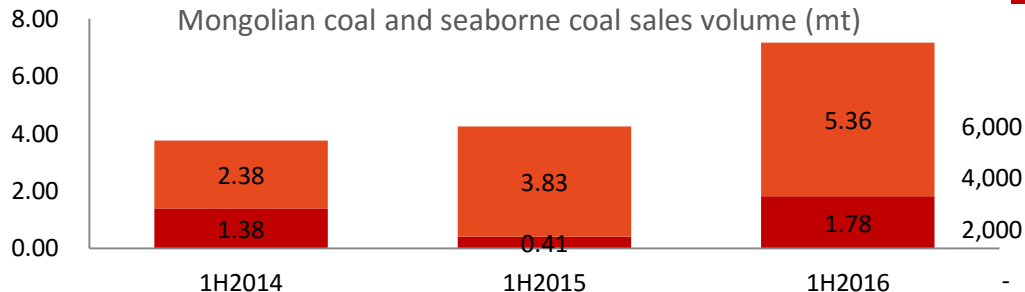
Mongolian coal and seaborne coal procurement amounts (million HKD)



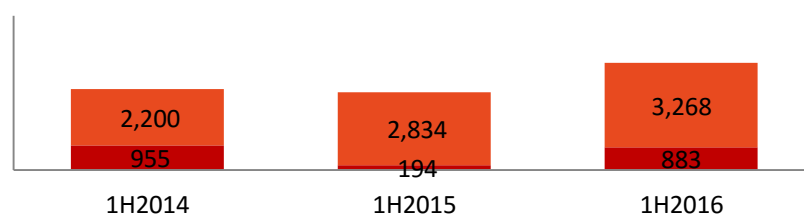
■ Mongolian coal procurement volume ■ Seaborne coal procurement volume

■ Mongolian coal procurement amounts ■ Seaborne coal procurement amounts

Mongolian coal and seaborne coal sales volume (mt)



Mongolian coal and seaborne coal sales amounts (million HKD)



■ Mongolian coal sales volume ■ Seaborne coal sales volume

■ Mongolian coal sales amounts ■ Seaborne coal sales amounts

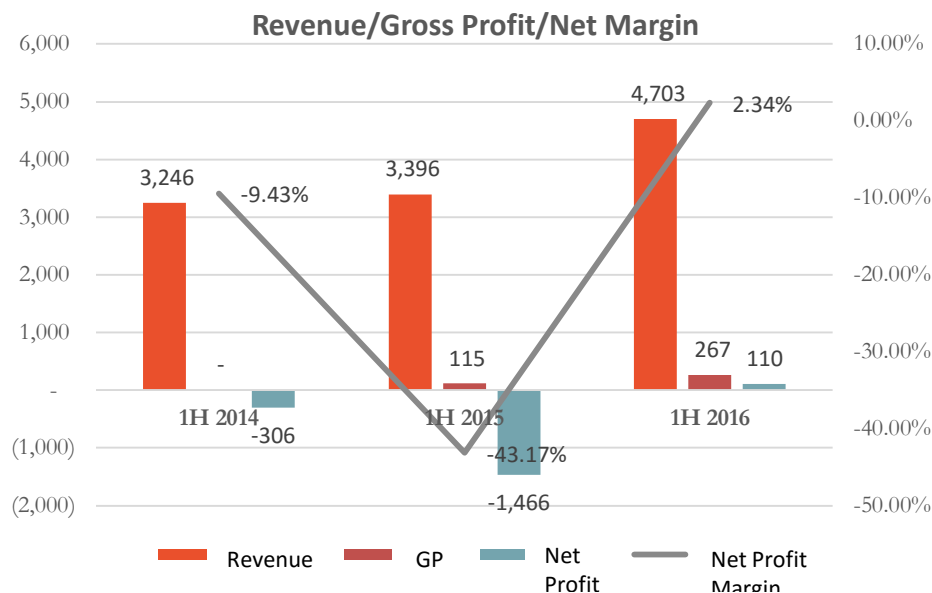
Coal	Category	1H2014	1H2015	1H2016
Mongolian Coal	Procurement volume (mt)	0.62	0.33	2.17
	Sales volume (mt)	1.38	0.41	1.78
	Procurement amounts (million HKD)	162	137	431
	Sales amounts (million HKD)	955	194	883
Seaborne Coal	Procurement volume (mt)	2.46	3.81	5.36
	Sales volume (mt)	2.38	3.83	5.36
	Procurement amounts (million HKD)	2,247	2,754	3,093
	Sales amounts (million HKD)	2,200	2,834	3,268
Total	Procurement volume (mt)	3.08	4.14	7.53
	Sales volume (mt)	3.76	4.24	7.14
	Procurement amounts (million HKD)	2,409	2,891	3,524
	Sales amounts (million HKD)	3,155	3,028	4,151

Note:

- In the first half of 2016, coal industry stably warmed up, showing new profit making chance;
- After three years depressing performance from 2013 to 2015, Mongolian coal bounced up in the first half of 2016 with 2.17 mt procurement volume and 1.78 mt sales volume. The growth is mainly benefited from stronger supply price competitiveness of Mongolian coal caused by the production volume restriction of Shanxi coal mines, discount of railway transportation fees, and lower Mongolian coal procurement price.
- In the first half of 2016, seaborne coal business grows significantly with 40.7% and 39.9% increase, respectively, in procurement volume and sales volume, comparing to the same period of last year.

## Section II

# Financial Update



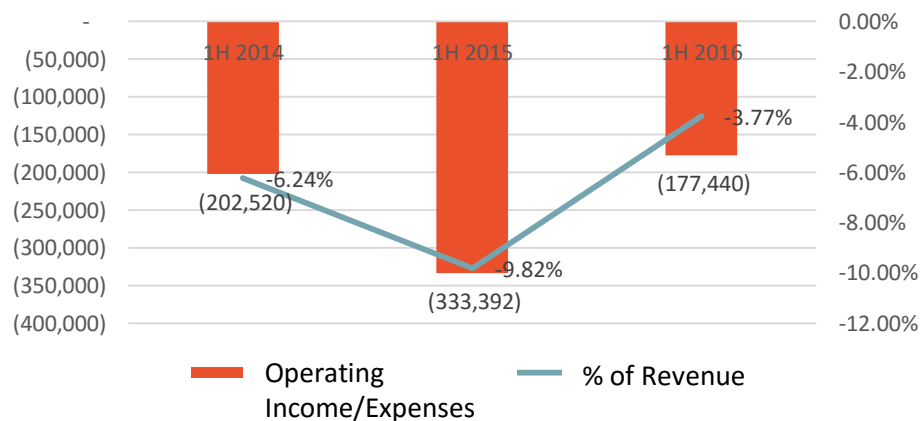
Million HKD	1H2014	1H2015	1H2016
Revenue	3,246	3,396	4,695
Gross profit	0	115	257
Net profit	-421	-1,581	2,235
Net margin	-13%	-47%	48%

Note:

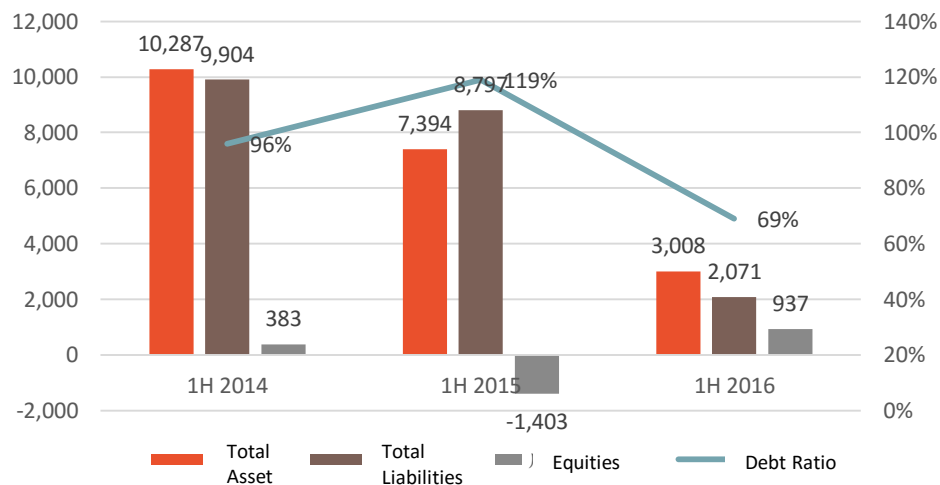
1. In the first half of 2016, total revenue of the Company increased with 38.25%, compared to that of last year, which is mainly contributed by the growth of seaborne coal and Mongolian coal business. Gross profit also increased significantly for the contribution of seaborne coal and Mongolian coal trading.
2. Besides of seaborne coal and Mongolian coal business, trading of Petrochemical products and steel products is newly added to the business scope of the Company. Although the total revenue generated from the new products is limited, it is growing stably.

In thousand HKD	1H2014	1H2015	1H2016
Other Revenue	76,272	1,552	12,874
Distribution Expense	(86,314)	(17,392)	(59,253)
Administrative	(191,200)	(322,147)	(123,489)
Impairment- LT Asset			162
Other Operating	(1,278)	4,595	(7,734)
Total Operation	(202,520)	(333,392)	(177,440)
Income			
% of Revenue	-6.24%	-9.82%	-3.77%

**Operating Income/ (Expenses) (In '000 HKD)**



## Balance Sheet (In HKD millions)



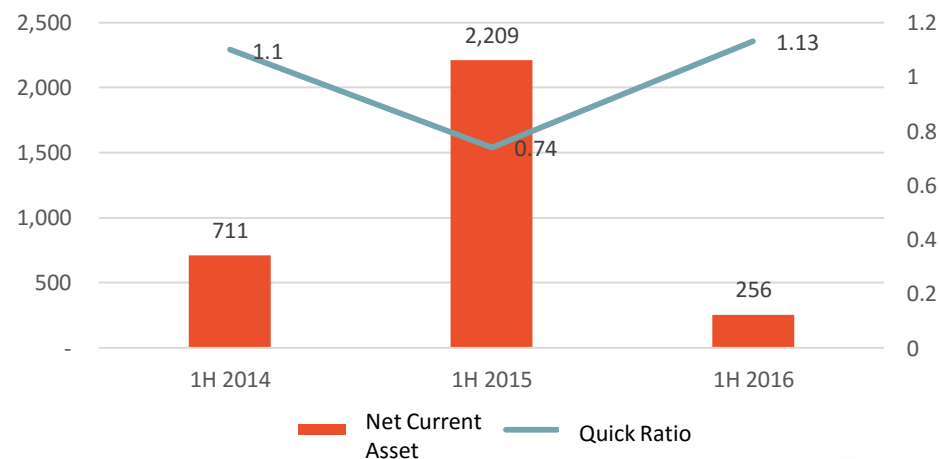
In million HKD	1H2014	1H2015	1H2016
Total Asset	10,287	7,394	3,008
Total Liabilities	9,904	8,797	2,071
Owners Equity	383	-1,403	937
D/A Ratio	96%	119%	69%

### Notes

- As the debt restructuring as completed in the first half of 2016, the debt to asset ratio decreased to 68.83%

In million HKD	1H2014	1H2015	1H2016
Current Asset	8,095	6,434	2,178
Current Liabilities	7,384	8,643	1,922
Net Current Asset	711	2,209	256
Quick Ratio	1.10	0.74	1.13

## Net Current Asset and Quick Ratio (in HKD Million)



# Section III

## Corporate Strategy

	 Mining/warehousing /Processing	 Logistical Services	 Commodity Trading	 Supply Chain Financing
Coal				
Iron Ore				
Oil PetroChem				
Metal				
Agricultural Product				
Others				



## E-Commodities Advantages:

- ✓ With its own strong financing capabilities, E-Commodities will be able to provide structured mining financing services to miners, so that E-Commodities will be able to secure long term offtake contract;
- ✓ E-Commodities owns land reserve and warehousing facilities at Sino-Mongolian and Sino-Russian border crossings, and these facilities will serve all kinds of commodities efficiently. Warehousing on the borders are bonded area and futures delivery function will be incorporated soon;
- ✓ E-Commodities has unrivalled advantages with inland railway transportation with its investment on railway and many years of corporation experience with railway bureau;
- ✓ E-Commodities has covered major domestic ports and will work with port bureau with is logistical operation experience;
- ✓ E-Commodities owns processing plant in several important sites, such as Longkou and Yingkou as well as Jinjing, so that we can provide efficient processing services to client.

## -Self-owned facilities over view-Sino Mongolian Border Crossings

Location	Project	Asset Description	Capacity
<b>Ceke</b>	Logistics park	Consists of office buildings, commercial lots, staff quarters, canteens, boiler houses, maintenance workshops, wind shields, stockpiles etc.	ancillary facilities 5mtpa
	Railway logistics park	Consists of transshipment station, stockpiles, site formation and railway laying, container house	10 million tonnes
	Border-crossing conveyor belt transportation	Consists of coal conveyor belts	Annual capacity of 6 million tonnes
	Railway logistics park	Loading station and warehousing	0.7 million tonnes
<b>Erlianhaote</b>	Railway logistics park	Include 14km wide standard railway, office building, boiler room, repair workshop, stockpile, wind shield and transshipment	10 million tonnes of logistical capacity and 1.5 million tonnes of storage capacity
	Warehousing Capacity	3~4 stockpiles	
<b>Gants Mod and Jinquan</b>	Jinquan railway logistics park	Consists of transshipment stations and stockpiles	10 million tonnes of logistical capacity and 1 million tonnes of storage capacity
	Warehousing Capacity	Maximum capacity under single type of coal	
	Border crossing logistics park	Consists of staff quarters, commercial lots, canteens, boiler houses, water pump houses, gas stations, motels maintenance workshops, stockpiles, wind shields, etc.	Annual capacity at 5 million tonnes
	Border crossing conveyor belt transportation	Consists of coal conveyor belts	Annual capacity at 4 million tonnes
<b>Jining</b>	Railway logistics park	Annual capacity at 4 million tonnes	Annual capacity at 10 million tonnes
	Warehousing Capacity	Maximum capacity under single type of coal	1 million tonnes

# Mining/Warehousing/Processing Services-Self-owned facilities overview- Sino-Russian Border Crossings and Sea Ports

Location	Project	Asset Description	Capacity
Manzhouli	Logistics park	Consists of ore stockpile area, coal stockpile area, road	Ancillary facilities
	Railway loading system	Consists of transshipment station, stockpiles, coal transportation system	Annual capacity at 10 million tonnes
Yingkou	Self-owned storage		6000 tonnes
Longkou	Self-owned storage		0.1 million tonnes
Qinghuangdao Port	Port lease	Warehouse area of 770,000 square meters. Stock piles of 1.05 million square meters. Total capacity at 3.08 million tonnes	1.5 million tonnes
Rizhao Port		Coal at 3.5 million tonnes and iron ore at 10 million tonnes	Coal at 0.7 million tonnes and ore at 2 million tonnes



## Land Transportation



## Seaborne Transportation

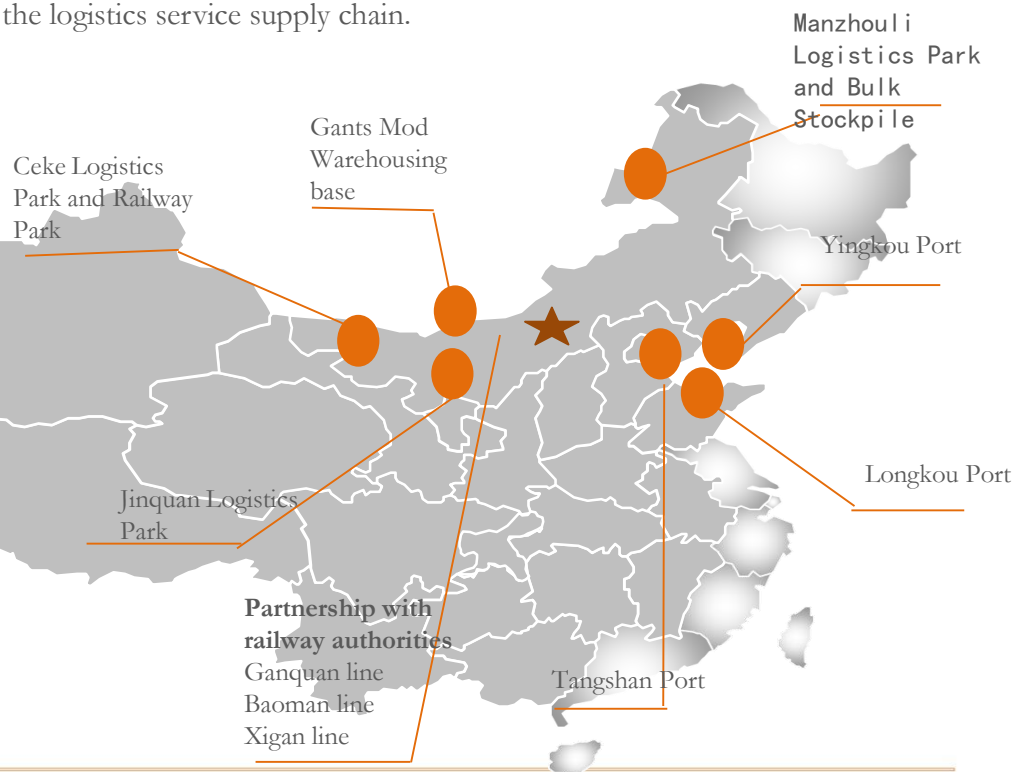


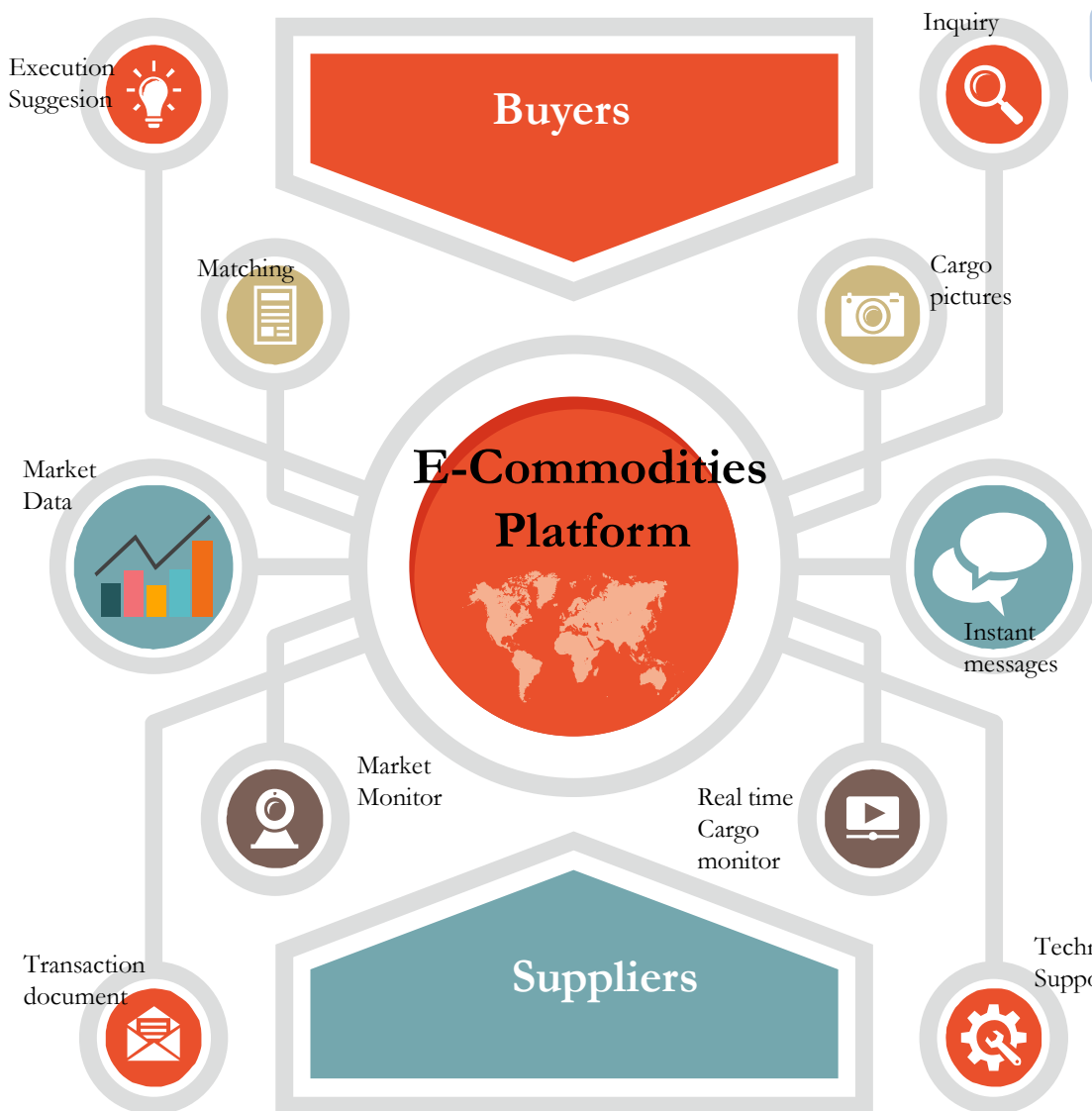
Provide customers with appropriate and efficient warehousing, loading, delivery and processing services;

While providing logistics services, information on goods, trucks/ships, warehousing and other relevant information will be acquired, analysed and utilised in real-time to integrate and optimize the logistics service supply chain.

## E-Commodities' edge in logistics services

- ✓ E-Commodities has core transportation assets at Sino-Mongolia and Sino-Russian border crossings and extensive experience in and a professional team for logistics
- ✓ Huayuan, our subsidiary company, has own 3,300 train wagon under a JV with railway bureau and has annual capacity of 11.8 million tonnes.
- ✓ ; With warehousing facilities, E-Commodities will provide the best total solution for railway, trucking and seaborne transportation.
- ✓ Creative transportation solutions: container shipping, environmental friendly and economical;
- ✓ Real-time positioning: to realize the control of the cargos
- ✓ E-Commodities has unrivalled edge in inland railway transportation given its investment in railway assets and years of cooperation with railway authorities
- ✓ E-Commodities strategically covers major domestic ports and works with port authorities with its outstanding logistics

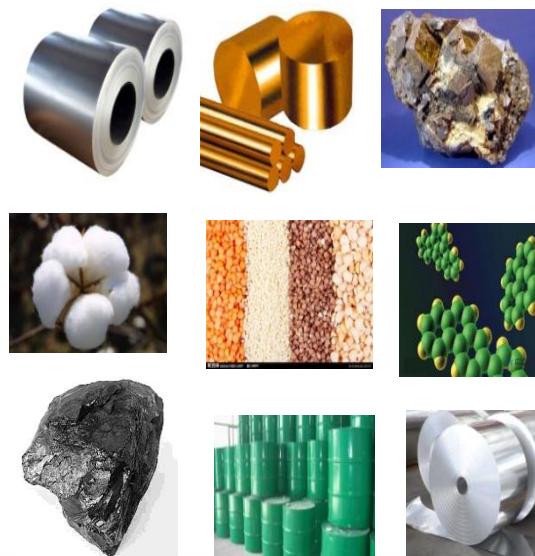




## E-Commodities Online Transaction Services

1. E-commerce platform provides matching services and acts as an additional channel for customers;
2. Professional market trend analysis and opinion;
3. Direct suppliers to end markets without intermediaries involved;
4. Potential application for license of online payment to ensure trade safety.

## We will expand our portfolio into



## Commercial factoring

Provide integrated financial services including receivables collection, management and work-out of non-performing stock

## Collateral management services

Reduce risks of financing banks by replacing traditional pledge with integrated cargo management

## Financing of floating stock

Provide goods financing through continuous management of rollover inventory. Utilize self-owned warehousing resources or those which we have interest in or partnership to provide inventory financing

## Structured Financing

Adjust the debt to equity ratio of the Company to achieve the financing targets.

## Notes

Discounting and pledge the notes and bills.



## Compliance procedures and risk control

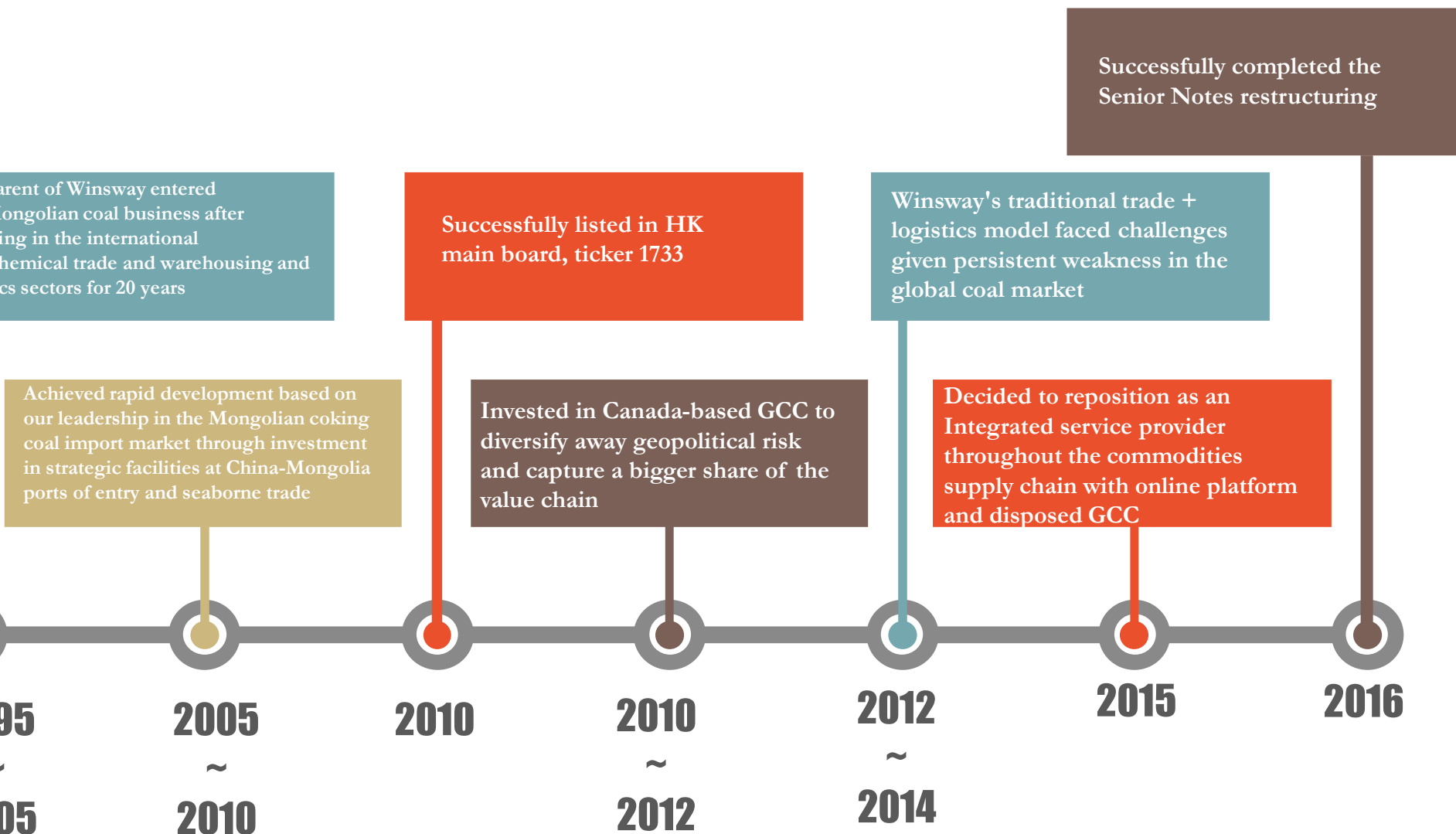
- Ensure authenticity of each trade upon examination of trade vouchers and documents
- Have the right to goods through goods management
- Prevent internal fraud risk through refined internal control mechanism
- Control price fluctuation risk through market monitoring and utilisation of hedging tools



## E-Commodities's edge in financing

- Financing platform: arbitrage opportunities created by the spread between offshore and onshore financing platforms and multiple sources of funds;
- Trade platform: sales teams network covering key industries across China, established sales force providing support for trade execution, trade platform covering multiple commodities providing additional exit channels post product financing;
- Licenses: application for license of factoring business and license for asset securitisation business and acquisition of interests in banks and other financial institutions.

# Commodities Milestones



谢谢 / Thank you