

E-Commodities- An Integrated Commodity Platform Service Provider

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



Table of Contents

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Section I

Recent Update

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Section II

Financial Update

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Section III

Corporate Strategy

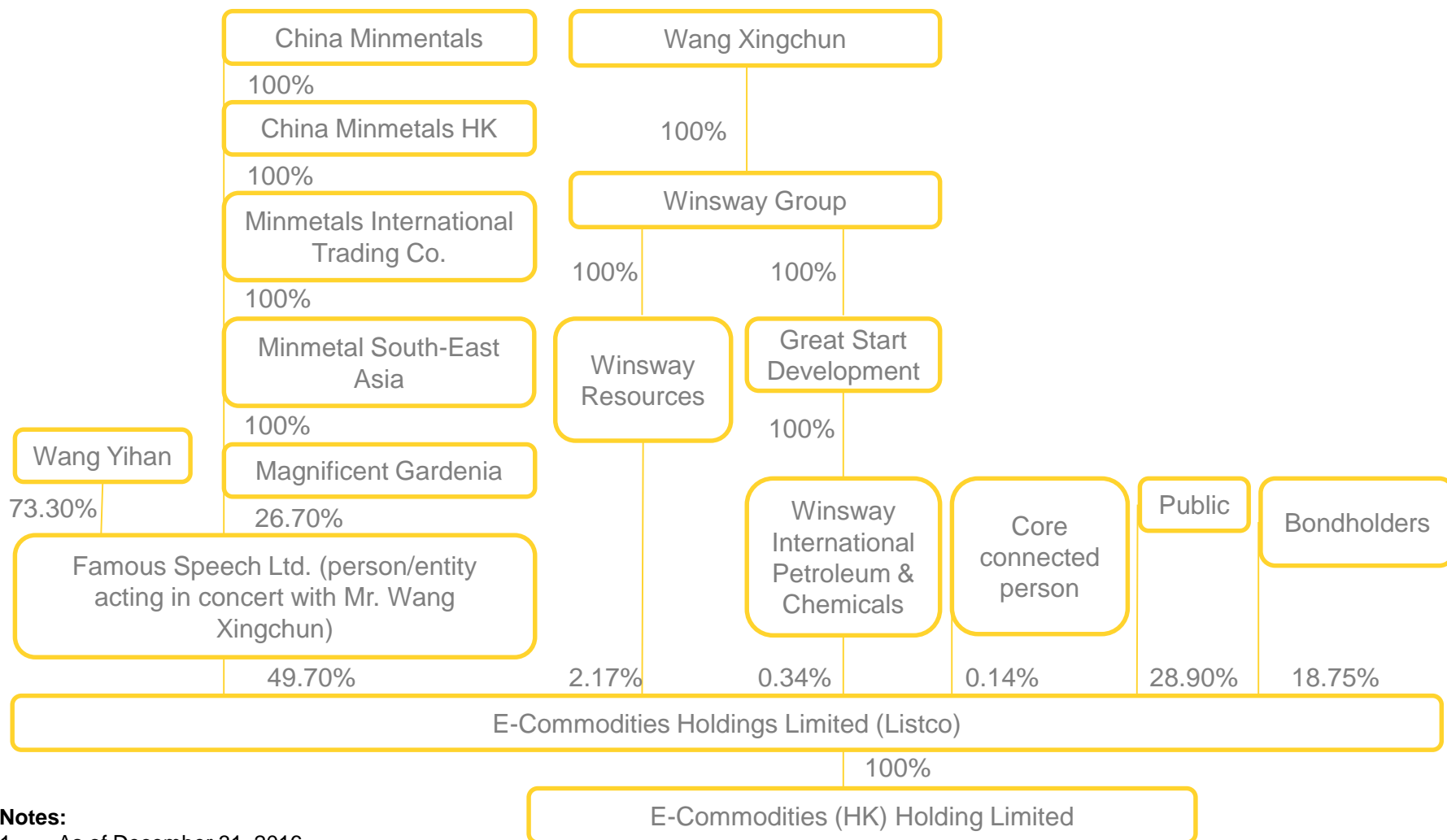
Section I

Recent Update

Completion of HY Bonds Restructuring

- On June 23, 2016, the Company announced the HY bond restructuring scheme had become unconditional and effective
- Under the bond restructuring scheme, bondholders accepted the following combined ways of payment:
 - A cash consideration of US\$50 million with the sum of the outstanding principal of senior notes as of the restructuring payment agreement date, the accrued but unpaid consent fee equivalent to interest rate of 2% and the successful fee of the financial advisor
 - 18.75% of the total issued new common shares of the Company; and
 - Contingent value rights (CVR) with nominal value of US\$10 million
- In 2016, the Company successfully completed the HY bond restructuring, in which the Company had made its best endeavors to safeguard the interests of bond investors and equity investors. Meanwhile, the Company's financial profile was improved substantially which facilitated the Company to access bank financing for further trade business development

Shareholding Structure



Notes:

1. As of December 31, 2016.
2. The Company had 3.773 billion shares before the bond restructuring. As of December 31, 2016, after a series of share diminution and tap issues, the Company had approximately 3.019 billion shares.
3. As indicated above, Minmetals beneficially owns 13.27% shares and Mr. Wang and Ms. Wang own 38.94% shares in the ListCo.

Section II

Financial Update

2016 Coal Market Overview

A Rebound Production Volume Drives Coal Price To Return To A Reasonable Level

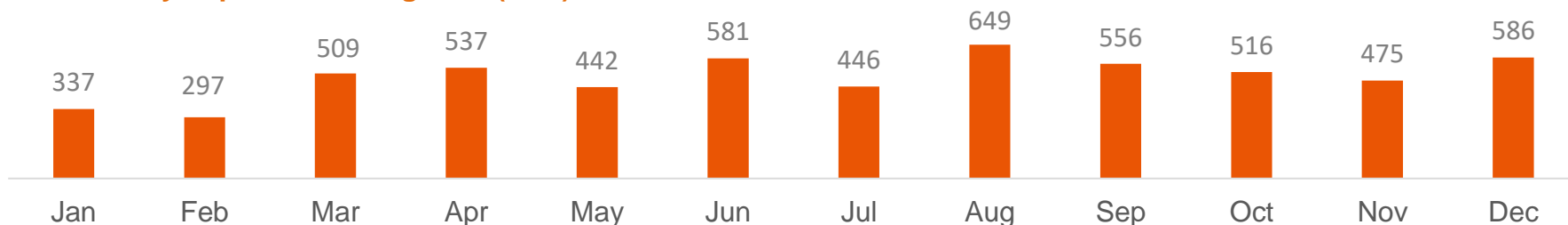
Given that China's utilization of coal capacity is substantially below the normal level, the authorities such as NDRC, National Energy Administration jointly promulgated the Notice Concerning Further Regulation and Improvement of Coal Production and Operation Order as of the end of March of 2016, requiring that starting from 2016 the national coal operators have the current compliant production capacities of existing mines multiplied by the factor of 0.84 (rounded off to whole number) and take them as the new compliant production capacities with annual operation hours not exceeding 276 working days. Following the launch of production restriction initiative, China has seen a notable contraction of national production capacity since Q216 and the coal price in 2016 was nearly double when compared with 2015. For the first three quarters of 2016, the accumulated coking coal production volume dropped more than 10%. Contraction in supply, together with the peak season for steel production, have driven up the price of coking coal substantially in 2016.

Besides, a rise in steel price since the end of 2015 also helped boost the coking coal price, indirectly enabling upstream coal players to have a say in negotiation.

Annual Supply Of Coking Coal In China 2012-2016 (10kt)



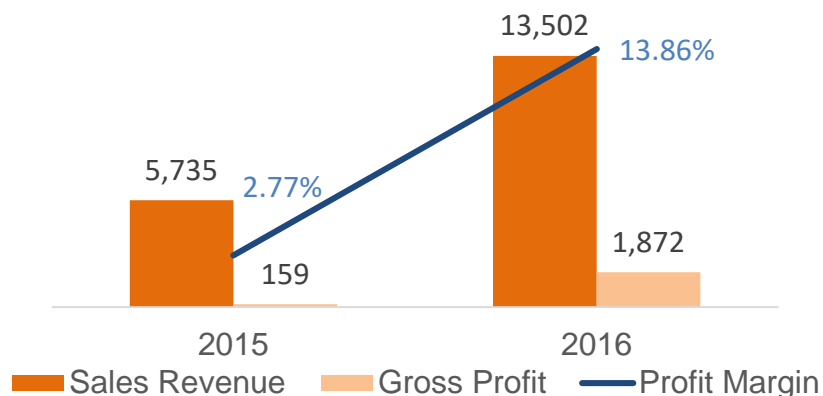
2016 Monthly Import Of Coking Coal (10kt)



Source: sxcoal.com.

Financial Highlights

Sales Revenue/Gross Profit/Profit Margin (HK\$ million)



(HK\$ million)	2015	2016
Sales Revenue	5,735	13,502
Gross Profit	159	1,872
Profit Margin	2.77%	13.86%

- Benefitted from the increased sales and selling price of coking coal, the Company registered sales revenue of HK\$ 13.502 billion in 2016, which means 135.43% up when compared with 2015 figure of HK\$5.735 billion. According to Platts' report, the average FOB price of premium hard coking coal in Australia surged to US\$264 per ton in December 2016 from US\$77 per ton in January 2016 and peaked at US\$302 per ton in November 2016
- Thanks to the recovery of coal market in 2H16 and a change in the relation between supply and demand, the profitability of coal per ton becomes stronger with profit margin risen to 13.86% in 2016 from 2.77% in 2015. The Company registered an improvement of profit margin, which rose to HK\$1.872 billion in 2016 from HK\$159 million in 2015, implying an increase of ~11x

Breakdown of Sales Revenue

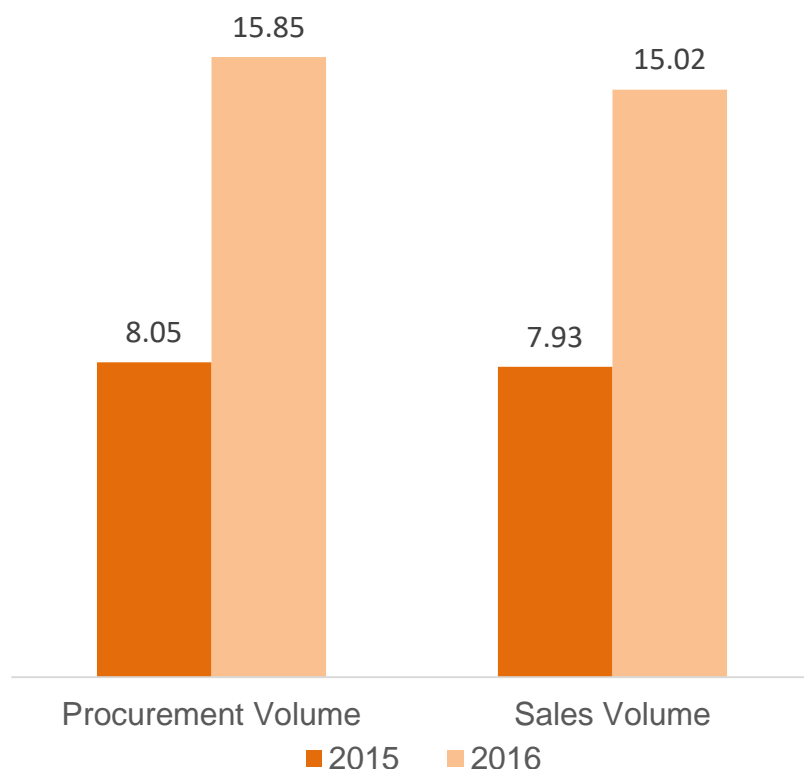
Product	Amount (HK\$ million)	As % of Total Revenue
Coking Coal	12,259	90.80%
Thermal Coal	38	0.28%
Coal Related Products	49	0.36%
Petrochemicals	954	7.07%
Steel	91	0.68%
Logistics Services	92	0.68%
Iron Ore	11	0.08%
Others	6	0.05%
Total	13,502	100%

- The Company's principal business revenue was mainly from the sale of coking coal in 2016. Since 2016, the Company has started pursuing diversified product trading, such as petrochemicals, steel, iron ore etc..

Financial Highlights (Cont'd)

Coking Coal Procurement Volume vs Sales Volume

(mt)



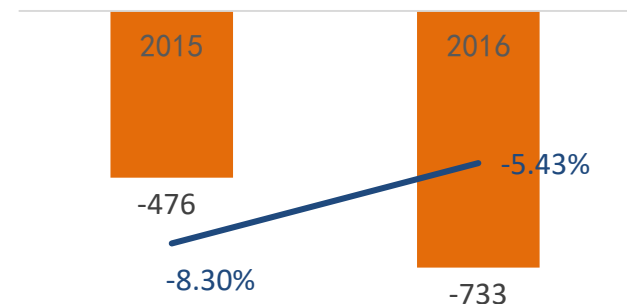
* The 2015 figures do not include GCC procurement volume and sales volume.

(mt)	2015	2016
Procurement volume of coking coal	8.05	15.85
Sales volume of coking coal	7.93	15.02

- Since 2H16, due to the impact of supply-side reform, alongside restriction on coal production in Shanxi, strengthened environmental protection and so forth, the coal supply and demand relation has been improved and the procurement and selling prices have been on a rise
- Under these circumstances, the Company achieved rapid growth of coking coal procurement volume and sales volume in 2016. The procurement volume rose to 15.85 million tons from 8.05 million tons in 2015 (i.e. 96.89% up), while the sales volume increased to 15.02 million tons from 7.93 million tons in 2015 (i.e. 89.41% up)
- Major customers for coking coal business remain to be domestic large steel producers, whose reputation and performance are good enough to assure receivables recovery as scheduled
- Coking coal is still mainly purchased from international large suppliers, like BHP. Top 5 suppliers accounted for ~42.88% of the total procurement volume
- For 2016, 10.89% coal was procured from Mongolia ETT due to the exclusive sales agreement signed with TTJV (which stipulates exclusive supply of 65% production volume p.a. from ETT)

Financial Highlights (Cont'd)

Operating Expense (HK\$ million)



- Total operating expense (with other revenues and impairment of non-current assets excluded)
- As % of operating revenue

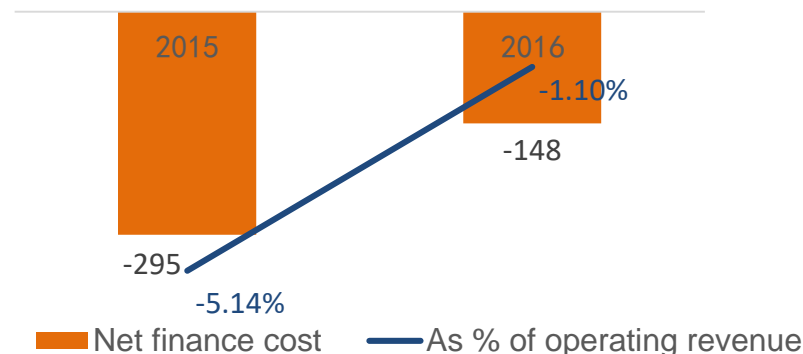
(HK\$ million)	2015	2016
Distribution cost	(29)	(193)
Administrative expenses	(450)	(525)
Other operating (expenses) /income, net	3	(15)
Total operating expenses (with reversal of impairment/(impairment) of non-current assets excluded)	(476)	(733)
As % of operating revenue	-8.30%	-5.43%

- The Company registered total operating expenses of HK\$733 million in 2016, representing an increase of 53.99% when compared to 2015. Such increase was mainly attributable to higher distribution cost and administrative expenses
- The growth of 2016 coal sales (which was 85.25% up when compared to 2015) led to a notable corresponding increase in distribution cost. Meanwhile, the surge in coal price in 2016 allowed delivery of coal to more remote areas, which fueled the increased distribution cost to a certain extent
- An increase in administrative expenses was mainly attributable to the performance based bonus of HK\$247 million granted for the outstanding performance of salesmen against the 2016 results metrics
- In the above table, the operating expense for 2015 does not include the impairment of non-current assets of HK\$1.143 billion and the operating expense for 2016 does not include the reversal of impairment loss for non-current assets of HK\$4+ million

(HK\$ million)	2015	2016
Finance income	70	8
Finance costs	(365)	(156)
Net finance costs	(295)	(148)
As % of operating revenue	-5.14%	-1.10%

- The table has not covered the gain from 2016 HY bond restructuring which amounted to ~HK\$1.948. In 2016, the Company raised an amount of US\$50 million through a rights issue. This, together with scheme shares of 18.75% and contingent liabilities of US\$10 million, made it possible the restructuring of HY bonds with principal of ~US\$300 million. After the completion of the HY bond restructuring, the company's finance costs decreased accordingly
- If the impact of interest on HY bonds is not taken into account, the net finance costs for both 2015 and 2016 basically hold steady

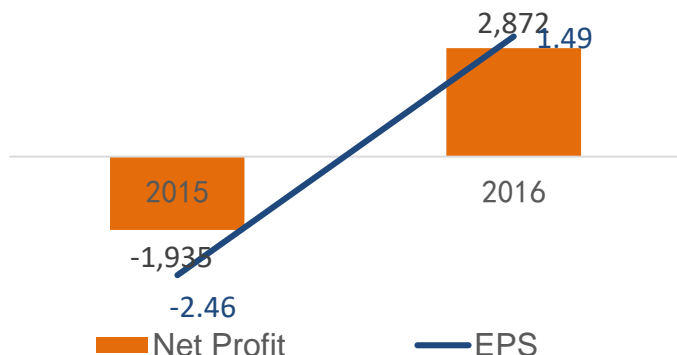
Finance Income/Finance Costs (HK\$ million)



- Net finance cost
- As % of operating revenue

Financial Highlights (Cont'd)

Net Profit/EPS (HK\$ million/HK\$)



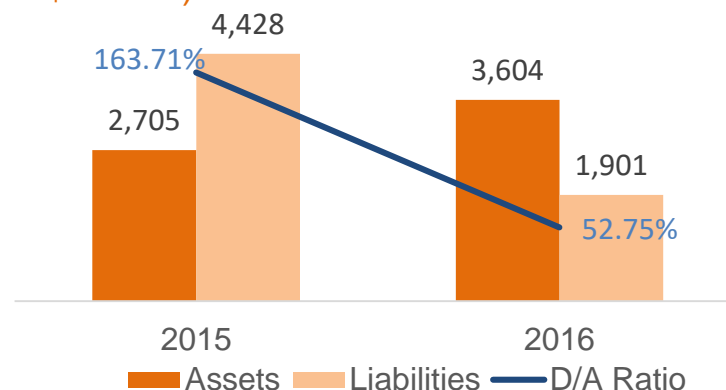
	2015	2016
Net Profit (HK\$ million)	-1,935	2,872
EPS (HK\$)	-2.456	1.488

- The Company registered a net profit of HK\$2.872 billion in 2016, representing the first turnaround since 2012 and incorporating gains from HY bond restructuring (i.e. HK\$1.948 billion). If the impact of such restructuring gain is not taken into account, the net profit will be HK\$924 million
- Following its share diminution, rights issue, issue of scheme shares and anti-dilution shares, repurchase and cancellation of shares in 2016, the Company has seen considerable changes in number of shares. After adjustments, the Company had total shares (on a diluted basis) of 1,368,210,337 and diluted EPS of HK\$1.488. After adjustments, the Company's diluted EPS for 2015 was HK\$-2.456
- 2016 EPS (excluding gain from debt restructuring) is HK\$0.479

(HK\$ million)	2015	2016
Assets	2,705	3,604
Liabilities	4,428	1,901
Total Equity	-1,723	1,703
D/A Ratio	163.71%	52.75%

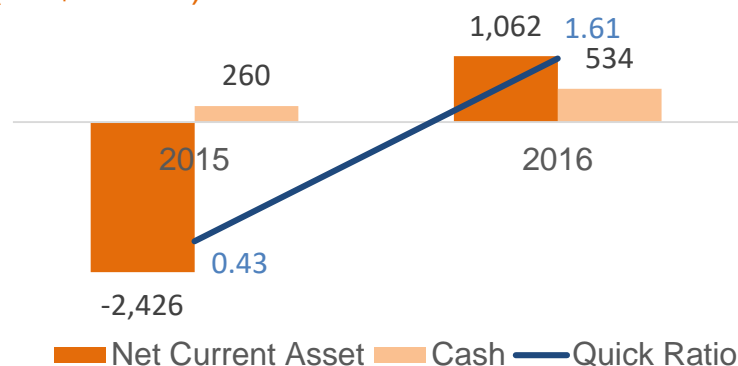
- The Company saw a considerable improvement in D/A ratio in 2016, which was 52.75% down when compared with 2015 figure of 163.71%
- The reduction of debt in 2016 was attributable to the successful completion of HY bond restructuring, curtailing the principal of HY bonds and interest thereon of ~US\$345 million

Assets/Liabilities (HK\$ million)



Financial Highlights (Cont'd)

Current Assets And Cash (HK\$ million)



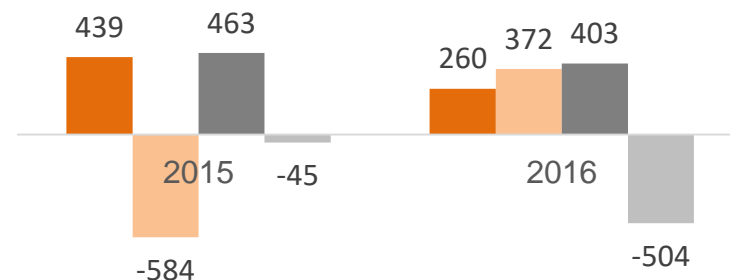
(HK\$ million)	2015	2016
Current assets	1,831	2,791
Current liabilities	4,256	1,729
Net current asset	-2,426	1,062
Cash and cash equivalents	260	534
Quick ratio	0.43	1.61

- The Company managed to substantially cut current liabilities to HK\$1.729 billion in 2016, which was mainly due to a successful restructuring of ~HK\$2.389 billion HY bonds
- Thanks to the successful completion of HY bond restructuring, the Company has seen a great improvement in quick ratio, rising from 0.43 in 2015 to 1.61 in 2016
- Since 2016, the Company has exercised stringent control over cash expense. As a result, cash and cash equivalents rose to HK\$534 million from HK\$260 in 2015

(HK\$ million)	2015	2016
Cash and cash equivalents at beginning of period	439	260
Operating cash flow	(584)	372
Cash flow from investing activities	463	403
Cash flow from financing activities	(45)	(504)
Impact of change in foreign exchange rates	(12)	3
Cash and cash equivalents at end of period	260	534

- The Company achieved an immense improvement and uplift of cash and cash equivalents at end of period in 2016 with the figure increased to HK\$534 million in 2016 from HK\$260 million in 2015, i.e. 105.87% up
- We have seen a remarkable reduction of the cash consumed in operation in 2016 when compared to 2015. Due to the recovery of coal market and the great improvement in operating profitability, the Company's cash flow as a whole has been accelerated. Despite that higher sales led to a share of inventory and receivables in working capital, there was much better performance in the overall operating cash flow when compared to 2015
- The cash flow from financing activities for 2016 was noticeably improved over last year. This was mainly attributable to stronger fundamentals of the Company, leading to better performance in banking facilities

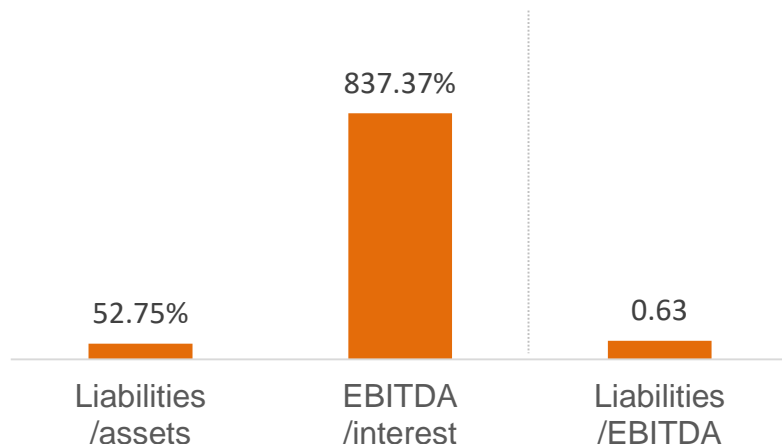
Cash Flow (HK\$ million)



- Cash and cash equivalents at beginning of period
- Operating cash flow
- Cash flow from investing activities
- Cash flow from operating activities

Financial Highlights (Cont'd)

2016 Liabilities And Liquidity



	2015	2016
Liabilities/assets	163.71%	52.74%
EBITDA/interest	-487.27%	837.37%
Liabilities/EBITDA	-2.49	0.63

- The Company managed to slash the D/A ratio for 2016 to 52.74% from 163.71% in 2015, meaning a considerable improvement. The success in HY bond restructuring and recovery of principal businesses enables the Company to attain a higher profitability

2016 Dividend

(HK\$ million)	2016
Profit attributable to equity shareholders	2,874
Gain on debt restructuring	1,948
Profit attributable to equity shareholders (excluding gain from debt restructuring)	925
Dividend	231
Dividend per share (HK\$)	0.077

- On March 28, 2016, a final dividend in cash of HK\$ 0.077 per share or HK\$ 231 million has been reviewed and approved by the Board of Directors, which will be submitted on the coming AGM for voting and approval

Relationship with Banks




























































Thanks to the successful HY Bond restructuring, the company has seen great improvements in its debt levels. In addition, the Company has achieved a remarkable turnaround in terms of profits in 2016. This has helped the Company to resume or expand credit, financing and other financial activities with both domestic and foreign bank partners.



Section III

Corporate Strategy

E-Commodities' Ongoing Development of Supply Chain Services

	 Mining/Warehousing /Processing	 Logistical Services	 Commodity Trading	 Supply Chain Financing
Coal	  	  	  	
Iron Ore	  	  	  	
Petrochemicals			  	
Metal	  	  	  	
Agricultural Products	 	  	  	
Others	  	  	  	



Advantages

E-Commodities has a robust fixed asset logistics system and a well experienced team to provide customers with premium services. The Company will expand manpower to access iron ores, petrochemicals and other commodity segments so as to offer a more comprehensive range of services.

- ✓ E-Commodities owns land reserve and warehousing facilities at Sino-Mongolian and Sino-Russian border crossings, and has years of experience in warehouse management, assuring its provision of safe and efficient warehousing services. Warehousing on the borders are bonded area and futures delivery function will be introduced soon
- ✓ E-Commodities has established strategic presence in major domestic ports and leverages its logistical operation experience to work with port bureau
- ✓ E-Commodities owns processing plants in key ports such as Longkou, Yingkou and strategically important areas such as Jining, so that it can provide customers with efficient coal washing and blending services
- ✓ With its strong financing capabilities, E-Commodities can provide mine owners with structured mining financing services in exchange for long-term offtake contracts
- ✓ Through its investment on railways and after years of cooperation with railway bureau, E-Commodities enjoys unrivalled advantages in inland railway transportation

Mining/Warehousing/Processing Services

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

Location	Project	Asset Description	Capacity
Ceke	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
Erlanhaote	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	
Gants Mod and Jinquan	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
Jining	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



Logistics Services

Land Transportation



Seaborne Transportation

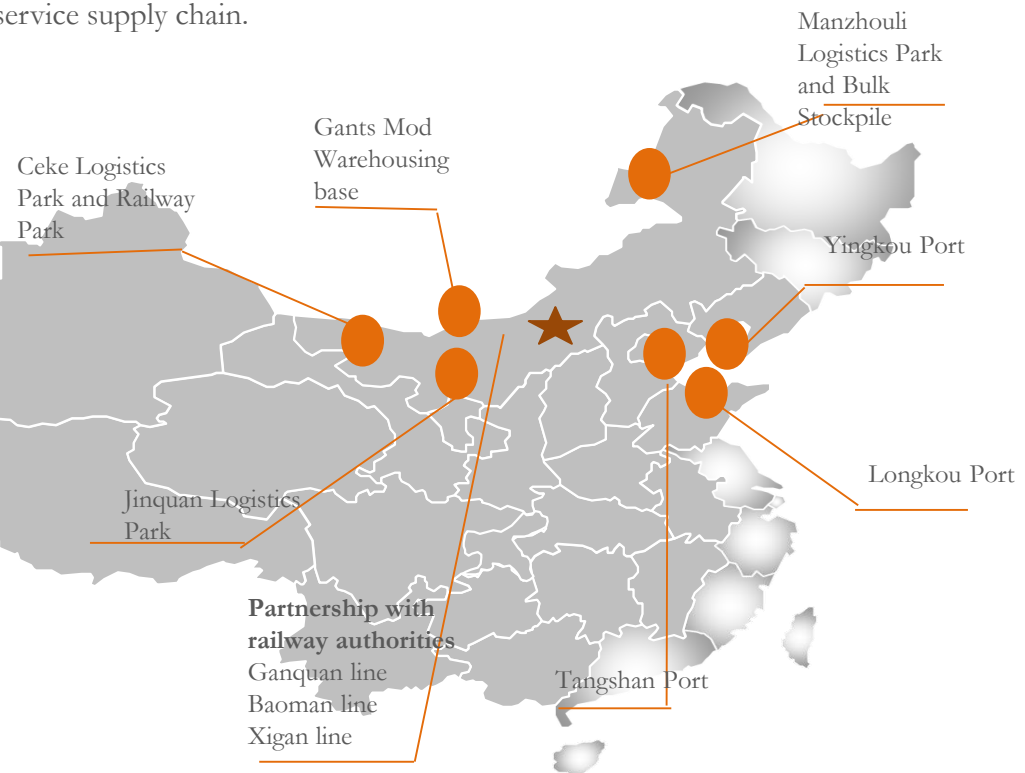


Provide customers with appropriate and efficient warehousing, loading, delivery and processing services;

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 management capabilities



Commodities Trading Services

Execution
Suggestion

Inquiry

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



Supply Chain Financing Services

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.

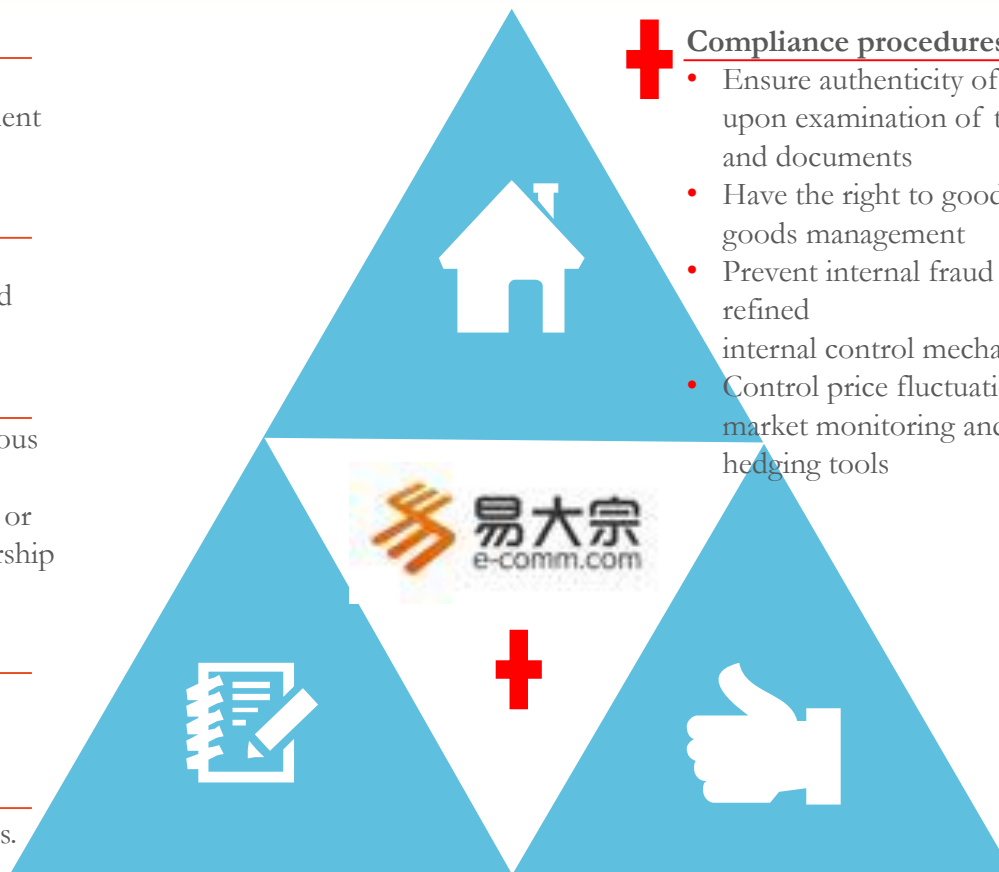
Notes

Discounting and pledge the notes and bills.



Compliance procedures and risk control

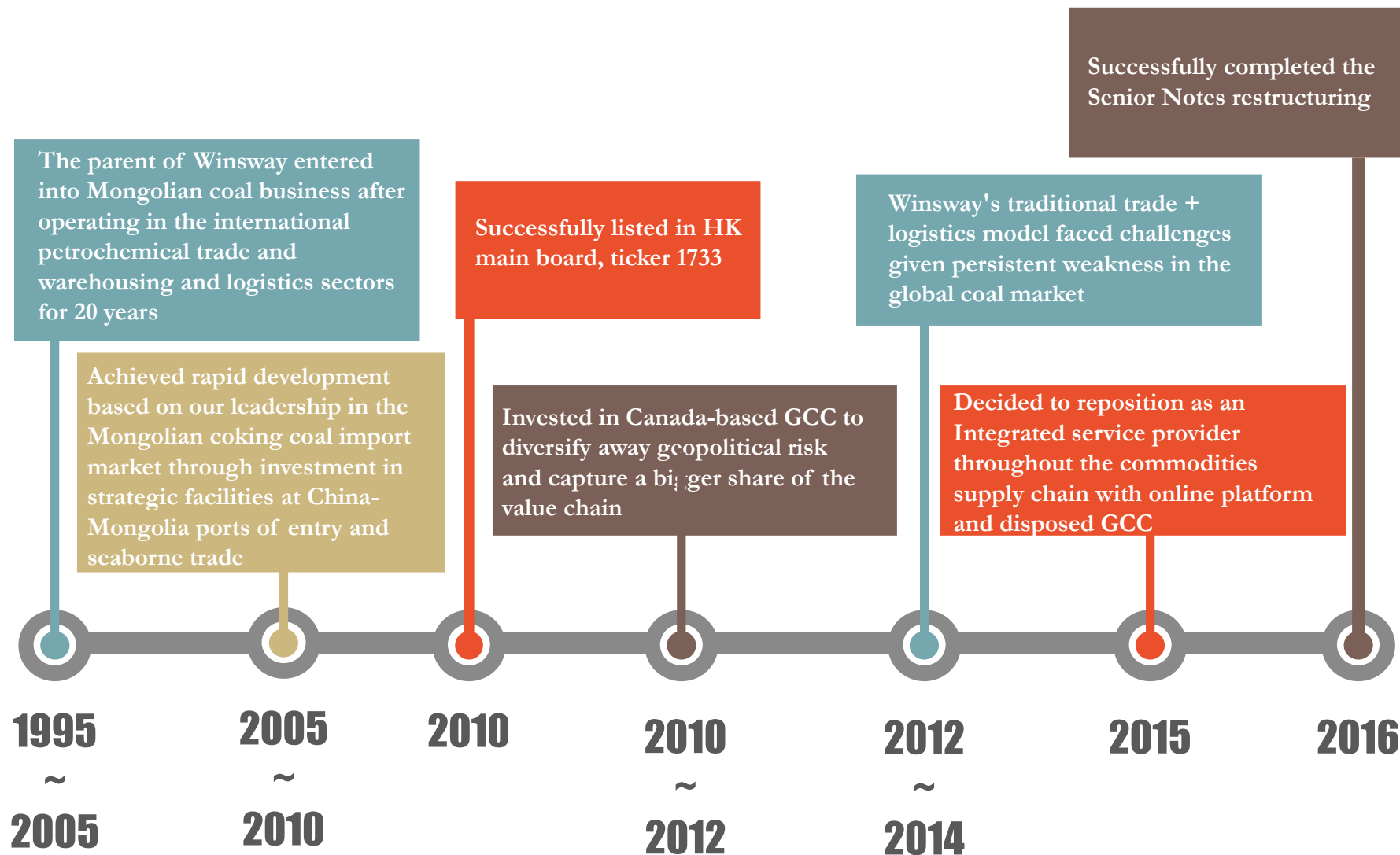
- Ensure authenticity of each trade upon examination of trade vouchers and documents
- Have the right to goods through goods management
- Prevent internal fraud risk through refined internal control mechanism
- Control price fluctuation risk through market monitoring and utilisation of hedging tools



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 securitization business and acquisition of interests in banks and other financial institutions.

E-Commodities Milestones



谢谢 / Thank you