2017 Interim Results Briefing

August, 2017

Shareholding Structure

Notes:

1. As of June 30, 2017, the Company had approximately 3.157 billion shares in total.
2. As indicated above, China Minmetals HK beneficially owns 12.69% shares. Ms. Wang Yihan and Mr. Wang Xingchun are acting in concert, and they collectively hold 37.22% shares in the ListCo.

1H2017 Coal Market Overview

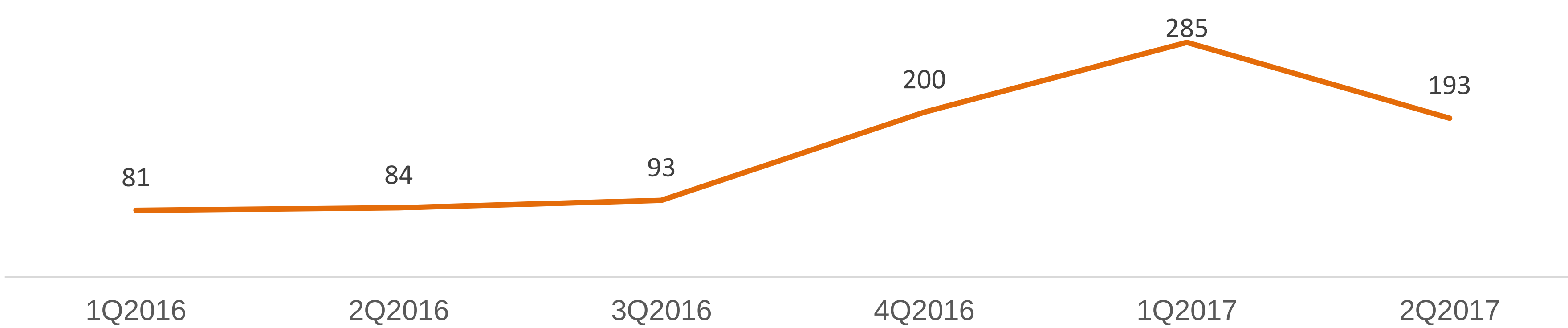
- The industry regulation policy has gradually changed from “de-capacity and production cuts” in 2016 to “securing supply and stabilizing coal price” in 2017. Given a substantial increase in year-on-year demand growth and moderate supply growth, coal price has remained high
- From the perspective of **breakeven analysis**: Coal price has trended upward for 2017 to date. Despite a slight decline starting from middle and late May, the price soon rebounded less than one month later with the arrival of summer peak season. With continued supply-end structural reform in coal sector, overcapacity situation on the market is expected to be much improved. For 2017, coal price will remain within a reasonable range, protecting core business revenue of coal producers and sustaining improvement in their profitability
- In terms of **supply**, coal supply in 2017 is affected by multiple drivers. On one hand, de-capacity measures, safety inspection requirements and coal import restrictions will further constrain coal supply. On the other hand, new operating capacity and suspension of 276-working-days limitation will unlock some supply. It’s estimated domestic raw coal production at 3.5-3.6 bn tons but acknowledged that such productivity could not be fully unleashed due to safety inspection and environmental protection reasons. On July 17, National Bureau of Statistics released key industrial production data for May. For Jun, domestic raw coal production reached 308.35 mm tons, up 10.6% year-on-year or 3.55% month-on-month. Aggregate raw coal production from Jan to Jun amounted to 1.71263 bn tons, up 5% year-on-year, 0.7% higher compared with the first 5 months
- In terms of **coal imports**, data released by General Administration of Customs of China (GACC) on July 13 showed that 21.6 mm tons were imported in Jun, down 150,000 tons or 0.69% compared with previous year, and down 590,000 tons or 2.665% compared with previous month. From Jan to Jun, 133.26 mm tons were imported, up 23.5% YoY. As an external supply driver, coal import only accounts for a marginal share, but its substantial increase still deserves attention in the context of domestic supply-side reform, as a sharp rise in import will somewhat neutralize the effects of de-capacity and production cut measures that are aimed to improve supply and demand dynamics

Source: sxcoal.com.

1H2017 Coal Market Overview (Cont'd)

- In terms of **demand**, historical data show that crude steel and coking coal production will be lower in the second half of year than in the first with a decline in demand for coking coal, due to prolonger slack season for steel coking industry chain and increased production restriction and suspension as winter approaches. However, steel industry has remained quite profitable for 2017 to date, with blast furnace operating rate of steel producers consistently above 75% and high operating rate of coking companies. If such high operating rates can be sustained for the latter half of the year, coking coal demand will be well supported. For June, domestic crude steel production was 732.3 mm tons, up 5.7% year-on-year, and 1.3% month-on-month, as steel makers were strongly motivated by attractive profitability across the sector. From Jan to June, aggregate production was 419.75 mm tons, up 4.6% YoY.
- Coking coal is expecting a peak season in Sep and Oct; given planned output reduction by several major producers, coking coal would be under balanced-to-tight supply with expected stabilization of price for the latter half of the year

Actual and Forecasted FOB Price of Premium Hard Coking Coal (HCC) in Australia (US$)



Source: sxcoal.com, Bloomberg Finance, DBS research report.

1H2017 Coal Market Overview (Cont'd)

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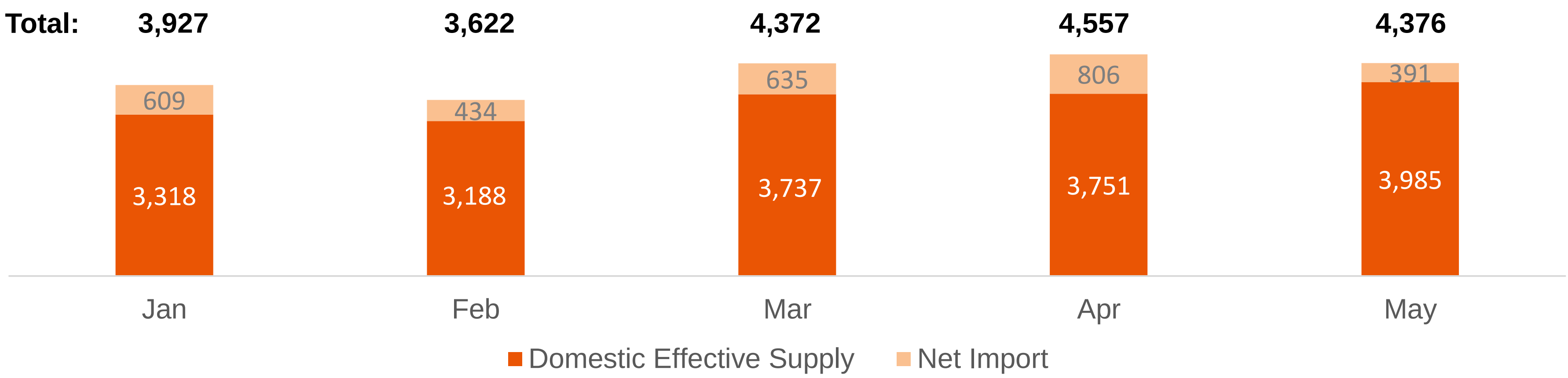
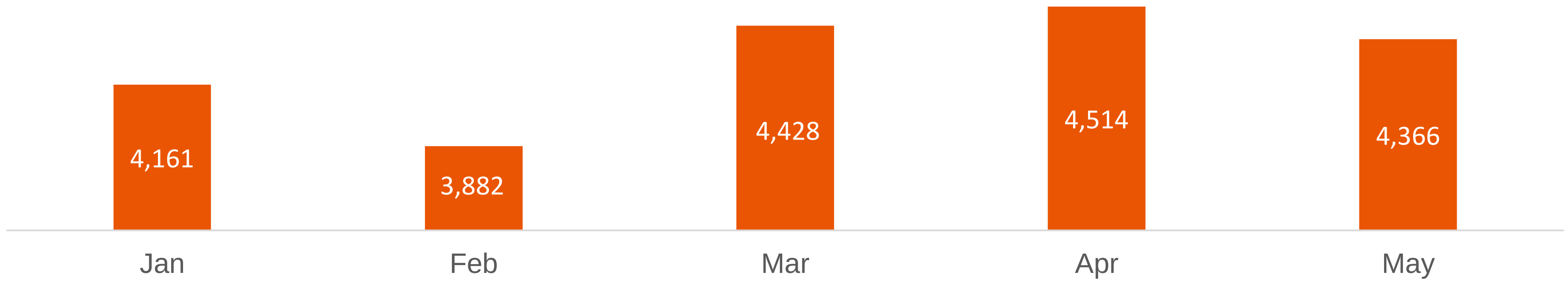
2017 Jan-May Coking Coal Supply (10,000 tons)



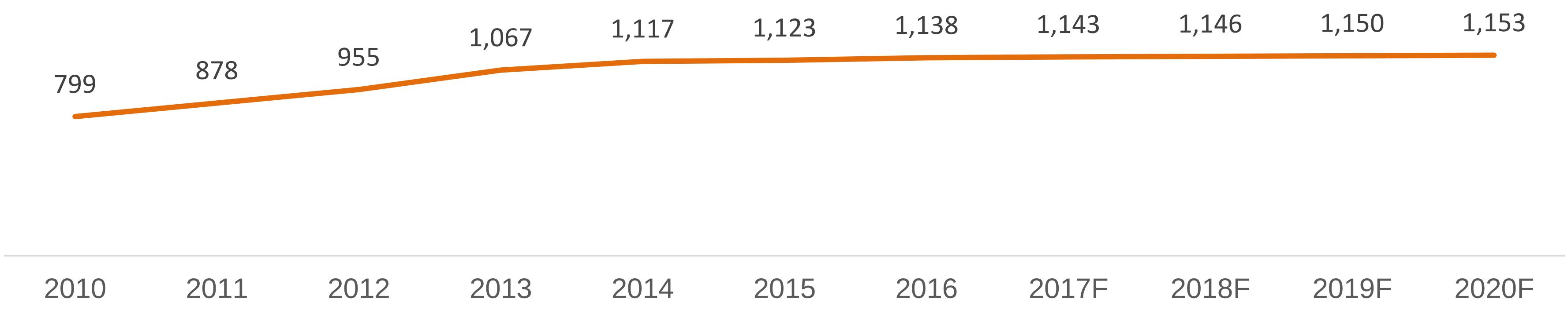
2017 Jan-May Coking Coal Volume (10,000 tons)



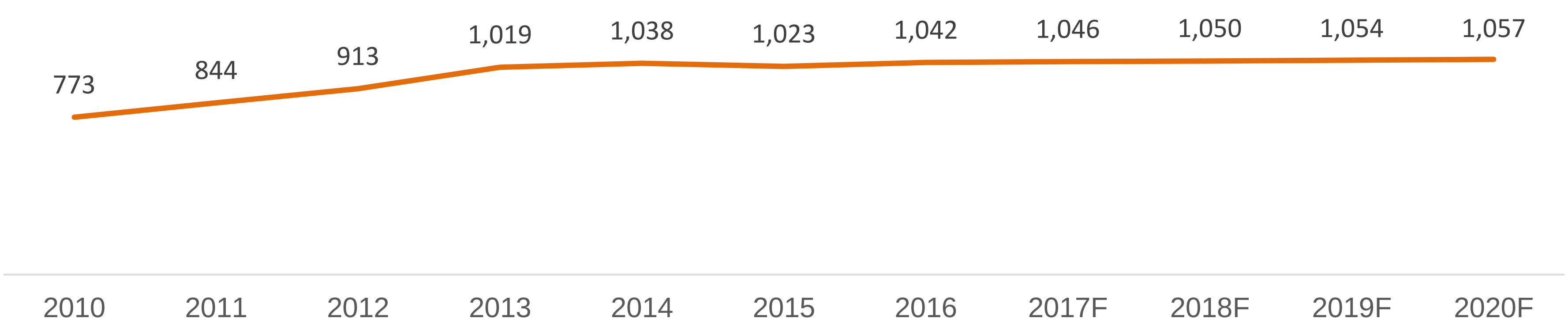
Source: ZhiYan.org.

1H2017 Coal Market Overview (Cont'd)

Actual and Forecasted Steel Production (mt)



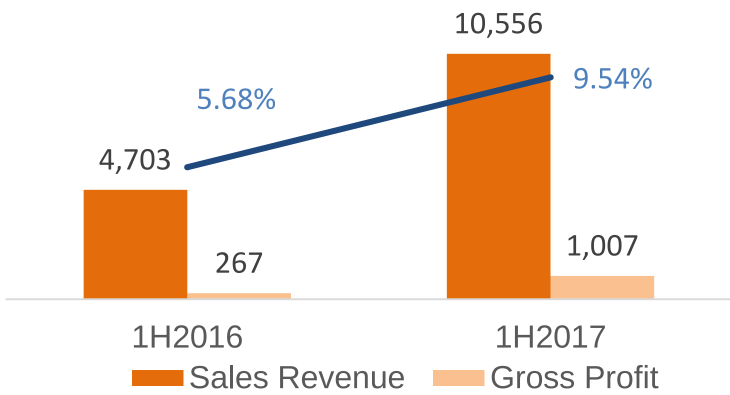
Actual and Forecasted Steel Demand (mt)



Source: CEIC, Custell, DBS research report.

Financial Highlights

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



(HK$ million)	1H2016	1H2017
Sales Revenue	4,703	10,556
Gross Profit	267	1,007
Profit Margin	5.68%	9.54%

- Supported by the increased sales volume and selling price of coking coal, the Company generated sales revenue of HK$10.556 bn in 1H2017, up 124.45% compared with HK$4.703 bn for 1H2016
- The increase of gross profit margin from 5.68% in 1H2016 to 9.54% in 1H 2017was mainly contributed by improved profitability per tonne of coking coal in the first half of 2017 driven by the recovering coking coal market and better balanced relationship between demand and supply. The Company's gross margin had nearly quadrupled from HK$267 mm in 1H2016 to HK$1,007 mm in 1H2017.

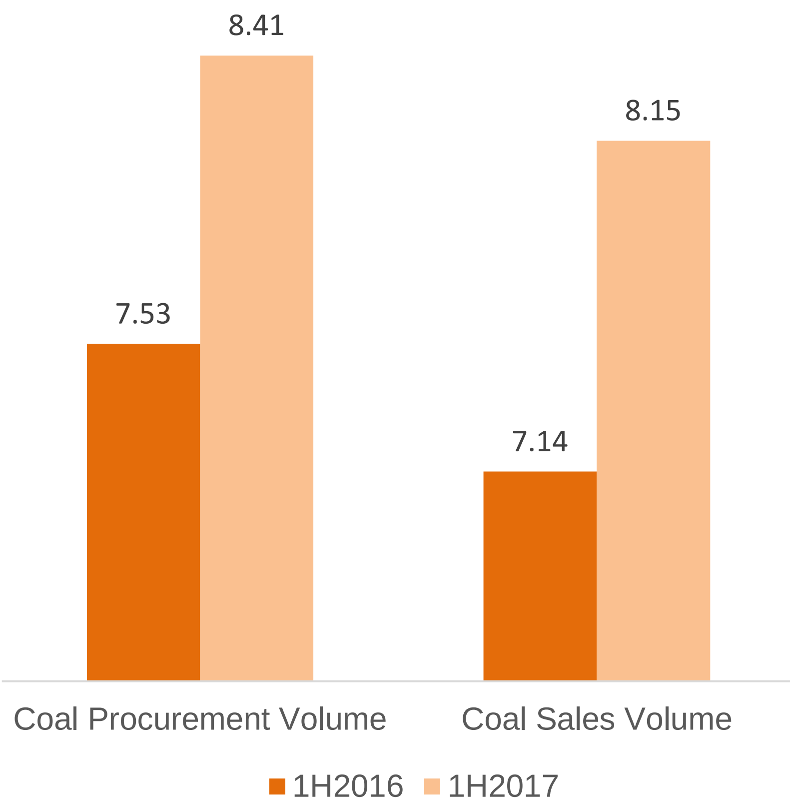
Breakdown of Sales Revenue

Product	Amount (HK$ million)	As % of Total Revenue
Coking Coal	9,507	90.06%
Thermal Coal	459	4.35%
Coal Related Products	53	0.50%
Petrochemicals	442	4.19%
Steel	-	0.00%
Iron Ore	52	0.49%
Logistics Services	36	0.34%
Others	7	0.07%
Total	10,556	100%

❖ The Company's core business revenue for 1H2017 primarily derived from coking coal sales. From 2016, the Company started to diversify product portfolio, such as petrochemicals, steel, iron ore, etc.

Financial Highlights (Cont'd)

Coal Procurement Volume vs Sales Volume (mt)

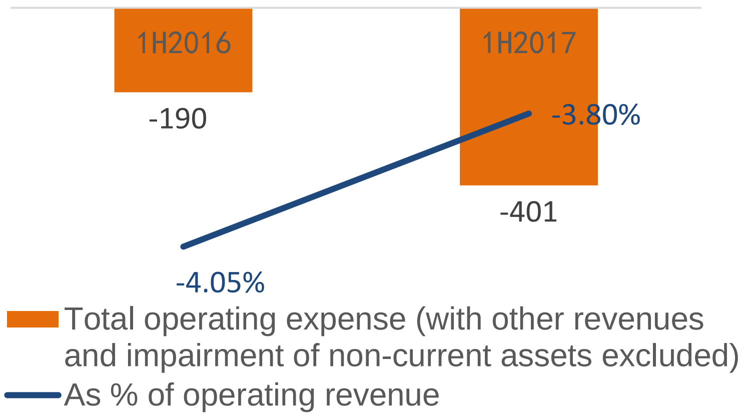


(mt)	1H2016	1H2017
Coal Procurement Volume	7.53	8.41
Coal Sales Volume	7.14	8.15

- Since 2H2016, 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
- The structured reform in steel industry helped to maintain high coal prices in 1H2017
- Under these circumstances, the Company achieved stable growth of coal procurement volume and sales volume in 1H2017. The procurement volume rose to 8.41 million tons from 7.53 million tons in 1H2016, up by 11.69%, while the sales volume increased to 8.15 million tons from 7.14 million tons in 1H2016, up by 14.15%
- 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 large suppliers in Australia and Mongolia. Top 5 suppliers accounted for approx. 40.72% of the total procurement volume

Financial Highlights (Cont'd)

Operating Expense (HK$ million)



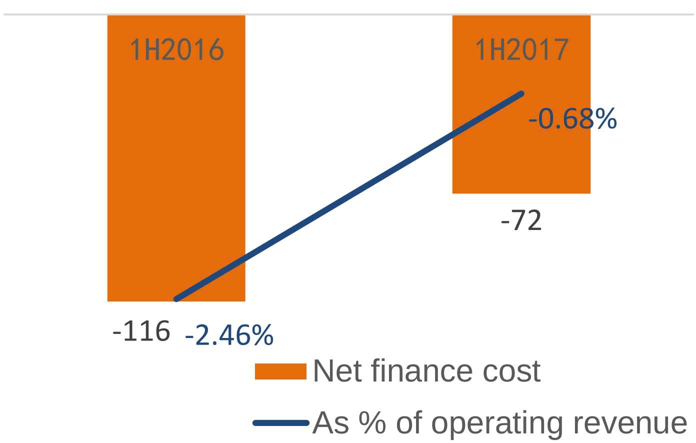
（HK$ million）	1H2016	1H2017
Distribution Cost	(59)	(181)
Administrative Expenses	(123)	(187)
Other Operating (expenses)/income, net	(8)	(33)
Total operating expenses (with reversal of impairment/(impairment) of non-current assets excluded)	(190)	(401)
As % of operating revenue	-4.05%	-3.80%

- The Company recorded total operating expenses of HK$401 million in 1H2017, representing an increase of 111.53% over the same period of 2016. Such increase was mainly attributable to higher distribution cost and higher administrative expenses
- Coal sales volume in 1H2017 grew by 14.15% over the same period of 2016, which led to rise of distribution cost accordingly

（HK$ million）	1H2016	1H2017
Finance Income	10	1
Finance Costs	(126)	(73)
Net Finance Costs	(116)	(72)
As % of Operating Revenue	-2.46%	-0.68%

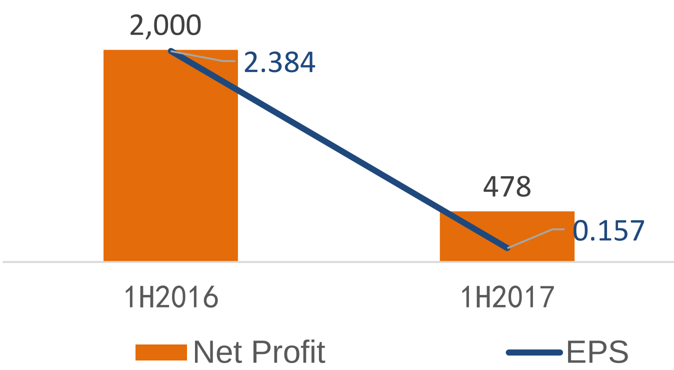
- If the impact of interest on HY bonds is not taken into account, the net finance costs for 1H2016 stood at HK$39 million while that of 1H2017 was HK$72 million. The cost increase in 2017 is mainly attributable to higher commercial paper and note discount cost for accelerated monetization, in order to meet the cash needs of rising coal procurement volume.

Finance Income/Finance Costs (HK$ million)



Financial Highlights (Cont'd)

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



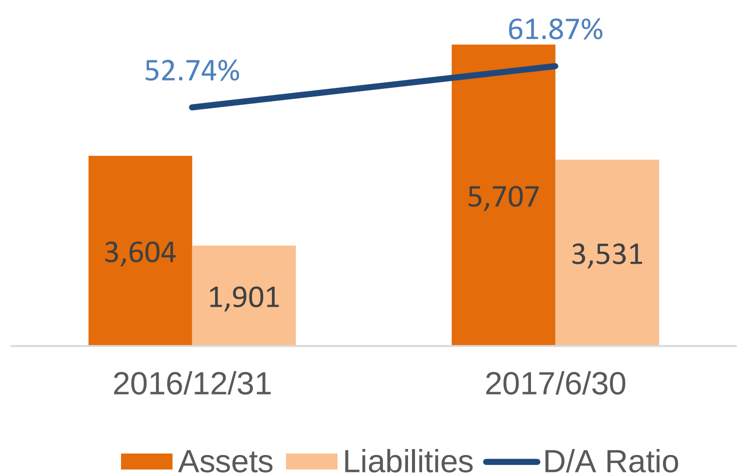
	1H2016	1H2017
Net Profit（HK$ million）	2,000	478
EPS (HK$)	2.384	0.157

- The Company generated a net profit of HK$478 million in 1H2017 while that of 1H2016 was HK$2,000 million (HK$115 million if the impact of HY bond restructuring gain was not taken into account). Rising profit mainly derives from higher gain per ton of coal and larger sales volume in 1H2017
- 1H2017 EPS is HK$0.157

（HK$ million）	2016/12/31	2017/6/30
Assets	3,604	5,707
Liabilities	1,901	3,531
Total equity	1,703	2,176
D/A Ratio	52.74%	61.87%

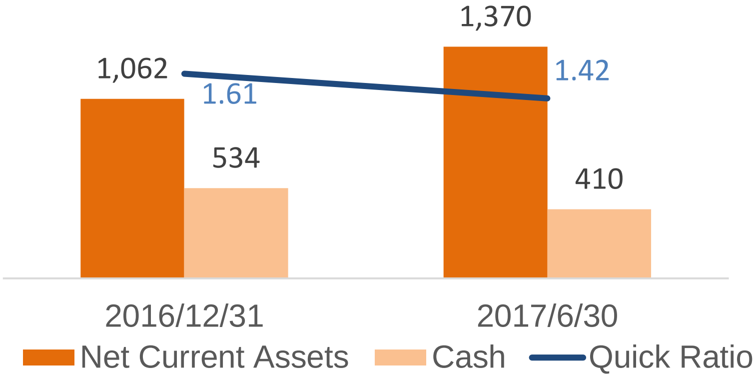
- As at 1H2017, the Company's D/A ratio rose to 61.87% from 52.74% at the end of 2016
- Asset increase in 1H2017 was mainly due to:
  - Acquired Salaqi coal washing plant for a consideration of HK$ 77,843,000
  - Obtained the exclusive logistics service right for Minghua Logistics park for a consideration of HK$100 million
  - The Company saw more trade and other receivables, as it engaged in discount with recourse and pledged loans against notes receivable in 1H2017 due to larger cash demand from operating activities

Assets/ Liabilities (HK$ million)



Financial Highlights (Cont'd)

Current Assets And Cash (HK$ million)



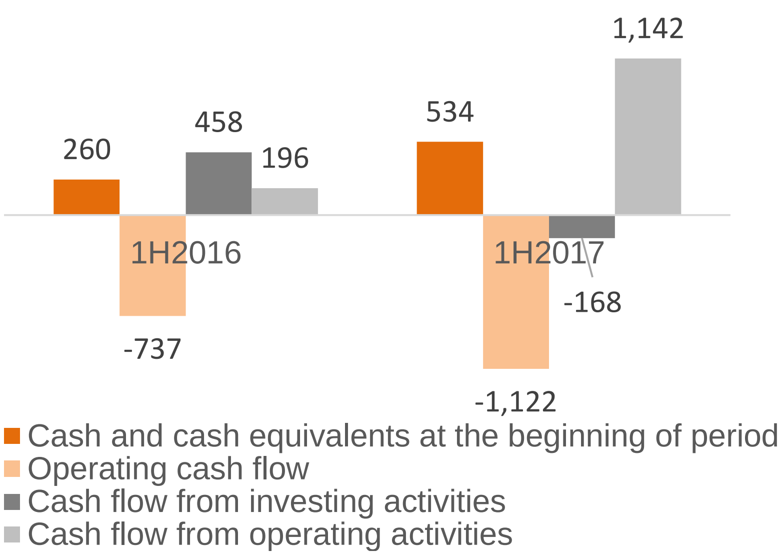
(HK$ million)	2016/12/31	2017/6/30
Current Assets	2,791	4,658
Current Liabilities	1,729	3,288
Net Current Asset	1,062	1,370
Cash and Cash Equivalents	534	410
Quick Ratio	1.61	1.42

- As at June 30, 2017, the Company's current assets increased by 66.89% over that at December 31, 2016, which was mainly caused by increased trade volume and other receivables as well as the discount with recourse and pledged loans against notes receivable. In contrast, current liabilities rose by 90.17% over the end of 2016
- Quick Ratio decreased to 1.42 from 1.61 at the end of 2016

（HK$ million）	1H2016	1H2017
Cash and cash equivalents at beginning of period	260	534
Operating cash flow	(737)	(1,122)
Cash flow from investing activities	458	(168)
Cash flow from financing activities	196	1,142
Impact of change in foreign exchange rates	(3)	24
Cash and cash equivalents at end of period	175	410

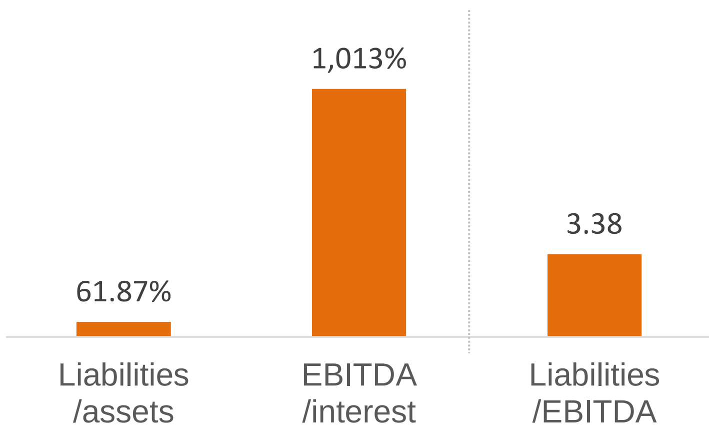
- In 1H2017, operating cash outflow was HK$1,122 million. The net cash outflow of operating activities was mainly due to HK $1,422 million net cash received from discounted bills receivable with recource right and loans pledged with bills receivables, both of which have been accounted as financing activities, though the bills receivables were received from sales
- In 1H2017, the Group received a cash outflow from investing activities of HK$168 million. The cash outflow from investing activities in 1H2017 was generated mainly from the payment for purchase of PP&E and intangible assets and increase 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 Group had a cash inflow from financing activities of HK$1,142 million during 1H2017. It was mainly due to an increase of net proceeds from bank and other loans. Among the proceeds from bank and other loans the Group received from financing activities during 1H2017, HK$1,422 million was net cash received from discounted bills receivable with recource right and loans pledged with bills receivables

Cash Flow (HK$ million)



Financial Highlights (Cont'd)

1H2017 Liabilities and Liquidity



	2016/12/31	2017/06/30
Liabilities/Assets	52.74%	61.87%
EBITDA/Interest	837%	1,013%
Liabilities/EBITDA	0.63	3.38

- The Company had managed the D/A ratio as at 30 Jun 2017 to 61.87% from 52.74% for the year ended 2016, debt level remains stable and liquidity healthy

1H2017 Dividend Calculation and Timetable

(HK$'000)	1H2017
Profit for the Period	477,895
Total Dividend	119,474
TSO	3,157,298,356
Dividend per Share(HK$)	0.038

Date	Event
22 Aug	Publish 2017 interim result announcement
10 Oct	Cum-trading day (at least one cum day)
11 Oct	Ex-date of entitlement
12 Oct	Last day of transfer at 4:30p.m.
13-17 Oct	Book close for dividend
17 Oct	Record date for dividend
31 Oct	Payment Date

Cooperation with Banks

With impressive performance since its turnaround in 2016, the Company has gradually restored or renewed cooperation with the following domestic and foreign banks on credit, financing and other financial businesses. As of Jun 30, 2017, the Company's domestic working capital borrowings had amounted to HK$646 mm, overseas facilities amounted to US$570 mm. Our major bank partners are listed as below.

兴业银行 INDUSTRIAL BANK CO.,LTD.

ING

中信银行 CHINA CITIC BANK

ICBC

BNP PARIBAS

交通银行 BANK OF COMMUNICATIONS

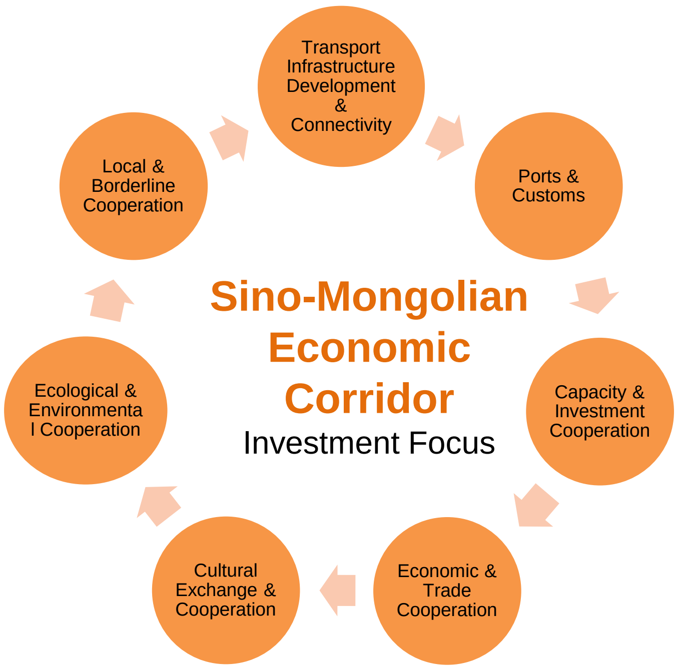
中国光大银行

中国农业银行 AGRICULTURAL BANK OF CHINA

Belt & Road Footprints

E-commodities' current operation in Mongolia and its asset allocation to Chinese, Mongolian and Russia ports and their neighbourhood are highly aligned with China-Mongolia-Russia Economic Corridor initiative, which is a part of the boarder "Belt & Road" program. We have established presence in strategic locations for China's key projects, such as Ceke, Ganqimaodu, Erenhot, Manzhouli, etc. Such strategic presence is set to create maximum synergies with China-Mongolia-Russia Economic Corridor initiative and "Belt & Road" program.

Belt & Road Footprints (Cont'd)



Key Construction Projects

(1) China-Mongolia Erenhot-Zamyn Uud Cross-border Economic Cooperation Zone
18 square kilometers of planned area, with China and Mongolia each having 9 square kilometers. A comprehensive opening platform based on the model featuring "trading outside the customs territory and inside the borders operated in one closed region across the two countries", covering businesses including international trade, logistics and warehousing, import and export processing, e-commerce, tourism and entertainment and financial services

(2) Manzhouli Comprehensive Bonded Area
With GFA of 1.44 square kilometers, the bonded area focuses on four sectors, namely, modern logistics, bonded warehousing, international trade and bonded processing, aiming at becoming an important production and services base, international logistics hub, commodity trading base, export base for manufactured and processed products, and international exhibition center for Inner Mongolia even for the whole nation, as well as important vehicle and platform that can serve the whole country, Russia and Mongolia with economic radiation effect on Northeast Asia

(3) Ceke Port Cross-Border Railway
The railway construction adopts Chinese track gauge standard (1435mm). Upon completion, the railway will be linked with Beijing-Xinjiang Railway, Linhe-Ceke Railway, Jiayuguan-Ceke Railway and the contemplated Ejina-Jiuquan Railway, forming an energy transmission network linking adjacent region in the south, north, west and east. Volume of freight transported through Ceke expressway port and railway port will exceed 30 million tons; Ceke port will become the largest land port in China and the largest port in Mongolia

(4) China-Mongolia "Two Mountains" Railway
An international railway connecting Arxan City in Inner Mongolia, China and the Choibalsan City, Dornod aimag, Mongolia, which will form a new Eurasian Land Bridge linking Hunchun, Changchun, Ulanhot, Arxan, Choibalsan, Chita of Russia and eventually the Far Eastern Railway in Russia

(5) Moscow-Kazan High-Speed Railway
As an integral part of the jointly built "Russia (Moscow)-China (Beijing)" Eurasian high-speed transportation corridor, the railway will extend further eastward traversing Yekaterinburg, Kazakhstan's capital Astana, China's Urumqi and finally being integrated into China's high-speed railway network of the "eight vertical and eight horizontal" routes

(6) Construction Project of Uliji Land Port
Located at the mid-point of the China-Mongolia border, the land port will, domestically, radiate Northwest, Northern China, and Central China, and link itself with the Eurasian Land Bridge, and internationally radiate Bayankhongor, South Gobi, southern Khangai, northern Khangai, and Govi-Altay in Mongolia. The land port will also serve as the most convenient land channel linking China, Mongolia and Russia; it is also an important hub on the three Eurasian Land Bridges and the Belt and Road, and the important transportation linkage which facilitates the transportation between the north and south, and the east and west

E-Commodities' Asset Footprint

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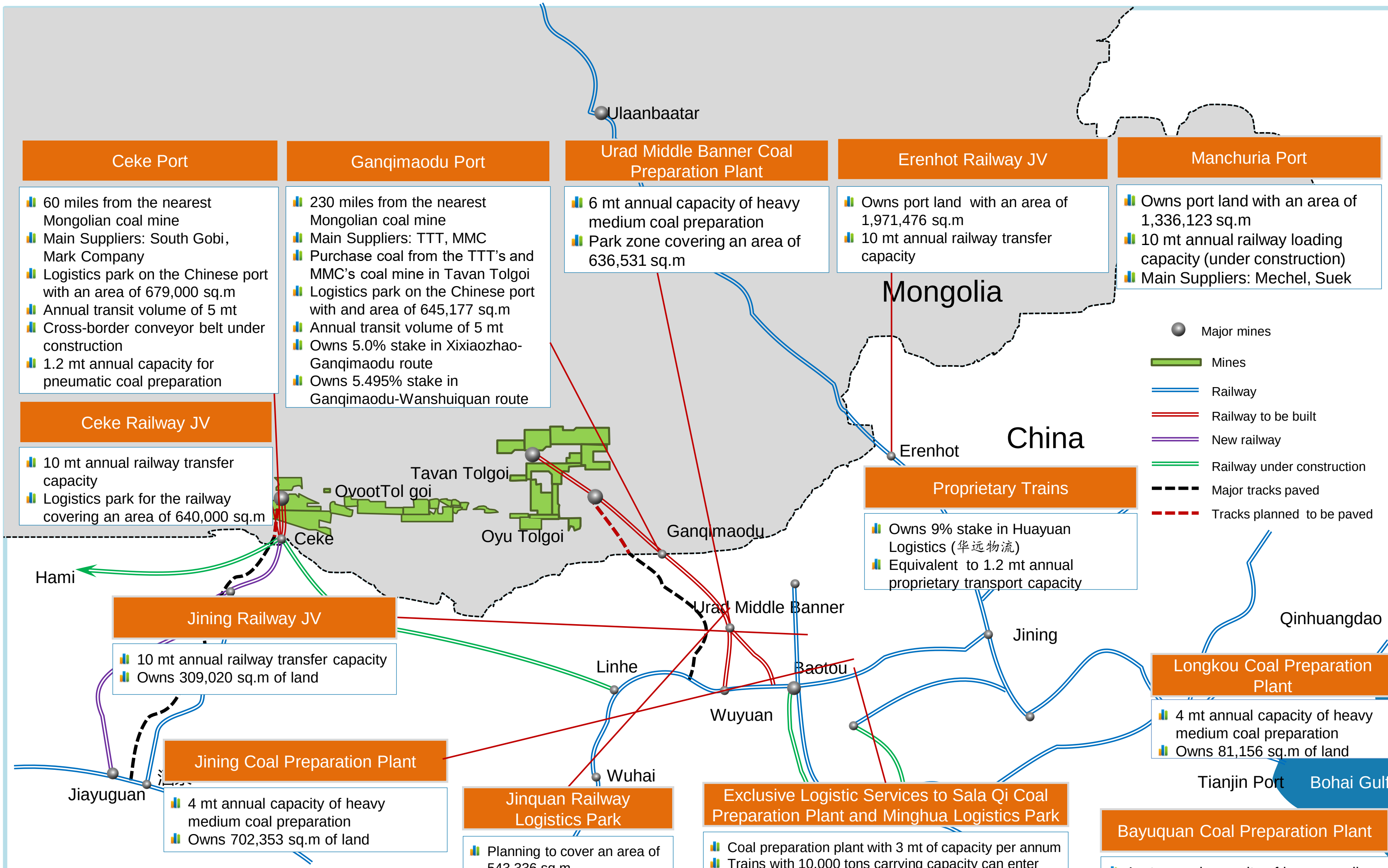


Ceke Port

- 60 miles from the nearest Mongolian coal mine
- Main Suppliers: South Gobi, Mark Company
- Logistics park on the Chinese port with an area of 679,000 sq.m
- Annual transit volume of 5 mt
- Cross-border conveyor belt under construction
- 1.2 mt annual capacity for pneumatic coal preparation

Ganqimaodu Port

- 230 miles from the nearest Mongolian coal mine
- Main Suppliers: TTT, MMC
- Purchase coal from the TTT's and MMC's coal mine in Tavan Tolgoi
- Logistics park on the Chinese port with and area of 645,177 sq.m
- Annual transit volume of 5 mt
- Owns 5.0% stake in Xixiaozhao-Ganqimaodu route
- Owns 5.495% stake in Ganqimaodu-Wanshuiquan route

Urad Middle Banner Coal Preparation Plant

- 6 mt annual capacity of heavy medium coal preparation
- Park zone covering an area of 636,531 sq.m

Erenhot Railway JV

- Owns port land with an area of 1,971,476 sq.m
- 10 mt annual railway transfer capacity

Manchuria Port

- Owns port land with an area of 1,336,123 sq.m
- 10 mt annual railway loading capacity (under construction)
- Main Suppliers: Mechel, Suek

Ceke Railway JV

- 10 mt annual railway transfer capacity
- Logistics park for the railway covering an area of 640,000 sq.m

Proprietary Trains

- Owns 9% stake in Huayuan Logistics (华远物流)
- Equivalent to 1.2 mt annual proprietary transport capacity

Jining Railway JV

- 10 mt annual railway transfer capacity
- Owns 309,020 sq.m of land

Longkou Coal Preparation Plant

- 4 mt annual capacity of heavy medium coal preparation
- Owns 81,156 sq.m of land

Jining Coal Preparation Plant

- 4 mt annual capacity of heavy medium coal preparation
- Owns 702,353 sq.m of land

Jinquan Railway Logistics Park

- Planning to cover an area of 543,336 sq.m
- 10 mt annual railway transfer capacity

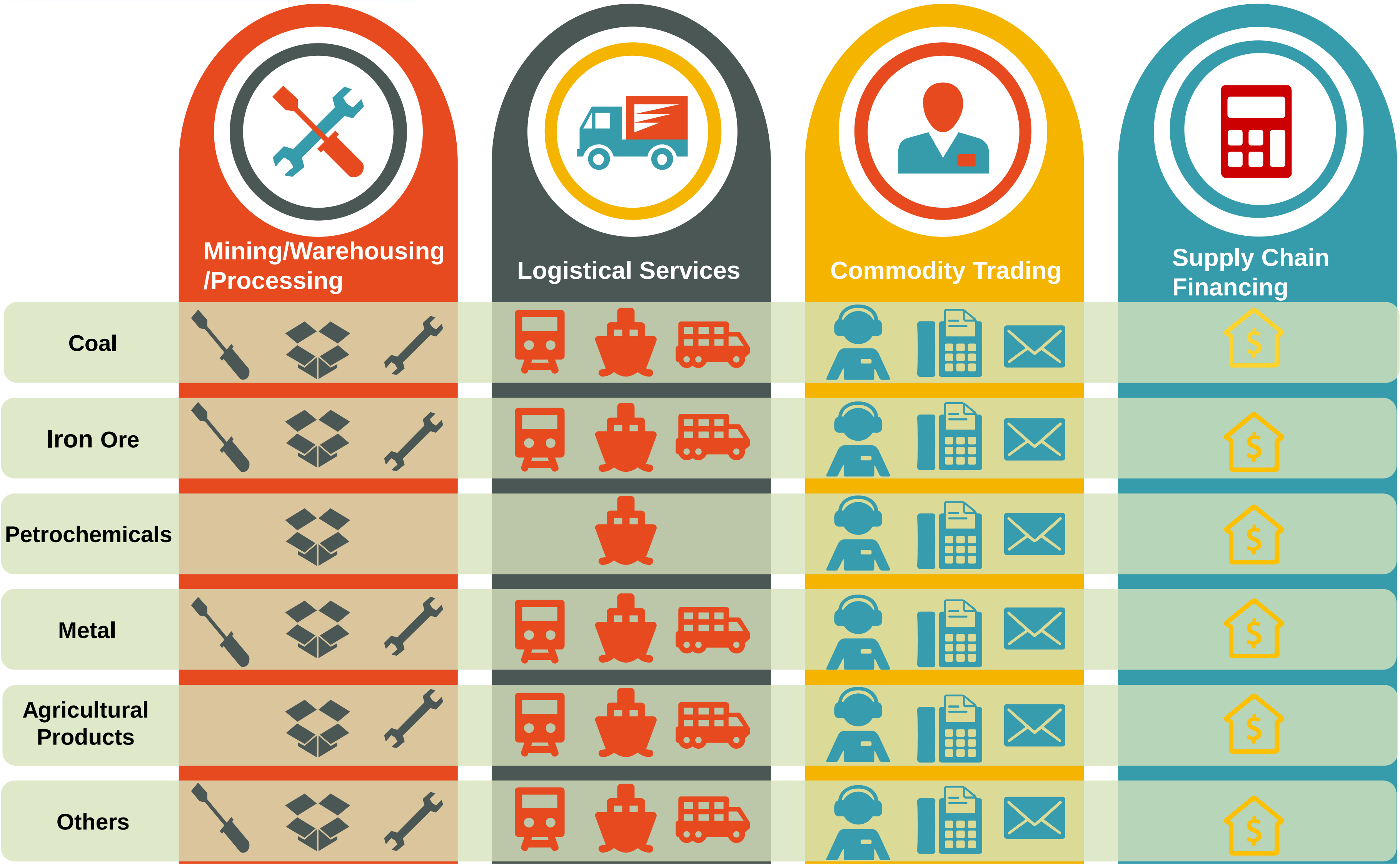
Exclusive Logistic Services to Sala Qi Coal Preparation Plant and Minghua Logistics Park

- Coal preparation plant with 3 mt of capacity per annum
- Trains with 10,000 tons carrying capacity can enter and exit directly; sending out 18 trains with 10,000 tons carrying capacity on daily basis with lowest cost

Bayuquan Coal Preparation Plant

- 4 mt annual capacity of heavy medium coal preparation
- Owns 56,700 sq.m of land

E-Commodities’ Ongoing Development of Supply Chain Services



Mining/Warehousing/Processing

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

Corporate Culture/Core Values/Strategies

Corporate Culture

- Simplified, efficient and committed

Core Values

- Trade volume
- Low-cost funding
- Appreciation of equity and stocks

Strategies And Path Leading to Goal Achievement

- Realize light-asset model through asset securitization
- Develop diversified low-risk trades and expand trade volume
- Secure low-cost funding; enlarge market capitalization
- A shift to financial holding platform from imported coking coal processing, transportation and distribution platform

Operate Assets Through Segments And Seek Cooperation

- The Company now has 7 segments, namely Ceke, Grants Mod, Erlian, Manzhouli, Longkou-Yingkou, Petrochemicals and Huayuan
- Each segment has its own local park, coal washing plants, storage tanks, etc. and operates cooperative mining, processing, trading, transport and other businesses. Depending on its own asset features, each segment seeks cooperation, maintains trade volume, entrusts operation and uses equity financing for securing upstream supply and acquiring overseas assets

Thank You!