

Presentation of the company

Echem Tech Ltd.



**Electronic Management Platform of
Cryptocurrency Hash Power**

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Essential Information:

- The Issuer: EChem d.o.o., Štihova ulica 13, 1000 Ljubljana, Slovenia, reg. no.: 8402809000
- LEI code of the Issuer: 485100PKEV5W7350YT25
- Type of securities issued: GDR – Global Depositary Receipt, CFI code: EDSNDR
- Number of GDRs issued: up to 2,000,000
- ISIN code of securities: SI0031800020
- FISN code: EHED/GDR
- Ticker: EHED1
- GDRs: registered, dematerialized, no par value
- Underlying securities: Regular, no par value, registered shares
- Number of underlying securities: 20,000,000
- Issuer of underlying securities (hereinafter: the “Underlying Issuer” or “EChem” or “EChem HK”): ECHEM TECH LIMITED, 5/F Hong Kong Trade Ctr, 161-167 Des Voeux RD Central, Hong Kong 999077, reg. no.: 2881670
- LEI code of the Underlying Issuer: 4851007BWO8PH90Y8P43
- TOI: Terms of Issue, as kept by KDD d.d.

Introduction of EChem

EChem HK is a limited liability private company duly incorporated and existing in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter: "Hong Kong"). EChem provides highly specialized software and related services for cryptocurrency mining operations. EChem helps individual cryptocurrency miners join cryptocurrency mining farms, and in turn helps those mining farms sell their hash power to mine pools.

EChem operates a platform and offers services to individual miners, simplifying the hash rate management, electricity efficiency and energy optimization. EChem's services are wide-reaching but at the same time well integrated. EChem serves entities in the whole cryptocurrency mining chain, from ensuring individual machines are as efficient as possible to helping mining farms sell their hash power through transactions executed on its cloud-based platform.

EChem's products may in general be divided into three categories. Firstly, EChem provides cryptocurrency mining oriented Application programming interface (API), setting standards that enable individual enabling cryptocurrency miners to easily join mining farms. EChem then provides software to miners and mining farms, simplifying the management of individual machines, monitoring their performance and efficiency. Third pillar of EChem's services is its cloud-based platform, enabling simple and standardised transactions of hash power.

EChem offers its services worldwide and has clients based on multiple continents. The majority of EChem's customers are based in the People's Republic of China, predominantly in areas of Sichuan, Yunnan, Qinghai and Hunan. Foreign customers come from the Russian Federation, United States of America and Canada.

EChem team



Lu Chen
CEO

Master of Computer Software Engineering, UESTC
Former Chief Engineer of Hua Qiyun (Alibaba Investment) Experts in distributed system and decentralized consensus algorithm design, deep research on distributed network protocols and distributed storage systems.



Xuesheng Li
CTO

Ph.D. in Artificial Intelligence, UESTC
Continuous entrepreneurs have successively established shared mining mines RRM, blockchain BHP power chain, etc.



Xiaoman Yuan
CFO

CPA, ACCA licensee, familiar with relevant national laws, regulations and policies, proficient in corporate operations, excellent financial analysis, financing, fund management capabilities, and professional skills in auditing, taxation and financial management



Xiangming Wu
CMO

Bachelor of Business University of Beijing
Have deep understanding and strategic vision for the blockchain cloud computing market, focus on platform promotion for 20 years, and have rich market practical experience.

Financial data, plans and projections

EChem earns revenue from each machine using its software, as well as taking a cut of transactions executed on its platform. All EChem's services are provided on a Software as a Service (SaaS) basis, with customers paying a monthly fee to have access to EChem's software.

Current monthly price stands at about RMB 10 per machine, or the foreign currency equivalent. For transactions executed through its platform, EChem takes up to a 5% cut.

For the current period up to 30 June 2020 the Issuer expects to post a revenue of around 6 million EUR and a gross operating profit of up to 3 million EUR. For the following business year, between 1 July 2020 and 30 June 2021 the revenue is expected to grow to about 11.2 million EUR, with gross operating profit standing at about 5 million EUR.

The cryptocurrency mining operations are growing constantly, increasing the need for specialised supporting software. It is expected that the number of global mining machines will keep increasing at a rate of up to 40% year on year in the near future.

EChem HK business year differs from calendar year, starting on 1st July and finishing on 30st June. The Issuer will provide annual reports as requested by LJSE SI ENTER Rules.

Information on specific risks

Hereby the Issuer advises on some general and specific risks related to EChem and GDRs. This list shall not be understood as exclusive or complete. The list may not fully and/or correctly reflect the significance of risks presented and there may be additional risks which are not mentioned in this document.

- Customer risk

EChem must attract a sufficient number of customers to finance its growth, software development and continuous operations. While a current software is operational and major capital expenditure is not planned, it is still vital that EChem is able to attract enough fee-paying clients. Any failure to do so will negatively impact EChem's performance and profitability.

- Cryptocurrency related risks

EChem provides specialized software and related services, which are of at best limited use outside cryptocurrency mining operations. EChem's performance is therefore linked to the general cryptocurrency operations and enthusiasm of cryptocurrency investors. After the initial surge and the following slump of cryptocurrency valuations, the cryptocurrency environment has shown remarkable resilience and continues to grow. There is no guarantee that this will prove true in the future and any general decline of cryptocurrency operations will negatively impact EChem.

- Software operation risks

EChem's main product is its software and platform. While EChem is confident that its products are of good quality, every software is subject to some general risks. Software might not run

as intended, have loopholes allowing access to unwanted third parties or be unreliable in another way.

- Legal and Business standards and practices

EChem operates in various jurisdictions, including in some which are rapidly developing and at times unpredictable. Business practices, legal standards, their understanding and application might differ from those experienced in other countries or jurisdictions. Any failure of EChem to correctly understand and fully apply legal and regulatory provisions might have a severe negative impact on its operations.

- Social stability

Most of Echem's customers and operations are based in stable societies. However, EChem HK is incorporated in Hong Kong, which in 2019 experienced continued unrest and disruption. So far this has left no negative consequences for EChem HK but continued severe unrest in Hong Kong or other areas important for EChem could result in a disruption of business operations.

- Competition

The market for provision of cryptocurrency mining software is fast developing and growing. As the number of mining machines is expected to significantly increase in the following years, a large and competitive market is expected to develop. Any failure of EChem to remain competitive and capture a sufficient share of the market may make its operations non-viable.

- Listing of GDRs

While the Issuer is confident that the developed mechanism is safe and appropriate for delivering all rights and benefits arising from EChem HK shares to holders of GDRs, there may be some risks which are outside of the Issuer's control. Issuance of GDRs relies on many parties, and while carefully chosen, any failure on part of any party involved for any potential reason might disrupt the timely delivery of rights for the benefit of the holders of GDRs or the operation of issuance mechanism as intended. Additionally, while the Issuer will apply for listing on SI ENTER, a MTF trading venue operated by LJSE, there is no guarantee of listing at this time and, if and once the GDRs are listed on SI ENTER, there is no guarantee of listing continuing for any period of time.

- Trading risks

Shall GDRs be listed there is no guarantee that a liquid market in these GDRs will develop. As with all listed securities there may be significant risks related to price swings, execution of trades, volume, order book depth and other market-related risks. The Issuer makes no representation that it will shield investors from any of those risks. The Issuer has not concluded any agreements for market making or stabilization for GDRs.

Mechanism of Issuance

The Issuer issued Global Depositary receipts with ISIN code SI0031800020 (hereinafter: GDRs), duly issued and kept in central depository managed by KDD – Centralna klirinško depotna družba, delniška družba (hereinafter: the "KDD"). Each GDR represents 1 share of EChem HK, owned by the Issuer in the share registry in Hong Kong.

The Issuer will confer any and all rights, receivables and/or other benefits arising from the shares of EChem HK held by the Issuer to holders of GDRs, with EChem HK standing as guarantor for obligations of the Issuer against the holders of GDRs. The Issuer holds the shares for the sole benefit of the Holders and shall not sell, transfer, dispose of or encumber the shares of EChem HK unless permitted to do so by TOI and the law firm Pun & Associates Solicitors from Hong Kong. The underlying instruments are ordinary shares and carry all rights normally expected, including a share of future profits of EChem and the voting rights. More information on rights arising from the instruments and enjoying those rights are available in TOI.

Any holder may request from the Issuer to, in accordance with applicable TOI provisions, redeem any number of unencumbered GDRs held by the holder and confer upon the holder the corresponding amount of EChem HK shares. Likewise, a holder of unencumbered shares of EChem HK may request from the Issuer to accept and take any number of shares and confer upon him a corresponding number of GDRs in the KDD's registry. The Issuer reserves a right to charge appropriate fees for providing any services or measures described here in accordance with TOI. Any holder of GDRs or shares of EChem HK shall only be able to exercise rights provided to him by this document or TOI if he/she is technically and legally able to exercise those rights. All holders shall themselves ensure they have an existing securities account at the corresponding registry and there is no law preventing them to dispose, accept or hold those securities.

Any transfers, issuances, custody or other similar issues are governed by TOI and applicable law, with shares of EChem being governed by Hong Kong law and GDRs by Slovenian law. This also includes any rules or instructions of relevant institutions involved (such as KDD or LJSE). Should information contained in this document differ from or contravene any provisions of TOI or the applicable law, provisions of TOI or the law shall always prevail and apply. All persons shall read TOI in full before becoming a holder of GDRs.

It shall be noted that a competent authority (which may include institutions as KDD and LJSE for issues within their competence and powers granted by law) may at any time demand from the Issuer or any other involved party to take a specific action, refrain from taking an action or install upon the Issuer or other party any other obligation. The Issuer or any other party addressed will always comply in full with any such request or demand, regardless of whether the Issuer, holders and/or any other party involved may consider this demand or request to be illegitimate or illegal.