

中库油能源（青岛）有限公司  
LEXCOR CHINA ENERGY CO., LTD



MEETING THE **ENERGY** NEEDS  
OF A **RAPIDLY** CHANGING WORLD

[www.lexcorenergy.com](http://www.lexcorenergy.com)

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Qingdao Area, China (Shandong) Pilot Free Trade Zone, China

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Global trade brings the world closer together. It expands the wealth of nations, forges common interests and builds mutual trust. Lexcor Energy makes trade happen. And we make it our mission to do that responsibly.

## Contents

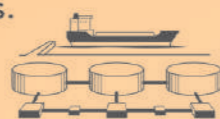
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04	At Glance	22	Logistics
06	What we do	24	How we add value
08	Trading responsibly	<b>26</b>	Global reach and Scale
10	Oil & Petroleum Products	28	Financial strength expertise

# At Glance

## Trading, Logistics and Distribution

The Core of our Business the distribution of Energy and Commodities. The Combination of our expertise and our presence on the markets globally enables us to identify and source the best solutions for our clients. Our Business is built upon long lasting relationships with producers refiners and industrial customers.



## Terminals, Storage and Blending

We store energy and petroleum products at our own and third-party facilities to smooth imbalances in supply and demand. We blend physical commodities to regional, markets and customers specifications at strategically located terminals around the world; Customers benefit from optimised feedstock, as well as flexibility and choice.



## Marketing and Downstream

We are invested in an expanding downstream portfolio which continues to grow both organically and through strategic acquisitions. Our companies are serving clients across Africa, Asia, Europe and Middle East.



## Investing Strategically

We are invested in a growing portfolio of energy assets that complement the broader business. We focus on quality assets, investing to upgrade and improve asset performance.



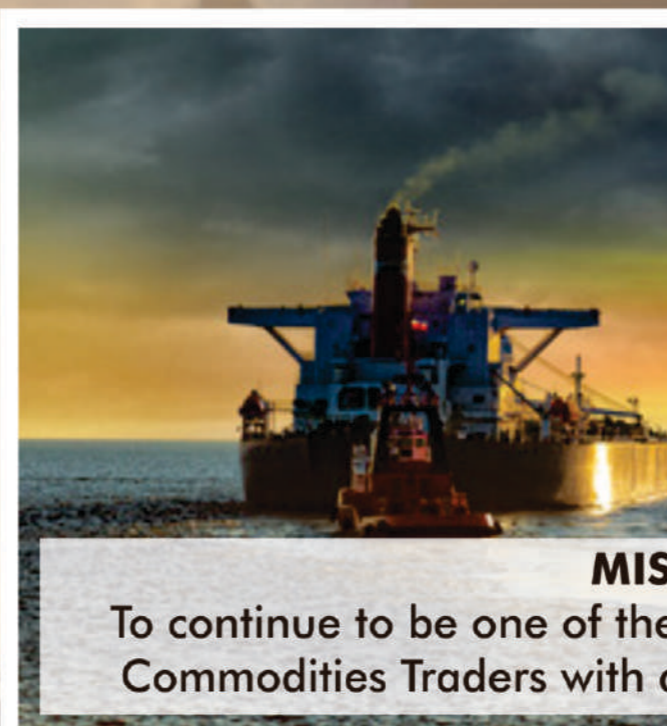
### STRATEGIES

Building long-lasting partnerships and being consistent with the quality of the products and services we deliver



### VALUES

Focus our Energy for Greater Impact,  
Stand up with Integrity,  
Be relevant Today and Ready for Tomorrow



### MISSION

To continue to be one of the World's leading Independent Commodities Traders with a focus on Emerging Markets.

# What we do

## Connecting Counterparts

Lexcor Energy trades by forging strong bonds with commodity producers, processors and end-users.

We source, store, blend and deliver commodities worldwide.

Our integrated physical trading and logistics operation delivers outstanding service and performance across the product spectrum.

We use our scale, market knowledge, logistics and infrastructure to connect the producers, processors and end-users of physical commodities.

## Commodity transformation

### in Space

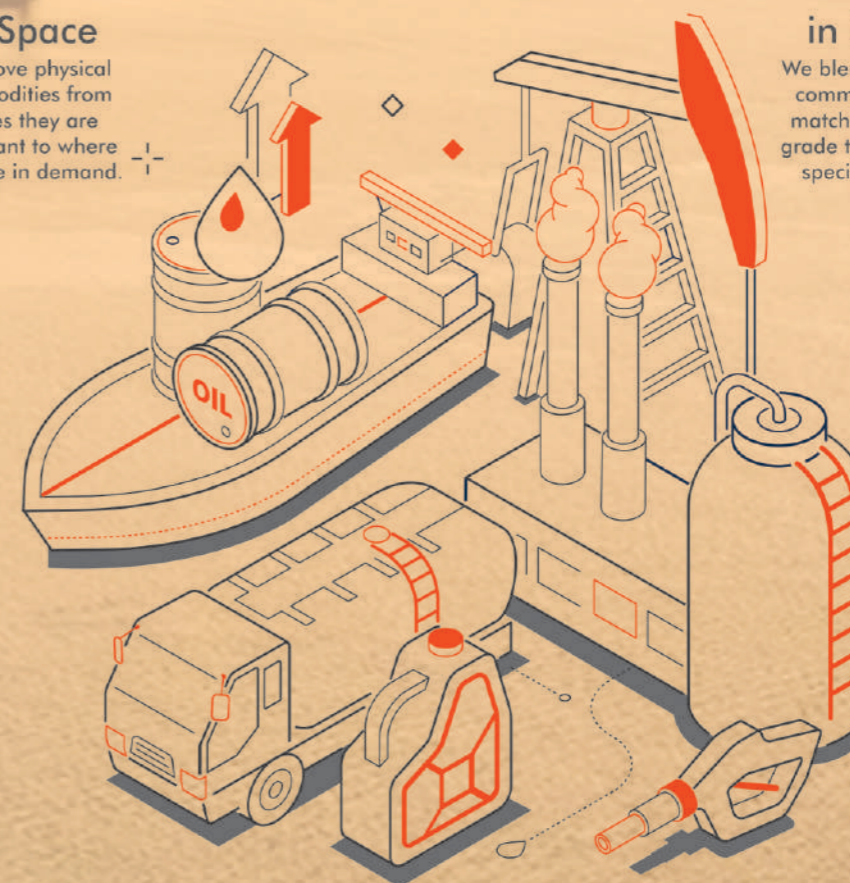
We move physical commodities from places they are abundant to where they are in demand.

### in Form

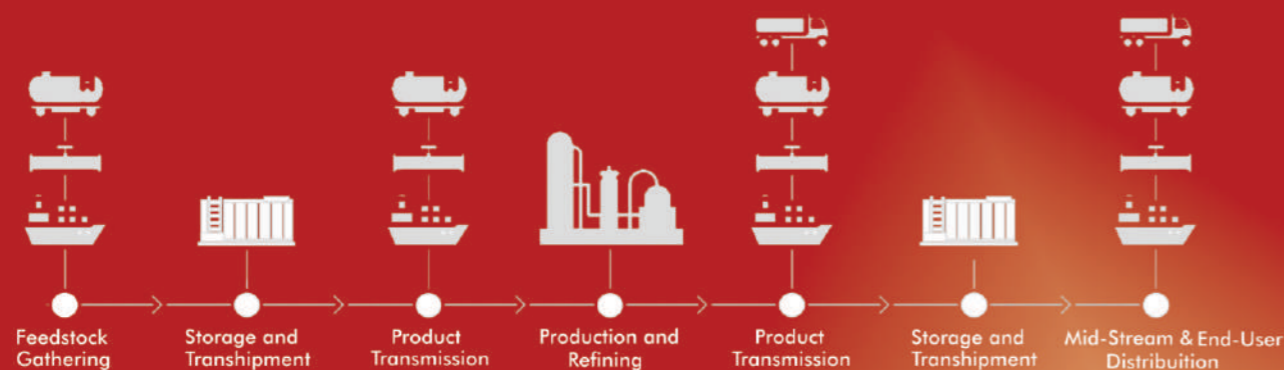
We blend physical commodities to match quality or grade to customer specifications.

### in Time

We store physical commodities while supply is plentiful and release inventories at times of high demand.



## COMPLETE PRODUCTS HANDLING SOLUTIONS



# Trading Responsibly

Responsible trade drives economic progress and strengthens society. We leverage our experience and expertise to embed responsibility in our business and across the sector.

## Adding long-term value

Our business involves the transportation of multiple tonnes of materials across multiple geographies. The decisions we make have a profound impact, both directly and indirectly, on the lives of many thousands of people.

Lexcor Energy's culture is founded on a service ethos. Individually, our people are expected to conduct themselves with a high degree of personal integrity. As a Group, we strive to meet and to develop international best practice.

Our focus is on bringing commodities to market safely and responsibly. As well as making a continued, constructive contribution to advancing trade responsibly, we seek to prevent and mitigate any adverse effects of our operations.

Maintaining high standards across the Group is a prerequisite. We manage a complex array of operational and financial risks. Integrated systems and processes allow us to apply consistent standards. We have learnt to operate effectively in a wide range of political and cultural environments.

## Transparency and Engagement

We are engaging on multiple fronts to develop our business in line with society's ever-evolving expectations.

Our ambition is to be recognised as a corporate responsibility leader in the commodities trading industry.

We encourage those with whom we do business to apply comparable, comprehensive and complementary standards, principles and policies.

We are continuously monitoring and identifying salient issues.

We aim to ensure that, through our own activities and through working with our business relationships, such risks are mitigated to the lowest practicable level.

# Oil and Petroleum Products

-  Crude oil

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-  Fuel oil

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-  Middle distillates

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-  Gasoline and naphtha

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-  LPG/NGL

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-  LNG

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-  Petrochemicals

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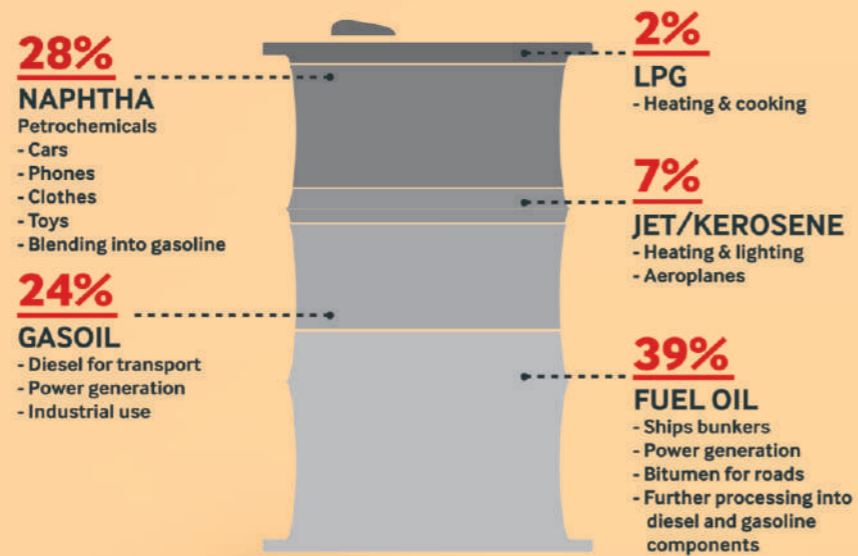
-  Base metals

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-  Agricultural products

As a physical trader we move energy, bulk materials and agricultural commodities from source to customer as quickly, reliably and cost-effectively as possible.

## What is in a barrel of crude oil?



## Crude oil

Our crude oil trading business has longstanding relationships with producers and refiners in every part of the world. We help the former to effectively market and distribute their daily production, and the latter to secure a reliable and consistent supply of quality crude.



## Fuel oil

We optimise flows and blends to reflect changing patterns of demand. Currently, around 47 percent of global fuel oil supply is used in bunkers, 30 percent in power generation and the remainder for refinery feedstock. We focus on aligning our blends with specific pockets of demand. We serve main fuel centres of Singapore and Dubai.

## Condensate

We source both clean and dirty condensate from oil and gas producers in the Middle East. We are building new markets for condensates, previously clients had no use for this versatile product, but we are helping in finding applications at units such as refineries, splitters, petrochemical plants and power generation facilities.



## Middle Distillates

Our mid-distillates trading operation covers jet fuel, diesel and gas oil. Our suppliers lease storage globally and use tankage to blend products to local specifications and premium-priced fuels. We trade the full range of distillates, from low to high sulphur. We spot-charter and time-charter a wide range of tonnage through our Shipping and Chartering partners. In order to achieve greater physical arbitrage, we charter large tankers. Our teams, with the help of our local partner, lease floating storage vessels to provide prompt supply for customers with limited storage.

# Oil and Petroleum Products

## Gasoline

We work with refiners, state-owned oil companies, marketers and distributors across the globe. We operate in the growing number of markets across Asia, Africa and South America.

Specification varies widely by region, we utilize our local partner extensive logistic, storage and blending capabilities to guarantee delivery of the right quality in the right volume at the right time.



## Liquefied Natural Gas(LNG)

LNG's complex logistics require substantial capital expenditure from market participants, setting high barriers to entry for producers, end-users and shippers. Now, as infrastructure is put in place, the spot market is becoming more active and freely traded volumes are growing. We expect the LNG markets to reach a tipping point during this decade and are acting now to be sure we are ready.

## Bitumen

Bitumen is available in a variety of grades. Specifications vary to meet the needs of the consuming industries and are based on a series of physical tests that define the safety, solubility, physical properties and durability of bitumens. The physical properties are designed to define performance characteristics that are required under the climatic and loading conditions that the bitumen will experience in service.



## Naphtha

We source naphtha from the Middle East and we serve our clients in Asia, Europe and the Americas. Our focus is on building long-term relationships and make a point of working with our customers to meet their changing needs. Our product coverage allows us to take advantage of naphtha's high substitutability. We monitor relative pricing and shifting demand patterns from petrochemical companies.



## Liquid Petroleum Gases(LPG)

The LPG market is evolving rapidly; we are growing our geographic reach and market share. We trade propane, butane, isobutane and some mixed LPG. We offer our customers a complete, end-to-end service. Our logistic partners operate a large fleet of purpose-built LPG tankers comprising four VLGCs (very large gas carriers) and 8 small to medium fully refrigerated vessels. Our supplier have also invested substantially in LPG infrastructure, including terminals and storage facilities.



### BITUMINOUS BINDER FAMILY (EUROPEAN NORM -EN)

#### PAVING GRADES

#### INDUSTRIAL GRADES

PAVING GRADE BITUMENS EN 12591	HARD PAVING GRADE BITUMENS EN 13924	POLYMER MODIFIED BITUMENS EN 14023	CATIONIC BITUMINOUS EMULSIONS EN 13808	CUT-BACK & FLUXED BITUMENS EN 15322	OXIDIZED BITUMENS EN 13304	HARD GRADE INDUSTRIAL BITUMENS EN 133305
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# Oil and Petroleum Products

## Base Oil



### Group I

Group I base oils are classified as less than 90 percent saturates, greater than 0.03 percent sulfur and with a viscosity-index range of 80 to 120. The temperature range for these oils is from 32 to 150 degrees F. Group I base oils are solvent-refined, which is a simpler refining process. This is why they are the cheapest base oils on the market.

### Group II

Group II base oils are defined as being more than 90 percent saturates, less than 0.03 percent sulfur and with a viscosity index of 80 to 120. They are often manufactured by hydrocracking, which is a more complex process than what is used for Group I base oils. Since all the hydrocarbon molecules of these oils are saturated, Group II base oils have better antioxidation properties. They also have a clearer color and cost more in comparison to Group I base oils. Still, Group II base oils are becoming very common on the market today and are priced very close to Group I oils.

### Group III

Group III base oils are greater than 90 percent saturates, less than 0.03 percent sulfur and have a viscosity index above 120. These oils are refined even more than Group II base oils and generally are severely hydrocracked (higher pressure and heat). This longer process is designed to achieve a purer base oil. Although made from crude oil, Group III base oils are sometimes described as synthesized hydrocarbons. Like Group II base oils, these oils are also becoming more prevalent.

### Group IV

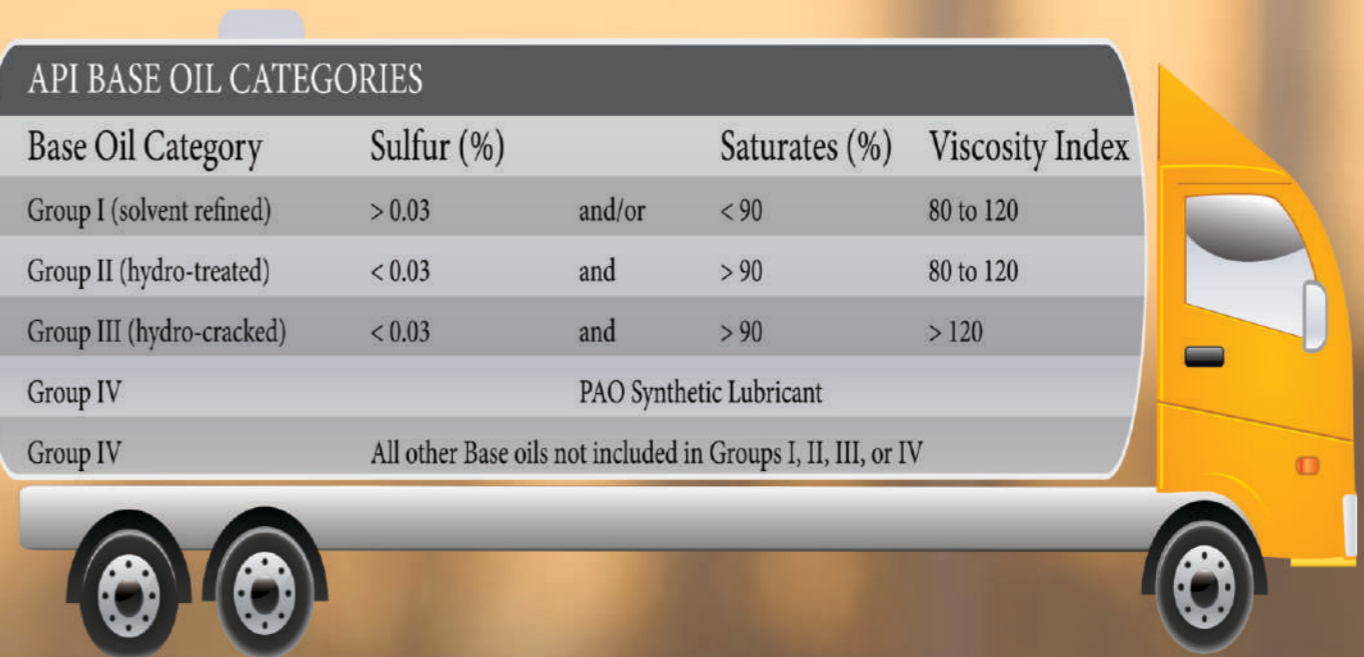
Group IV base oils are polyalphaolefins (PAOs). These synthetic base oils are made through a process called synthesizing. They have a much broader temperature range and are great for use in extreme cold conditions and high heat applications.

### Group V

Group V base oils are classified as all other base oils, including silicone, phosphate ester, polyalkylene glycol (PAG), polyolester, biolubes, etc. These base oils are at times mixed with other base stocks to enhance the oil's properties. An example would be a PAO-based compressor oil that is mixed with a polyolester. Esters are common Group V base oils used in different lubricant formulations to improve the properties of the existing base oil. Ester oils can take more abuse at higher temperatures and will provide superior detergency compared to a PAO synthetic base oil, which in turn increases the hours of use.

API BASE OIL CATEGORIES

Base Oil Category	Sulfur (%)	Saturates (%)	Viscosity Index
Group I (solvent refined)	> 0.03	and/or < 90	80 to 120
Group II (hydro-treated)	< 0.03	and > 90	80 to 120
Group III (hydro-cracked)	< 0.03	and > 90	> 120
Group IV	PAO Synthetic Lubricant		
Group V	All other Base oils not included in Groups I, II, III, or IV		





# Oil and Petroleum Products

## Methanol



Methanol is one of the most versatile compounds developed and is the basis for hundreds of chemicals, thousands of products that touch our daily lives, and is second in the world in amount shipped and transported around the globe every year. A truly global commodity, methanol is a key component of modern life and new applications are paving the way forward to innovation.

**Transportation Fuel** - Methanol is the most basic alcohol. It is easy to transport, readily available, and has a high octane rating that allows for superior vehicle performance compared to gasoline. Many countries have adopted or are seeking to expand methanol fueling programs, and it is the fastest growing segment of the methanol marketplace today. This is driven in large part by methanol's low price compared to gasoline or ethanol, and the very small incremental cost to modify current vehicles to run on blends of methanol fuel. Methanol also produces much less toxic emissions than reformulated gasoline, with less particulate matter and smog forming emissions.

**Biodiesel Transesterification** - In the process of making biodiesel fuel, methanol is used as a key component in a process called transesterification - to put it simply, methanol is used to convert the triglycerides in different types of oils into usable biodiesel fuel. The transesterification process reacts methanol with the triglyceride oils contained in vegetable oils, animal fats, or recycled greases, forming fatty acid alkyl esters (biodiesel) and the byproduct glycerin. Biodiesel production continues to grow around the globe, with everything from large-scale commercial operations to smaller, backyard blenders mixing this environmentally friendly fuel for everyday use in diesel engines.

## Ethanol



The largest single use of ethanol is as an engine fuel and fuel additive. More than any other major country, Brazil relies on ethanol as an engine fuel. Gasoline sold in Brazil contains at least 25% anhydrous ethanol. Hydrous ethanol (about 95% ethanol and 5% water) can be used as fuel in more than 90% of new gasoline-engined cars sold in the country. Brazilian ethanol is produced from sugar cane and noted for high carbon sequestration. The US uses Gasohol (max 10% ethanol) and E85 (85% ethanol) ethanol/gasoline mixtures. Ethanol may also be utilized as a rocket fuel, and is currently in lightweight rocket-powered racing aircraft.

World production of ethanol in 2006 was 51 giga litres ( $1.3 \times 10^{10}$  US gal), with 69% of the world supply coming from Brazil and the United States. More than 20% of Brazilian cars are able to use 100% ethanol as fuel, which includes ethanol-only engines and flex-fuel engines.[35] Flex-fuel engines in Brazil are able to work with all ethanol, all gasoline or any mixture of both. In the US flex-fuel vehicles can run on 0% to 85% ethanol (15% gasoline) since higher ethanol blends are not yet allowed or efficient. Brazil supports this population of ethanol-burning automobiles with large national infrastructure that produces ethanol from domestically grown sugar cane. Sugar cane not only has a greater concentration of sucrose than corn (by about 30%), but is also much easier to extract.

# Oil and Petroleum Products

## Petrochemical



Petrochemicals are chemical products derived from petroleum. Some chemical compounds made from petroleum are also obtained from other fossil fuels, such as coal or natural gas, or renewable sources such as corn or sugar cane. The two most common petrochemical classes are olefins (including ethylene and propylene) and aromatics (including benzene, toluene and xylene isomers). Oil refineries produce olefins and aromatics by fluid catalytic cracking of petroleum fractions. Chemical plants produce olefins by steam cracking of natural gas liquids like ethane and propane. Aromatics are produced by catalytic reforming of naphtha. Olefins and aromatics are the building-blocks for a wide range of materials such as solvents, detergents, and adhesives. Olefins are the basis for polymers and oligomers used in plastics, resins, fibers, elastomers, lubricants, and gels.

Primary petrochemicals are divided into three groups depending on their chemical structure:

1. Olefins includes ethylene, propylene, and butadiene. Ethylene and propylene are important sources of industrial chemicals and plastics products. Butadiene is used in making synthetic rubber.
2. Aromatics includes benzene, toluene, and xylenes. Benzene is a raw material for dyes and synthetic detergents, and benzene and toluene for isocyanates MDI and TDI used in making polyurethanes. Manufacturers use xylenes to produce plastics and synthetic fibers.
3. Synthesis gas is a mixture of carbon monoxide and hydrogen used to make ammonia and methanol. Ammonia is used to make the fertilizer urea and methanol is used as a solvent and chemical intermediate.

## Green Delayed Petroleum Coke



Green Petroleum Coke (CVP) is a granulated and carbonaceous solid product, obtained with high technology and quality from the processing of liquid fractions of oil in the Delayed Coking Units (UCR) of refineries. It is a water-insoluble, non-explosive, non-reactive product with a high ignition point.

Its texture is porous and the colour is black, receiving the denomination "green" because it is a product exempt from heat treatment, that is, before being subjected to any other process, such as calcination.

Green Petroleum Coke (CVP) is a sponge type and has a high sulfur content (BTE), compared to most other producing countries, which gives it great versatility. In addition, it has a high fixed carbon content, low ash content, high calorific value and high chemical stability.

Green Petroleum Coke (CVP) can be used in several applications, the most important being:

1. Cement Companies and others
2. Calcination/Aluminium
3. Steel

# Oil and Petroleum Products

## Urea



For its main use as a fertilizer urea is mostly marketed in solid form, either as prills or granules. The advantage of prills is that, in general, they can be produced more cheaply than granules and that the technique was firmly established in industrial practice long before a satisfactory urea granulation process was commercialized. However, on account of the limited size of particles that can be produced with the desired degree of sphericity and their low crushing and impact strength, the performance of prills during bulk storage, handling and use is generally with some exceptions considered inferior to that of granules.

High-quality compound fertilizers containing nitrogen co-granulated with other components such as phosphates have been produced routinely since the beginnings of the modern fertilizer industry, but on account of the low melting point and hygroscopic nature of urea it took courage to apply the same kind of technology to granulate urea on its own.

More than 90% of world industrial production of urea is destined for use as a nitrogen-release fertilizer. Urea has the highest nitrogen content of all solid nitrogenous fertilizers in common use. Therefore, it has the lowest transportation costs per unit of nitrogen nutrient. The standard crop-nutrient rating (NPK rating) of urea is 46-0-0.

## NPK Fertilizer



A complex universal fertilizer for any soils and crops, most effective when applied for tilled and technical crops – before pre-sowing cultivation or during sowing. It is also a perfect starter fertilizer for spring cereals. The sulphur content ensures high intake of nitrogen and phosphorus by plants, and potassium facilitates faster transport of synthesis products (carbohydrates) to root vegetables and seeds.

### The functions of macro nutrients

**N (Nitrogen):** is essential for plants growth, especially for the green parts, because it is the main element in the construction of plant cells and chlorophyll. Nitrogen persists in the soil for a relatively short time, so it is necessary to fertilize the ground several times a year or use a slow-release fertilizer.

**P (Phosphorus):** strengthens the roots, improves flowering and promotes photosynthesis. It is therefore essential during all stages of plant life: from birth to flowering and fruiting. Lack of phosphorus can cause weak growth and greater weakness to insects and diseases.

**K (Potassium):** is essential for the water's absorption and balance of plants. It contributes to the development of strong and robust tissues, in order to resist against diseases and extreme temperature changes. Potassium also improves the flavour, colour and texture of fruits.

# Logistics

Logistics and distribution are at the core of the business; shipping raw materials to where they can be refined or processed and then used or transported to areas where there is a deficit.

Shipping and chartering operations are managed out of LEXCOR ENERGY's key regional offices. All post-fixture operations, which include issuing voyage orders, completing stowage plans, negotiating with port agents and handling demurrage claims are managed centrally from our Logistical Partner Nevsky Maritime LLC in the Saint Petersburg office.

## WET FREIGHT

We fix vessels on spot voyage and take ships on time charter, for periods spanning anything from 30 days to five years. We deal in all vessel sizes, from 2,000 to 300,000 tonne DWT tankers. We trade in every market segment, including clean, dirty, LNG and LPG freights. At any given time we have a fleet of around 10 tankers on time charter, for anything between one month and five years.

For our traders, tankers are mobile terminals. We charter ships as working assets and aim to minimise idle time, while seeking out the best possible return.

The freight desks interact with trading desks to expand the LEXCOR ENERGY offer. We work closely with our subsidiary GoldMar, especially in Africa, Middle East and Europe. We give potential buyers the option to buy their commodities with freight, on C+F (cost, and freight) or STS (Ship to Ship) terms.

## DRY FREIGHT

Our dry freight team supports the Bitumen, NPK, and Urea division with a chartering service to meet the international dry cargo requirements of the business.

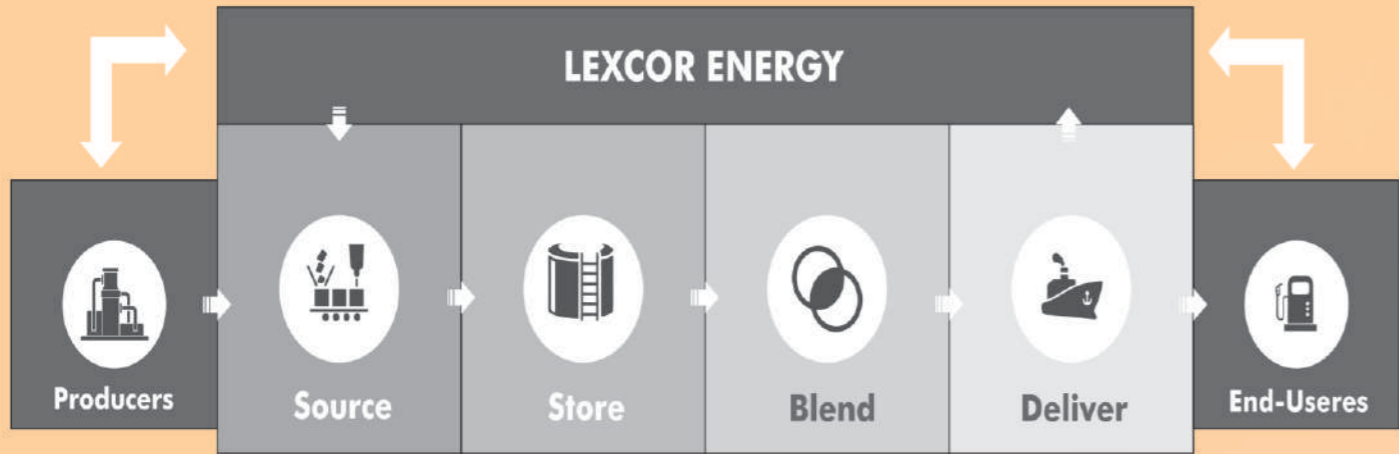
We transport Bitumen from West to East, Urea from Middle East to India and China and Petrochemical from Middle East to India and china.

We also coordinate Train transport from Russia to China.



# How we Add Value

## Service and Performance



Lexcor Energy is an independent physical trading and logistics business, owned by its employees. With no external shareholders, we can focus entirely on creating long-term value by putting our customers first.

We have the resources and the agility to meet their changing needs. Many of our counterparts are strategic players in their respective markets. They rely on us to deliver correctly specified commodities on time, every time.

We use our global presence, market knowledge and logistics capabilities to make trade flow better. We do that by balancing supply and demand, optimising supply chains and servicing the needs of our customers around the world.

Lexcor Energy enjoys significant economies of scale and has access to lowcost funding from international lenders. We manage operational and financial risks across the globe. Integrated systems and processes allow us to apply consistently high standards across the Group.

Intense competition and market transparency highlight the importance of service and operational efficiency.

We seek to streamline and simplify physical delivery. We invest in infrastructure, storage, transportation and logistics to make that happen.



ADDED VALUE		
<p><b>Cost reduction</b></p> <ul style="list-style-type: none"> <li>Market knowledge</li> <li>Low financing cost</li> <li>Operational efficiency</li> <li>Economies of scale</li> <li>Infrastructure investment</li> <li>Supply chain optimisation</li> </ul>	<p><b>Risk management</b></p> <ul style="list-style-type: none"> <li>Hedged price risks</li> <li>Hedged currency risk</li> <li>Political and liability risk insurance</li> <li>Regulatory compliance</li> <li>Integrated systems and processes</li> <li>Governance and responsibility</li> </ul>	<p><b>Market access</b></p> <ul style="list-style-type: none"> <li>Global network</li> <li>Structured trade finance</li> <li>Prepayments and offtake agreements</li> </ul>

## Global Presence

The Global Energy landscape is evolving rapidly and arbitrages are instrumental in re-aligning balances. Thanks to its strategic and Global presence, LEXCOR ENERGY is perfectly positioned to identify and implement the appropriate operations the curb imbalances while developing synergies within commodity markets.

# 5 Continents 50 Countries

Our Operation span five continents and engage more than fifty countries. We have our principal 5 hubs in China, Hong Kong, UAE, Russia, Iraq, Nigeria and global Network in Europe, South America, China, Russia, Africa.



LEXCOR ENERGY is one of the worlds leading independent energy and commodities group. We supply products from areas of surplus to areas of need.

# Financial Strength and Expertise

Our business model prioritises resilience and prudent risk management. We have the financial capabilities and expertise to operate effectively in volatile markets.

We have grown accustomed to industry cycles and built a profound understanding of our counterparts' needs.

We systemically hedge price risks. We have systems and procedures in place that allow us to manage complex combinations of operational and financial risk.



## Assisting clients with financial solutions

Commodity producers use prepayment structures to obtain liquidity and gain access to a wide range of financial partners. Lexcor Energy is one of the commodity trading industry's leading providers of financial solutions for clients.

We arrange financial support for periods from 30 days to 180 days in jurisdictions across the world for any commodity that we trade. Our goal is to handle the commodity flows, whilst helping to raise liquidity for many producers.

We monetise the future production of commodities for producers and processors. We leverage our extensive banking industry relationships to underwrite and syndicate prepayment facilities.

Our proven track record attracts collaboration from both commodity producers and financial supporters.



The background of the image is a sunset over the ocean. On the left side, there is a dark silhouette of an offshore oil rig. Below the rig, a ship is visible on the water. The sky is a gradient of orange and yellow, with the sun low on the horizon. The bottom of the image features a dark blue gradient that is separated from the rest of the image by a diagonal line.

**LEXCOR**  
ENERGY