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CoinEx Token Rating Update

BB Outlook Positive

August 2021

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EXECUTIVE SUMMARY

Advantages

- ① CoinEx Token has a wide range of applications, include serving as a built-in token for CoinEx Smart Chain, and acting as gas.
- ② The performance of CoinEx Token repurchase exceeded expectations. 1.09 billion unlocked Tokens that will be distributed to development team were destroyed in February 2021, which makes the Token into deflationary of full circulation.
- ③ CoinEx Smart Chain (CSC) was launched on June 30 with stable on-chain activities.
- ④ CoinEx Token has risen 530.78% in the past year, it's performing well in secondary market.

Challenges

- ① CoinEx Token is deeply engaged in exchange ecosystem, which means the token is vulnerable to policy factors. Compliance is the way to go for cryptocurrency trading platforms.
- ② CSC has not been launched for long. Competitors in the same industry have been laid out earlier in the market, so it is difficult to break the market pattern.
- ③ The volatility of CoinEx Token price was relatively high in secondary market, it decreased about 45.52% from the highest point.

Outlook

Though the CoinEx smart chain has not been launched for long, the \$10 million support program attracts potential and mature project parties to jointly build the ecosystem. Meanwhile, the performance of token repurchase destruction plan is excellent, which has made the ecosystem into a deflationary state. However, it should be noted that the policy risk and the competition of same industry. Compliance closely affects the future development pattern of the trading industry.

Summary

In summary, TokenInsight's rating on CoinEx Token has been adjusted to BB with a positive outlook.



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01.

PROJECT

INTRODUCTION

CoinEx Token (CET) is a token serving the system of user value-added service within the CoinEx trading platform ecosystem. Issued in January 2018, the token was initially based on ERC-20 standard of Ethereum and later migrated to CoinEx's self-developed CoinEx Smart Chain for use as gas fee. Currently, the CET core value covers 5 scenarios (with the possibility of expanding in the future).

- Long-term repurchase and destruction, 50% of the platform's fee income is repurchased and destroyed until the total volume of CET reaches less than 3 billion, then 20% of the fee income is repurchased and destroyed until the CET is completely destroyed.
- Discounted platform transaction fees.
- VIP services, including rate discounts, cash withdrawal acceleration, special activities, exclusive customer service, and other privileges.
- Special activities, such as participation in token airdrop, votings, investment opportunities of high-quality projects.
- Acting as gas fee token of CoinEx Smart Chain.

▸ CET price trend over the past year

Source: CoinGecko, TokenInsight, Aug 25th 2021 18:00 (UTC+8)



02.

SIGNIFICANT EVENTS

On February 20, 2021, CoinEx team destroyed 1.08 billion CETs that had not been unlocked at one time.

The CETs were originally planned to be used for team building and market expansion and should be unlocked in the next three years. Now CETs are in full circulation, with the current total circulation of 4.1 billion in deflation.

1

On March 12, 2021, the CoinEx team decided to continue to use 20% of the fee to buy back and destroy CETs after the total volume of CETs reduced to 3 billion until all CETs are fully destroyed.

Previously, they planned to use 50% of revenue to repurchase and destroy CETs every day until the total volume of CET reaches less than 3 billion.

2

On June 30, 2021, CoinEx Smart Chain (CSC) opened to public, and a \$10 million ecological support program was implemented.

CSC has following features including compatibility with the Ethereum ecosystem, relatively high efficiency, low gas fees, and no licensing required for block nodes.

3

On July 7, 2021, CoinEx completes asset snapshot of former DEX chain and discontinues service

The asset snapshot was finished and out of service at block height 21164826 (July 7, 09:36:16 UTC).

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03.

COMPLIANCE PERFORMANCE

3.1 Business Compliance

According to the agreement of "Disclosure of Information on CET Circulation and Future Applications" released on the official website of CoinEx on April 19, 2019, CoinEx would launch a public chain built specifically for decentralized transactions: CoinEx Chain, and will launch CoinEx DEX, a decentralized trading platform based on CoinEx Chain.

On November 11, 2019, the CoinEx Chain mainnet was officially launched; on March 18, 2021, it was announced that CoinEx Chain will be upgraded to CoinEx smart chain(CSC); on June 30, 2021, the CoinEx Smart Chain (CSC) was officially launched; on July 7, 2021, the asset snapshot of former DEX chain was finished on block height 21164826 (July 7, 09:36:16 UTC) and ceased service.

In terms of public chain, CoinEx continues to iterate and upgrade based on completion, with excellent compliance; in terms of its DEX, CoinEx strategically invested and incubated DEX platform Onesawp, it was basically completed.

3.2 Repurchase Compliance

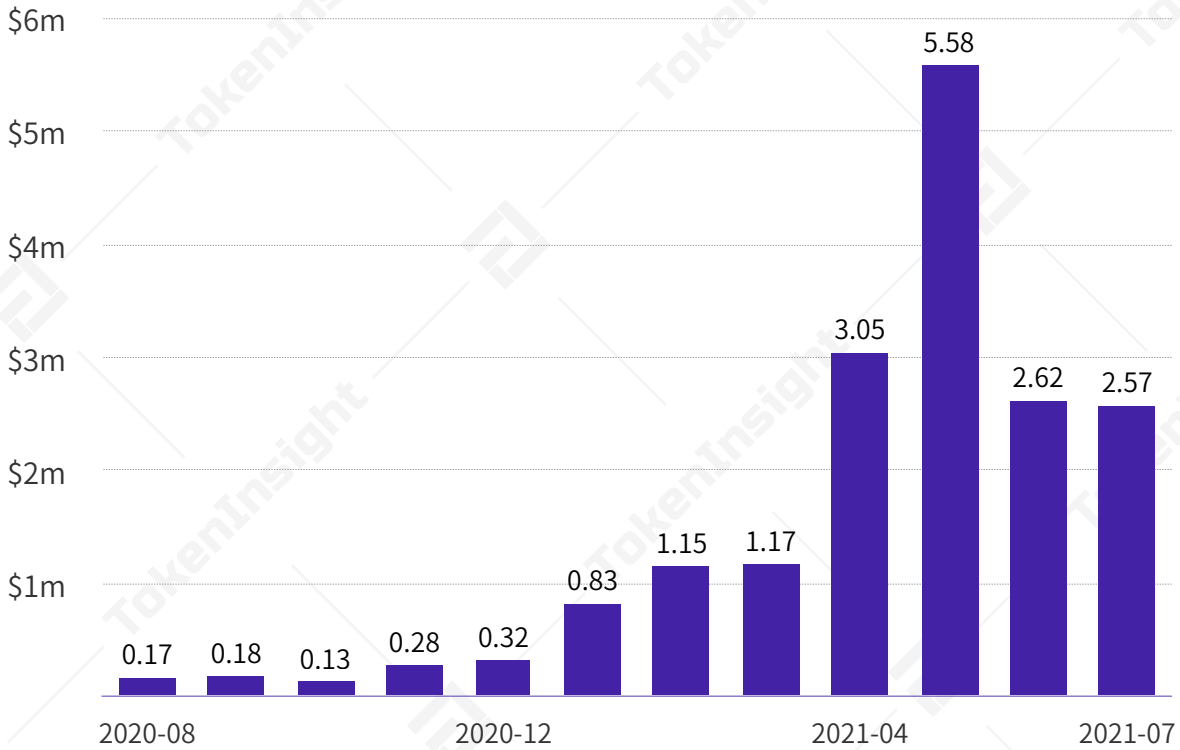
According to the agreement of "Disclosure of Information on CET Circulation and Future Applications", CoinEx planned to use 50% of the profit from the current quarter's transaction fees to buy back and destroy CETs at the end of each natural quarter. CoinEx will stop implementing the repurchase and destruction process for CETs when the total volume of CETs in circulation reduces to 3 billion.

In the process of repurchase and destruction, certain amounts of CETs has been destroyed on a regular basis. On February 20, 2021, CoinEx destroyed an additional 1.08 billion CETs in lock-up on top of the original plan. Then on March 12, 2021, CoinEx announced to continue to repurchase and destroy CETs with 20% of profit after the total volume of CET is less than 3 billion, until all CETs are destroyed.

According to the real-time data on CoinEx's official website, as of 18:00 Beijing time on August 25, CETs have been full circulation and 5.78 billion of CETs have been destroyed. The total volume of CETs is currently 4.155 billion, with 53 million CETs to be destroyed, 4.102 billion CETs in circulation, and a circulating market value of about 327 million USD. Overall, the performance of CoinEx repurchase and destruction is excellent and expectation-exceeded. The following are specific data for the past year.

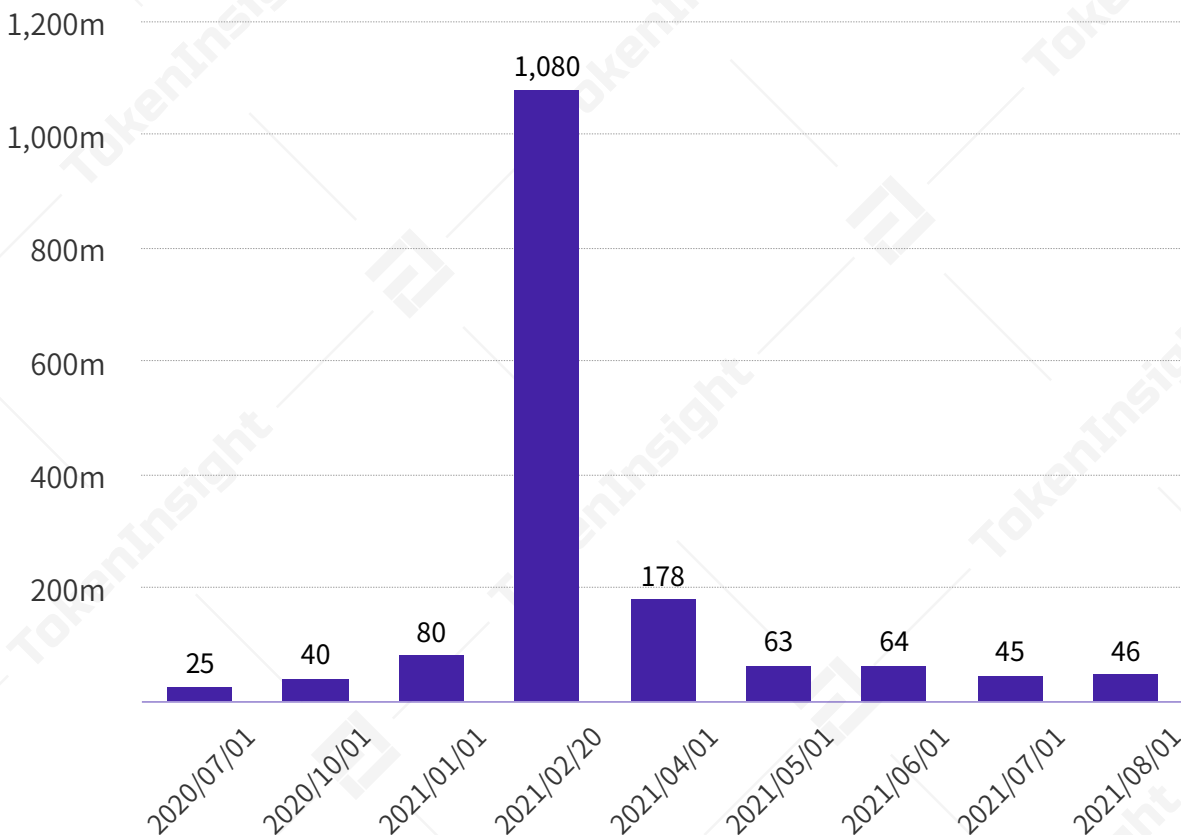
▸ CET monthly repurchase market value over the past year

Source: TokenInsight; August 25th 2021 18:00(UTC+8)



▸ Number of CETs destroyed in the past year

Source: TokenInsight; August 25th 2021 18:00(UTC+8)



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KEY DATA

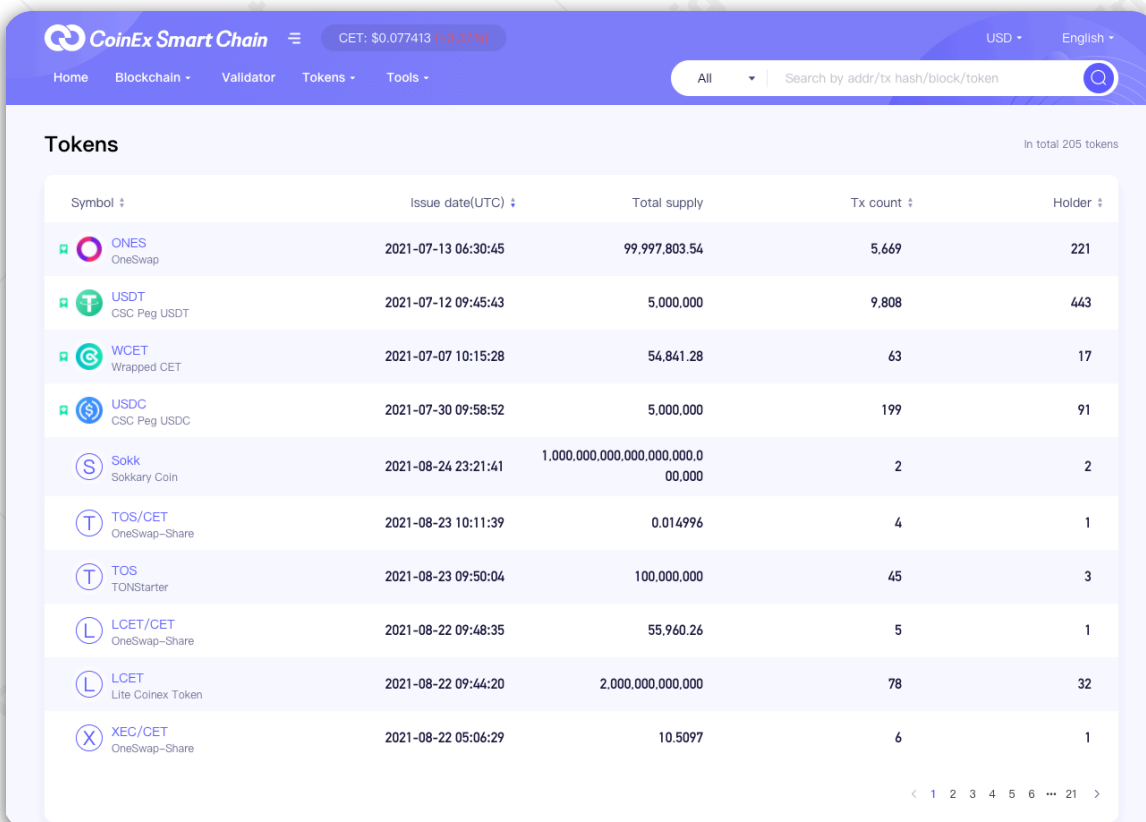
4.1 On-Chain Data

CoinEx Smart Chain officially went live on June 30, 2021. As of 25th August, 2021, there are 205 tokens available on CoinEx Smart Chain. On the same day, the CSC \$10 million ecological support program was implemented to encourage potential new developers or mature project parties to apply, to create their own DApps on CSC, or port their project assets to CSC.

In general, CSC has a certain level of activity. According to the on-chain data in the last 15 days, the number of active addresses is around 200 per day and the number of transactions is around 1,200 per day. The highest number of active addresses in a single day is 245 and the highest number of transactions is 1,545.

► [List of token on CoinEx Smart Chain](#)

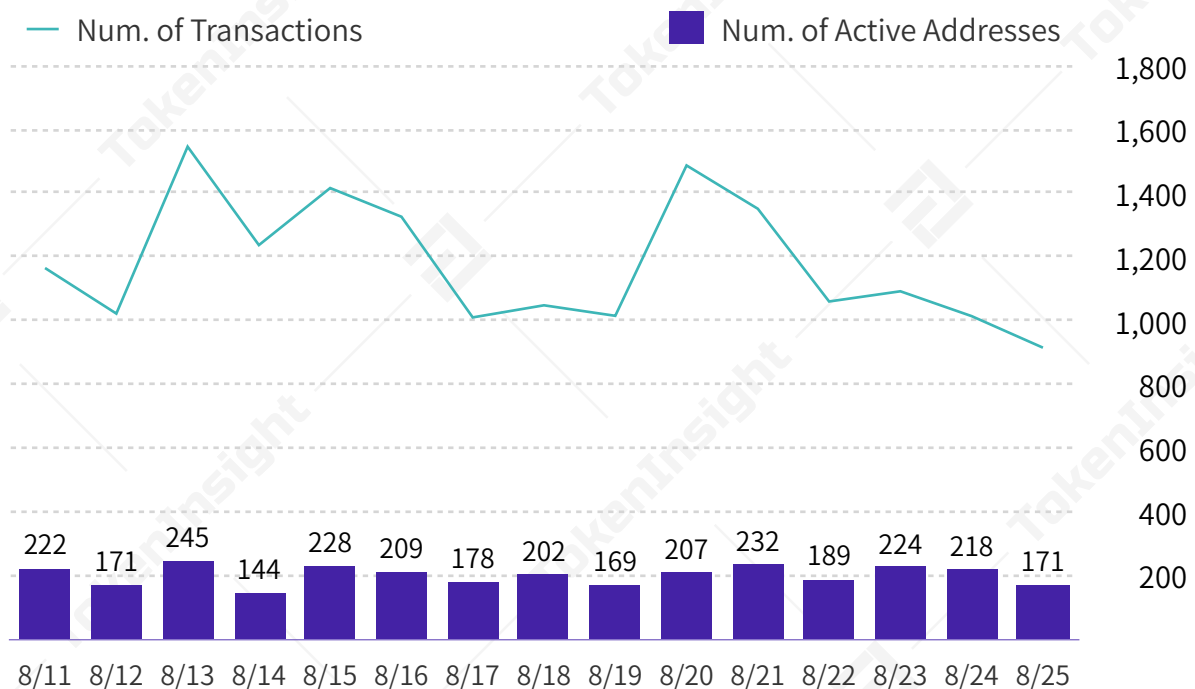
Source: TokenInsight; August 25th 2021 18:00(UTC+8)



Symbol	Issue date(UTC)	Total supply	Tx count	Holder
ONES OneSwap	2021-07-13 06:30:45	99,997,803.54	5,669	221
USDT CSC Peg USDT	2021-07-12 09:45:43	5,000,000	9,808	443
WCET Wrapped CET	2021-07-07 10:15:28	54,841.28	63	17
USDC CSC Peg USDC	2021-07-30 09:58:52	5,000,000	199	91
Sokk Sokkary Coin	2021-08-24 23:21:41	1,000,000,000,000,000.000,000	2	2
TOS/CET OneSwap-Share	2021-08-23 10:11:39	0.014996	4	1
TOS TONstarter	2021-08-23 09:50:04	100,000,000	45	3
LCET/CET OneSwap-Share	2021-08-22 09:48:35	55,960.26	5	1
LCET Lite Coinex Token	2021-08-22 09:44:20	2,000,000,000,000	78	32
XEC/CET OneSwap-Share	2021-08-22 05:06:29	10.5097	6	1

▸ **CSC Numbers of active addresses and transactions in last 15 days**

Source: Coinex.net, TokenInsight, 26th August 2021 14:00(UTC+8)



4.2 Trading Data

According to CoinMarketCap data, CET is available to be traded on AscendEX, CoinEx, and BKEX as of 26th August. While trading volume on BKEX accounts for almost 0. CoinEx allocates the most of CET liquidity, accounting for 93.16%, and the others are allocated by AscendEX, accounting for 6.84%. The CET/USDT pair has the highest share (among the five pairs), at over 80%.

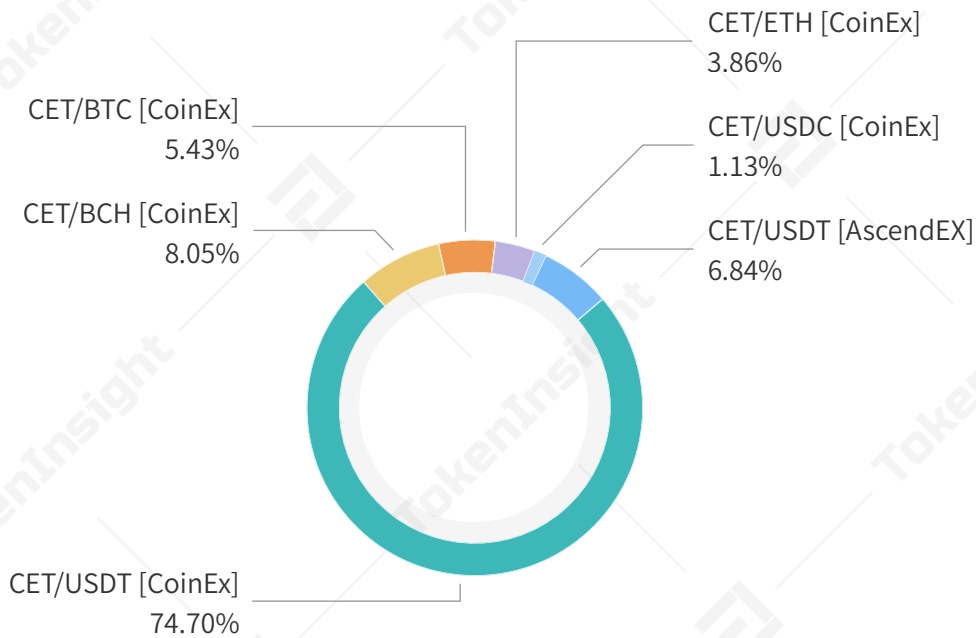
▸ **CET Price & trading volume**

Source: CoinMarketCap, TokenInsight, 26th August 2021 14:00(UTC+8)

Exchange	Trading Pair	Price	24h Volume
 CoinEx	CET/USDT	\$0.0775	\$1,140,264
 CoinEx	CET/BCH	\$0.07778	\$122,821
 AscendEX(Bitmax)	CET/USDT	\$0.07738	\$104,406
 CoinEx	CET/BTC	\$0.07776	\$82,877
 CoinEx	CET/ETH	\$0.07775	\$58,995
 CoinEx	CET/USDC	\$0.07781	\$17,180

▸ CET Trading Pairs Volume Share

Source: CoinMarketCap, TokenInsight, 26th August 2021 14:00(UTC+8)



4.3 Community Analysis

In terms of community data, there’s a wide range of community channels of CoinEx, covering 18 language zones and 9 social platforms. Generally speaking, the operational data is relatively good. Some of the channel highlights are listed below.

▸ CoinEx Social Media Followers

Source: TokenInsight

Social Media Platform	Follower Number
Twitter(Enligh)	60,619
Twitter(other language)	15,128
Telegram(English)	12,388
Telegram(Persian)	14,990
Telegram(other language)	23,976
Weibo	12,906

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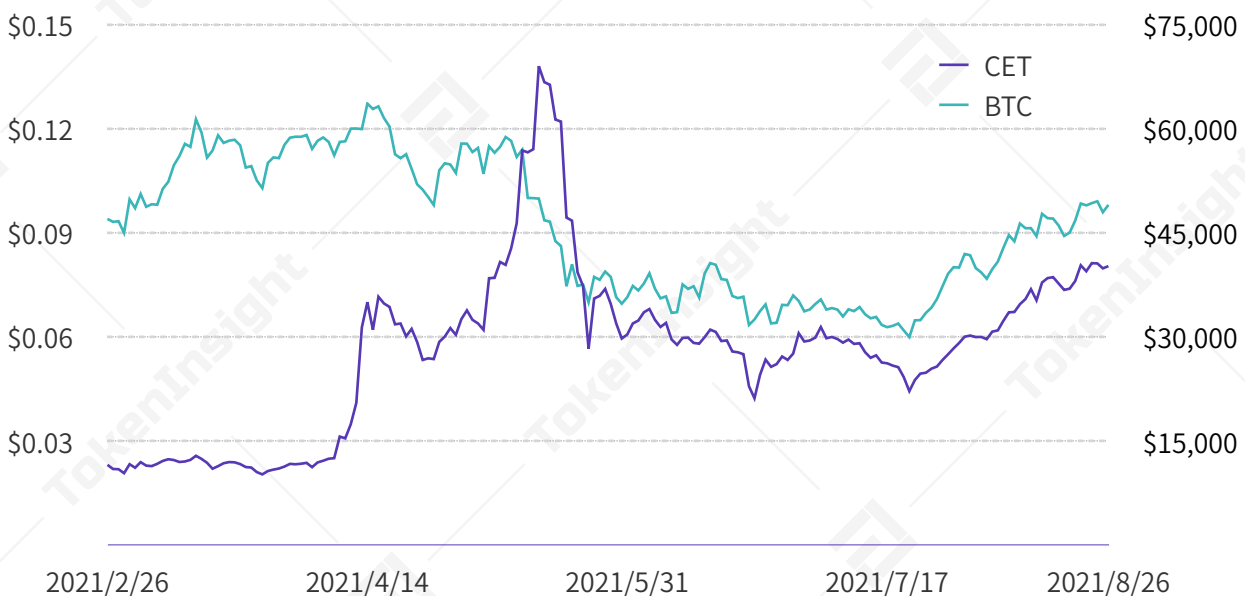
RISK ANALYSIS

5.1 Secondary Market Risk

Over the past six months, the price of bitcoin has not changed much, it rises 4.28%, while CET price rises 247.02%. Though the increase rate of CET price is much higher than bitcoin, the relative volatility is also greater. CET price decreases about 45.52% from the highest point, while BTC is only down 24.38%.

▸ **CET and BTC price trend comparison in the last six months**

Source: CoinMarketCap, TokenInsight, 26th August 2021 14:00(UTC+8)



5.2 Policy Risk

Currently, global regulatory policy on cryptocurrency exchanges has been tightened across the board, especially for cryptocurrency derivatives exchanges. cryptocurrency derivatives exchanges in the U.S. need to obtain CFTC approval and two licenses, namely the derivatives clearing organization license (DCO) and the designated contract market license (DCN). Meanwhile in China, on the other hand, regulatory policies were issued frequently on cryptocurrencies in May and June. But there are paths for cryptocurrency exchanges to breakthrough. The listing of Coinbase and Singapore's open policy are both positive signals. In the future, compliance is the way to go for all cryptocurrency exchanges.

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Symbols and Definition of Risk Ratings

- AAA** The technical foundation is extremely solid, the status of operations is extremely stable, the extent of influence on the project by unfavorable changes in the environment or uncertain factors is extremely small, and risk is extremely low.
- AA** The technical foundation is very solid, the status of operations is very stable, the extent of influence on the project by unfavourable changes in the environment or uncertain factors is very small, and risk is very low.
- A** The technical foundation is solid, the status of operations is stable, the extent of influence on the project by unfavourable changes in the environment or uncertain factors is relatively small, and risk is relatively low.
- BBB** Technical feasibility is very good, the status of operations is stable, influence on the project by unfavourable changes in the environment or uncertain factors exists to a certain extent, and risk is controllable.
- BB** Technical feasibility is good, the status of operations is relatively stable, the possibility of influence on the project by unfavourable changes in the environment or uncertain factors exists to a relatively large extent, and risk is basically controllable.
- B** Technical feasibility is moderate, the status of operations is relatively stable, the possibility of influence on the project by unfavourable changes in the environment or uncertain factors exists to a very large extent, and risk is to a definitely limited extent controllable.
- CCC** The technical foundation or idea has certain problems, the application scenarios are limited, the project is susceptible to influence by uncertain factors, both internal and external, and has relatively large risk.
- CC** The technical foundation or idea has considerable problems, and application scenarios are highly limited, which makes for a project that has few internal or external factors to consider in the context of sound development, and carries a very large risk.
- C** The technical foundation or idea has substantial problems, and lacks deliberation upon possible application scenarios. The token has almost no usage value, and the project suffers from extremely large risk.
- D** The project is riddled with problems and carries an extremely high risk of failure.

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