

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



E-COMMODITIES HOLDINGS LIMITED

易大宗控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

MAJOR TRANSACTION FORMATION OF JV COMPANIES

FORMATION OF JV COMPANIES

The Board announces that, on 25 July 2019, the Company and Xiamen Xiangyu entered into the Cooperation Agreement in relation to, among others, the formation of Xiamen JV and Singapore JV. Under the Cooperation Agreement, (1) the registered capital of Xiamen JV will be RMB2 billion, of which RMB980 million to be contributed by the Company through its designated subsidiary, representing 49% of the total registered capital of the Xiamen JV; and (2) the Company, through its designated subsidiary, contribute S\$490,000 to subscribe for shares in the Singapore JV representing 49% of the total share capital of the Singapore JV. Upon the formation of JV Companies, each of the Xiamen JV and the Singapore JV will become an associate company of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the aggregate capital contribution of the Company in the JV Companies exceeds 25% but is less than 100%, the Formation of JV Companies constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, therefore, the Formation of JV Companies is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder is materially interested in the Formation of JV Companies and transactions contemplated under the Cooperation Agreement, therefore, no Shareholder is required to abstain from voting at a general meeting of the Company approving the Formation of JV Companies and the transactions contemplated under the Cooperation Agreement. Since no Shareholder is required to abstain from voting if the Company were convene a general meeting for approving the Formation of JV Companies and the transactions contemplated under the

Cooperation Agreement, the Company intends to, pursuant to Rule 14.44 of the Listing Rules, seek a written approval of the Formation of JV Companies and transactions contemplated under the Cooperation Agreement from the Major Shareholders, who currently hold an aggregate of 1,556,493,113 Shares representing approximately 51.09% of the total number of Shares in issue. Accordingly, such written approval, if obtained, will be accepted in lieu of holding a general meeting of the Company to approve the Formation of JV Companies and transactions contemplated under the Cooperation Agreement pursuant to Rules 14.44 of the Listing Rules, thus, the Company is exempted from convening a general meeting to approve the Formation of JV Companies and transactions contemplated under the Cooperation Agreement.

A circular containing, among other things, further details of the Formation of JV Companies and the Cooperation Agreement will be dispatched to the Shareholders on or before 15 August 2019.

As the completion of the Formation of JV Companies and transactions contemplated under the Cooperation Agreement are subject to the fulfilment of various condition precedents, therefore, the Formation of JV Companies together with the transactions contemplated under the Cooperation Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

A. FORMATION OF JV COMPANIES

The Board announces that, on 25 July 2019, the Company and Xiamen Xiangyu entered into the Cooperation Agreement in relation to, among others, the formation of Xiamen JV and Singapore JV. Under the Cooperation Agreement, (1) the registered capital of Xiamen JV will be RMB2 billion, of which RMB980 million to be contributed by the Company through its designated subsidiary, representing 49% of the total registered capital of the Xiamen JV; and (2) the Company, through its designated subsidiary, contribute S\$490,000 to subscribe for shares in the Singapore JV representing 49% of the total share capital of the Singapore JV. Upon the formation of JV Companies, each of the Xiamen JV and the Singapore JV will become an associate company of the Company.

The principal terms of the Cooperation Agreement are set out below.

The Cooperation Agreement

Date

25 July 2019

Parties

- (1). the Company; and
- (2). Xiamen Xiangyu.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Xiamen Xiangyu, its ultimate beneficial owners and their respective associates are third parties independent of the Company and the connected persons of the Company.

The JV Companies

Under the Cooperation Agreement, the Company and Xiamen Xiangyu propose to set up Xiamen JV and Singapore JV, the equity interest of each will be held by the Company and Xiamen Xiangyu as to 49% and 51%, respectively.

Capital contribution to the JV Companies

Under the Cooperation Agreement, (i) the Company has committed, and shall procure its designated subsidiary, to contribute RMB980 million to Xiamen JV representing 49% of the total registered capital of Xiamen JV and contribute S\$490,000 to Singapore JV representing 49% of the total share capital of Singapore JV; and (ii) Xiamen Xiangyu has committed to contribute RMB1,020 million to Xiamen JV representing 51% of the total registered capital of Xiamen JV and contribute S\$510,000 to Singapore JV representing 51% of the total share capital of Singapore JV. The amount of capital contribution was determined after arm's-length negotiation between the parties to the Cooperation Agreement with reference to, among others, the funding needs of the JV Companies. The capital contribution payable by the Company and/or the designated subsidiary of the Company will be funded by the Group's internal resources.

Conditions for payment of the capital contribution to the JV Companies

The payment of the respective capital contribution to each of the JV Companies by the Company and Xiamen Xiangyu is conditional upon satisfaction of, among others, the following conditions:

- (1). the JV Companies shall be the contracting party to the contracts relating to the trading, procurement and supply of Mongolian coal in the future, and having confirmed by Xiamen Xiangyu of the transitional plan;
- (2). a list of assets under the Integration of Logistics Assets provided by the Company having confirmed by Xiamen Xiangyu, and the parties having agreed in writing on the cooperation regarding the logistics business;
- (3). a plan on the operation and settlement between the JV Companies and the subsidiaries of the Company carrying out logistics business prepared by the Company having confirmed by Xiamen Xiangyu; and
- (4). the applicable approvals of the relevant competent authorities for the Formation of JV Companies having obtained by the parties, respectively.

Other major terms of the Cooperation Agreement

Integration of Logistics Assets

Under the Cooperation Agreement, the Company agreed to proceed to set up logistics segment within 12 months from the effectiveness of the Cooperation Agreement and integrate with relevant assets controlled by it in relation to Mongolian coal business. After the completion of integration, Xiamen Xiangyu intends to acquire not more than 20% equity interest in such segment by way of equity investment. The Company will comply with the Listing Rules requirements, if applicable, in relation to the Integration of Logistics Assets.

Undertaking

Under the Cooperation Agreement, the Company undertakes that during the term of the JV Companies, it will not, directly or indirectly, carry out capital cooperation with any third parties (other than related companies approved by both parties) in respect of Mongolian coal and related domestic coal businesses (including but not limited to trading businesses of the Group and substantially controlled by related parties thereof), in order to avoid, directly or indirectly, compete with the business of the JV Companies.

Supplemental Agreement

Under the Cooperation Agreement, the Company and Xiamen Xiangyu agreed to further negotiate matters in relation to the performance and profit commitment of the JV Companies, which is subject to the supplemental agreement to be entered into by the parties. The Company will comply with the Listing Rules requirements, if applicable, in relation to the transaction contemplated under such supplemental agreement.

Board Composition

Subject to the completion of the Formation of JV Companies, the board of directors of each of the JV Companies shall consist of 5 directors, of which 3 candidates shall be nominated and recommended by Xiamen Xiangyu and 2 candidates shall be nominated and recommended by the Company. The chairman of the board shall be elected from the candidates nominated and recommended by Xiamen Xiangyu.

B. REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANIES

The Company is one of the largest buyers in the Mongolian coal market, with significant market competitiveness in the integrated supply chain services in relation to, among others, Mongolian coal procurement, port logistics, washing and processing, and end customer sales. Mongolia has abundant natural resources, rich coal reserves and the quality and specification thereof highly justifies the domestic coking coal demand. Therefore, the Company and management are optimistic about the future market potential in respect of Mongolian coal.

In order to further accelerate the expansion of the Company's procurement volume and trade market share in the Mongolian coal market, and to further develop Mongolia's thermal coal and domestic trade coal business, the Company actively agreed to negotiate with Xiamen Xiangyu to set up the JV Companies with a view to faster and better develop Mongolian coal and domestic trade coal trading business.

Xiamen Xiangyu is a state-owned enterprise owned by Xiamen Xiangyu Group Co., Ltd. (ranking 338 of the World Top 500 in 2019) and its shares are listed on the main board of Shanghai Stock Exchange. Xiamen Xiangyu is principally engaged in commodities trading (including metal mineral resources, energy chemical industry and agriculture products) and related logistics services. Xiamen Xiangyu is a large-scale commodities supply chain service provider. Xiamen Xiangyu is expected to have synergies with the Company in respect of its commodities trading customer network, market expansion, logistics allocation and financial strength. At the same time, the Formation of JV Companies is also a positive attempt to reform the ownership of state-owned enterprises. The JV Companies will combine the advantages of private enterprises and state-owned enterprises to further enhance their business capabilities and profitability.

In addition, the subsequent logistics integration of the parties will also help the Company to develop the supply chain service business, further enhance the Company's logistics and washing and processing capabilities, and smoothly integrate the logistics business as one main segment of the Company's principal businesses.

The Directors believe that the terms of the Formation of JV Companies are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

C. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the aggregate capital contribution of the Company in the JV Companies exceeds 25% but is less than 100%, the Formation of JV Companies constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, therefore, the Formation of JV Companies is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder is materially interested in the Formation of JV Companies and transactions contemplated under the Cooperation Agreement, therefore, no Shareholder is required to abstain from voting at a general meeting of the Company approving the Formation of JV Companies and the transactions contemplated under the Cooperation Agreement. Since no Shareholder is required to abstain from voting if the Company were convene a general meeting for approving the Formation of JV Companies and the transactions contemplated under the Cooperation Agreement, the Company intends to, pursuant to Rule 14.44 of the Listing Rules,

seek a written approval of the Formation of JV Companies and transactions contemplated under the Cooperation Agreement from the Major Shareholders. As at the date of this announcement, the Major Shareholders beneficially own the following Shares:

Name of the Major Shareholders	Number of Shares directly held	Percentage of shareholding
Famous Speech	1,500,080,608	49.24%
Winsway Resources	56,412,505	1.85%
Total	<u>1,556,493,113</u>	<u>51.09%</u>

Famous Speech is owned as to 73.3% by Ms. Wang, the controlling shareholder of the Company and daughter of Mr. Wang, and Winsway Resources is indirectly wholly owned by Mr. Wang. Accordingly, such written approval, if obtained will be accepted in lieu of holding a general meeting of the Company to approve the Formation of JV Companies and transactions contemplated under the Cooperation Agreement pursuant to Rules 14.44 of the Listing Rules, thus, the Company is exempted from convening a general meeting to approve the Formation of JV Companies and transactions contemplated under the Cooperation Agreement.

A circular containing, among other things, further details of the Formation of JV Companies and the Cooperation Agreement will be dispatched to the Shareholders on or before 15 August 2019.

D. INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in the British Virgin Islands and is principally engaged in the processing and trading of coal and other products and providing logistics services throughout the commodity supply chain.

Xiamen Xiangyu

Xiamen Xiangyu is a state-owned enterprise owned by Xiamen Xiangyu Group Co., Ltd. (ranking 338 of the World Top 500 in 2019) and its shares are listed on the main board of Shanghai Stock Exchange. Xiamen Xiangyu is principally engaged in commodities trading (including metal mineral resources, energy chemical industry and agriculture products) and related logistics services. Xiamen Xiangyu is a large-scale commodities supply chain service provider, and its total revenue for the year 2018 was approximately RMB234 billion.

As the completion of the Formation of JV Companies and transactions contemplated under the Cooperation Agreement are subject to the fulfilment of various condition precedents, therefore, the Formation of JV Companies together with the transactions contemplated under the Cooperation Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

E. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	E-Commodities Holdings Limited, a limited liability company incorporated in the British Virgin Islands, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cooperation Agreement”	the cooperation agreement entered into between the Company and Xiamen Xiangyu dated 25 July 2019 in relation to, among others, the Formation of JV Companies
“Director(s)”	the director of the Company
“Famous Speech”	Famous Speech Limited, a company incorporate under laws of the British Virgin Islands with limited liability, the controlling shareholder of the Company which is owned as to 73.3% by Ms. Wang
“Formation of JV Companies”	the formation of Xiamen JV and Singapore JV in accordance with the terms and conditions of the Cooperation Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Integration of Logistics Assets”	under the Cooperation Agreement, within 12 months from the effectiveness thereof, the Company will proceed to set up a logistics segment and integrate with its Mongolian coal business related assets, and Xiamen Xiangyu proposes to acquire not more than 20% equity interest in such segment by way of equity investment
“JV Companies”	Xiamen JV and Singapore JV
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Major Shareholders”	Famous Speech and Winsway Resources, who at the date of this announcement, hold an aggregate of 1,556,493,113 Shares representing approximately 51.09% of the total number of Shares in issue
“Mr. Wang”	Mr. Wang Xingchun
“Ms. Wang”	Ms. Wang Yihan, the controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	ordinary share(s) of the Company with no par value
“Shareholder(s)”	holder(s) of the Shares
“Singapore JV”	the joint venture to be set up in Singapore pursuant to the terms and conditions of the Cooperation Agreement, the equity interest of which will be held by the Company and Xiamen Xiangyu as to 49% and 51%, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Winsway Resources”	Winsway Resources Holdings Limited, a company incorporated under the laws of the British Virgin Islands and is indirectly wholly-owned by Mr. Wang
“Xiamen JV”	the joint venture to be set up in Xiamen, the PRC pursuant to the terms and conditions of the Cooperation Agreement, the equity interest of which will be held by the Company and Xiamen Xiangyu as to 49% and 51%, respectively
“Xiamen Xiangyu”	Xiamen Xiangyu Joint Stock Company Limited, a state-owned enterprise incorporated under the laws of PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600057.SH)

“%”

per cent.

By Order of the Board
E-Commodities Holdings Limited
Cao Xinyi
Chairman

Hong Kong, 25 July 2019

As at the date of this announcement, the executive directors of the Company are Ms. Cao Xinyi, Mr. Wang Yaxu, Mr. Li Jianlou and Ms. Di Jingmin; the non-executive director of the Company is Mr. Guo Lisheng; and the independent non-executive directors of the Company are Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. Gao Zhikai.