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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)

CONNECTED TRANSACTION ENTERING INTO THE TENANCY AGREEMENT

ENTERING INTO THE TENANCY AGREEMENT

On 30 June 2022, E-Commodities Guangdong, a subsidiary of the Company, entered into the Tenancy Agreement with the Landlord, pursuant to which the Landlord agreed to lease the Relevant Premises to E-Commodities Guangdong (as the tenant).

HONG KONG LISTING RULES IMPLICATIONS

In accordance with IFRS 16 “Leases”, the Relevant Premises leased under the Tenancy Agreement will be recognised as right-of-use assets of the Group in its consolidated statement of financial position. Accordingly, the transaction contemplated under the Tenancy Agreement will be regarded as acquisition of assets by the Group for the purpose of the Hong Kong Listing Rules.

The Landlord is the father of Ms. Wang (the controlling shareholder of the Company), therefore, the Landlord is a connected person of the Company under Rule 14A.07(1) of the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the Tenancy Agreement constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the total value of the right-of-use assets to be recognised by the Group under the Tenancy Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements and is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

A. ENTERING INTO THE TENANCY AGREEMENT

On 30 June 2022, E-Commodities Guangdong, a subsidiary of the Company, entered into the Tenancy Agreement with the Landlord, pursuant to which the Landlord agreed to lease the Relevant Premises to E-Commodities Guangdong (as the tenant).

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

Date	:	30 June 2022
Parties	:	(1) the Landlord (2) E-Commodities Guangdong (as the tenant)
Relevant Premises	:	The Relevant Premises under the Tenancy Agreement with an aggregate area of approximately 5,939.22 square metres comprise: Premises A: Units 737 to 738 on 7 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC, with the area of 110.71 square metres Premises B: 19 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC, with the area of 2,244.59 square metres Premises C: 20 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC, with the area of 2,239.92 square metres Premises D: Room 101, Block 49, No. 666 Qian Wan 5th Road, Xiangzhou District, Zhuhai, the PRC, with the area of 1,344 square metres
Lease term	:	The term shall be 36 months commencing from 1 July 2022 and ending on 30 June 2025 (both days inclusive), provided that, with respect to the Premises A, subject to the delivery date of the Premises A, the actual commencement date shall be notified by the Landlord and agreed by E-Commodities Guangdong in writing.
Rent	:	Premises A: RMB14,946 per month (After taxation) Premises B: RMB258,128 per month (After taxation) Premises C: RMB257,591 per month (After taxation)

Premises D: RMB114,240 per month (After taxation)

The monthly rent was determined after arm's-length negotiations between the parties to the Tenancy Agreement with reference to a valuation report on the fairness of the unit monthly rent issued by an independent third-party appraiser after their on-site visit of the Relevant Premises and based on market research, inquiries on the rental of similar properties in the vicinity and prevailing market conditions.

- Deposit** : RMB644,905 (equivalent to one month rent for the Relevant Premises)
- Payment arrangement** :
- (1) E-Commodities Guangdong shall pay the sum of deposit and half-year rent for each of Premises A (subject to adjustment), Premises B, Premises C and Premises D to the Landlord within 5 days from the date of the Tenancy Agreement, provided that, the half-year rent for Premises A shall be adjusted, on a daily basis, according to the actual lease term commencing from the date set out in the written notice served by the Landlord.
 - (2) After the payment of first half-year rent and deposit of the Relevant Premises, during the remaining term of the Tenancy Agreement, E-Commodities Guangdong shall pay the rent of the Relevant Premises for the following six months within one month preceding the commencement of such six-month period.
- Usage** : Office and related purposes
- Utility charges and other miscellaneous expenses** : E-Commodities Guangdong shall bear all utility charges, management fees and other miscellaneous expenses incurred in using the Relevant Premises

B. RIGHT-OF-USE ASSET

The total estimated value of the right-of-use assets to be recognised by the Group under the Tenancy Agreement is approximately RMB22.45 million, which is calculated with reference to the present value of maximum rent payable for the entire term of the Tenancy Agreement in accordance with IFRS 16 "Leases".

The rent payable will be financed by the internal resources of E-Commodities Guangdong.

C. REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Given the envisioned development of Guangdong-Hong Kong-Macau Greater Bay Area and the related policy, the Company intends to locate Zhuhai as the regional headquarters for the Company's multinational business and establish the headquarters of E-35 Technology, a wholly-owned subsidiary of the Company, in Zhuhai. As a member of the Group that carrying out commodities logistics and transportation, it is expected that E-35 Technology may vigorously promote its business in relation to (a) using AGV (auto-guide vehicle) and/or AITS (multi-model & intelligent air-track collecting and distributing transportation system) at Sino-Mongolian border ports with relevant systems development and application for intelligent border-crossing services; and (b) investment in supply chain upstream and downstream assets and financial assets as well as the related financial services, by virtue of the regional and economic base of the Greater Bay Area and its advantages in various aspects including, among others, innovation, technology, investment, trading and financial services, which is expected to allow E-35 Technology to establish a multinational regional headquarters base for intelligent logistics, intelligent border ports, intelligent border-crossing, investment and financing and the related business, integrated with conferencing and hospitality functions, with a view to better serve the Group's business.

The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreement are entered into in the ordinary course of business of the Group and on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the Tenancy Agreement and was required to abstain from voting on the Board resolutions in relation to the transaction contemplated under the Tenancy Agreement.

D. HONG KONG LISTING RULES IMPLICATIONS

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The Landlord is the father of Ms. Wang (the controlling shareholder of the Company), therefore, the Landlord is a connected person of the Company under Rule 14A.07(1) of the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the Tenancy Agreement constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the total value of the right-of-use assets to be recognised by the Group under the Tenancy Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

E. INFORMATION ON THE COMPANY AND 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.

E-Commodities Guangdong

E-Commodities Guangdong is a company incorporated in the Guangdong, PRC and a wholly-owned subsidiary of the Company, the Company's regional headquarters holding platform company.

The Landlord

The Landlord is the father of Ms. Wang, the controlling shareholder of the Company.

F. DEFINITION

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

“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
“Director(s)”	the director of the Company
“E-35 Technology”	E-35 Technology Co., Ltd.* (易至科技有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“E-Commodities Guangdong”	E-Commodities (Guangdong) Supply Chain Management Co., Ltd.*(易大宗(廣東)供應鏈管理有限公司), a company incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“IFRS”	the International Financial Reporting Standards issued by the International Accounting Standards Board
“Landlord”	Mr. Wang Xingchun (王興春先生), father of Ms. Wang, the controlling shareholder of the Company
“Ms. Wang”	Ms. Wang Yihan (王奕涵女士), the ultimate controlling shareholder of the Company
“Premises A”	Units 737 to 738 on 7 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC
“Premises B”	19 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC
“Premises C”	20 th Floor, Sinoport Plaza, Heng Qin New District, Zhuhai, the PRC
“Premises D”	Room 101, Block 49, No. 666 Qian Wan 5th Road, Xiangzhou District, Zhuhai, the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Premises”	Premises A, Premises B, Premises C and Premises D
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company with no par value
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 30 June 2022 entered between the Landlord and E-Commodities Guangdong, in relation to lease of the Relevant Premises

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per cent.

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

Hong Kong, 30 June 2022

As at the date of this announcement, the executive directors of the Company are Ms. Cao Xinyi, Mr. Wang Yaxu, Ms. Di Jingmin and Mr. Zhao Wei; 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.