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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)

DISCLOSABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY

THE EQUITY TRANSFER AGREEMENT

The Board hereby announces that on 27 December 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, Vendor I, Vendor II and Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase and Vendor I agreed to sell Vendor I Sale Interest and Vendor II agreed to sell Vendor II Sale Interest for a total consideration of RMB127,563,521.68.

IMPLICATIONS UNDER THE LISTING RULES

Given the transaction contemplated under the Equity Transfer Agreement and transaction under the Asset Transfer Agreement involve the acquisition of one particular company, the transaction contemplated under the Equity Transfer Agreement shall be aggregated with the transaction under the Asset Transfer Agreement pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) for transactions contemplated under the Equity Transfer Agreement and the Asset Transfer Agreement on an aggregate basis exceeds 5% but is less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 27 December 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, Vendor I, Vendor II and Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase and Vendor I agreed to sell Vendor I Sale Interest and Vendor II agreed to sell Vendor II Sale Interest for a total consideration of RMB127,563,521.68.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

Date	:	27 December 2023
Parties	:	(1) the Purchaser; (2) Vendor I; (3) Vendor II; and (4) Target Company To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendors and their ultimate beneficial owners are Independent Third Parties of the Company and its connected person.
Assets to be acquired	:	Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase and Vendor I and Vendor II agreed to sell the entire equity interest in the Target Company.
Consideration and payment schedule	:	The total consideration for the Acquisition is RMB127,563,521.68, among which RMB122,843,671.38 shall be paid by the Purchaser to Vendor I in relation to Vendor I Sale Interest and RMB4,719,850.30 shall be paid by the Purchaser to Vendor II in relation to Vendor II Sale Interest, respectively.

The payment of Consideration shall be conditional upon the fulfilment of the following conditions precedent (unless otherwise waived by the Purchaser in writing): (i) the Equity Transfer Agreement and the ancillary agreement (including the Side Letter) having been duly executed and delivered to the Purchaser; (ii) having duly completed the change registration in respect of the Acquisition and change of director, supervisor and senior management of the Target Company; and (iii) the relevant representations and warranties made by each of the Vendors remain true, accurate, complete and not misleading as at the date of the Equity Transfer Agreement and on each date of instalment payment of the Consideration.

The Purchase shall pay the Consideration in five instalments to the Vendors in the following manner:

(1). First Instalment: subject to the off-set arrangements pursuant to the Side Letter, and in accordance with the terms of the Equity Transfer Agreement, the first instalment of the Consideration in the amount of RMB112,563,521.68 is payable to Vendor I following the date of the Equity Transfer Agreement;

(2). Second Instalment: the second instalment of the Consideration in an aggregate amount of RMB5,000,000 shall be paid by the Purchaser, of which RMB280,149.70 shall be paid to Vendor I and RMB4,719,850.30 shall be paid to Vendor II, within three (3) business days upon satisfaction of the following conditions:

    (a). Vendor II having passed the relevant shareholders' resolution approving the Acquisition;

    (b). Vendor I having duly executed the guarantee in accordance with the terms of the Equity Transfer Agreement to guarantee the due performance of obligations of Vendor II thereunder;

    (c). the Purchaser having received all closing deliverables and physically takeover all the assets of the Target Company;

    (d). the relevant creditors of the Target Company having agreed and duly executed the debt restructuring agreement, which serves to verify the absence of any outstanding debts, and mandates the withdrawal of all previously imposed enforcement measures against the Target Company;

(e). the Purchaser having obtained a court decision confirming the dismissal of the Target Company's winding up and reorganisation proceedings (if any); and

(f). the Purchaser having received documents evidencing the termination of employment relationship with all employees of the Target Company, the payment of compensation by the Vendors and no claims or disputes from such employees;

(3). Third Instalment: the third instalment of the Consideration in the amount of RMB3,000,000 shall be paid to Vendor I within five (5) business days following the entering into a pick-up and delivery agreement in relation to the transporting vehicles on the railway between the Target Company and its business partner;

(4). Fourth Instalment: the fourth instalment of the Consideration in the amount of RMB2,000,000 shall be paid to Vendor I within five (5) business days upon the expiration of a period of six months from the entering into a coal off-take agreement between the Purchaser (or its related party) and a major supplier of the Target Company, provided that, the fourth instalment shall be paid by the Purchaser on or before 5 July 2024 in the event of failing to enter into the coal off-take agreement by 30 June 2024 due to reasons on part of the Purchaser; and

(5). Fifth Instalment: the fifth instalment of the Consideration in the amount of RMB5,000,000 shall be paid to Vendor I within five (5) business days upon the Target Company having obtained all necessary approvals from the relevant competent authorities and having completed all related formalities in relation to the resumption of operation, provided that, the fifth instalment shall be paid by the Purchase on or before 10 August 2024 in the event of failing to complete all the relevant formalities relating to its resumption of operation by 31 July 2024 due to reasons on part of the Purchaser.

Off-set arrangement	:	Pursuant to the Side Letter in relation to the off-set arrangement, the parties agreed that an outstanding amount of RMB112,563,521.68 owed by a subsidiary of Vender I to the Target Company shall be novated to the Purchaser for a consideration equal to such outstanding amount to be paid by Vendor I to the Purchaser, and Vendor I agreed to off-set such debt novation consideration against the Consideration. Accordingly, the first instalment of Consideration on under the Equity Transfer Agreement to be paid by the Purchaser shall be off-set in full, and no amount is required to be paid by the Purchaser for such first instalment.
Completion	:	Completion of the change registration of transfer of the Sale Interests with the competent authorities shall take place within five (5) business days from the date of the Equity Transfer Agreement (the "**Completion Date**"), and the Vendors shall deliver to the Purchaser the relevant closing deliverables including, among others, the constitutional documents, financial documents, common seals and all other documents relating to the business and operations of the Target Company, on or before the Completion Date.
Vendors' Undertaking	:	The Vendors further undertake that, within three years from the Completion Date, they shall assist, and shall procure specialised personnel to assist, the Purchaser and Target Company in completing all the formalities (including but not limited to the necessary formalities for the resumption of coal washing plant's operation) that are necessary and desirable in relation to the production and operation of the Target Company, and to coordinate all relevant matters, in order to ensure the seamless continuity of the Target Company's business activities.

The basis of the Consideration

The Consideration was determined after arm's-length negotiations between the parties to the Equity Transfer Agreement after taking into consideration, amongst others, (i) the valuation (the "**Valuation**") of RMB131 million of the Target Company as of 30 November 2023 (the "**Valuation Date**") based on the valuation report (the "**Valuation Report**") prepared by Asia-Pacific Consulting and Appraisal Limited (the "**Valuer**"), an independent third party valuer, using the income approach; and (ii) the reasons and benefits for the Acquisition as set out in the section headed "Reasons for and Benefits of the Acquisition". The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Purchaser will settle the Consideration (after deduction of the first instalment being off-set) in cash by using the Group's internal resources.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

Summary of the Valuation Report

According to the Valuation Report, the valuation of the entire equity interest in the Target Company as at 30 November 2023 is RMB131 million, which was determined by the Valuer by using the income approach (which involves the use of discounted cash flow method). Accordingly, such valuation constitutes a profit forecast in accordance with Rule 14.61 of the Listing Rules.

Valuation Methods

In determining the equity value of the Target Company, the Valuer applied the discounted cash flow method under the income approach. Under this method, values depend on the present worth of future economic benefits to be derived from the projected sales income. Indications of value have been developed by discounting projected future net cash flows to their present worth at a chosen discount rate.

General assumptions of the valuation

In determining the equity value of the Target Company, the Valuer adopted the following general assumptions:

(1) the projected revenue and income will be according to the proposed business plan of the Target Company and could be achieved with the effort of the Company's management;

(2) all relevant legal approvals and business certificates or licenses to operate the business in which the Target Company operates or intends to operate have been or would be officially obtained and renewable upon expiry;

(3) all proposed facilities and systems will work properly and will be sufficient for future operation;

(4) there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the Target Company operates;

(5) the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured;

(6) the financial and operational information provided by the Company is accurate and it is relied to a considerable extent on such information in arriving at the opinion of value; and

(7) there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value.

Major assumptions and parameters

Details of major assumptions adopted in the discounted cash flow method are summarised as follows:

1. Profit forecast

1) Revenue

a) Forecast unit price and the respective price change under each service line was estimated based on the average service price and historical price change pattern of companies providing similar services. The forecast unit price by service line are as follows:

Service Lines	**Sales Price per Unit (RMB/Ton)**
Coal Washing Service	45-57
Coal Blending Service	10
Logistics Service	20

b) Production volume was estimated based on the Target Company's forecast on future production needs from its target customers. As production was expected to resume in August 2024, the annual production volume was estimated to reach its top level by 2026, which accounts for 73% of its designed full capacity. The forecast production volume by service lines are as follows:

Service Lines	**Annual Production (Tons)**
Coal Washing Service	50-200
Coal Blending Service	100-165
Logistics Service	100-200

2) Cost of revenue and operating expenses

The forecast cost of revenue mainly consists of utilities cost, staff cost and depreciation cost. And forecast operating expenses mainly consists of administrative and management salary expense, tax expense, travelling and entertainment expense and office expense. Unit costs and expenses were estimated based on historical average data of companies providing similar services. Forecast growth in costs and expenses is in line with the growth rate of revenue.

3) Operating profit margin

The forecast EBIAT margin ranges from 30.4% to 37.5% starting from 2026, when the Target Company was expected to reach its top production level.

4) Income tax rate

The Target Company would be subject to China standard tax rate of 25%.

2. *Discount rate*

The discount rate adopted for the valuation of the Target Company is 11.51%, which was determined by using the Weighted Average Cost of Capital method. A sensitivity analysis was conducted on discount rate with a variation of plus or minus 0.5%.

Confirmation

KPMG, the reporting accountants of the Company, has been engaged to report on the calculation of the discounted cash flows used in the Valuation Report prepared by the Valuer. KPMG reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the Valuation Report. The text of the report issued by the reporting accountants of the Company in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

A letter from the Board in compliance with Rule 14.62(3) of the Listing Rules is set out in Appendix II to this announcement.

Experts and consents

The qualification of the experts who have given opinion or advice in this announcement is as follows:

Name	**Qualification**
KPMG	Certified public accountants
Asia-Pacific Consulting and Appraisal Limited	Independent valuer

As at the date of this announcement, each of the above experts does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. To the best of the Directors' knowledge, information and belief, each of the above experts is an Independent

Third Party. Each of the above experts has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report in full or in part and all references to its name in the form and context in which they respectively appear.

INFORMATION ON TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liabilities. As at the date of this announcement, it is owned as to 96.3% by Vendor I and 3.7% by Vendor II, respectively. The Target Company is principally engaged in coal washing, coal blending and related railway logistics service in the PRC, its factory is only 40 kilometers away from Caofeidian Port and the advantage of port transportation is obvious. Its principal assets comprise (i) land use rights of three parcels of lands in the PRC with a total area of 286,670.77 square meters; (ii) one building in the PRC with a total gross floor area of 13,327.84 square meters; (iii) one railway line of 1.5 kilometer; and (iv) two production line for coal washing with the capacity of 1.2 million tons of coals per year and one production line for coal blending with the capacity of 2.6 million tons of coals per year, the fillings for all of which have been completed.

Set out below is the unaudited financial information of the Target Company for each of the two financial years ended 31 December 2021 and 31 December 2022 and for eleven months ended 30 November 2023 in accordance with PRC Accounting Standards.

	For the year ended 31 December		**For eleven months ended 30 November**
	2021	**2022**	**2023**
	(unaudited)	*(unaudited)*	*(unaudited)*
	Approx RMB million	*Approx RMB million*	*Approx RMB million*
Net profit/(loss) before tax	(56.46)	(94.17)	(38.72)
Net profit/(loss) loss after tax	(56.46)	(94.17)	(38.72)

REASON FOR AND BENEFIT OF THE ACQUISITION

The Company is committed to achieving full coverage of commodity supply chain services to serve the national market, as well as increasing and optimising the scale of its coal washing and coal processing infrastructure. The Company currently has achieved the coverage of its production business in Inner Mongolia, Northeast China and the Shandong port area thanks to its washing and processing production bases in these regions. However, the Company does not yet have an integrated business base for washing, processing and production logistics support in Hebei Province. As Tangshan City is the world's largest iron and steel production base and one of the most concentrated coking coal distribution centres, the deployment of a production and logistics support base in such location can expand the scope of the Company's business services.

The Target Company is principally engaged in the business of coal washing, coal blending and related railway logistics service. The principal assets of the Target Company include:

(i) The land use rights of the three parcels of land with a total area of 286,670.77 square metres, which are industrial land in the chemical industry park and can be used for quick start-up of renovation to facilitate the resumption of work and production of the relevant assets of the Target Company upon completion of the Acquisition;

(ii) One 1.5-kilometre railway line, integrated into the national railway network, with the independent railway transportation rights in and out of Tangshan City, the filing of which was duly completed and are now in operational status;

(iii) Two production lines for coal washing with the capacity of 1.2 million tons of coals per year and one production line for coal blending with the capacity of 2.6 million tons of coals per year, the fillings for all of which have been completed; and

(iv) One building with a total gross floor area of 13,327.84 square metres.

The Company and one of the creditors of the Target Company negotiated at arm's length and entered into the Asset Transfer Agreement to acquire the creditor's claim of approximately RMB600 million in respect of the Target Company at a consideration of RMB145 million, with the intention to achieve the purpose of acquiring relevant assets of the Target Company through the exercise of relevant rights. In the process of analysing the options of repayment with assets and bankruptcy reorganisation, the Company maintained negotiations and consultation with the original shareholders. Considering that the reorganisation procedures would take an excessively long time, and that it is difficult to resolve the relevant business qualification and operation procedures, with a complicated process, after taking into account the uncertainty of asset acquisition, as well as the overall business strategy of the Company, its future development prospects and its sufficient capital position, the Company decided to acquire the relevant assets by way of acquisition of the entire equity interest in the Target Company to realise the purpose of resuming work and production as soon as possible after reaching agreement with the shareholders of the Target Company.

The Company believes that the Acquisition is in line with its overall business strategy and that the Acquisition is expected to enable the Company to leverage the synergies from the following advantages to align with its existing operations, and ultimately achieving the overarching strategic development objective of the Group:

(i) The Target Company is adjacent to Caofeidian Port and has obvious advantages in port transportation. In the future, we will rely on important geographical advantages to more effectively integrate the Company's coal resources to ship to a wider range of downstream markets;

(ii) With 1.5 kilometres of specialised railway line, it is convenient to realise the demand of cargo loading and delivery, which perfectly matched the national logistics policy of "road to rail", and has the obvious transport capacity advantage to reduce the logistics cost;

(iii) Realising, through the Target Company, the provision of more comprehensive services to customers in the East China region.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Given the transaction contemplated under the Equity Transfer Agreement and transaction under the Asset Transfer Agreement involve the acquisition of one particular company, the transaction contemplated under the Equity Transfer Agreement shall be aggregated with the transaction under the Asset Transfer Agreement pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) for transactions contemplated under the Equity Transfer Agreement and the Asset Transfer Agreement on an aggregate basis exceeds 5% but is less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

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. The Company is ultimately controlled by Ms. Wang Yihan.

The Purchaser

The Purchaser is a company established under the laws of the PRC and is principally engaged in the business of supply chain trading of commodities. The Purchaser is an indirect wholly-owned subsidiary of the Company.

The Vendors

Vendor I is Mr. Sun Zhishui (孫治水).

Vendor II is a company established under the laws of the PRC with limited liabilities and is principally engaged in the business of coal trading. Vendor II is owned as to 1% by Mr. Ma Zhigang (馬志剛) and 99% by Mr. Sun Zhishui.

DEFINITION

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

"Acquisition"	the acquisition of the entire equity interest of the Target Company by the Purchaser pursuant to the Equity Transfer Agreement
"Asset Transfer Agreement"	the asset transfer agreement dated 24 November 2023 entered into between Manzhouli Haotong and Tangshan Caofeidian District Zhengfan Trading Co., Ltd.* (唐山曹妃甸區正帆貿易有限公司), a creditor of the Target Company and an Independent Third Party, pursuant to which such creditor agreed to sell and Manzhouli Haotong agreed to purchase the Debt Claim at a total consideration of RMB145 million
"Board"	the board of Directors
"Company"	E-Commodities Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities, the shares of which are listed and traded on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Acquisition of RMB127,563,521.68 pursuant to the Equity Transfer Agreement
"Debt Claim"	pursuant to the Asset Transfer Agreement, debts due from the Target Company to its creditor in the aggregate carrying amount of RMB603,729,231.19 as of 28 December 2021, consisting of (i) the aggregate principal amount of RMB466,070,000; (ii) the aggregate carrying amount of accrued interest of RMB134,747,414.19 and (iii) other prepaid legal expenses of RMB2,911,817
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 27 December 2023 entered into between the Purchaser, Vendor I, Vendor II and Target Company in relation to the Acquisition

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Independent Third Party(ies)"	a party independent of and not connected with the Company and its connected person
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Manzhouli Haotong"	Manzhouli Haotong Energy Co., Ltd.* (滿洲里浩通能源有限公司), a company established under the laws of the PRC with limited liabilities, and an indirectly wholly-owned subsidiary of the Company
"Purchaser"	Hainan More Richway Supply Chain Management Co., Ltd.* (海南富多達供應鏈管理有限公司), a company incorporated under the laws of the PRC with limited liabilities, and an indirect wholly-owned subsidiary of the Company
"PRC"	the People's Republic China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interests"	Vendor I Sale Interest and Vendor II Sale Interest
"Share(s)"	ordinary share(s) of the Company with no par value
"Shareholder(s)"	holder(s) of the Shares
"Side Letter"	the side letter to be entered into between the Purchaser, the Target Company, Vendor I and Hebei Wanchun Real Estate Co., Ltd.* (河北萬春房地產開發有限公司) on 28 December 2023 in relation to the off-set arrangement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Heibei Chun'ao Industrial Co., Ltd.* (河北春澳實業有限公司), a company incorporated under the laws of the PRC with limited liabilities, which is owned as to 96.3% by Vendor I and 3.7% by Vendor II, respectively, as at the date of this announcement

"Vendor I"	Mr. Sun Zhishui (孫治水)
"Vendor I Sale Interest"	the registered and paid-up capital in amount of RMB144,450,000 of the Target Company, which is legally and beneficially owned by Vendor I, representing 96.3% of the entire equity interest in the Target Company
"Vendor II"	Aojin Datong Group Company Limited * (澳金大通集團有限公司), a company incorporated under the laws of the PRC with limited liabilities
"Vendor II Sale Interest"	the registered and paid-up capital in amount of RMB5,550,000 of the Target Company, which is legally and beneficially owned by Vendor II, representing 3.7% of the entire equity interest in the Target Company
"Vendors"	Vendor I and Vendor II
"%"	per cent.

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

Hong Kong, 27 December 2023

As at the date of this announcement, the executive directors of the Company are Ms. Cao Xinyi, Mr. Wang Yaxu, Mr. Zhao Wei and Ms. Chen Xiuzhu; the non-executive director of the Company is Mr. Jin Zhiqiang; and the independent non-executive directors of the Company are Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. Gao Zhikai.

* *For identification purposes only*

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

KPMG

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF 河北春澳實業有限公司 (Hebei Chun'ao Industrial Co., Ltd.*)

TO THE BOARD OF DIRECTORS OF E-COMMODITIES HOLDINGS LIMITED

We refer to the discounted future cash flows on which the valuation ("**the Valuation**") dated 20 December 2023 prepared by Asia-Pacific Consulting and Appraisal Limited in respect of the appraisal of the fair value of 河北春澳實業有限公司 (Hebei Chun'ao Industrial Co., Ltd.*) ("**the Target Company**") as at 30 November 2023 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of E-Commodities Holdings Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Certified Public Accountants
Hong Kong
27 December 2023

* *For identification purposes only*

APPENDIX II – LETTER FROM THE BOARD

The following is the text of the letter dated 27 December 2023 from the Board, for the purpose of incorporation in this announcement.

To: The Stock Exchange of Hong Kong Limited
Listing Division
12/F, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Company: E-Commodities Holdings Limited (the "**Company**")

Re: Profit Forecast – confirmation letter under Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")

Reference is made to the announcement of the Company dated 27 December 2023 mentioning the valuation report of Heibei Chun'ao Industrial Co., Ltd.* (河北春澳實業有限公司) dated 20 December 2023 (the "**Valuation Report**") prepared by Asia-Pacific Consulting and Appraisal Limited (the "**Valuer**") using the income approach.

The board of directors of the Company (the "**Board**") has reviewed the bases and assumptions of the Valuation Report and discussed the same with the Valuer. The Board has also considered the report issued by KPMG, the auditor of the Company, on 27 December 2023 in relation to the calculations of the profit forecast in the Valuation Report.

In accordance with Rule 14.62(3) of the Listing Rules, the Board confirmed that the profit forecast used in the aforementioned Valuation Report has been made after due and careful enquiry.

The Board of Directors
E-Commodities Holdings Limited
27 December 2023

* *For identification purpose only*