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WINSWAY 易大宗
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 TRANSACTIONS
ENTERING INTO THE EQUITY TRANSFER AGREEMENTS

THE EQUITY TRANSFER AGREEMENTS

The Board announces that, on 7 June 2024, each of the Vendors and the relevant Purchasers, all being subsidiaries of the Company, entered into the Equity Transfer Agreements, pursuant to which each of the Vendors agreed to transfer and each of the relevant Purchasers agreed to purchase the respective Sale Interests in each of the Target Subsidiaries for an aggregate cash consideration in the amount of RMB460,791,100 in accordance with the terms of the relevant Equity Transfer Agreements, which are substantially the same as each other.

LISTING RULES IMPLICATIONS

Immediately prior to the completion of Proposed Transactions and as at the date of this announcement, the Company is indirectly interested in the Sale Interests through the Vendors, all being the indirectly wholly owned subsidiaries of the Company, and immediately after the completion of Proposed Transactions, the Company will indirectly hold the Sale Interests through the Purchasers, being and will be the 80%-owned subsidiaries of the Company. Upon the completion of Proposed Transactions, the Target Subsidiaries will remain as the subsidiaries of the Company and shall continue to be consolidated into the Company's accounts.

As the transactions contemplated under the Equity Transfer Agreements involve (i) a disposal of the Sale Interests in the Target Subsidiaries by the wholly owned subsidiaries of the Company; and (ii) an acquisition of the same by the non-wholly owned subsidiaries of the Company, they are in substance a group reorganisation which will result in effective net disposals of 20% of the relevant Sale Interests in the Target Subsidiaries that indirectly held by the Company to the minority shareholder of the Purchasers.

As at the date of this announcement, Xiangyu Logistic, a subsidiary of Xiangyu Joint Stock, is a substantial shareholder of two Purchasers, namely Inner Mongolia E-35 and Haotong Environmental Technology, both of which are indirect non-wholly owned subsidiaries of the Company; therefore, Xiangyu Joint Stock is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. Accordingly, the effective net disposals as a result of the Proposed Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Proposed Transactions, by aggregating the transactions under each Equity Transfer Agreement pursuant to Rule 14A.81 of the Listing Rules, calculated based on the alternative size tests exceed 1% but are less than 5%, the Proposed Transactions are therefore subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advisors' advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

A. EQUITY TRANSFER AGREEMENTS

The Board announces that, on 7 June 2024, each of the Vendors and the relevant Purchasers, all being subsidiaries of the Company, entered into the Equity Transfer Agreements, pursuant to which each of the Vendors agreed to transfer and each of the relevant Purchasers agreed to purchase the respective Sale Interests in each of the Target Subsidiaries for an aggregate cash consideration in the amount of RMB460,791,100 in accordance with the terms of the relevant Equity Transfer Agreements, which are substantially the same as each other.

The principal terms of the Equity Transfer Agreements are summarised below.

Date

7 June 2024

Parties

- (1) the Vendors; and
- (2) the Purchasers

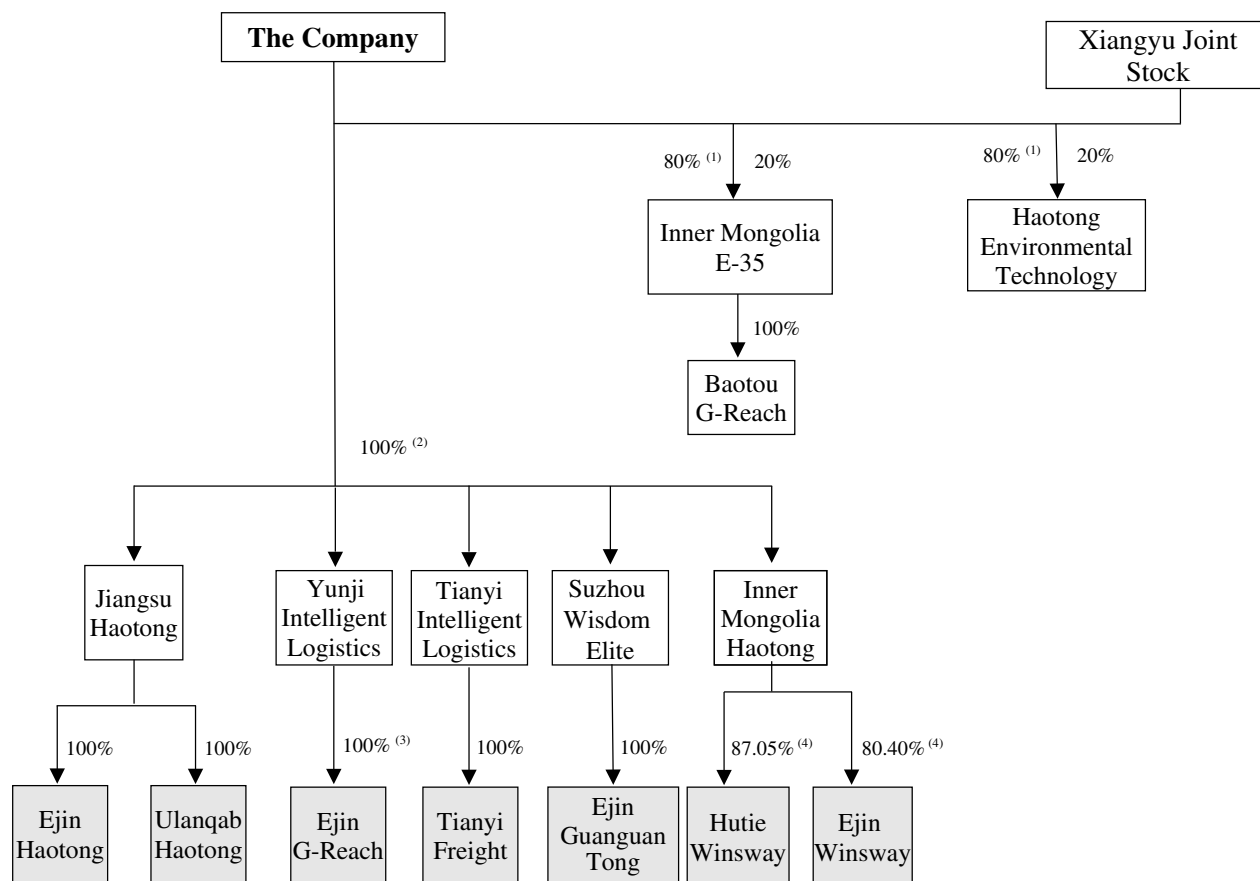
Subject Matter

Subject to the terms of the Equity Transfer Agreements, which are substantially the same as each other, each of the Vendors has agreed to sell, and each of the relevant Purchasers has agreed to purchase, the respective Sale Interests in each of the relevant Target Subsidiaries as set forth below:

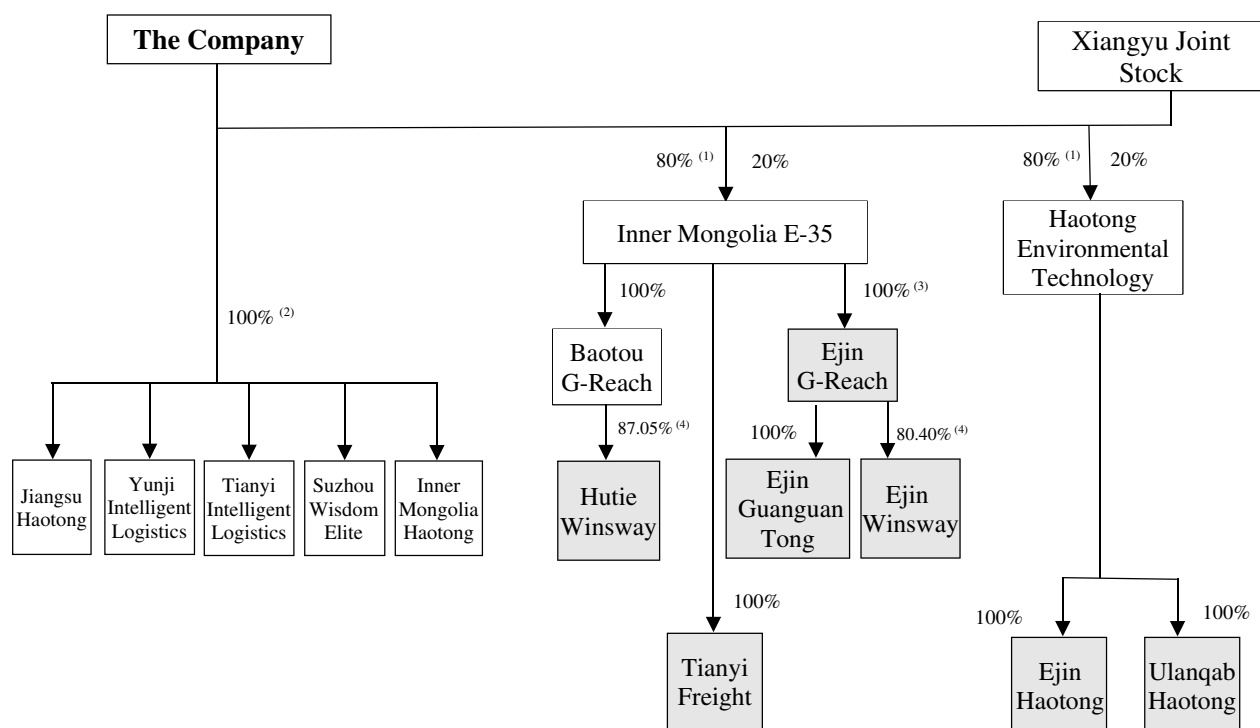
ETA No.	Vendors	Purchasers	Target Subsidiaries	Sale Interests (approx.)
1.	Jiangsu Haotong	Haotong Environmental Technology	Ejin Haotong	100%
2.	Yunji Intelligent Logistics	Inner Mongolia E-35	Ejin G-Reach	100%
3.	Tianyi Intelligent Logistics	Inner Mongolia E-35	Tianyi Freight	100%
4.	Inner Mongolia Haotong	Baotou G-Reach	Hutie Winsway	87.05%
5.	Jiangsu Haotong	Haotong Environmental Technology	Ulanqab Haotong	100%
6.	Suzhou Wisdom Elite	Ejin G-Reach	Ejin Guanguan Tong	100%
7.	Inner Mongolia Haotong	Ejin G-Reach	Ejin Winsway	80.40%

Set out below is the simplified shareholding structures of the Target Subsidiaries immediately before and after the completion of transactions contemplated under the Equity Transfer Agreements:

Before the completion



After the completion



Note:

- (1) Each of Inner Mongolia E-35 and Haotong Environmental Technology is a subsidiary of the Company owned as to an aggregate of 80% through certain wholly-owned subsidiaries of the Company.*
- (2) Each of the Vendors is an indirectly wholly-owned subsidiary of the Company.*
- (3) The entire equity interest in Ejin G-Reach will be transferred by Yunji Intelligent Logistics to Inner Mongolia E-35 pursuant to the terms of Equity Transfer Agreement II, and upon the simultaneous completion on the even day of Equity Transfer Agreement II, Ejin G-Reach will be a Purchaser under each of Equity Transfer Agreement VI and Equity Transfer Agreement VII in relation to the transfer of the relevant Sale Interests in each of Ejin Guanguan Tong and Ejin Winsway, respectively.*
- (4) The minority shareholder of Hutie Winsway is Inner Mongolia Hutie Logistics Co., Ltd.* (內蒙古呼鐵物流有限責任公司), and the minority shareholder of Ejin Winsway is Inner Mongolia Hutie Foreign Economic and Technical Cooperation Group Co., Ltd.* (內蒙古呼鐵對外經濟技術合作集團有限責任公司), which are all ultimately wholly owned by China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司), a state-owned enterprise and an independent third party of the Company and its connected persons.*

Consideration and Payment Schedule

Under the Equity Transfer Agreements, the aggregate consideration for the transfer of Sale Interests in the Target Subsidiaries is RMB460,791,100, which shall be paid by the relevant Purchasers in cash pursuant to the terms of the relevant Equity Transfer Agreements as follows:

- (1) with respect to the Sale Interests under Equity Transfer Agreement I, Haotong Environmental Technology shall pay the cash consideration in the amount of RMB171,193,500 for the entire equity interest in Ejin Haotong within seven (7) working days after the completion of the change registration with the relevant competent authority;
- (2) with respect to the Sale Interests under Equity Transfer Agreement II, Inner Mongolia E-35 shall pay the cash consideration in the amount of RMB19,790,800 for the entire equity interest in Ejin G-Reach within seven (7) working days after the completion of the change registration with the relevant competent authority;
- (3) with respect to the Sale Interests under Equity Transfer Agreement III, Inner Mongolia E-35 shall pay the cash consideration in the amount of RMB46,917,500 for the entire equity interest in Tianyi Freight within seven (7) working days after the completion of the change registration with the relevant competent authority;

- (4) with respect to the Sale Interests under Equity Transfer Agreement IV, Baotou G-Reach shall pay the cash consideration in the amount of RMB61,543,100 for the approximately 87.05% in Hutie Winsway within seven (7) working days after the completion of the change registration with the relevant competent authority;
- (5) with respect to the Sale Interests under Equity Transfer Agreement V, Haotong Environmental Technology shall pay the cash consideration in the amount of RMB125,919,300 for the entire equity interest in Ulanqab Haotong within seven (7) working days after the completion of the change registration with the relevant competent authority;
- (6) with respect to the Sale Interests under Equity Transfer Agreement VI, subject to the simultaneous completion of Equity Transfer Agreement II upon signing thereof, Ejin G-Reach shall pay the cash consideration in the amount of RMB311,900 for the entire equity interest in Ejin Guanguan Tong within seven (7) working days after the completion of the change registration with the relevant competent authority; and
- (7) with respect to the Sale Interests under Equity Transfer Agreement VII, subject to the simultaneous completion of Equity Transfer Agreement II upon signing thereof, Ejin G-Reach shall pay the cash consideration in the amount of RMB35,115,000 for the 80.40% equity interest in Ejin Winsway within seven (7) working days after the completion of the change registration with the relevant competent authority.

Such consideration will be settled by the Purchasers with their respective self-owned funds and the capital contribution made by the shareholders of Inner Mongolia E-35 and Haotong Environmental Technology on a pro rata basis, of which the contribution amount of approximately RMB99.75 million was paid by Xiangyu Logistics.

Other major terms under the Equity Transfer Agreements

Under each of the Equity Transfer Agreements, the relevant parties thereto agreed that:

- (a) the relevant parties shall complete the change registration regarding the transfer of the relevant Sale Interests before 31 August 2024;
- (b) each of the Vendors shall enjoy and bear the rights and obligations attached to its respective Sale Interests prior to the Valuation Benchmark Date, and the relevant Purchasers shall enjoy and bear the rights and obligations attached to the relevant Sale Interests after the Valuation Benchmark Date; and

- (c) during the transitional period commencing from the Valuation Benchmark Date and ending on the completion of the Proposed Transactions, each of the Vendors shall have the rights to operate and manage the relevant Target Subsidiaries, while the relevant debtor's rights and income of the Target Subsidiaries shall be enjoyed by the Purchasers, and the relevant debts and losses thereof shall be borne by the Purchasers.

B. BASIS OF THE CONSIDERATION

The consideration for the relevant Sale Interests was determined after arm's-length negotiations between the parties to the relevant Equity Transfer Agreements after taking into consideration, amongst others, (i) the valuation of each of the relevant Sale Interests as at the Valuation Benchmark Date based on the valuation report of each Target Subsidiary (the "**Valuation Reports**") prepared by Zhong Ming (Beijing) Assets Appraisal International Co., Ltd. (the "**Valuer**"), an independent third party valuer, using asset-based approach; (ii) the capital increase of Tianyi Freight subsequent to the Valuation Benchmark Date; (iii) the reasons for and benefits of the Proposed Transactions as set out in the section headed "Reasons for and Benefits of the entering into the Equity Transfer Agreements"; and (iv) the nature of the business conducted by the Target Subsidiaries.

The Valuation

The valuation of each of the relevant Sale Interests was carried out by the Valuer using the asset-based approach. In selecting the appropriate valuation approach, the Valuer considered the appropriateness of three generally accepted valuation approaches, namely the market approach, asset-based approach and income approach. The market approach was not adopted as there was insufficient comparable listed companies or similar transactions given the nature and scale of business operation of the Target Subsidiaries. The income approach was also not adopted as this approach involves financial forecast information taking into account, among others, the market demand, price fluctuation and exchange rate exposure, and the adoption of more assumptions which cannot be easily justified or ascertained.

The Valuer considered the asset-based approach to be the most appropriate valuation approach. Under this approach, the application of which begins with the perspective of asset replacement, and the value of each Sale Interest is represented by assessing each of the components of its assets and liabilities which are individually valued. Overall, the asset-based approach adopted for the valuation of each Sale Interest, as a whole, is comprehensive and focussed without material omissions. The valuation of each Sale Interest, therefore, reflects the market value of the entire shareholders' equity of the Target Subsidiaries in a comprehensive manner.

In conducting the valuation, the Valuer has adopted the following major inputs and assumptions:

General assumptions

- (1). Trading assumption: Assuming that all the assets to be evaluated have already been in the transaction process, the valuer conducts the valuation based on a simulated market which involves the transaction conditions of assets to be valued.
- (2). Open market assumption: The open market assumption is an assumption on the conditions of the market in which the asset are intended to enter and the effects that the asset will receive under such market conditions. Open market refers to adequately developed and sound market conditions, and refers to a competitive market with voluntary buyers and sellers. In such market, buyers and sellers are equal and have opportunities and time to obtain sufficient market information. Transactions of both parties are conducted on voluntary, rational, non-compulsory or unrestricted conditions.
- (3). The assumption of going concern of the enterprise: The going concern assumption assumes that the assessed enterprise's business are legitimate and that there are no unforeseen factors that would render it unable to continue as a going concern.

Special assumptions

The valuation was also based on the following special assumptions:

- (1). there will be no material change in the existing political, taxation, legal technological, fiscal or economic conditions which might adversely affect the business of the Target Subsidiaries;
- (2). the conditions in which the Target Subsidiaries are operated, and which are material to the assets and liabilities of the Target Subsidiaries that to be valued, will have no material change;
- (3). component management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Subsidiaries;
- (4). the accounting policies to be adopted by the Target Subsidiaries in the future will be substantially the same in all material respects as those adopted for the purpose of the Valuation Reports;
- (5). the assessed assets continue to be used as they are currently used and in the manner, scale, frequency and environment in which they are used, without considering the optimal utilisation of each asset;
- (6). the annual depreciation of fixed assets of the Target Subsidiaries can meet the replacement expenditure required to maintain their fixed assets size, and is sufficient to maintain the production capacity of their operation continuously;

- (7). legally compliant VAT invoices can be obtained at the time of acquisition of the equipment and that the tax authorities in the location where the Target Subsidiaries operate allow input tax credit for the acquisition of the equipment; and
- (8). the scope of valuation is based on the valuation return provided by the Target Subsidiaries only, and does not take into account contingent assets and contingent liabilities that may exist outside the list provided by the Target Subsidiaries.

Given the assets of Target Subsidiaries are mainly comprising fixed assets and intangible assets, major quantitative inputs and parameters were adopted by the Valuer as follows: (i) with respect to fixed assets including, among others, the economic life of 50 years was adopted for railway assets, the economic life in a range of 20 to 50 years was adopted for buildings and structures, the economic life in a range of 8 to 15 years was adopted for vehicles, the economic life in a range of 12 to 30 years was adopted for machinery and equipment and the economic life in a range of 5 to 12 years was adopted for electronic equipment; and (ii) with respect to intangible assets, which mainly comprising land use rights, the permitted term of 50 years for industrial land was adopted.

According to the valuation results, the aggregate carrying amount of the Target Subsidiaries' total assets on the Valuation Benchmark Date was approximately RMB883.925 million, while the appraised value was approximately RMB937.271 million with an increase of approximately RMB53.346 million or 6.04%; the aggregate carrying amount of the liabilities of the Target Subsidiaries was approximately RMB487.063 million, and the appraised value was RMB487.063 million with no difference to the carrying amount; and the aggregate carrying amount of the Target Subsidiaries' owner's equity (i.e. net assets) was approximately RMB396.862 million, while the appraised value was approximately RMB450.208 million with an increase of RMB53.346 million or 13.44%. The valuation results of all shareholders' equity of the Target Subsidiaries are more than the carrying amount due to (i) the enterprise's accounting depreciation life is lower than the economic life of the assets, resulting in the increase of appraised value; and (ii) the increase in the market price of materials and labour costs for the construction of assets in recent years, resulting in the increase of appraised value. The carrying amount and appraised value of each Target Subsidiary's net assets are summarised below:

Target Subsidiary	As at the Valuation Benchmark Date			
	Carrying amount of net assets <i>(approx. RMB'000)</i>	Appraised value of net assets <i>(approx. RMB'000)</i>	Increase/ (decrease) amount <i>(approx. RMB'000)</i>	Percentage of increase/ (decrease) <i>(approx.)</i>
Ejin Haotong	152,253	171,194	18,941	12.44%
Ejin G-Reach	13,012	19,791	6,779	52.10%
Tianyi Freight	21,423	18,618	(2,805)	(13.10)%
Hutie Winsway	74,720	70,699	(4,021)	(5.38)%
Ulanqab Haotong	107,479	125,919	18,440	17.16%
Ejin Guanguan Tong	312	312	–	–
Ejin Winsway	27,663	43,675	16,012	57.88%
TOTAL	396,862	450,208	53,346	13.44%

The Directors have reviewed the assumptions used in the Valuation Reports and have been advised that the key assumptions used in the Valuation Reports are generally used in valuing similar companies. The Directors are not aware of any irregularities in the quantitative inputs used in the valuation. As such, the Directors (including independent non-executive Directors) believe that the key assumptions, quantitative inputs and methods used in the valuation are fair and reasonable.

C. REASON FOR AND BENEFIT OF THE ENTERING INTO THE EQUITY TRANSFER AGREEMENTS

The Company has a long successful and friendly cooperation relationship with Xiamen Xiangyu. Since the Cooperation Agreement entered into in August 2019, the Group has achieved expansion of its Mongolian coal trading business through the establishment of a joint venture company, Xianghui Energy, in order to deepen the trading business in respect of Mongolian coal. Subsequently, to further enhance the cooperation, the parties further entered into the Capital Increase Agreements in August 2021 in accordance with the arrangement under the Cooperation Agreement, following which Xiamen Xiangyu became the substantial shareholder of Inner Mongolia E-35 and Haotong Environmental Technology, which facilitated the integration of the Group's ancillary infrastructures laid out along the Gants Mod border crossing including, among other things, the Yiteng Logistics Park, the Haotong and Salaqi Coal Wash Plants, as well as certain ancillary assets such as railway platforms, special railway lines and containers, transport vehicles.

In order to achieve full cooperation between the parties in relation to the Group's integrated supply chain services, the parties agreed to make further capital contribution in Inner Mongolia E-35 and Haotong Environmental Technology on a pro rata basis (of which Xiamen Xiangyu has made an aggregate capital contribution amount of approximately RMB99.75 million in

proportion to its 20% interest in the joint ventures), which proposed to be utilised by Inner Mongolia E-35 and Haotong Environmental Technology for further integration of the Group's logistics and processing related assets in accordance with the cooperation arrangement. Accordingly, the Proposed Transactions were carried out with a view to further facilitate and promote the cooperation objects under the Cooperation Agreement and Capital Increase Agreement, where to carry out a further consolidation and integration of the Group's logistics and coal washing and processing-related assets. The main focus of the Proposed Transactions is to consolidate and integrate the logistics assets including, among others, the supporting railway transportation logistics parks, coal washing centres and related transportation facilities along the routes of the strategic border-crossing points at Ceke Port, Erlianhot Port and Mandula Port. Such consolidation and integration are expected to be beneficial for further expanding our Sino-Mongolian business and enhancing market competitiveness. Additionally, it is expected to lay a solid foundation for the strategic development of the Group's logistics and coal processing-related segment operated by Inner Mongolia E-35 and Haotong Environmental Technology.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreements are on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Equity Transfer Agreements and was required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Equity Transfer Agreement.

D. FINANCIAL EFFECT OF THE PROPOSED TRANSACTIONS

The Company does not expect to record any gain or loss in its consolidated statement of profit or loss in relation to the Proposed Transactions.

E. IMPLICATIONS UNDER THE LISTING RULES

Immediately prior to the completion of Proposed Transactions and as at the date of this announcement, the Company is indirectly interested in the Sale Interests through the Vendors, all being the indirectly wholly owned subsidiaries of the Company, and immediately after the completion of Proposed Transactions, the Company will indirectly hold the Sale Interests through the Purchasers, being and will be the 80%-owned subsidiaries of the Company. Upon the completion of Proposed Transactions, the Target Subsidiaries will remain as the subsidiaries of the Company and shall continue to be consolidated into the Company's accounts.

As the transactions contemplated under the Equity Transfer Agreements involve (i) a disposal of the Sale Interests in the Target Subsidiaries by the wholly owned subsidiaries of the Company; and (ii) an acquisition of the same by the non-wholly owned subsidiaries of the Company, they

are in substance a group reorganisation which will result in effective net disposals of 20% of the relevant Sale Interests in the Target Subsidiaries that indirectly held by the Company to the minority shareholder of the Purchasers.

As at the date of this announcement, Xiangyu Logistic, a subsidiary of Xiangyu Joint Stock, is a substantial shareholder of two Purchasers, namely Inner Mongolia E-35 and Haotong Environmental Technology, both of which are indirect non-wholly owned subsidiaries of the Company; therefore, Xiangyu Joint Stock is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. Accordingly, the effective net disposals as a result of the Proposed Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Proposed Transactions, by aggregating the transactions under each Equity Transfer Agreement pursuant to Rule 14A.81 of the Listing Rules, calculated based on the alternative size tests exceed 1% but are less than 5%, the Proposed Transactions are therefore subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advisors' advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

F. INFORMATION ON THE RELEVANT 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 (王奕涵女士).

Xiangyu Joint Stock

Xiangyu Joint Stock is a state-owned enterprise owned by Xiamen Xiangyu Group Co., Ltd.* (廈門象嶼集團有限公司) and its shares are listed on the main board of the Shanghai Stock Exchange. Xiangyu Joint Stock is principally engaged in commodities trading, related logistics services, and the development and operation of logistics platforms (parks). Xiangyu Joint Stock is ultimately controlled by the state-owned assets supervision and administration commission of the People's Government of Xiamen City.

Vendors

Jiangsu Haotong

Jiangsu Haotong is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Jiangsu Haotong is an indirect wholly owned subsidiary of the Company and is principally engaged in the business of trading, washing and processing business for bulk commodities.

Yunji Intelligent Logistics

Yunji Intelligent Logistics is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Yunji Intelligent Logistics is an indirect wholly owned subsidiary of the Company and is principally engaged in the business of cargo transportation agency.

Tianyi Intelligent Logistics

Tianyi Intelligent Logistics is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Tianyi Intelligent Logistics is an indirect wholly owned subsidiary of the Company and is principally engaged in business of cargo transportation agency.

Inner Mongolia Haotong

Inner Mongolia Haotong is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Inner Mongolia Haotong is an indirect wholly owned subsidiary of the Company and is principally engaged in business of trading, washing and processing and logistics services for bulk commodities.

Suzhou Wisdom Elite

Suzhou Wisdom Elite is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Suzhou Wisdom Elite is an indirect wholly owned subsidiary of the Company and is principally engaged in the business of trading and logistics services of bulk commodities.

Purchasers

Haotong Environmental Technology and Inner Mongolia E-35

Haotong Environmental Technology and Inner Mongolia E-35 are all incorporated under the laws of the PRC with limited liability. Haotong Environmental Technology is principally engaged in the business of supply chain trading and washing and processing. Inner Mongolia E-35 is principally engaged in the business of supply chain logistics.

As the date of this announcement, each of Haotong Environmental Technology and Inner Mongolia E-35 is an indirect non-wholly owned subsidiary of the Company, which is owned as to 80% by the Company and 20% by Xiangyu Joint Stock, respectively. Xiangyu Joint Stock is a state-owned enterprise owned by Xiamen Xiangyu Group Co., Ltd.* (廈門象嶼集團有限公司) and its shares are listed on the main board of the Shanghai Stock Exchange. Xiangyu Joint Stock is ultimately controlled by the stated-owned assets supervision and administration commission of the People's Government of Xiamen City.

Baotou G-Reach

Baotou G-Reach is a company incorporated under the laws of the PRC with limited liability and is principally engaged in supply chain logistics services. As at the date of this announcement, Baotou G-Reach is a wholly owned subsidiary of Inner Mongolia E-35.

Target Subsidiaries

Ejin Haotong

Ejin Haotong is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Ejin Haotong is an indirect wholly owned subsidiary of the Company and is principally engaged in Processing of coal and trading of commodities.

Ejin G-Reach

Ejin G-Reach is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Ejin G-Reach is an indirect wholly owned subsidiary of the Company and is principally engaged in the business of supply chain logistics services.

Tianyi Freight

Tianyi Freight is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Tianyi Freight is an indirect wholly owned subsidiary of the Company and is principally engaged in supply chain logistics services.

Hutie Winsway

Hutie Winsway is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Hutie Winsway is an indirect non-wholly owned subsidiary of the Company and is principally engaged in railroad logistics.

Ulanqab Haotong

Ulanqab Haotong is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Ulanqab Haotong is an indirect wholly owned subsidiary of the Company and is principally engaged in coal trading and washing and processing services.

Ejin Guanguan Tong

Ejin Guanguan Tong is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Ejin Guanguan Tong is an indirect wholly owned subsidiary of the Company and is principally engaged in cargo transportation agency.

Ejin Winsway

Ejin Winsway is a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, Ejin Winsway is an indirect non-wholly owned subsidiary of the Company and is principally engaged in railroad logistics services.

G. FINANCIAL INFORMATION OF THE TARGET SUBSIDIARIES

The net asset value of the respective Target Subsidiaries as at 31 December 2023 and the valuation of the respective Target Subsidiaries as at the Valuation Benchmark Date are as follows:

Target Subsidiaries	Net asset value as at 31 December 2023 (approx. RMB'000)	Valuation of the Target Subsidiaries as at 31 August 2023 (approx. RMB'000)
Ejin Haotong (<i>audited</i>)	168,900	171,194
Ejin G-Reach (<i>unaudited</i>)	17,127	19,791
Tianyi Freight (<i>unaudited</i>)	38,582	18,618
Hutie Winsway (<i>audited</i>)	74,478	70,699
Ulanqab Haotong (<i>audited</i>)	110,539	125,919
Ejin Guanguan Tong (<i>unaudited</i>)	459	312
Ejin Winsway (<i>audited</i>)	24,302	43,675

The net profit (before and after taxation) of the respective Target Subsidiaries for the year ended 31 December 2022 and 2023 are as follows:

Target Subsidiaries	For the year ended 31 December 2022		For the year ended 31 December 2023	
	Net profit/ (loss) before taxation (approx. RMB'000)	Net profit/ (loss) after taxation (approx. RMB'000)	Net profit/ (loss) before taxation (approx. RMB'000)	Net profit/ (loss) after taxation (approx. RMB'000)
Ejin Haotong (<i>audited</i>)	5,889	4,035	915	704
Ejin G-Reach (<i>unaudited</i>)	47,586	39,225	7,026	2,546
Tianyi Freight (<i>unaudited</i>)	(866)	(866)	(9,895)	(9,895)
Hutie Winsway (<i>audited</i>)	3,284	3,284	(6,741)	(3,506)
Ulanqab Haotong (<i>audited</i>)	(19,571)	(19,604)	721	8,105
Ejin Guanguan Tong (<i>unaudited</i>)	999	974	515	499
Ejin Winsway (<i>audited</i>)	(3,478)	(3,657)	(8,631)	(4,387)

H. DEFINITION

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

“Baotou G-Reach”	Baotou G-Reach Intelligent Logistics Co., Ltd.* (包頭集至智慧物流有限公司), a company incorporated under the PRC laws and a wholly owned subsidiary of Inner Mongolia E-35
“Board”	the board of Directors
“Capital Increase Agreements”	(i) the capital increase agreement dated 23 August 2021 entered into between the Inner Mongolia E-35, Inner Mongolia Haotong, E-35 Technology Co., Ltd.* (易至科技股份有限公司), Xiangyu Logistics, Xiangyu Joint Stock and the Company and (ii) the capital increase agreement dated 23 August 2021 entered into between the Haotong Environmental Technology, Inner Mongolia Haotong, Jiangsu Haotong, Xiangyu Logistics, Xiangyu Joint Stock and the Company, collectively
“Company”	E-Commodities Holdings Limited, a limited liability company incorporated in the British Virgin Islands, the shares of which are listed and traded on the main board of the Stock Exchange
“Cooperation Agreement”	the cooperation agreement entered into between the Company and Xiangyu Joint Stock on 25 July 2019, in relation to, among others, the formation of Xianghui Energy
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Ejin Guangan Tong”	Ejin Banner Guangan Tong Customs Agent Co., Ltd.* (額濟納旗關關通報關代理有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Ejin G-Reach”	Ejin Banner G-Reach Intelligent Logistics Limited Company* (額濟納旗集至智慧物流有限公司), a company established under the laws of the PRC

“Ejin Haotong”	Ejinaqi Haotong Energy Co., Ltd.* (額濟納旗浩通能源有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of the announcement
“Ejin Winsway”	Ejina Qi Ruyi Winsway Energy Co., Ltd.* (額濟納旗如意永暉能源有限公司), a company established under the laws of the PRC, which is indirectly owned as to 80.40% by the Company and 19.60% by China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司), respectively, as at the date of this announcement
“Equity Transfer Agreements”	Equity Transfer Agreement I, Equity Transfer Agreement II, Equity Transfer Agreement III, Equity Transfer Agreement IV, Equity Transfer Agreement V, Equity Transfer Agreement VI, and Equity Transfer Agreement VII, collectively and the term “Equity Transfer Agreement” shall mean any of them
“Equity Transfer Agreement I”	the equity transfer agreement entered into between Jiangsu Haotong as the vendor and Haotong Environmental Technology as the purchaser on 7 June 2024, in relation to the transfer of the entire equity interest in Ejin Haotong
“Equity Transfer Agreement II”	the equity transfer agreement entered into between Yunji Intelligent Logistics as the vendor and Inner Mongolia E-35 as the purchaser on 7 June 2024, in relation to the transfer of the entire equity interest in Ejin G-Reach
“Equity Transfer Agreement III”	the equity transfer agreement entered into between Tianyi Intelligent Logistics as the vendor and Inner Mongolia E-35 as the purchaser on 7 June 2024, in relation to the transfer of the entire equity interest in Tianyi Freight
“Equity Transfer Agreement IV”	the equity transfer agreement entered into between Inner Mongolia Haotong as the vendor and Baotou G-Reach as the purchaser on 7 June 2024, in relation to the transfer of the 87.05% equity interest in Hutie Winsway
“Equity Transfer Agreement V”	the equity transfer agreement entered into between Jiangsu Haotong as the vendor and Haotong Environmental Technology as the purchaser on 7 June 2024, in relation to sale and purchase of the entire equity interest in Ulanqab Haotong

“Equity Transfer Agreement VI”	the equity transfer agreement entered into between Suzhou Wisdom Elite as the vendor and Ejin G-Reach as the purchaser as on 7 June 2024, in relation to the sale and purchase of the entire equity interest in Ejin Guanguan Tong
“Equity Transfer Agreement VII”	the equity transfer agreement entered into between Inner Mongolia Haotong as the vendor and Ejin G-Reach as the purchaser on 7 June 2024, in relation to the sale and purchase of the 80.40% equity interest in Ejin Winsway
“Haotong Environmental Technology”	Inner Mongolia Haotong Environmental Technology Co., Ltd.* (內蒙古浩通環保科技有限公司), a company established under the laws of the PRC, which is indirectly owned as to 80% by the Company and 20% by Xiangyu Joint Stock, respectively
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hutie Winsway”	Inner Mongolia Hutie Winsway Logistics Co., Ltd.* (內蒙古呼鐵永暉物流有限公司), a company established under the laws of the PRC, which is indirectly owned as to approximately 87.05% by the Company and approximately 12.95% by China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司), respectively, as at the date of this announcement
“Independent Third Party(ies)”	a person or entity who is not considered as a connected person of our Company within the meaning of the Listing Rules as far as our Directors are aware after having made all reasonable enquiries
“Inner Mongolia E-35”	Inner Mongolia E-35 Technology Co., Ltd.* (內蒙古易至科技股份有限公司), a company established under the laws of the PRC, which is indirectly owned as to 80% by the Company and 20% by Xiangyu Joint Stock, respectively
“Inner Mongolia Haotong”	Inner Mongolia Haotong Energy Joint Stock Co., Ltd.* (內蒙古浩通能源股份有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Jiangsu Haotong”	Jiangsu Haotong Environmental Protection Technology Co., Ltd.* (江蘇浩通環保科技有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Proposed Transactions”	the transfer of Sale Interests by the relevant Vendors to the relevant Purchasers under each of the Equity Transfer Agreements
“Purchasers”	Haotong Environmental Technology, Inner Mongolia E-35, Baotou G-Reach and Ejin G-Reach, and each a “Purchaser”
“Sale Interests”	the equity interest in the relevant Target Subsidiaries to be transferred by the relevant Vendors to the relevant Purchasers under each of the Equity Transfer Agreements, the details of which are set out in the section headed “Subject Matter” of this announcement
“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
“Suzhou Wisdom Elite”	Suzhou Wisdom Elite Energy Co., Ltd. * (蘇州智暉智業能源有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Target Subsidiaries”	Ejin Haotong, Ejin G-Reach, Tianyi Freight, Hutie Winsway, Ulanqab Haotong, Ejin Guanguan Tong and Ejin Winsway, and each a “Target Subsidiary”

“Tianyi Freight”	Tianyi (Damao Banner) Freight Co., Ltd.* (天翼(達茂旗)貨運有限公司), company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Tianyi Intelligent Logistics”	Tianyi Intelligent Logistics Co., Ltd.* (天翼智慧物流(珠海)有限公司), company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Ulanqab Haotong”	Ulanqab Haotong Energy Co., Ltd.* (烏蘭察布市浩通能源有限責任公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company at the date of the announcement
“Xiamen Xiangyu”	Xiangyu Joint Stock and its subsidiaries
“Xianghui Energy”	Xianghui Energy (Xiamen) Co., Ltd.* (象暉能源(廈門)有限公司), a company incorporated under the PRC laws on 6 August 2019, which is indirectly owned as to 49% and 51% by the Company and Xiamen Xiangyu, respectively
“Xiangyu Joint Stock”	Xiamen Xiangyu Joint Stock Company Limited* (廈門象嶼股份有限公司), 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).
“Xiangyu Logistics”	Xiamen Xiangyu Logistics Group Co., Ltd.* (廈門象嶼物流集團有限公司), a company incorporated under the laws of the PRC and a subsidiary of Xiangyu Joint Stock
“Vendors”	Jiangsu Haotong, Yunji Intelligent Logistics, Tianyi Intelligent Logistics, Inner Mongolia Haotong and Suzhou Wisdom Elite, and each a “Vendor”
“Yunji Intelligent Logistics”	Yunji Intelligent Logistics (Zhuhai) Co., Ltd.* (雲集智慧物流(珠海)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 7 June 2024

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

* *For identification purposes only*