

*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.*

**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)**

**DISCLOSABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL  
OF THE TARGET COMPANY**

**THE ACQUISITION**

The Board announces that on 8 August 2024 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to acquire, and Vendor agreed to sell, the Sale Shares (representing 70% of the issued share capital of the Target Company) for a cash consideration of US\$77,900,000. Upon Completion of the Acquisition, the Target Company will become a wholly owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

**A. INTRODUCTION**

The Board announces that on 8 August 2024 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to acquire, and Vendor agreed to sell, the Sale Shares (representing 70% of the issued share capital of the Target Company) for a cash consideration of US\$77,900,000. Upon Completion of the Acquisition, the Target Company will become a wholly owned subsidiary of the Company.

## **B. THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

**Date** : 8 August 2024

**Parties** : (i) the Company; and  
(ii) the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor, its ultimate beneficial owner and their respective associates are third parties independent of the Company and its connected persons.

**Assets to be acquired** : Pursuant to the Sale and Purchase Agreement, the Company agreed to acquire, and the Vendor agreed to sell, the Sale Shares, representing 70% of the issued share capital of the Target Company.

**Consideration and payment schedule** : Pursuant to the Sale and Purchase Agreement, the Consideration in the amount of US\$77,900,000 shall be paid by the Company to the Vendor in cash in the following manner:

(i) the initial payment of US\$5,000,000 shall be paid within five (5) Business Days after the date of the Sale and Purchase Agreement; and

(ii) the remaining balance of US\$72,900,000 shall be paid no later than 31 August 2024.

**Completion** : Completion shall take place within three (3) Business Day after the receipt of the initial payment of US\$5,000,000 by the Vendor from the Company or such other date as the Company and the Vendor may otherwise agree in writing.

**Interim Period** : The Company shall be entitled to all profits and shall bear all losses associated with the Sale Shares during the Interim Period. Accordingly, any financial benefits or detriments arising from the Sale Shares during the Interim Period, including but not limited to dividends, interest, capital gains, or other distributions, shall accrue to the Company. The Vendor shall not have any claim to such profits or be responsible for such losses occurred or to be occurred within the Interim Period.

## C. BASIS OF THE CONSIDERATION

The Consideration was determined between the Company and the Vendor after arm's-length negotiations and on commercial terms, taking into consideration, amongst others, (i) the market value of 100% equity interests of the Target Company as at 31 December 2023, being the Valuation Date, in the amount of approximately US\$107,099,000, (the "**Valuation**") based on the valuation report (the "**Valuation Report**") prepared by the Independent Valuer, using the market approach; (ii) the profit or loss associated with the Sale Shares during the Interim Period; (iii) the financial performance and business prospect of the Target Company; and (iv) the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and Benefits of the Acquisition".

The Consideration will be settled by the Company in cash by using its internal resources.

### **The Valuation**

#### *Major assumptions adopted in the Valuation*

The Independent Valuer has adopted the following major inputs and assumptions:

1. 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;
2. There will be no major change in the political, legal, economic and social environment in which the Target Company operates or intends to operate;
3. Interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing;
4. It is assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

5. The financial and operational information provided by the Company accurate and it is relied to a considerable extent on such information in arriving at the opinion of value; and
6. There are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value.

### ***Methodology and multiple approach adopted in the Valuation***

The Independent Valuer considered three generally accepted valuation methodologies for the Valuation, namely market approach, cost approach and income approach.

1. Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used;
2. Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes;
3. Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows.

Considering the business characteristics of the Target Company, there are substantial limitations for the income approach and the cost approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Detailed operational information and long-term financial projections are also needed to arrive at an indication of value but such information is not available as at the Valuation Date. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business. In view of the above, the Independent Valuer adopted the market approach for the valuation.

Under the market approach, the market value of 100% equity interests in the Target Company was developed through the application of the market approach technique known as the guideline public company method respectively. This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market values of the Target Company. In order to reflect the latest financial performance of the Target

Company, it is considered that the suitable multiple in this valuation is the price-to-book (P/B) ratio, which is calculated by using comparable companies' market capitalization as at the Valuation Date and net book value to determine the equity value of the Target Company, and then taken into account market liquidity discount as the appropriate adjustment.

### ***Key inputs and assumptions in the Valuation***

To appraise the market value of the Target Company, the Independent Valuer adopted the P/B ratio for the Valuation. The median of P/B ratio of the comparable companies of the Valuation (the “**Comparable Companies**”) of approximately 1.44 times is multiplied by the net book value of the Target Company for the year ended 31 December 2023 of approximately US\$72,524,000, a discount for lack of marketability of 14.60% and a control premium of 20.20% are applied. As advised by the Independent Valuer, median of P/B ratio was adopted for the Valuation as it is commonly adopted and takes into account of all the values of the Comparable Companies and it is preferred when the data distribution is symmetrical as it accurately reflects the central tendency of all values. Details of the Comparable Companies, the DLOM and control premium are set forth below.

### ***Comparable companies***

As sourced from Capital IQ, a reliable third party database service provider designed by Standard & Poor's (S&P), the Independent Valuer has identified an exhaustive list of five Comparable Companies based on the following selection criteria:

- the Comparable Companies shall be publicly listed;
- the Comparable Companies shall derive more than half of their revenues from contract mining;
- the Comparable Companies shall be mainly operating in Asia; and
- P/B ratios of the Comparable Companies shall be available as at the Valuation Date.

The principal business activities and the P/B ratio of the Comparable Companies are set out in the table below for illustration purpose only:

<b>Company Name</b>	<b>Stock Code</b>	<b>Principal business activities</b>	<b>P/B ratio (times)</b>
PT Delta Dunia Makmur Tbk	IDX: DOID	PT Delta Dunia Makmur Tbk, through its subsidiaries, operates as a coal mining contractor in Indonesia and Australia. PT Delta Dunia Makmur Tbk provides mine planning and survey, coal mining, overburden removal, coal hauling, reclamation, and land rehabilitation services, as well as road maintenance services. It also engages in the rental of heavy equipment.	0.61
PT ABM Investama Tbk	IDX: ABMM	PT ABM Investama Tbk engages in services, manufacturing, and mining contractors and coal mining businesses in Indonesia. PT ABM Investama Tbk operates as a mining contractor and provides logistics, stevedoring and sea port, and ship operational services. It is also involved in engineering, development, and manufacture of heavy equipment attachment and materials handling products, renewable and thermal energy IPP, general trading, development and mining resources comprising coal and sea transportation businesses.	0.80
PT Petrosea Tbk	IDX: PTRO	PT Petrosea Tbk provides engineering, construction, mining, and other services to the oil and gas, infrastructure, industrial and manufacturing, and utility sectors in Indonesia and internationally. It operates through three segments: mining, services, and engineering and construction.	1.44

<b>Company Name</b>	<b>Stock Code</b>	<b>Principal business activities</b>	<b>P/B ratio (times)</b>
Guangdong Hongda Holdings Group Co., Ltd.	SZSE: 002683	Guangdong Hongda Holdings Group Co., Ltd. provides mining and civil explosion services in China. The company operates through three segments: mining engineering services, civil blasting equipment production and sales, and defense equipment production and sales. It offers open pit and underground mining services, defense equipment, and others, as well as sells civil explosive equipment and detonators.	2.36
PT Hillcon Tbk	IDX: HILL	PT Hillcon Tbk provides mining and civil construction services in Indonesia. PT Hillcon Tbk operates as a mining contractor. It also engages in earthwork, road construction, heavy equipment rental, river basin construction activities, trading of auto parts and accessories, provision of mining, quarrying, and other excavation support services.	4.54

*Discount for lack of marketability (“DLOM”)*

The Independent Valuer adopted the DLOM of 14.60% with reference to the Stout Restricted Stock Study Companion Guide (2023 edition). The adoption of the DLOM is attributable to ownership interests in closely-held companies which are typically not readily marketable compared to similar interest in publicly listed companies, and therefore, a share of stock in a privately-held company is usually worth less than an otherwise comparable share in a publicly held company.

*Control premium*

The Independent Valuer adopted the control premium of 20.20% with reference to the Mergerstat Control Premium Study (4th Quarter 2023). The adoption of the control premium is attributable to the control owners who have rights that minority owners do not which leads to a differential in the per-share value of a control ownership as compared with a minority ownership.

The Board is satisfied that (i) the Independent Valuer has the necessary professional qualifications and relevant experience to perform the valuations of the Target Company; (ii) the scope of work carried out by the Independent Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions, approach and methodologies adopted by the Independent Valuer for the relevant assessments are fair and reasonable. As such, the Board considers that the Valuation is fair and reasonable, and hence reliable as a basis for determining the Consideration.

#### **D. INFORMATION ON TARGET COMPANY**

The Target Company is a company incorporated under the laws of British Virgin Islands with limited liability, and is principally engaged in coal mining services through its subsidiary. As at the date of this announcement, the Target Company is owned as to 70% and 30% by the Vendor and the Company, through its wholly-owned subsidiary, respectively.

Set out below is the unaudited financial information of the Target Company for each of the two financial years ended 31 December 2022 and 31 December 2023 in accordance with International Financial Reporting Standards (IFRSs).

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>Approx. USD'000</i>	<i>Approx. USD'000</i>
Net profit/(loss) before taxation	(9,749)	10,430
Net profit/(loss) after taxation	(7,955)	6,858

#### **E. REASONS FOR AND BENEFITS OF THE ACQUISITION**

In October 2022, the Group acquired 30% interest of the Target Company to expand into the business of providing mining services to upstream mines, thereby achieving the full chain service coverage for the Group's integrated supply chain services segment. In recent years, the Target Company has improved its profitability through continuous improvement in its management, optimization of its equipment and personnel, increasing its mining capacity and reducing operational costs. Such improvement further helped the Target Company to secure a mining service contract of a larger volume of production. To align with the Group's long term strategic goal of development, the Company decided to acquire the Sale Shares to achieve full controlling interest in the Target Company. Upon Completion, the Company plans to carry out the following:

- (i) further upgrade mining and transportation equipment of the Target Company, as well as increase investment to meet the demand of a larger scale of business;



- (ii) leveraging the Group's extensive management experience and operational advantages, we expect to expand the services to reach a broader market with a view to explore new business opportunities with more mining owners;
- (iii) leveraging the Group's extensive sales network and full supply chain services, so aim to offer mining owners a one-stop solution, and expect to ensure mutual benefits for all parties involved; and
- (iv) empower the mining services with advanced 5G+, automation and other technologies to achieve the intelligent, automatic and unmanned mining operations so as to start intelligent mining business and serve more mines around the globe, with a view to ultimately realizing the further extension of the breadth and depth of the Company's integrated supply chain services segment.

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

## **F. LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

## **G. INFORMATION ON THE RELEVANT PARTIES**

### **The Company**

The Company is a company incorporated in the British Virgin Islands with limited liability 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.

### **The Vendor**

Seven Rocks Investment Limited is a company incorporated under the laws of British Virgin Islands with limited liability and is principally engaged in investment holding. The Vendor is ultimately wholly owned by Ms. Wu SeK Un.

## **H. DEFINITION**

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

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday or Sunday or public holiday) when banks are generally open for business in Hong Kong
“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
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration for the Sale Shares in the amount of US\$77,900,000 pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Valuer”	Asia-Pacific Consulting and Appraisal Limited, an independent third party valuer engaged by the Company for the purpose of the Acquisition
“Interim Period”	the period commencing from date following the Valuation Date and ending on the Completion Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Ms. Wang”	Ms. Wang Yihan (王奕涵女士), the ultimate controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 August 2024 entered into between the Company and the Vendor in respect of the Acquisition
“Sale Shares”	70 shares of the Target Company, which are legally and beneficially owned by the Vendor, representing 70% of the issued share capital of the Target Company as at the date of this announcement and prior to Completion
“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
“Target Company”	Five Hills Investment Limited, a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in coal mining services through its wholly owned subsidiary, TTJV Co. LLC.
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“Valuation Date”	31 December 2023
“Vendor”	Seven Rocks Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 8 August 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*