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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 31 December 2021, in respect of, among other things, the Mutual Supply Framework Agreement entered into between the Company and Xiangyu Joint Stock in relation to the supply of E-Commodities Products and the provision of E-Commodities Services by the Group to Xiamen Xiangyu, and the supply of Xiamen Xiangyu Products and the provision of Xiamen Xiangyu Services by Xiamen Xiangyu to the Group, for a term commencing from 1 January 2022 and ending on 31 December 2024.

Due to the reasons set out in the section headed “REASONS FOR AND BENEFIT OF THE REVISION OF ANNUAL CAPS” below, the Board envisages that the original annual caps for E-Commodities Services Transactions for the years ending 31 December 2023 and 2024 will be insufficient, and resolved to revise the relevant annual caps.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Xiangyu Joint Stock is a substantial shareholder of 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. As a result, the transactions contemplated under the Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As (i) one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregated annual caps for continuing connected transactions under the Mutual Supply Framework Agreement are more than 5%; (ii) the Board has approved the Mutual Supply Framework Agreement and the Revised Annual Caps; and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Mutual Supply Framework Agreement (together with the Revised Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Mutual Supply Framework Agreement are therefore subject to the reporting, announcement and annual review requirements only but exempt from the circular, independent financial advisors' advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

A. REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 31 December 2021 (the “**Announcement**”), in respect of, among other things, the Mutual Supply Framework Agreement entered into between the Company and Xiangyu Joint Stock in relation to the supply of E-Commodities Products and the provision of E-Commodities Services by the Group to Xiamen Xiangyu, and the supply of Xiamen Xiangyu Products and the provision of Xiamen Xiangyu Services by Xiamen Xiangyu to the Group, for a term commencing from 1 January 2022 and ending on 31 December 2024.

Under the Mutual Supply Framework Agreement, the Group shall provide the integrated supply chain services and other services including, among others, coal related storage, transportation, washing and processing services and consulting services to Xiamen Xiangyu from time to time. In order to satisfy the demand of further relevant services as aforesaid between the Group and Xiamen Xiangyu during the remaining term of the Mutual Supply Framework Agreement, the transaction volume will increase in relation to provision of E-Commodities Services by the Group to Xiamen Xiangyu under the Mutual Supply Framework Agreement, for which the Board envisages that the original annual caps for the E-Commodities Services Transactions will not be sufficient to fulfil the amount of relevant E-Commodities Services Transactions that may take place under the Mutual Supply Framework Agreement for the years ending 31 December 2023 and 2024.

Pricing and other terms

The terms of the Mutual Supply Framework Agreement have not been changed or modified in any way and the major terms (including the pricing terms) are set out in the section headed “**MUTUAL SUPPLY FRAMEWORK AGREEMENT**” in the Announcement.

Historical transactions amount and revised annual caps

The table below sets out (i) the historical transactions amount for E-Commodities Services Transactions for the year ended 31 December 2022 and for the nine months ended 30 September 2023, respectively; and (ii) the original annual caps and revised annual caps for E-Commodities Services Transactions for the year ending 31 December 2023 and 2024, respectively.

	Historical transactions amount		Annual caps			
	For the year ended 31 December 2022 (HK\$ million) <i>(audited)</i>	For the nine months ended 30 September 2023 (HK\$ million) <i>(unaudited)</i>	For the year ending 31 December 2023 (HK\$ million) Original annual cap	Revised annual cap	For the year ending 31 December 2024 (HK\$ million) Original annual cap	Revised annual cap
E-Commodities Services Transactions	<u>2,426</u>	<u>3,738</u>	<u>3,990</u>	<u>5,585</u>	<u>5,187</u>	<u>7,537</u>

The Board further confirms that, as at the date of this announcement, the original annual caps for transactions under the Mutual Supply Framework Agreement have not yet been exceeded. The Company will continue to closely monitor the implementation of the Mutual Supply Framework Agreement and take prompt actions to make necessary disclosure, if and when appropriate, in the event that any further adjustment to the annual caps under the Mutual Supply Framework Agreement becomes foreseeable.

The revised annual caps for E-Commodities Services Transactions for the years ending 31 December 2023 and 2024 are determined with reference to: (i) the estimated increase of E-Commodities Services to be provided by the Group, taking into account the growth in, and the demand of, the Group's business during the remaining term of the Mutual Supply Framework Agreement; and (ii) the historical transactions amount, in particular, the historical transactions amount for the nine months ended 30 September 2023 for E-Commodities Services Transactions.

B. REASONS FOR AND BENEFIT OF THE REVISION OF ANNUAL CAPS

The Board has been carefully monitoring the performance of the Mutual Supply Framework Agreement. Since the parties entered into the Mutual Supply Framework Agreement, the business in providing related products and services has been progressed smoothly, the cooperation between the parties has been further strengthened, and the capability of the Company's supply chain services has been further improved on the basis of utilizing the complementary resources and advantages of the parties. Since 2023, the import volume of Mongolian coal has been increasing, with the price of Mongolian coal rising steadily since the second half of the year, and the Group's integrated supply chain service business has maintained continuous growth. For the nine months ended 30 September 2023, the Group's provision of logistics services and other services, including storage, transportation, washing and processing

services to Xiamen Xiangyu reached the transaction amount of HK\$3,738 million, and the original annual caps for E-Commodities Services Transactions will not be sufficient to meet the growth of business transactions. The Group decided to revise the annual caps for E-Commodities Services Transactions after fully considering the business growth and demand during the remaining term of the Mutual Supply Framework Agreement, with a view to achieve stronger and closer integration of trading and logistics resources and further enhance market competitiveness.

The Mutual Supply Framework Agreement and the Revised Annual Caps have been reviewed and approved by the Board and none of the Directors has material interests in the transactions contemplated under the Mutual Supply Framework Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Mutual Supply Framework Agreement are on normal commercial terms, and the transactions contemplated thereunder (together with the Revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

C. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Xiangyu Joint Stock is a substantial shareholder of 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. As a result, the transactions contemplated under the Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As (i) one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregated annual caps for continuing connected transactions under the Mutual Supply Framework Agreement are more than 5%; (ii) the Board has approved the Mutual Supply Framework Agreement and the Revised Annual Caps; and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Mutual Supply Framework Agreement (together with the Revised Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Mutual Supply Framework Agreement are therefore subject to the reporting, announcement and annual review requirements only but exempt from the circular, independent financial advisors' advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

D. INFORMATION ON THE PARTIES

The Company

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

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 stated-owned assets supervision and administration commission of the People's Government of Xiamen City.

E. DEFINITION

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

“Board”	the board of Directors
“Company”	E-Commodities Holdings Limited, a limited liability company incorporated in the British Virgin Islands, the shares of which are listed and traded on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“E-Commodities Products”	coal, petrochemical products, iron ores and other bulk commodities to be supplied by the Company and/or its subsidiaries to Xiangyu Joint Stock and/or its subsidiaries under the Mutual Supply Framework Agreement and the relevant Sale Contract

“E-Commodities Services”	the integrated supply chain services and other services to be supplied by the Company and/or its subsidiaries to Xiangyu Joint Stock and/or its subsidiaries under the Mutual Supply Framework Agreement and the relevant Service Contract, including, among others, coal related storage, transportation, washing and processing services and consulting services
“E-Commodities Service Transaction(s)”	the provision of the integrated supply chain services and other services by the Group to Xiamen Xiangyu pursuant to the Mutual Supply Framework Agreement
“Group”	the Company and its subsidiaries
“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 Xiamen Xiangyu, respectively
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Xiamen Xiangyu, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Mutual Supply Framework Agreement”	the products and services mutual supply framework agreement dated 31 December 2021 entered into between the Company and Xiamen Xiangyu in respect of the Sale Transaction(s), Procurement Transaction(s), E-Commodities Services Transaction(s) and Xiamen Xiangyu Service Transaction(s) for a term from 1 January 2022 to 31 December 2024
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Procurement Transaction(s)”	the supply of the Xiamen Xiangyu Products by Xiamen Xiangyu to the Group pursuant to the Mutual Supply Framework Agreement from time to time during the term thereof
“Purchase Contract”	each separate purchase agreement and/or order in respect of the Procurement Transaction(s) entered into between the Company and/or its subsidiaries and Xiangyu Joint Stock and/or its subsidiaries, the terms of which are determined in accordance with those under the Mutual Supply Framework Agreement
“Revised Annual Caps”	the revised annual caps for E-Commodities Service Transactions under the Mutual Supply Framework Agreement for the years ending 31 December 2023 and 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Contract”	each separate sale agreement and/or order in respect of the Sale Transaction(s) entered into between the Company and/or its subsidiaries and Xiangyu Joint Stock and/or its subsidiaries, the terms of which are determined in accordance with those under the Mutual Supply Framework Agreement
“Sale Transaction(s)”	the supply of the E-Commodities Products by the Group to Xiamen Xiangyu pursuant to the Mutual Supply Framework Agreement from time to time during the term thereof
“Service Contract”	each separate service agreement and/or order in respect of the E-Commodities Services Transactions entered into between the Company and/or its subsidiaries and Xiangyu Joint Stock and/or its subsidiaries, the terms of which are determined in accordance with those under the Mutual Supply Framework Agreement
“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
“Xiamen Xiangyu”	Xiangyu Joint Stock and its subsidiaries

“Xiamen Xiangyu Products”	coal, petrochemical products, iron ores and other products to be supplied by Xiangyu Joint Stock and/or its subsidiaries to the Company and/or its subsidiaries under the Mutual Supply Framework Agreement and the relevant Purchase Contract
“Xiamen Xiangyu Service Transaction(s)”	the provision of the integrated supply chain services and other services, including, among others, the E-Commodities Products related storage, transportation, wash and processing services and consulting services by Xiamen Xiangyu to the Group pursuant to the Mutual Supply Framework Agreement from time to time
“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 the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600057.SH)
“%”	per cent.

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

Hong Kong, 26 October 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. Guo Lisheng; 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*