

## **WE Holdings makes progress in commodities businesses with Myanmar Temporary Permit issuance and third iron ore contract worth an estimated US\$1.0 m<sup>1</sup>**

- **Dragon WE Cement Joint Venture Co., Ltd, a joint corporation between His Excellency Nay Win Tun and WE Holdings, successfully obtained Temporary Permit in Myanmar on 17 July 2014 and on track to acquire a 20% stake in Myanmar-based Dragon Cement Co. Ltd.**
- **Progressive iron ore development with third iron ore contract to deliver 15,000 wet metric tonnes of iron ore lump to Sinosteel Hunan Co. Ltd., bringing total iron ore contracts secured to an estimated US\$4.1 million**
- **Commodities-focused, WE Holdings will strategically harness the demand for this business by increasing supply and growing its clientele base**

Singapore and Hong Kong, 7 August 2014 – WE Holdings Ltd (“WE Holdings” or the “Company” and together with its subsidiaries, the “Group”) is pleased to receive two positive developments for its commodities businesses. Firstly, Dragon WE Cement Joint Venture Co. Ltd. (“Dragon JV”), WE Holdings’ joint corporation with Myanmar’s renowned businessman His Excellency Nay Win Tun (“H.E. Nay”) has successfully secured a Temporary Permit in Myanmar on 17 July 2014. With this temporary permit, WE Holdings is primed to acquire a 20% stake in Myanmar-based Dragon Cement Co. Ltd. (“Dragon Cement”) through its 50% stake in Dragon JV. In addition to the progress of its Cement and Oil segment, WE Holdings has rapidly followed up on its Coal and Iron Ore segment with the third iron ore trading contract, worth an estimated US\$1.0 million<sup>1</sup> to sell and ship iron ore lumps to China’s Sinosteel Hunan Co. Ltd. (“Sinosteel”).

The Myanmar temporary license approval for the Company’s Cement and Oil segment comes after the Company’s 25 July 2014 announcement on the divestment of its Electronic Components unit, WE Components Pte. Ltd., to its associate Jubilee Industries Holdings Ltd so as to concentrate efforts in growing the Company’s commodities businesses of Coal and Iron Ore, and Cement and Oil. Setting the stage with the issuance of the temporary permit, WE Holdings is on track to acquire a 20% stake in Dragon Cement to capture the vast growth potential in the resource-rich Myanmar.

The Company commented, “The temporary permit approval could not be timelier as we have officially streamlined our businesses with a clear growth direction towards the commodities sector in July. We are very excited to kick start our venture into the very promising Myanmar to ride on the increasing cement demand as the infrastructure and construction sectors grow. The next critical step for us is to proceed with our 20% acquisition of Dragon Cement and put together a team with the capabilities and expertise to effectively execute our strategies in order for this venture to reap fruits.”

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<sup>1</sup> The contract value is an estimated amount based on the agreed price of US\$68.50 per DMT, at an 8.00% maximum moisture content. The actual contract value will depend on various factors, such as the Fe and moisture content upon shipment.

For the Company's Coal and Iron segment, its subsidiary, WE Resources Pte. Ltd. ("WER") has on 4 August 2014 followed up with the third iron ore sales contract for its Coal and Iron Ore segment. Worth an estimated contract value of US\$1.0 million, WER will sell and deliver iron ore lumps to Sinosteel in China by 20 August 2014. This brings the total iron ore contracts that were rapidly secured in the year to US\$4.1 million. Based on the two iron ore trading memorandums of understanding ("MOUs") signed in February 2014, with ATR Natural Resources Sdn Bhd, Pacific Treasure International Co., Ltd. / Shanghai Longxi Trading Company Ltd and CBNB<sup>2</sup>, the Company could potentially deliver up to 720,000 wet metric tonnes ("WMT") of iron ore, worth an estimated US\$49.3 million by February next year.

The Company commented, "Our Coal and Iron Ore segment is progressing steadily. With the receipt of progressive orders, we have gained momentum in growing this business with our iron ore trading partners and customers. We are confident that with our continuous efforts, we will be able to establish a good track record and relationship with an expanded customer base in time to come."

For this third sales contract, WER has to deliver Sinosteel 15,000 WMT of iron ore lumps at the price of US\$68.50 per dry metric tonne ("DMT") with a minimum of 58% FE content. If the FE content of the iron ore does not meet the specification stipulated in the contract, the price of the iron ore will be adjusted accordingly<sup>3</sup>.

Payment from Sinosteel to WER will be secured by the issuance of a 100% irrevocable Letter of Credit at Sight ("LC") in favour of WER within seven working days after the signing of the Iron Sales Contract.

Going forward with a focus on commodities business, WE Holdings will strategically harness demand by building its supply offerings and growing its clientele base. It will continue to explore potential partnerships and export opportunities regionally to drive new growth.

The Company added, "Although WE Holdings was traditionally recognized as an electronic components supplier and distributor in the market, we have divested that part of our business to concentrate on driving our commodities businesses. With each strategic development for our commodities business and its respective execution, we believe we have shown our strength and determination in growing the Company in a new direction as a commodities player."

**-The End-**

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<sup>3</sup> For each 1% FE above 58%, the base price will be increased at the rate of US\$3 per DMT fraction pro-rata. For each 1% FE below 58%, and down to 56%. Sinosteel has the right to reject or renegotiate the iron ore rates if the FE content falls below 56%.

## About WE Holdings Ltd

Identifying growth opportunities in the regional market, We Holdings embarked on its diversification strategy into the commodities sector. As such, the Group has streamlined the commodities businesses into two key units, namely:

- Coal and Iron Ore
- Cement and Oil

For the Coal and Iron Ore business, the commodities will be traded mainly in China with the Group seeking to expand beyond China in the near-mid-term. We have since commenced the iron ore business with the first shipment delivered in February 2014.

For the Cement and Oil business, the Group intends to acquire shares in Dragon Cement Co., Ltd, a company that is principally engaged in the business of cement manufacturing, and is majority-owned by His Excellency Nay Win Tun ("H.E Nay Win Tun"). H.E Nay Win Tun is a prominent Myanmar businessman and the Chairman of the Ruby Dragon Group of companies.

Riding on the vast opportunities present in Myanmar, WE Holdings' also has a proposed joint venture with WE Dragon Resources Pte. Ltd. to assess potential petroleum, oil and gas, and related resources business opportunities in Myanmar. Both proposed acquisition and joint venture are currently pending approval from Myanmar Investment Commission.

In addition to the above, the Group will explore opportunities in the exploration, extraction/mining and trading of energy and metal resources and the production and trading of sand and steel, subject to shareholders' approval.

## Issued for and on behalf of WE Holdings Ltd For more information please contact

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