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YUE DA INTERNATIONAL HOLDINGS LIMITED

悅達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

MAJOR TRANSACTIONS: REVOLVING FACTORING AGREEMENT

REVOLVING FACTORING AGREEMENT

The Board hereby announces that on 28 December 2020 after trading hours, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Revolving Factoring Agreement with DYK, pursuant to which Yueda Commercial Factoring agreed to provide recourse revolving factoring services (including account receivable management services and factoring financing services) in respect of the Account Receivable(s) payable by the Authorised Dealer(s) for a fixed term of one year commencing from 28 December 2020 with an automatic renewal of one year if no written objection is received from the Parties.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Revolving Factoring Agreement will constitute transactions under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Revolving Factoring Agreement is 25% or more, the transactions contemplated thereunder are deemed as financial assistances provided to third party and constitute a major transaction of the Company subject to the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Yueda Capital (HK) Limited, which is interested in approximately 51.34% of the issued share capital of the Company, has given the written approval of the Revolving Factoring Agreement and such written approval has been accepted in lieu of holding a general meeting for the approval of the Revolving Factoring Agreement pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Revolving Factoring Agreement and the transactions contemplated thereunder will be convened and held.

GENERAL

A circular containing information required under the Listing Rules regarding the Revolving Factoring Agreement will be despatched to the Shareholders as soon as practicable but not later than 18 January 2021.

INTRODUCTION

The Board hereby announces that on 28 December 2020 after trading hours, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Revolving Factoring Agreement with DYK, pursuant to which Yueda Commercial Factoring agreed to provide certain recourse factoring services. The principal terms of the Revolving Factoring Agreement entered into among Yueda Commercial Factoring and DYK are set out below:

THE REVOLVING FACTORING AGREEMENT

Date: 28 December 2020

Parties: (1) DYK; and
(2) Yueda Commercial Factoring

Factoring arrangement: Pursuant to the Revolving Factoring Agreement, Yueda Commercial Factoring will provide account receivable management services and factoring financing services.

Each Authorised Dealer who joins such factoring arrangement under the Revolving Factoring Agreement shall enter into a standard tripartite agreement with Yueda Commercial Factoring and DYK, which stipulates the detailed conditions and terms of the factoring arrangement (the “**Tripartite Agreement**”).

Account receivable management services: In respect of the account receivable management services, DYK will assign to Yueda Commercial Factoring the Account Receivable(s). Yueda Commercial Factoring will issue the Commitment Letter to DYK and the Authorised Dealer(s) shall deposit the automobile sales amount received from the end customers to the bank account as designated by Yueda Commercial Factoring (the “**Yueda Bank Account**”). The period of account receivable management services is 120 days commencing from the date of the Commitment Letter (the “**Account Receivable Management Period**”). The maximum amount of Account Receivable(s) managed under the account receivable management services on any day during the Revolving Factoring Agreement shall be RMB1.5 billion (equivalent to approximately HK\$1.7 billion).

During Account Receivable Management Period, subject to the automobile sales amount received from the end customers to the Yueda Bank Account, DYK may apply for early payment of the face amount of the relevant Account Receivable with a limit up to 20% of the total face amount of the relevant Account Receivable at the interest disclosed below payable by DYK.

Factoring financing services:

The Authorised Dealer(s) shall make a payment in the amount of 20% of the face amount of the relevant Account Receivable to Yueda Commercial Factoring as security according to the Tripartite Agreement, without which Yueda Commercial Factoring may choose not to issue the Commitment Letter and not to proceed with the account receivable management services and/or factoring financing services.

Upon the expiry of Account Receivable Management Period, if the Authorised Dealer(s) has/have not paid to the Yueda Bank Account the amount equivalent to the face amount of the Account Receivable(s) as stipulated in the Commitment Letter to which the Account Receivable(s) relates/relate, Yueda Commercial Factoring shall provide the factoring financing services upon the request of the Authorised Dealer(s) and pay to DYK an amount equivalent to the face amount of the Account Receivable(s) at the relevant time as stipulated in the Commitment Letter to which the Account Receivable(s) relates/relate, which shall include (a) the automobile sales amount paid by the Authorised Dealer(s) to the Yueda Bank Account and (b) the Account Receivable(s) outstanding at the relevant time (the “**Factoring Financing Amount(s)**”).

The period of factoring financing services is 120 days commencing from the 121st day after the date of Commitment Letter (the “**Factoring Financing Period**”). Interest on the payment of Factoring Financing Amount shall be charged at the rate as disclosed below and shall be payable by the Authorised Dealer(s) to Yueda Commercial Factoring. The Authorised Dealer(s) shall deposit the automobile sales amount received from the end customers during the Factoring Financing Period to the Yueda Bank Account.

The payment under the Revolving Factoring Agreement will be determined by Yueda Commercial Factoring and DYK with reference to a revolving factoring facility in the maximum principal amount of RMB400 million (equivalent to approximately HK\$455 million).

Should the Authorised Dealer(s) fail to settle the Factoring Financing Amount(s) in full and/or the interest accrued and/or any fee incurred pursuant to the Tripartite Agreement, or certain incident occur which renders or would render the Authorised Dealer(s) insolvent, or other situations in which Yueda Commercial Factoring considers DYK shall perform its repurchase obligation, Yueda Commercial Factoring has the right to request DYK to repurchase the Account Receivable(s) that remains outstanding at the relevant time, its outstanding interest and other fees owing to Yueda Commercial Factoring.

Interest and fees:

Unless otherwise agreed by Yueda Commercial Factoring, DYK and the Authorised Dealer(s) and notified to the Authorised Dealer(s), the interest rates under the factoring arrangement shall be calculated according to the Revolving Factoring Agreement and the Tripartite Agreement as below:

- (i) for the Account Receivable Management Period and if no early payment is applied, no interest is required to be paid by the Authorised Dealer(s) or DYK;
- (ii) for the Account Receivable Management Period and if early payment(s) is/are applied, the interest on the payment shall be charged at the discounted rate of bank acceptance bill for the latest public tender payable by DYK; and
- (iii) for the Factoring Financing Period, the interest on the payment shall be charged at the rate of 10% per annum payable by the Authorised Dealer(s), for the period of 60 days after the date of payment. If the Authorised Dealer(s) is/are unable to repay in full the Factoring Financing Amount within such 60 days period, the interest on the payment shall be charged at the rate of 12% per annum starting from the 1st day after the aforementioned 60 days period.

Term of the factoring arrangement:

Fixed term of one year commencing from 28 December 2020 with an automatic renewal of one year if no written objection is received from Parties one month before the expiry of the term with such renewal to take place a maximum of one time during the term of the Revolving Factoring Agreement.

Guarantee:

The Authorised Dealer(s) and the relevant personnel of the Authorised Dealer(s) (including but not limited to the legal representative(s) and his/her/their respective spouse, the actual controller(s) and his/her/their respective spouse, or the controlling shareholder(s)) shall provide guarantee according to the Tripartite Agreement to assure the performance of the obligations and liabilities of the Authorised Dealer(s) under the Revolving Factoring Agreement.

Pricing policy

The interest rate of the Revolving Factoring Agreement are determined by the Parties through arm's length negotiation taking into account: (i) the credit rating of the Authorised Dealer(s); (ii) the credit period; (iii) that the factoring loan is guaranteed by the Authorised Dealer(s) and their relevant personnel; (iv) the repurchase obligation of DYK; and (v) the interest rates of similar services offered to other customers with similar business.

INFORMATION ON THE PARTIES TO THE REVOLVING FACTORING AGREEMENT

The Company is an investment holding company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange. The Group is principally engaged in the provision of factoring, account receivables management and collection and factoring consultancy services.

DYK is a company established in the PRC on 12 September 1992 and is principally engaged in, amongst others, designing, development and manufacturing of automobiles; manufacturing, wholesale and retail of car parts; providing corresponding after-sales service; and automotive technical related services in the PRC. DYK is currently held by KIA Motors Corporation* (韓國起亞自動車株式會社) as to 50%, Dongfeng Motor Corporation* (東風汽車集團有限公司) as to 25% and Jiangsu Yueda Investment Co., Ltd.* (江蘇悅達投資股份有限公司) as to 25%. KIA Motors Corporation is a subsidiary of Hyundai Kia Automotive Group. Such group is listed on Korea Stock Exchange with stock code of 000270. Dongfeng Motor Corporation is an enterprise administered directly under the Central Government of the PRC. Jiangsu Yueda Investment Co., Ltd. is a 30% controlled company of the ultimate controlling shareholder of the Company, which is a company listed on Shanghai Stock Exchange with stock code of 600805.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, DYK and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons and are not connected persons of the Company.

REASONS FOR THE BENEFITS OF THE REVOLVING FACTORING AGREEMENT

The Group is principally engaged in the factoring related business in the PRC. Yueda Commercial Factoring (as the factor) provides financing and account receivables management services to its customers (as seller) in return for interest and administration fee income payments with comprehensive rates of return ranging from approximately 9.5% to 11.5%, composed of interest rate per annum (approximately 7% to 9%), and factoring administration fee income per annum (approximately 2% to 4%). The Directors consider that the Revolving Factoring Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Given that the Revolving Factoring Agreement is being conducted in the ordinary and usual course of business of Yueda Commercial Factoring, which will generate revenue and cashflow stream from the interest received to the Company over the financing term, is under normal commercial terms, and is beneficial to the Group in its business expansion and establishment of long term business relationship with DYK, the Directors are of the view that the terms of the Revolving Factoring Agreement are fair and reasonable and that it is in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Revolving Factoring Agreement will constitute transactions under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Revolving Factoring Agreement is 25% or more, the transactions contemplated thereunder are deemed as financial assistances provided to third party constitute a major transaction of the Company subject to the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Yueda Capital (HK) Limited, which is interested in approximately 51.34% of the issued share capital of the Company, has given the written approval of the Revolving Factoring Agreement and such written approval has been accepted in lieu of holding a general meeting for the approval of the Revolving Factoring Agreement pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Revolving Factoring Agreement and the transactions contemplated thereunder will be convened and held.

GENERAL

A circular containing information required under the Listing Rules regarding the Revolving Factoring Agreement will be despatched to the Shareholders as soon as practicable but not later than 18 January 2021.

The Board confirms that the Company will not implement or perform or undertake the obligations under the Revolving Factoring Agreement or the transactions contemplated thereunder until and unless the Company has fully complied with the requirements under the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Account Receivable(s)”	the account receivable(s) to be assigned by DYK to Yueda Commercial Factoring pursuant to the arrangement set out in the Revolving Factoring Agreement
“Authorised Dealer(s)”	the authorised dealer(s) selected by DYK, who has/have the authorisation to sell DYK's products
“Board”	the board of Directors
“Commitment Letter”	any commitment letter issued by Yueda Commercial Factoring to DYK, which stipulates the amount of Account Receivable Yueda Commercial Factoring committed to pay for and on behalf of an Authorised Dealer to DYK

“Company”	Yue Da International Holdings Limited 悅達國際控股有限公司 (stock code: 629), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	The directors of the Company
“DYK”	Dongfeng Yueda KIA Motors Co, Ltd.* (東風悅達起亞汽車有限公司)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited
“Parties”	collectively, Yueda Commercial Factoring and DYK
“PRC”	the People’s Republic of China which, for the purpose of this announcement and unless the context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Revolving Factoring Agreement”	the agreement entered into amongst Yueda Commercial Factoring and DYK relating to the provision of factoring services dated 28 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of Share(s)
“Share(s)”	ordinary share(s) having a par value of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Yueda Commercial Factoring”	Yueda (Shenzhen) Commercial Factoring Co., Ltd.* (悅達商業保理(深圳)有限公司), a company established in the PRC and a subsidiary of the Group, which principal business is, among other things, commercial factoring
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1377. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

By Order of the Board
Yue Da International Holdings Limited
Liu Debing
Non-executive Director and Chairman of the Board

Hong Kong, 28 December 2020

As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Liu Debing, Mr. Li Biao and Hu Huaimin; (b) as executive Directors, Mr. Sun Yuanming, Mr. Cai Baoxiang and Mr. Bai Zhaoxiang; and (c) as independent non-executive Directors, Mr. Cui Shuming, Dr. Liu Yongping and Mr. Cheung Ting Kee.

* for identification purposes only