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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yue Da International Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31st December, 2021 (the “**Current Year**”) together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2021

| | NOTES | 2021 RMB'000 | 2020 RMB'000 |
|--|-------|----------------------|----------------------|
| Revenue | 3 | | |
| Contracts with customers | | 7,122 | 12,184 |
| Interest income from traditional factoring business | | 29,728 | 34,931 |
| Factoring service income from communications factoring business | | 21,442 | 543 |
| | | <u>58,292</u> | <u>47,658</u> |
| Cost relating to services rendered | | (17,195) | (6,307) |
| Other income | | 1,174 | 4,836 |
| Other gains and (losses), net | 4 | 8,856 | (10,045) |
| Impairment losses under expected credit loss model, net of reversal | | (7,117) | (2,880) |
| Administrative expenses | | (11,671) | (10,422) |
| Finance costs | 5 | (4,567) | (6,187) |
| | | <u>27,772</u> | <u>16,653</u> |
| Profit before tax | | | |
| Income tax expense | 6 | (12,658) | (6,154) |
| | | <u>15,114</u> | <u>10,499</u> |
| Profit and total comprehensive income for the year | 7 | | |
| | | <u>15,114</u> | <u>10,499</u> |
| Profit and total comprehensive income for the year attributable to owners of the Company | | | |
| | | <u>15,114</u> | <u>10,499</u> |
| Earnings per share | 8 | | |
| – Basic | | <u>RMB1.29 cents</u> | <u>RMB0.90 cents</u> |
| – Diluted | | <u>RMB1.29 cents</u> | <u>RMB0.90 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2021

| | <i>NOTES</i> | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---------------------------------------|--------------|-------------------------------|------------------------|
| Non-current Assets | | | |
| Property, plant and equipment | | 262 | 56 |
| Right-of-use assets | | 1,209 | 55 |
| Deferred tax assets | | 3,238 | 1,459 |
| Other receivables | <i>10</i> | 197,869 | 60,298 |
| | | <hr/> 202,578 | <hr/> 61,868 |
| Current Assets | | | |
| Other receivables | <i>10</i> | 474,294 | 466,183 |
| Amounts due from related companies | | 6,417 | 4,383 |
| Pledged bank deposits | | – | 217,500 |
| Cash and cash equivalents | | 24,454 | 21,060 |
| | | <hr/> 505,165 | <hr/> 709,126 |
| Current Liabilities | | | |
| Other payables | <i>11</i> | 13,467 | 12,637 |
| Contract liabilities | <i>11</i> | 3,531 | 7,926 |
| Bank borrowing | | 50,000 | 356,519 |
| Amounts due to related companies | | 233,403 | 5,331 |
| Amounts due to directors | | 631 | 526 |
| Lease liabilities | | 539 | 61 |
| Taxation payable | | 1,119 | 2,179 |
| | | <hr/> 302,690 | <hr/> 385,179 |
| Net Current Assets | | <hr/> 202,475 | <hr/> 323,947 |
| Total Assets Less Current Liabilities | | <hr/> 405,053 | <hr/> 385,815 |

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Capital and Reserves | | |
| Share capital | 105,965 | 105,965 |
| Reserves | 288,894 | 273,780 |
| | <hr/> | <hr/> |
| Equity attributable to owners of the Company | 394,859 | 379,745 |
| | <hr/> | <hr/> |
| Non-current Liabilities | | |
| Lease liabilities | 746 | – |
| Deferred tax liabilities | 9,448 | 6,070 |
| | <hr/> | <hr/> |
| | 10,194 | 6,070 |
| | <hr/> | <hr/> |
| | 405,053 | 385,815 |
| | <hr/> <hr/> | <hr/> <hr/> |

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2021 for the preparation of the consolidated financial statements:

| | |
|---|--|
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

| | 2021 <i>RMB’000</i> | 2020 <i>RMB’000</i> |
|---|------------------------|------------------------|
| Types of goods or service | | |
| Management fee from accounts receivable management and collection services | <u>7,122</u> | <u>12,184</u> |
| Timing of revenue recognition | | |
| Overtime | <u>7,122</u> | <u>12,184</u> |

All the revenue from contracts with customers are derived from the People’s Republic of China (“PRC”).

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue disclosed in segment information | 58,292 | 47,658 |
| Less: Interest income from traditional factoring business | (29,728) | (34,931) |
| Factoring service income from communications factoring business | (21,442) | (543) |
| | <u>7,122</u> | <u>12,184</u> |
| Revenue from contracts with customers | <u>7,122</u> | <u>12,184</u> |

Segment information

The Group's reportable and operating segment under HKFRS 8, based on information reported to the chief operating decision maker ("CODM"), represented by the executive directors of the Company, for the purposes of resource allocation and performance assessment is provision of factoring services and accounts receivable management and collection services ("Factoring Business").

Segment result

The CODM reviewed the segment results, which represent the profit earned by the segment without allocation of other income and other gains and losses as described below, central administration costs and finance costs, for the purposes of resource allocation and performance assessment.

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| SEGMENT REVENUE | | |
| External sales | <u>58,292</u> | <u>47,658</u> |
| SEGMENT RESULTS | | |
| Segment profit | 33,980 | 38,471 |
| Other income | 1,174 | 4,836 |
| Other gains and losses | | |
| – Loss on disposal of property, plant and equipment | – | (39) |
| – Net foreign exchange gain (loss) | 8,856 | (10,006) |
| Central administration costs | (11,671) | (10,422) |
| Finance costs | (4,567) | (6,187) |
| | <u>27,772</u> | <u>16,653</u> |
| Profit before tax | <u>27,772</u> | <u>16,653</u> |

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies.

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

Other segment information

Amounts included in the measurement of segment profit:

For the year ended 31st December, 2021

| | Factoring Business RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|---|--------------------------------|--------------------------|
| Depreciation | 279 | 227 | 506 |
| Impairment losses under expected credit loss model, net of reversal | 7,117 | – | 7,117 |
| | <u>7,117</u> | <u>–</u> | <u>7,117</u> |

For the year ended 31st December, 2020

| | Factoring Business RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|---|--------------------------------|--------------------------|
| Depreciation | 513 | 324 | 837 |
| Impairment losses under expected credit loss model, net of reversal | 2,880 | – | 2,880 |
| | <u>2,880</u> | <u>–</u> | <u>2,880</u> |

Geographical information

All of external revenues of the Group in both years are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. As at 31st December, 2021, the Group's non-current assets excluding those related to financial instruments and deferred tax assets of RMB1,175,000 (2020: RMB12,000) and RMB296,000 (2020: RMB99,000) are located in the PRC and Hong Kong, respectively.

4. OTHER GAINS AND (LOSSES), NET

| | 2021 RMB'000 | 2020 RMB'000 |
|---|-------------------------|-------------------------|
| Net foreign exchange gain (loss) | 8,856 | (10,006) |
| Loss on disposal of property, plant and equipment | – | (39) |
| | <u>8,856</u> | <u>(10,045)</u> |

5. FINANCE COSTS

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Interest on bank borrowings | 4,510 | 6,174 |
| Interest on lease liabilities | 57 | 13 |
| | <u>4,567</u> | <u>6,187</u> |

6. INCOME TAX EXPENSE

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--------------------------------|------------------------|------------------------|
| Current tax | | |
| – PRC Enterprise Income tax | 11,104 | 7,569 |
| – Overprovision in prior years | (45) | (2,928) |
| | <u>11,059</u> | <u>4,641</u> |
| Deferred tax | 1,599 | 1,513 |
| | <u>12,658</u> | <u>6,154</u> |

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging (crediting) the following items:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Depreciation of property, plant and equipment | 65 | 437 |
| Depreciation of right-of-use assets | 441 | 400 |
| Auditors' remuneration | 1,431 | 1,756 |
| Employee benefit expenses (including directors' emoluments and depreciation of right-of-use assets in relation to lease for staff quarter) | 10,196 | 8,389 |
| Interest income from bank deposits (included in other income) | (382) | (948) |
| Interest income from pledged bank deposits (included in other income) | (785) | (3,885) |
| | <u>(785)</u> | <u>(3,885)</u> |

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share | <u>15,114</u> | <u>10,499</u> |
| Number of shares | Number | Number |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | <u>1,168,626,516</u> | <u>1,168,626,516</u> |

9. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

10. OTHER RECEIVABLES

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Factoring receivables | 667,812 | 521,800 |
| Other receivables and prepayments | <u>4,351</u> | <u>4,681</u> |
| | <u>672,163</u> | <u>526,481</u> |
| Analysed as: | | |
| Current portion | 474,294 | 466,183 |
| Non-current portion | <u>197,869</u> | <u>60,298</u> |
| | <u>672,163</u> | <u>526,481</u> |

11. OTHER PAYABLES/CONTRACT LIABILITIES

Other payables

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---------------------------------------|------------------------|------------------------|
| Other advance payments from customers | – | 3,053 |
| Accrued staff costs | 3,942 | 3,265 |
| Other payables and accrued charges | 9,525 | 6,319 |
| | <u>13,467</u> | <u>12,637</u> |

Contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward advance payments from contracts with customers.

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue recognised that was included in the advance payments from contracts with customers balance at the beginning of the year | <u>7,926</u> | <u>4,981</u> |

FINANCIAL HIGHLIGHTS

The Factoring Operations of Group recorded an operating revenue of RMB58,292,000 for the Current Year which is approximately 22.3% higher than that in the year ended 31st December, 2020 (the “**Previous Year**”). The audited profit and total comprehensive income attributable to owners of the Company increased from RMB10,499,000 for the Previous Year to RMB15,114,000 for the Current Year and basic earnings per share increased from RMB0.90 cents for the Previous Year to RMB1.29 cents for the Current Year.

The increase in profit and total comprehensive income was mainly due to the net effect of (1) a net exchange gain recorded in the Current Year compared to the net exchange loss for the Previous Year, (2) decrease in interest income from pledged bank deposits, (3) increase in impairment losses under expected credit loss model, net of reversal, and (4) increase in income tax expense.

DIVIDENDS

The Board did not recommend the payment of any dividend for the Current Year (the Previous Year: nil).

BUSINESS REVIEW

Overview

The Group is principally engaged in Factoring Operations. During the Current Year, Factoring Operations realised an operating revenue of RMB58,292,000 with segment profit of RMB33,980,000.

Factoring Operations

The Company will continue the Factoring Operations through Yueda (Shenzhen) Commercial Factoring Co., Ltd. (“**Yueda Commercial Factoring**”) (a company established in the PRC and a subsidiary of the Company, which principal business is, among other things, commercial factoring).

The following table summarises the operating performance of Factoring Operations of the Group:

| Business | Gross financing receivables | | Interest income | | Service income | | Management fee income | |
|-----------------------|-----------------------------|----------------|-----------------|---------------|----------------|------------|-----------------------|---------------|
| | as at 31st December, | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Traditional Factoring | 288,293 | 487,847 | 29,728 | 34,931 | - | - | 7,122 | 12,184 |
| Communications | | | | | | | | |
| Factoring | 391,998 | 39,118 | - | - | 21,442 | 543 | - | - |
| | <u>680,291</u> | <u>526,965</u> | <u>29,728</u> | <u>34,931</u> | <u>21,442</u> | <u>543</u> | <u>7,122</u> | <u>12,184</u> |

Total average rate of return for the Current Year is 9.66% (the Previous Year: 8.93%)

Traditional Factoring

As at 31st December, 2021, under Traditional Factoring business, total principal financing receivables amounted RMB288,293,000 (2020: RMB487,847,000), and recorded interest income and management fee income of RMB29,728,000 (the Previous Year: RMB34,931,000) and RMB7,122,000 (the Previous Year: RMB12,184,000) respectively during the Current Year.

Being a state-owned enterprise in Jiangsu province, the Group mainly sourced its customers from contacts of its existing business network within the Yangtze River Delta Region. The business development department of the Group take the main role in customer sourcing and coverage. Most of the customers of the Group's Traditional Factoring business consist of sizable companies, particularly state-owned enterprises, which are relatively stable and more financially resilient.

The Group adopts an organisation structure that is commonly used by banking institutions and other factoring services providers – general manager office, financing team, risk management department team, business development team, product development team and administration. As at 31st December, 2021, the Factoring Operations of the Group has approximately 16 employees and is led by an experienced management team, including:

- Mr. Cai Baoxiang, being an executive director of the Company, and the chairman of Yueda Commercial Factoring, has more than 20 years' experience in banking and business factoring, and has won awards such as China Business Factoring Industry Contribution Award in 2017 and China Business Factoring Industry 5th Outstanding Contribution Individual in 2017. Mr. Cai is an intermediate economist in the PRC and graduated from Jiangsu Open University majoring in Financial Management.
- Mr. Pan Mingfeng, being an executive director of the Company, and the general manager of Yueda Commercial Factoring, has more than 10 years' experience in marketing, risk control and management, and has previously worked for several renowned enterprises in the financial sector in the PRC. He is responsible for leading the promotion of several innovative factoring projects of Yueda Commercial Factoring, including the Communications Factoring.
- Ms. Gao Ying being the chief risk officer of Yueda Commercial Factoring, has 6 years of experience in the risk management industry. She is a holder of a Ph.D. in financial engineering at the Graduate School of Management of the Chinese Academy of Sciences. During her studies, she has taken part in various research topics such as those related to the causes of the US financial crisis and its impact on the Chinese economy, and the corresponding countermeasures. She is responsible for risk management in Yueda Commercial Factoring.

Yueda Commercial Factoring conducts its factoring business in the PRC within the scope of its business license. Yueda Commercial Factoring (as the factor) provides accounts receivable management and collection services to its customers (as seller) in return for interest and management fee income payments with comprehensive rates of return ranging from approximately 8.7% to 10.5%, composed of interest rate per annum (approximately 6.0% to 10.0%), and factoring management fee income per annum (approximately 0% to 3.9%).

Similar to other factoring services providers in the PRC, the Group maintains rigorous risk control measures to reduce risks associated with the Factoring Operations. To minimise risk exposure in factoring business, the Group intends to focus on providing factoring services to customers with sound financial position and reputable shareholders, in particular, state-owned listed entities with stable cashflow and relatively stable financial position.

Prior to the provision of factoring services and approval of the grant of revolving loan credit facilities to its factorees, the factoring business team will conduct due diligence on the customer and the risk compliance department will perform a risk assessment on the proposed transaction. The due diligence report and risk assessment report together with the business application form approved by, among others, the heads of factoring business department and risk compliance department and the General Manager, will be submitted to the Review Committee of Yueda Commercial Factoring, comprising five members including the Chairman, the directors and the chief risk officer of Yueda Commercial Factoring, for approval. No factoring contracts will be prepared unless approvals from the Review Committee of Yueda Commercial Factoring is obtained. The release of the factoring loan shall be approved by the head of factoring business department, the Financial Controller, the General Manager and the Chairman of Yueda Commercial Factoring.

Communications Factoring

As at 31st December, 2021, under Communications Factoring business, outstanding principal financing receivables amounted RMB391,998,000 (2020: RMB39,118,000), and recorded service fee income RMB21,442,000 during the Current Year (the Previous Year: RMB543,000). The Communications Factoring business was commenced in 2020. The Group has renamed the “Consumers Instalment Factoring” as “Communications Factoring” to better describe the nature of business of this segment.

Under the Communications Factoring business, the Group would provide factoring services to the suppliers of communications operation services (“Suppliers”) and the Suppliers will transfer the accounts receivable (“Accounts Receivable”) of the Suppliers which will arise when the Suppliers’ customers (“End Customers”) purchase mobile phones and/or other products from the Suppliers to the Group. By utilising the factoring services of the Group, the End Customers may pay for the mobile phones and/or other products by instalments.

The Group has cooperated with and conducted the Communications Factoring business through the payment clearing and settlement platform (“Payment Platform”) of some third-party payment institutions which are licensed by the PRC which offers a payment clearing and settlement platform. To the best knowledge of the Company, these third-party payment institutions are the group member of the communications operation services providers in the PRC. As a result, there are a number of Suppliers maintaining a settlement account at the Payment Platform and the End Customers can make payment to the Group through the Payment Platform. By cooperating with third-party payment institutions, the Group can on a mass scale reach out to and seek business opportunities with the Suppliers who are in need of factoring services.

Further, in view of the potentially large number of End Customers and the potentially huge amount of workload in credit assessment of these End Customers as the debtors of the Accounts Receivable, the Group has co-operated with some professional technology service companies, to provide risk screening services in relation to the creditability of the Suppliers' consumers and the quality of the Accounts Receivable and other related technical services.

Factoring financing loss will be borne partly or wholly by technology service companies, depending on the detailed arrangement with each individual technology service company. Based on this arrangement, there will be incentive for these technology service companies to assess credit risk carefully and collect of overdue debt.

Regarding the Group's business plan, besides the further development in the existing factoring financial, accounts receivable management and accounts receivable collection services, the Group will implement further development within Factoring Operations, namely (i) communications factoring, (ii) accounts receivable consultancy services; and (iii) exploring potential investment opportunities.

Existing factoring financial services:

The Group believes that, being a stated-owned enterprise, having state-owned enterprises as its major customers will provide certain a level of risk control on recovery and quality control on collaterals. In view of that, the Group intends to continue to utilise its network of state-owned enterprises in the PRC to expand its factoring business.

The Group has identified several potential new customers for its traditional factoring business. Due to slowdown of economy of China and the COVID-19 outbreak, due diligence on potential new customers was more stringent in order to improve the overall quality of customer base.

Communications factoring:

The Group has established cooperation arrangements with three leading communications operation services providers in the PRC in respect of the provision of communications factoring services. The income rate of the communications factoring services is higher than that of traditional factoring.

Accounts receivable consultancy services:

The Group joined as a member of the Factors Chain International ("FCI"), which is an international association of factoring services providers. FCI can strengthen our business network and help develop accounts receivable consultancy services to customers for one-off revenue.

Exploring potential investment opportunities:

As at the date hereof, the Group is exploring potential investment opportunities which can further supplement and diversify the existing business of the Group. The Group is still exploring and does not identify any potential target, no definitive agreement has been entered into in relation thereto.

Prospects

Looking forward to 2022, the Group will focus on the factoring business in the future. The recent new outbreak of the COVID-19 in the PRC and the slow recovery in rest of the world will remain a great challenge to the economy and our operations in 2022. As at the date of this announcement, we have not experienced any significant default in repayment of principal, interest and fee income from our customers. We will remain highly alert about the impact of the epidemic on our operations and take any necessary measures to mitigate the impact. We will actively expand the customer base and will explore business opportunities in the area of factoring in the communications industry and business opportunities in other industry with potential in particular. The Directors endeavor to seek more business opportunities in the financial industry as well as other industries to diversify the Group's existing business stream to enhance the long-term benefits of the Company and the shareholders as a whole.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17th May, 2022 to 20th May, 2022, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on 20th May, 2022, all transfer of shares in the Company accompanied by the relevant share certificates must be lodged with the Company's branch shares registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16th May, 2022.

Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2021, the Group's current assets were RMB505,165,000 (2020: RMB709,126,000), of which RMB24,454,000 (2020: RMB21,060,000) were cash and cash equivalents. As at 31st December, 2021, the net asset value of the Group amounted to RMB394,859,000, representing an increase of approximately 4.0% as compared to RMB379,745,000 in 2020. The gearing ratio (total liabilities/total assets) of the Group was approximately 44.2% (2020: 50.7%).

Borrowing

As at 31st December, 2021, bank borrowing amounted to RMB50,000,000 (2020: RMB356,519,000). As at 31st December, 2021, bank borrowing is denominated in Renminbi, charging at fixed rate of interest and repayable in 2022.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Current Year, most of the transactions were denominated and settled in Renminbi. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. However, the Group will closely monitor the fluctuation in exchange rate and will take necessary measures to minimise the impact arising from adverse currency fluctuation.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

Apart from the Group's credit facilities for issuance of letters of credit which were secured by the Group's factoring receivables of RMB50,000,000 (2020: secured by the Group's bank deposits of RMB217,500,000) in aggregate as at 31st December, 2021, the Group did not have any other guarantees and charges nor any other material contingent liabilities (2020: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2021, the Group had a total of approximately 20 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and business factoring operations. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Current Year, the Group provided various training courses on relevant business or skills for its management and staff at different levels.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the listed securities of the Company during the Current Year.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code ("**Code**") as set out in Appendix 14 to the Listing Rules throughout the Current Year, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 20th May, 2021 (the "**2020 AGM**") (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the independent non-executive Directors attended and acted as the chairman of the 2020 AGM; (ii) Mr. Li Biao, Mr. Hu Huaimin and Mr. Cui Shuming, being non-executive Directors, were not able to attend the 2020 AGM (deviated from code provision A.6.7) due to travel restrictions as a result of COVID-19 and their other business commitments. Nevertheless, each of these Directors has passed their opinion to the chairman of the 2020 AGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as provided in Appendix 10 to the Listing Rules. All Directors of the Company, in response to the specific enquiries made by the Company, confirmed that they have complied with the requirements set out in the Model Code throughout the Current Year.

AUDIT COMMITTEE

The Company’s audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Dr. Liu Yongping (an independent non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 21st March, 2022, the audit committee reviewed the accounting principles and practices adopted by the Group, the annual results of the Group for the Current Year and the continuing connected transactions carried out by the Group during the Current Year, and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

The Company has set up the Remuneration Committee with written terms of reference, whose members are currently Mr. Cui Shuming (Chairman of the Remuneration Committee, an independent non-executive Director), Dr. Liu Yongping (an independent non-executive Director) and Mr. Pan Mingfeng (an executive Director). Regular meetings are held by the committee to review and discuss matters relating to the remuneration policy, remuneration levels and the remuneration of executive Directors.

NOMINATION COMMITTEE

The Company has set up the Nomination Committee with written terms of reference, whose members are currently Mr. Liu Debing (Chairman of the Nomination Committee, Chairman of the Board and a non-executive Director), Mr. Cui Shuming (an independent non-executive Director) and Dr. Liu Yongping (an independent non-executive Director). Duties of the Nomination Committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

PUBLICATION OF THE 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the Current Year will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.yueda.com.hk in due course.

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

Hong Kong, 21st March, 2022

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 Mr. Hu Huaimin; (b) as executive Directors, Mr. Cai Baoxiang, Mr. Bai Zhaoxiang and Mr. Pan Mingfeng; and (c) as independent non-executive Directors, Mr. Cui Shuming, Dr. Liu Yongping and Mr. Cheung Ting Kee.