

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.



## 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, 2022 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

### 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, 2022 (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, 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	3		
Income from traditional factoring business		26,883	36,850
Income from communications factoring business		75,735	21,442
		<u>102,618</u>	<u>58,292</u>
Other income		319	1,174
Other gains and losses, net	4	9,939	8,856
Gain from fair value change of financial assets at fair value through profit or loss		6,984	–
Impairment losses under expected credit loss model, net of reversal		(2,988)	(7,117)
Guarantee and service fees for communications factoring business		(30,311)	(9,623)
Staff costs		(9,279)	(9,755)
Depreciation expenses		(710)	(506)
Other expenses		(7,197)	(8,982)
Finance costs	5	(18,735)	(4,567)
Profit before tax		50,640	27,772
Income tax expense	6	(20,097)	(12,658)
Profit and total comprehensive income for the year	7	<u>30,543</u>	<u>15,114</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>30,543</u>	<u>15,114</u>
Earnings per share	8		
– Basic		<u>RMB2.61 cents</u>	<u>RMB1.29 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2022

		2022	2021
	NOTES	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment		160	262
Right-of-use assets		613	1,209
Deferred tax assets		3,985	3,238
Financial assets at fair value through profit or loss		89,752	–
Factoring receivables and other assets	10	143,505	197,869
		<u>238,015</u>	<u>202,578</u>
Current Assets			
Factoring receivables and other assets	10	632,907	474,294
Amounts due from related parties		7,933	6,417
Cash and cash equivalents		26,267	24,454
		<u>667,107</u>	<u>505,165</u>
Current Liabilities			
Other payables and liabilities	11	14,639	13,467
Amounts due to related parties		72,055	233,403
Amounts due to directors		609	631
Taxation payable		4,845	1,119
Bank and other borrowings		90,000	50,000
Obligations arising from asset-backed financing arrangements		213,665	–
Lease liabilities		541	539
Contract liabilities		–	3,531
		<u>396,354</u>	<u>302,690</u>
Net Current Assets		<u>270,753</u>	<u>202,475</u>
Total Assets Less Current Liabilities		<u>508,768</u>	<u>405,053</u>

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Capital and Reserves		
Share capital	<b>105,965</b>	105,965
Reserves	<b>319,437</b>	288,894
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>425,402</b>	394,859
	<hr/>	<hr/>
Non-current Liabilities		
Obligations arising from asset-backed financing arrangements	<b>66,864</b>	–
Lease liabilities	<b>210</b>	746
Deferred tax liabilities	<b>16,292</b>	9,448
	<hr/>	<hr/>
	<b>83,366</b>	10,194
	<hr/>	<hr/>
	<b>508,768</b>	405,053
	<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 Group’s annual period beginning on 1st January, 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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.

During the current year, the directors of the Company changed the presentation method for the consolidated statement of profit or loss and other comprehensive income. Expenses are analysed by nature as this presentation better represents the financial performance of the Group. Comparative figures have been represented accordingly.

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

Revenue represents interest income received and receivable from provision of traditional and communications factoring services. An analysis of the Group's revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Income from traditional factoring business ( <i>Note</i> )	26,883	36,850
Income from communications factoring business	75,735	21,442
	<u>102,618</u>	<u>58,292</u>

*Note:* Included in income from traditional factoring business is an amount of RMB5,003,000 (2021: RMB7,122,000) representing fees that are considered to form an integral part of the effective interest rate of the traditional factoring receivables and is treated as an adjustment to the effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, negotiating the terms of the instrument, preparing and processing documents and closing the transaction.

#### Segment information

Information reported to the chief operating decision maker of the Group, being the executive directors of the Company, for the purpose of resource allocation and assessment focuses on revenue analysis by traditional and communications factoring business. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

#### *Geographical information*

All of external revenues of the Group in both years are attributable to customers established in the People's Republic of China ("PRC"), the place of domicile of the Group's major operating entities. As at 31st December, 2022, the Group's non-current assets excluding those related to financial instruments and deferred tax assets of RMB690,000 (2021: RMB1,175,000) and RMB83,000 (2021: RMB296,000) are located in the PRC and Hong Kong, respectively.

**4. OTHER GAINS AND LOSSES, NET**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Net foreign exchange gain	88	8,856
Gain on remeasurement of financial guarantee contracts	9,854	–
Loss on disposal of property, plant and equipment	(3)	–
	<u>9,939</u>	<u>8,856</u>

**5. FINANCE COSTS**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	2,723	4,510
Interest on obligations arising from asset-backed financing arrangements	15,948	–
Interest on lease liabilities	64	57
	<u>18,735</u>	<u>4,567</u>

**6. INCOME TAX EXPENSE**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
– PRC Enterprise Income tax (“EIT”)	12,558	11,104
– PRC withholding tax paid in respect of distribution of earning of the PRC subsidiary	750	–
– Under (over) provision in prior years – PRC EIT	692	(45)
	<u>14,000</u>	<u>11,059</u>
Deferred tax	6,097	1,599
	<u>20,097</u>	<u>12,658</u>

## 7. PROFIT THE YEAR

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Auditors' remuneration (included in other expenses)	<b>1,671</b>	1,431
Legal and professional fee (included in other expenses)	<b>2,239</b>	2,972
Depreciation of property, plant and equipment	<b>99</b>	65
Depreciation of right-of-use assets	<b>611</b>	441
Employee benefit expenses (including directors' emoluments)	<b>9,279</b>	9,755
Interest income from bank deposits (included in other income)	<b>(308)</b>	(382)
Interest income from pledged bank deposits (included in other income)	<b>–</b>	(785)
	<u>                    </u>	<u>                    </u>

## 8. EARNINGS PER SHARE

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<b>30,543</b>	15,114
	<u>                    </u>	<u>                    </u>
<b>Number of shares</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,168,626,516	1,168,626,516
	<u>                    </u>	<u>                    </u>

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue during both years.

## 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. FACTORING RECEIVABLES AND OTHER ASSETS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Factoring receivables:		
Traditional factoring business	374,913	288,091
Communications factoring business	388,722	379,721
	<hr/>	<hr/>
	763,635	667,812
Reimbursement assets	9,854	–
Other receivables and prepayments	2,923	4,351
	<hr/>	<hr/>
	776,412	672,163
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Current portion	632,907	474,294
Non-current portion	143,505	197,869
	<hr/>	<hr/>
	776,412	672,163
	<hr/> <hr/>	<hr/> <hr/>

## 11. OTHER PAYABLES AND LIABILITIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Accrued staff costs	3,717	3,942
Other payables and accrued charges	10,922	9,525
	<hr/>	<hr/>
	14,639	13,467
	<hr/> <hr/>	<hr/> <hr/>



## FINANCIAL HIGHLIGHTS

The factoring operations of the Group (the “**Factoring Operations**”) recorded an operating revenue of RMB102,618,000 for the Current Year which is approximately 76.0% higher than that in the year ended 31st December, 2021 (the “**Previous Year**”) . The audited profit and total comprehensive income attributable to owners of the Company increased from RMB15,114,000 for the Previous Year to RMB30,543,000 for the Current Year and basic earnings per share increased from RMB1.29 cents for the Previous Year to RMB2.61 cents for the Current Year.

The increase in profit and total comprehensive income was mainly due to the effect of income from communications factoring business.

## 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 RMB102,618,000.

### 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:

Business	Gross financing receivables				Management fee income			
	as at 31st December,		Interest income		Service income		income	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Traditional Factoring	380,801	288,293	21,880	29,728	-	-	5,003	7,122
Communications Factoring	403,658	391,998	-	-	75,735	21,442	-	-
	<u>784,459</u>	<u>680,291</u>	<u>21,880</u>	<u>29,728</u>	<u>75,735</u>	<u>21,442</u>	<u>5,003</u>	<u>7,122</u>

Total average rate of return for the Current Year is 14.01% (the Previous Year: 9.66%).

### ***Traditional Factoring***

As at 31st December, 2022, under Traditional Factoring business, total principal financing receivables amounted RMB380,801,000 (2021: RMB288,293,000), and recorded interest income and management fee income of RMB21,880,000 (the Previous Year: RMB29,728,000) and RMB5,003,000 (the Previous Year: RMB7,122,000) 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 takes 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, 2022, the Factoring Operations has approximately 16 employees and is led by an experienced management team, including:

- Mr. Pan Mingfeng, being an executive director of the Company, and the general manager of Yueda Commercial Factoring, has more than 11 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 7 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 contractual interest and management fee income payments with comprehensive rates of return ranging from approximately 8.3% to 10.0%, composed of interest rate per annum (approximately 6.9% to 10.0%), and factoring management fee income per annum (approximately 1.0% to 2.0%).

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, 2022, under Communications Factoring business, outstanding principal financing receivables amounted to RMB403,658,000 (2021: RMB391,998,000), and recorded service fee income of RMB75,735,000 during the Current Year (the Previous Year: RMB21,442,000).

Under the Communications Factoring business, the Group would provide factoring services to the suppliers of communications operation services (“**Suppliers**”) and the Suppliers will transfer their accounts receivable (“**Accounts Receivable**”) 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 to offer 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 to reduce the occurrence of overdue Accounts Receivables and collect the overdue Accounts Receivable.

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) existing factoring financial services, (ii) communications factoring, and (iii) exploring potential investment opportunities.

***Existing factoring financial services:***

The Group believes that, being a state-owned enterprise, having state-owned enterprises as its major customers will provide certain 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, 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.

***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 2023, the Group will focus on the factoring business in the future. After out of the pandemic crisis, the possible slow recovery in the rest of the world will remain a great challenge to the economy and our operations in 2023. 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 possible slow recovery in the rest of the world 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 16th May, 2023 to 19th May, 2023, 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 19th May, 2023, 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 15th May, 2023.

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 and Financial Resources**

As at 31st December, 2022, the Group’s current assets were RMB667,107,000 (2021: RMB505,165,000), of which RMB26,267,000 (2021: RMB24,454,000) were cash and cash equivalents. As at 31st December, 2022, the net asset value of the Group amounted to RMB425,402,000, representing an increase of approximately 7.7% as compared to RMB394,859,000 in 2021. The gearing ratio (total liabilities/total assets) of the Group was approximately 53.0% (2021: 44.2%).

As at 31st December, 2022, the share capital of the Company was RMB105,965,000 (2021: RMB105,965,000). The Group’s reserves were RMB319,437,000 (2021: RMB288,894,000). As at 31st December, 2022, the Group had total current liabilities of RMB396,354,000 (2021: RMB302,690,000), mainly comprising other payables and liabilities, amounts due to related parties, bank and other borrowings and obligations arising from asset-backed financing arrangements. The total non-current liabilities of the Group amounted to RMB83,366,000 (2021: RMB10,194,000), which mainly represented obligations arising from asset-backed financing arrangements, lease liabilities and deferred tax liabilities.

### **Capital structure of the Group**

The capital structure of the Group consists of net debts, which include amounts due to related parties, bank and other borrowings, obligations arising from asset-backed financing arrangements, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

## **Borrowings**

As at 31st December, 2022, bank and other borrowings and obligations arising from asset-backed financing arrangements debts amounted to RMB90,000,000 (2021: RMB50,000,000) and RMB280,529,000 (2021: nil) respectively. As at 31st December, 2022, bank and other borrowings and obligations arising from asset-backed financing arrangements are denominated in Renminbi, charging at fixed rate of interest and repayable in 2023 and 2024.

## **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**

The Group's credit facilities were secured by the Group's factoring receivables of RMB100,000,000 (2021: RMB50,000,000) in aggregate as at 31st December, 2022 and RMB291,373,000 (2021: nil) of factoring receivables in aggregate were pledged as security related to obligations arising from asset-backed financing arrangements as at 31st December, 2022.

Apart from above, the Group did not have any other guarantees and charges nor any other material contingent liabilities as at 31st December, 2022 (2021: nil).

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31st December, 2022, the Group had a total of approximately 23 employees (who 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 Part 2 of 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, 2022 (the “**2021 AGM**”) (deviated from Code F.2.2) due to other business commitment. Nevertheless, one of the independent non-executive Directors attended and acted as the chairman of the 2021 AGM; and (ii) Mr. Li Biao, being a non-executive Director, was not able to attend the 2021 AGM (deviated from Code C.1.6) due to his other business commitments. Nevertheless, each of these Directors has passed their opinion to the chairman of the 2021 AGM before its commencement. 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 Ms. Qian Ying (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 31st March, 2023, 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, which members are currently Ms. Qian Ying (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, which members are currently Mr. Liu Debing (Chairman of the Nomination Committee, Chairman of the Board and a non-executive Director), Ms. Qian Ying (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.

## **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Listing Rules have been amended with effect from 1st January, 2022 which requires, among others, listed issuers to adopt a uniform set of 14 “Core Standards” for shareholder protections.

The Board proposed to take this opportunity to update the memorandum and articles of association of the Company (“**Memorandum and Articles**”) with regard to the updates in the Listing Rules and the applicable laws as well as for housekeeping purposes. The Board proposes to seek the approval of shareholders by way of a special resolution at the 2023 annual general meeting of the Company (the “**Special Resolution**”) for the amendment and adoption of a new set of Memorandum and Articles. Prior to the passing of the Special Resolution, the existing Memorandum and Articles shall remain valid.

After the proposed amendments to the Memorandum and Articles come into effect, the full text of the new set of Memorandum and Articles will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

A circular of the annual general meeting of the Company containing, inter alia, full details of the proposed amendments to the Memorandum and Articles, together with a notice of the annual general meeting of the Company and the related proxy form, will be despatched to the shareholders of the Company in due course.

## **PUBLICATION OF THE 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY**

The Company’s annual report for the Current Year will be published on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company’s website at [www.yueda.com.hk](http://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, 31st March, 2023

*As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Liu Debing, Mr. Li Biao, Mr. Hu Huaimin and Mr. Yu Guangshan; (b) as executive Directors, Mr. Bai Zhaoxiang and Mr. Pan Mingfeng; and (c) as independent non-executive Directors, Dr. Liu Yongping, Mr. Cheung Ting Kee and Ms. Qian Ying.*