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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 AND CONTINUING CONNECTED TRANSACTION: FACTORING AGREEMENT

FACTORING AGREEMENT

The Board hereby announces that on 19 October 2023, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Factoring Agreement with the Project Companies and YDRE, pursuant to which Yueda Commercial Factoring agreed to grant revolving factoring financing credit limit of not more than RMB180.0 million to the Project Companies in respect of their rights to receive under their contracts with the Customers or their payment obligations under their contracts with the Suppliers and Contractors.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiangsu Yue Da is deemed to be interested in 808,979,333 Shares (representing approximately 69.22% of the issued share capital of the Company) and is a controlling Shareholder within the meaning of the Listing Rules. Jiangsu Yue Da holds 100% direct interest in Yue Da Group. Yue Da Group is the shareholder of approximately 66.36% of the issued shares of YDRE. In addition, as at the date of this announcement, (i) Sheyang is held as to 95% by YDRE; (ii) JYCP is held as to 100% by YDRE; (iii) Tianhui is directly and indirectly held as to 65% by YDRE; (iv) Yuezhi is held as to 100% by YDRE; (v) Dongtai is held as to 100% by YDRE; (vi) Zhiye is held as to 100% by YDRE; and (vii) Shanghai is held as to 100% by YDRE. Accordingly, each of the Project Companies is a connected person of the Company and the Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

In addition, as one of the applicable percentage ratios in respect of the Transaction exceeds 100%, the Factoring Agreement constitutes a major and continuing connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL INFORMATION

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Transaction.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders, among other things, whether the terms of the Factoring Agreement are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Jiangsu Yue Da which holds indirectly approximately 69.22% of the entire issued share capital of the Company via Yue Da Capital and Yue Da Group as at the date of this announcement, no other Shareholder has any material interest in the Transaction. Yue Da Capital HK and Yue Da Group will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Transaction. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution in respect of the Transaction at the EGM.

The circular containing, among other things, (i) further details of the Factoring Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Transaction; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in respect of the Transaction; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 10 November 2023.

INTRODUCTION

The Board hereby announces that on 19 October 2023, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Factoring Agreement with the Project Companies and YDRE, pursuant to which Yueda Commercial Factoring agreed to grant revolving factoring financing credit limit of not more than RMB180.0 million to the Project Companies in respect of their rights to receive under their contracts with the Customers or their payment obligations under their contracts with the Suppliers and Contractors. In the event the Project Companies require financing facility from Yueda Commercial Factoring, they will make application to Yueda Commercial Factoring. If the credit assessment is to the satisfaction of Yueda Commercial Factoring, Yueda Commercial Factoring will grant the factoring financing within the revolving credit limit.

The principal terms of the Factoring Agreement entered into among Sheyang, JYCP, Tianhui, Yuezhi, Dongtai, Zhiye, Shanghai (collectively, the Project Companies), YDRE and Yueda Commercial Factoring are set out below:

THE FACTORING AGREEMENT

Date:	19 October 2023
Parties:	<ol style="list-style-type: none">1. Sheyang;2. JYCP;3. Tianhui;4. Yuezhi;5. Dongtai;6. Zhiye;7. Shanghai;8. YDRE; and9. Yueda Commercial Factoring
Revolving Credit Limit:	RMB180,000,000 (equivalent to approximately HK\$196,254,000)
Annual rate of return (composed of interest rate and factoring administration fees):	7.8% to 8.2%

Guarantor: YDRE

Availability period of the factoring facilities: From 1 December 2023 to 30 November 2026 (the Factoring Agreement shall be conditional upon the fulfilment of the conditions precedent thereunder)

YDRE will provide the full guarantee to Yueda Commercial Factoring for the factoring financing granted to each of the Project Companies under the Factoring Agreement.

Pricing policy and internal control measures

The interest rate and factoring administration fees of the Factoring Agreement are determined by the parties through arm's length negotiation taking into account: (i) the credit rating of YDRE and the Project Companies; (ii) the credit period; (iii) the guarantee by YDRE; and (iv) the interest rates and factoring administration fees of similar services offered to the Independent Third Parties.

According to the requirements of management system of the connected transactions of the Company, the finance management department of the Company is responsible for monitoring the transaction amounts relating to the proposed Annual Caps under the Factoring Agreement by consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps.

Conditions Precedent

The Factoring Agreement shall be conditional upon the following conditions:

- (i) the passing by the majority of Independent Shareholders at the EGM of all resolutions required under the Listing Rules to approve the Transaction;
- (ii) all necessary consents, authorisations and approvals relating to the conclusion of the Factoring Agreement and its performance having been obtained by the Company; and
- (iii) all representations, undertakings and warranties given by the Company under the Factoring Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects.

If the conditions set out above are not fulfilled by the Long Stop Date, the Factoring Agreement shall terminate, in which case none of the Company or the parties shall have any claim against the other parties to the Factoring Agreement for costs, damages, compensation or otherwise (save in respect of any prior breach of the Factoring Agreement).

The Directors expect that the Annual Caps will be as follows:

	1 December 2023 to 31 December 2023 (RMB'000)	1 January 2024 to 31 December 2024 (RMB'000)	1 January 2025 to 31 December 2025 (RMB'000)	1 January 2026 to 30 November 2026 (RMB'000)
Revolving credit limit	180,000	180,000	180,000	180,000
Annual interest and factoring administration fees	<u>1,254</u>	<u>14,760</u>	<u>14,760</u>	<u>13,506</u>

The Annual Caps above are determined with reference to 100% of the expected maximum annual factoring credit limit to be granted by Yueda Commercial Factoring.

The Company confirms that for the purposes of Rules 14A.55, 14A.56 and 14A.71(6) of the Listing Rules, the relevant contracts in respect of the Factoring Agreement during the relevant years will be made available for independent non-executive Directors' and the Company's auditors' review to ensure relevant continuing connected transactions have been entered into in accordance with the terms, pricing policies and internal control measures set out above in this announcement. The details of the continuing connected transactions will be disclosed in the Company's future annual reports accordingly.

COMMITMENTS UNDER THE FACTORING AGREEMENT

According to the Factoring Agreement, Yueda Commercial Factoring has granted factoring financing credit limits to the Project Companies which may or may not be utilised by the Project Companies. Yueda Commercial Factoring has the sole discretion to decide whether to approve the Project Companies' applications for factoring services. If the credit assessment is to the satisfaction of Yueda Commercial Factoring, Yueda Commercial Factoring will grant the factoring financing within the credit limit. In assessing whether to approve the Project Companies' factoring financing applications, Yueda Commercial Factoring will review a number of factors including whether the Group has sufficient source of funds for granting the financing and the costs of the funds.

The Company expects that the factoring financing under the Factoring Agreement will be funded by the internal resources of the Group, possible external financing obtained by the Group, the factoring assets provided by the customers and the money repaid by the customers of the Group to whom the Group provided factoring financing.

Any utilised factoring financing credit limits under the Factoring Agreement will be recorded as factoring receivables in the Group's consolidated financial statements, whereas there will be no impact on the Group's consolidated financial statements for any unutilised factoring financing credit limits thereunder.

INFORMATION ON THE PARTIES TO THE 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, accounts receivable management and collection and factoring consultancy services.

Sheyang is a company established in the PRC on 2 December 2022 and is principally engaged in property development in the PRC, which is held as to 95% by YDRE and 5% by Sheyang State Owned Assets Investment Group Company Limited* (射陽國有資產投資集團有限公司) which is held as to 100% by Sheyang County People's Government.

JYCP is a company established in the PRC on 18 November 2013 and is principally engaged in property development and commercial property management in the PRC, which is held as to 100% by YDRE.

Tianhui is a company established in the PRC on 29 February 2012 and is principally engaged in property development, which is directly held as to 33.33% by YDRE and 66.67% by Jiangsu Wanke Yueda Industrial Company Limited* (江蘇萬科悅達實業有限公司), which is in turn directly held as to 48% by YDRE and 50% by Yancheng Vanke Real Estate Development Company Limited* (“**Yancheng Vanke**”) (鹽城萬科房地產開發有限公司). Yancheng Vanke is ultimately controlled by China Vanke Co., Ltd. (萬科企業股份有限公司) with its shares listed on the Stock Exchange and Shenzhen Stock Exchange. Accordingly, Tianhui is directly and indirectly held as to 65% by YDRE.

Yuezhi is a company established in the PRC on 27 July 2022 and is principally engaged in property development in the PRC, which is held as to 100% by YDRE.

Dongtai is a company established in the PRC on 15 November 2019 and is principally engaged in property development and management in the PRC, which is held as to 100% by YDRE.

Zhiye is a company established in the PRC on 1 July 2010 and is principally engaged in property development and management in the PRC, which is held as to 100% by YDRE.

Shanghai is a company established in the PRC on 27 August 2009 and is principally engaged in property development and management in the PRC, which is held as to 100% by YDRE.

YDRE is a company established in the PRC on 20 March 1993 and is principally engaged in property development and management and sales of construction materials in the PRC, which is held as to approximately 66.36% by Yue Da Group, 17.25% by Yancheng Shiji Xincheng Real Estate Development Company Limited* (“**Shiji Xincheng**”) (鹽城世紀新城地產開發有限公司) and 16.39% by Jiangsu Luyang Transportation Development Group Company Limited* (“**Luyang**”) (江蘇綠陽交通建設集團有限公司). Both of Shiji Xincheng and Luyang are ultimately controlled by Yancheng City Peoples' Government.

REASONS FOR AND BENEFITS OF THE FACTORING AGREEMENT

The Group is principally engaged in the factoring related business in the PRC. Yueda Commercial Factoring (as the factor) provides financing and accounts receivable management services to its customers (as seller) in return for interest and administration fee income payments with comprehensive rates of return ranging from approximately 7.80% to 9.50%, composed of interest rate per annum (approximately 6.50% to 7.5%), and factoring administration fee income per annum (approximately 1.52% to 2.03%). The Directors consider that the Factoring Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Given that the Factoring Agreement is being conducted in the ordinary and usual course of business of Yueda Commercial Factoring, which will contribute profit 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 YDRE and the Project Companies, the Directors are of the view that the terms of the Factoring Agreement are fair and reasonable and that it is in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiangsu Yue Da is deemed to be interested in 808,979,333 Shares (representing approximately 69.22% of the issued share capital of the Company) and is a controlling Shareholder within the meaning of the Listing Rules. Jiangsu Yue Da holds 100% direct interest in Yue Da Group. Yue Da Group is the shareholder of approximately 66.36% of the issued shares of YDRE. In addition, as at the date of this announcement, (i) Sheyang is held as to 95% by YDRE; (ii) JYCP is held as to 100% by YDRE; (iii) Tianhui is directly and indirectly held as to 65% by YDRE; (iv) Yuezhi is held as to 100% by YDRE; (v) Dongtai is held as to 100% by YDRE; (vi) Zhiye is held as to 100% by YDRE; and (vii) Shanghai is held as to 100% by YDRE. Accordingly, each of the Project Companies is a connected person of the Company and the Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

In addition, as one of the applicable percentage ratios in respect of the Transaction exceeds 100%, the Factoring Agreement constitutes a major and continuing connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL INFORMATION

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Transaction.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders, among other things, whether the terms of the Factoring Agreement are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Jiangsu Yue Da which holds indirectly approximately 69.22% of the entire issued share capital of the Company via Yue Da Capital HK and Yue Da Group as at the date of this announcement, no other Shareholder has any material interest in the Transaction. Yue Da Capital HK and Yue Da Group will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Transaction. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution in respect of the Transaction at the EGM.

The circular containing, among other things, (i) further details of the Factoring Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Transaction; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in respect of the Transaction; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 10 November 2023.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Annual Caps”	the annual maximum amounts of the revolving credit limit and interest and factoring administration fees to be received under the Factoring Agreement for the period from 1 December 2023 to 30 November 2026
“Board”	the board of Directors
“Company”	Yue Da International Holdings Limited (悦達國際控股有限公司), a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Customers”	the customers of the Project Companies
“Directors”	the directors of the Company
“Dongtai”	Yueda Real Estate (Dongtai) Company Limited* (悦達地產(東台)有限公司)
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Transaction

“Factoring Agreement”	factoring agreement dated 19 October 2023 entered into among Yueda Commercial Factoring, the Project Companies and YDRE
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors established for the purpose of considering and advising the Independent Shareholders in respect of the Factoring Agreement
“Independent Financial Adviser”	Kingsway Capital Limited, a licensed corporation for carrying out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Factoring Agreement
“Independent Shareholders”	Shareholder(s) other than Yue Da Group and its associates and any Shareholder with a material interest in the Factoring Agreement
“Independent Third Party(ies)”	a party who is not a connected person (within the meaning of the Listing Rules) of the Company and associates (within the meaning of the Listing Rules) of such connected persons
“Jiangsu Yue Da”	Jiangsu Yue Da Group Company Limited* (江蘇悅達集團有限公司), a state-owned enterprise established with limited liability in the PRC and a controlling shareholder of the Company which holds 100% interests in Yue Da Group and 61.03% interests in Yueda Capital Company, which in turn holds 100% interest in Yue Da Capital HK, and accordingly, deemed interest in 69.22% of the issued share capital of the Company. Jiangsu Yue Da Group Company Limited is ultimately beneficially owned as to approximately 91.3% by Yancheng City Peoples’ Government and 8.7% by Jiangsu Financial Office
“JYCP”	Jiangsu Yueda Commercial Properties Company Limited* (江蘇悅達商業地產有限公司)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2024, or any other date as agreed between the Company and parties to the Factoring Agreement in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Companies”	collectively, JYCP, Tianhui, Yuezhi, Sheyang, Dongtai, Zhiye, and Shanghai
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai”	Shanghai Yueda Real Estate Development Company Limited* (上海悦達房地產發展有限公司)
“Share(s)”	ordinary share(s) having a par value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Sheyang”	Yueda Real Estate (Sheyang) Company Limited* (悦達地產(射陽)有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Suppliers and Contractors”	the suppliers and contractors of the Project Companies
“Tianhui”	Yancheng Yueda Tianhui Real Estate Company Limited* (鹽城悦達天惠置業有限公司)
“Transaction”	the provision of the financial assistance to the Project Companies pursuant to the Factoring Agreement and the transactions contemplated thereunder
“YDRE”	Yueda Real Estate Group Company Limited* (悦達地產集團有限公司)

“Yue Da Capital”	Yueda Capital Company Limited* (悦達資本股份有限公司), which is held as to 100% by Jiangsu Yue Da
“Yue Da Capital HK”	Yueda Capital (HK) Limited, which is held as to 61.03% by Yue Da Capital
“Yue Da Group”	Yue Da Group (H.K.) Co., Limited, which is held as to 100% by Jiangsu Yue Da
“Yueda Commercial Factoring”	Yueda (Shenzhen) Commercial Factoring Co., Ltd., a company established in the PRC and a subsidiary of the Group, which principal business is, among other things, commercial factoring
“Yuezhi”	Shanghai Yuezhi Real Estate Development Company Limited* (上海悦致房地產發展有限公司)
“Zhiye”	Yancheng Yueda Zhiye Development Company Limited* (鹽城悦達置業發展有限公司)
“%”	per cent

By order of the Board
Yue Da International Holdings Limited
Pan Mingfeng
Executive Director

Hong Kong, 19 October 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. Pan Mingfeng and Mr. Wu Shengquan; and (c) as independent non-executive Directors, Dr. Liu Yongping, Mr. Cheung Ting Kee and Ms. Zhang Yan.

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.0903 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

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

* For identification purposes only