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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, 2023 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, 2023 (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, 2023

|  | NOTES | 2023<br>RMB'000      | 2022<br>RMB'000      |
|--|-------|----------------------|----------------------|
| Revenue  | 3     |                      |                      |
| Income from traditional factoring business   |       | 31,009               | 26,883               |
| Income from communications factoring business  |       | 57,478               | 75,735               |
|  |       | <u>88,487</u>        | <u>102,618</u>       |
| Other income   |       | 533                  | 319                  |
| Other gains and losses, net  | 4     | (1,735)              | 9,939                |
| Gain from fair value changes of financial assets at fair value through profit or loss    |       | 4,638                | 6,984                |
| Reversal of (recognition of) impairment losses under expected credit losses model, net   |       | 8,518                | (2,988)              |
| Guarantee and service fees for communications factoring business                         |       | (30,814)             | (30,311)             |
| Staff costs  |       | (10,483)             | (9,279)              |
| Depreciation expenses  |       | (2,156)              | (710)                |
| Other expenses   |       | (11,549)             | (7,197)              |
| Finance costs  | 5     | (18,962)             | (18,735)             |
| Profit before tax  |       | 26,477               | 50,640               |
| Income tax expense   | 6     | (11,285)             | (20,097)             |
| Profit and total comprehensive income for the year                                       | 7     | <u>15,192</u>        | <u>30,543</u>        |
| Profit and total comprehensive income for the year attributable to owners of the Company |       | <u>15,192</u>        | <u>30,543</u>        |
| Earnings per share   |       |                      |                      |
| – Basic  | 8     | <u>RMB1.30 cents</u> | <u>RMB2.61 cents</u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2023

|  |       | 2023                  | 2022                  |
|--|-------|-----------------------|-----------------------|
|  | NOTES | RMB'000               | RMB'000               |
| Non-current Assets   |       |                       |                       |
| Property, plant and equipment                                |       | 71                    | 160                   |
| Right-of-use assets  |       | 3,351                 | 613                   |
| Deferred tax assets  |       | 1,856                 | 3,985                 |
| Financial assets at fair value through profit or loss        | 10    | 41,338                | 89,752                |
| Factoring receivables and other assets                       | 11    | <u>61,039</u>         | <u>143,505</u>        |
|  |       | <u>107,655</u>        | <u>238,015</u>        |
| Current Assets   |       |                       |                       |
| Factoring receivables and other assets                       | 11    | 576,827               | 632,907               |
| Amounts due from related parties                             |       | 8,676                 | 7,933                 |
| Cash and cash equivalents                                    |       | <u>41,061</u>         | <u>26,267</u>         |
|  |       | <u>626,564</u>        | <u>667,107</u>        |
| Current Liabilities  |       |                       |                       |
| Other payables and liabilities                               | 12    | 18,606                | 14,639                |
| Amounts due to related parties                               |       | 87,584                | 72,055                |
| Amounts due to directors                                     |       | 227                   | 609                   |
| Taxation payable   |       | 1,030                 | 4,845                 |
| Bank and other borrowings                                    |       | 50,000                | 90,000                |
| Obligations arising from asset-backed financing arrangements | 13    | 76,490                | 213,665               |
| Lease liabilities  |       | 3,387                 | 541                   |
| Dividends payable  |       | <u>8,896</u>          | <u>–</u>              |
|  |       | <u>246,220</u>        | <u>396,354</u>        |
| Net Current Assets   |       | <u>380,344</u>        | <u>270,753</u>        |
| Total Assets Less Current Liabilities                        |       | <u><u>487,999</u></u> | <u><u>508,768</u></u> |

|   | <i>NOTE</i> | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Capital and Reserves  |             |                               |                        |
| Share capital   |             | <b>105,965</b>                | 105,965                |
| Reserves  |             | <b>325,733</b>                | <u>319,437</u>         |
| Equity attributable to owners of the Company                    |             | <b>431,698</b>                | <u>425,402</u>         |
| Non-current Liabilities   |             |                               |                        |
| Obligations arising from asset-backed<br>financing arrangements | <i>13</i>   | <b>42,095</b>                 | 66,864                 |
| Lease liabilities   |             | <b>60</b>                     | 210                    |
| Deferred tax liabilities  |             | <b>14,146</b>                 | <u>16,292</u>          |
|   |             | <b>56,301</b>                 | <u>83,366</u>          |
|   |             | <b>487,999</b>                | <u>508,768</u>         |

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

In the current year, the Group has applied the following new and 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, 2023 for the preparation of the consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12  | International Tax Reform-Pillar Two Model Rules                                  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |

Except as described below, the application of the new and 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.

### **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION

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.

## 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:

|  | 2023<br><i>RMB’000</i> | 2022<br><i>RMB’000</i> |
|--|------------------------|------------------------|
| Income from traditional factoring business ( <i>Note</i> ) | 31,009                 | 26,883                 |
| Income from communications factoring business              | <u>57,478</u>          | <u>75,735</u>          |
|  | <u><u>88,487</u></u>   | <u><u>102,618</u></u>  |

*Note:* Included in income from traditional factoring business is an amount of RMB7,629,000 (2022: RMB5,003,000) 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, 2023, the Group’s non-current assets excluding those related to financial instruments and deferred tax assets of RMB208,000 (2022: RMB690,000) and RMB3,214,000 (2022: RMB83,000) are located in the PRC and Hong Kong, respectively.

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

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Net foreign exchange (loss) gain  | (63)                   | 88                     |
| (Loss) gain on remeasurement of financial guarantee contracts                                 | (5,529)                | 9,854                  |
| Gain on early settlements of obligations arising from<br>assets-backed financing arrangements | 3,859                  | –                      |
| Loss on disposal of property, plant and equipment   | (2)                    | (3)                    |
|   | <u>(1,735)</u>         | <u>9,939</u>           |

#### 5. FINANCE COSTS

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Interest on bank and other borrowings                                       | 3,917                  | 2,723                  |
| Interest on obligations arising from asset-backed financing<br>arrangements | 14,884                 | 15,948                 |
| Interest on lease liabilities   | 161                    | 64                     |
|   | <u>18,962</u>          | <u>18,735</u>          |

#### 6. INCOME TAX EXPENSE

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Current tax   |                        |                        |
| – PRC Enterprise Income tax (“EIT”)   | 9,854                  | 12,558                 |
| – PRC withholding tax paid in respect of distribution of<br>earning of the PRC subsidiary | 1,250                  | 750                    |
| – Underprovision in prior years – PRC EIT   | 198                    | 692                    |
|   | <u>11,302</u>          | <u>14,000</u>          |
| Deferred tax  | (17)                   | 6,097                  |
|   | <u>11,285</u>          | <u>20,097</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:

|   | <b>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Auditors' remuneration (included in other expenses)           | <b>1,371</b>                  | 1,671                  |
| Legal and professional fee (included in other expenses)       | <b>3,308</b>                  | 2,239                  |
| Depreciation of property, plant and equipment                 | <b>94</b>                     | 99                     |
| Depreciation of right-of-use assets                           | <b>2,062</b>                  | 611                    |
| Employee benefit expenses (including directors' emoluments)   | <b>10,483</b>                 | 9,279                  |
| Interest income from bank deposits (included in other income) | <b>(282)</b>                  | (308)                  |

## 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>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Profit for the year attributable to owners of the Company for the purpose of basic earnings per share | <b>15,192</b>                 | 30,543                 |
| <b>Number of shares</b>   | <b>Number</b>                 | Number                 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share               | <b>1,168,626,516</b>          | 1,168,626,516          |

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

## 9. DIVIDEND

|   | <b>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Special – HK0.84 cents (2022: nil) per ordinary share | <b>8,896</b>                  | –                      |

A special dividend in respect of the year ended 31st December, 2023 of HK0.84 cents per ordinary share, in an aggregate amount of RMB8,896,000 was approved by the Board of directors of the Company on 14th December, 2023 and was subsequently paid in January 2024.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31st December, 2023 of HK0.43 cents (2022: nil) per ordinary share, in an aggregate amount of RMB4,558,000 (2022: Nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at fair value through profit or loss arising from:

|                       | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Subordinated tranches | <u>41,338</u>           | <u>89,752</u>           |

Details of these subordinated tranches investments are disclosed in Note 13.

## 11. FACTORING RECEIVABLES AND OTHER ASSETS

|                                   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Factoring receivables:            |                        |                        |
| Traditional factoring business    | 449,642                | 374,913                |
| Communications factoring business | <u>181,298</u>         | <u>388,722</u>         |
|                                   | 630,940                | 763,635                |
| Reimbursement assets              | 4,325                  | 9,854                  |
| Other receivables and prepayments | <u>2,601</u>           | <u>2,923</u>           |
|                                   | <u>637,866</u>         | <u>776,412</u>         |
| Analysed as:                      |                        |                        |
| Current portion                   | 576,827                | 632,907                |
| Non-current portion               | <u>61,039</u>          | <u>143,505</u>         |
|                                   | <u>637,866</u>         | <u>776,412</u>         |

## 12. OTHER PAYABLES AND LIABILITIES

|                                    | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| Accrued staff costs                | 3,915                  | 3,717                  |
| Other payables and accrued charges | <u>14,691</u>          | <u>10,922</u>          |
|                                    | <u>18,606</u>          | <u>14,639</u>          |



### 13. OBLIGATIONS ARISING FROM ASSET-BACKED FINANCING ARRANGEMENTS

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| The carrying amounts of the above obligations are repayable: |                        |                        |
| Within one year  | 76,490                 | 213,665                |
| More than one year but less than two years                   | <u>42,095</u>          | <u>66,864</u>          |

During the year ended 31st December, 2023 and 2022, the Group entered into several asset-backed financing arrangements (the “**Financing Arrangements**”), the Financing Arrangements involved establishment of special purpose asset-backed vehicles through issuing agents (the “**SPVs**”) or special purpose trust administered by trustees (the “**SPTs**”). Under the schemes, contractual rights of factoring receivables (the “**Transferred Assets**”) are transferred to the SPVs/SPTs by the Group and a fellow subsidiary of the Company, except for one SPT scheme in which the Group is the sole transferor. The SPVs/SPTs then issued asset-backed securities to investors, the priority tranches of which were subscribed by independent investors whilst the subordinated tranches of which were subscribed by the Group and the fellow subsidiary proportional to the value of the Transferred Assets transferred by both parties. For the SPT scheme in which the Group is the sole transferor, the entire subordinated tranche was subscribed by the Group.

According to offering documents of the SPVs or trust agreements of the SPTs between the SPVs/SPTs and investors (holders of priority and subordinated tranches), the decisions of the relevant activities are controlled by the holders of the priority tranches until such tranches are fully settled. As at 31st December, 2023 and 2022, the priority tranches of the SPVs/SPTs are still not fully settled. Accordingly, the Group as holders of subordinated tranches could not exercise control over the SPVs and SPTs thus the SPVs/SPTs are not consolidated.

Furthermore, pursuant to the agreements between the SPVs/SPTs and the transferors (the Group or the Group and the fellow subsidiary), the Group are required to repurchase the factoring receivables transferred to SPVs/SPTs when they are identified as non-performing and the Group has also retained risks and rewards through subscription of the subordinated tranches. The Group assessed and concluded that the Group has retained substantially all risks and rewards of the Transferred Assets and accordingly continues to recognise the factoring receivables and recognise obligations arising from these Financing Arrangements. As at 31st December, 2023, RMB97,225,000 (2022: RMB291,373,000) of the Group’s communications factoring receivables relate to these Financing Arrangements.

At initial recognition, the obligations arising from these Financial Arrangements were measured at fair value, taking into consideration the Group’s borrowing rates and the estimated cash flows, which represent the cash consideration and the subordinated tranches received by the Group. These obligations are subsequently measured at amortised cost with effective interest rate at 6.73% (2022: 6.29% to 7.72%). As at 31st December, 2023, the carrying amounts of obligations due to SPVs and SPTs amounted to RMB118,585,000 and nil respectively (2022: RMB179,197,000 and RMB101,332,000). Priority tranches issued by the SPVs are listed on the Shenzhen Stock Exchange and the obligations payable to the priority tranches are guaranteed by the ultimate holding company of the Company.

The subordinated tranches subscribed and held by the Group constitute contractually linked instruments as the SPVs/SPTs prioritise payments to the holders of priority tranches prior to repaying the subordinated tranches. The Group has the right to payment only if the SPVs/SPTs have sufficient cashflow to satisfy the obligations payable to the holders of priority tranches. Accordingly, the contractual cash flows of the subordinated tranches are not solely payments of principal and interest and were measured at fair value at initial recognition and subsequently measured at fair value through profit and loss.

During the year ended 31st December 2023, several Financing Arrangements were early settled. Accordingly, a gain on early settlements of Financing Arrangements amounting to RMB3,859,000 were recognised in the profit or loss.

During the year ended 31st December, 2023, the fair value of subordinated tranches subscribed by the Group amounted to RMB36,700,000 (2022: RMB82,768,000) at initial recognition.

## FINANCIAL HIGHLIGHTS

The factoring operations of the Group (the “**Factoring Operations**”) recorded an operating revenue of RMB88,487,000 for the Current Year (the year ended 31st December, 2022 (the “**Previous Year**”): RMB102,618,000). The audited profit and total comprehensive income attributable to owners of the Company for the Current Year amounted to RMB15,192,000 (the Previous Year: RMB30,543,000) and basic earnings per share for the Current Year amounted to RMB1.30 cents (the Previous Year: RMB2.61 cents).

The decrease in profit and total comprehensive income is mainly due to the recovery of the consumer market in China not being up to expectations, in order to reduce the operational risk, the Group adjusted the proportions of different factoring related businesses resulting in: (1) increase in income from traditional factoring business and decrease in income from communications factoring business, (2) a loss on remeasurement of financial guarantee contracts recorded in the Current Year compared to the gain for the Previous Year, (3) a net reversal of impairment losses under expected credit loss model recorded in the Current Year compared to the net losses recognised for the Previous Year, and (4) decrease in income tax expense.

## DIVIDENDS

A special dividend in respect of the Current Year of HK0.84 cents per ordinary share, in aggregate amount of RMB8,896,000 was approved by the Board on 14th December, 2023 and was subsequently paid in January 2024.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31st December, 2023 of HK0.43 cents (2022: Nil) per ordinary share, in an aggregate amount of RMB4,558,000 (2022: Nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting. Together with the special dividend of HK0.84 cents per ordinary share paid to the shareholders in January 2024, the total dividend for the year ended 31st December, 2023 amounts to HK1.27 cents per ordinary share (2022: Nil). The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 19th June, 2024.

## BUSINESS REVIEW

### Overview

The Group is principally engaged in Factoring Operations. During the Current Year, Factoring Operations realised an operating revenue of RMB88,487,000.

### 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 |                | Interest income |               | Service income |               | Management fee income |              |
|--------------------------|-----------------------------|----------------|-----------------|---------------|----------------|---------------|-----------------------|--------------|
|                          | as at 31st December,        |                |                 |               |                |               |                       |              |
|                          | 2023                        | 2022           | 2023            | 2022          | 2023           | 2022          | 2023                  | 2022         |
|                          | RMB'000                     | RMB'000        | RMB'000         | RMB'000       | RMB'000        | RMB'000       | RMB'000               | RMB'000      |
| Traditional Factoring    | 454,800                     | 380,801        | 23,380          | 21,880        | -              | -             | 7,629                 | 5,003        |
| Communications Factoring | 187,602                     | 403,658        | -               | -             | 57,478         | 75,735        | -                     | -            |
|                          | <u>642,402</u>              | <u>784,459</u> | <u>23,380</u>   | <u>21,880</u> | <u>57,478</u>  | <u>75,735</u> | <u>7,629</u>          | <u>5,003</u> |

Total average rate of return for the Current Year is 12.4% (the Previous Year: 14.01%).

### **Traditional Factoring**

As at 31st December, 2023, under Traditional Factoring business, total principal financing receivables amounted to approximately RMB454,800,000 (2022: RMB380,801,000), and recorded interest income and management fee income of approximately RMB23,380,000 (the Previous Year: RMB21,880,000) and RMB7,629,000 (the Previous Year: RMB5,003,000) 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 financially more resilient than other entities.

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, 2023, the Factoring Operations has approximately 18 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 12 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.

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 7.9% to 8.9%, composed of interest rate per annum (approximately 5.9% to 7.5%), and factoring management fee income per annum (approximately 1.4% 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 financing 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 financing shall be approved by the head of factoring business department, the Financial Controller, the General Manager and the Chairman of Yueda Commercial Factoring.

The total gross principal financing receivables under Traditional Factoring business, in an aggregate amount of approximately RMB454,800,000 as at 31st December, 2023 (2022: RMB380,801,000), were not past due. As at 31st January, 2023, all of the Traditional Factoring receivables are secured by receivables from the customers amounting to approximately RMB508,880,000 (2022: RMB507,435,000). Save as the receivables from the customers, the Traditional Factoring receivables are not secured by any other collaterals. The following table sets forth the gross principal financing receivables amount of Traditional Factoring business categorised by industry and the relevant number of customers as of 31st December, 2023 and 2022:

|                                     | Gross principal       |                | %            |              | Number of customers |           |
|-------------------------------------|-----------------------|----------------|--------------|--------------|---------------------|-----------|
|                                     | financing receivables |                |              |              |                     |           |
|                                     | 2023                  | 2022           | 2023         | 2022         | 2023                | 2022      |
|                                     | RMB'000               | RMB'000        |              |              |                     |           |
| Properties development              | 44,800                | 170,801        | 9.9          | 44.9         | 1                   | 5         |
| Food processing                     | 50,000                | 50,000         | 11.0         | 13.1         | 1                   | 1         |
| Trading of metal materials          | 50,000                | 100,000        | 11.0         | 26.3         | 1                   | 2         |
| Trading of photovoltaic accessories | –                     | 50,000         | –            | 13.1         | –                   | 1         |
| Engineering construction            | 310,000               | 10,000         | 68.1         | 2.6          | 7                   | 1         |
|                                     | <u>454,800</u>        | <u>380,801</u> | <u>100.0</u> | <u>100.0</u> | <u>10</u>           | <u>10</u> |

In order to minimise the credit risk in relation to Traditional Factoring receivables, credit limits and credit terms granted to customers are approved by delegated officers.

The Group seeks to maintain strict control over its outstanding Traditional Factoring receivables on an individual basis to minimise its credit risk. The management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the factoring receivables based on management's judgement on creditworthiness of the borrowers and the guarantors, collaterals and past collection history.

### ***Communications Factoring***

During the Current Year, under Communications Factoring business, service of fee income of approximately RMB57,478,000 (the Previous Year: RMB75,735,000) is recorded. As at 31st December, 2023, there were approximately 453,000 End Customers (as defined below) (2022: 969,000) with outstanding gross financing receivables with the Group in an aggregate amount of approximately RMB187,602,000 (2022: RMB403,658,000), of which approximately RMB14,524,000 (2022: RMB19,501,000) is fully secured by bank deposits from individual customers and approximately RMB125,378,000 (2022: RMB262,194,000) is guaranteed by guarantors. With the small amount of receivables (of approximately RMB2 to RMB6,833 (2022: RMB8 to RMB9,533)) per End Customer, no analysis of the five largest End Customers is presented.

Under the Communications Factoring business, the Group would provide factoring services to the franchised store suppliers of the suppliers of communications operation (“**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 licensed in 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.

Taking into consideration of the special nature of Communications Factoring business (i.e. a large number of End Customers with small amount of receivables per End Customer), the management reviewed the breakdown of the financing receivables and considered the significance of the aggregate outstanding amount in the financial statements of the Group, and identified that the most significant risk to the Communications Factoring business is default in payment by End Customers. The Group believes that such risk is mainly driven by two sources, namely malicious fraud by End Customers and termination of communications services by such End Customers. The Group minimises such risks by implementing the following control procedures during the inception of new End Customers.

Suppliers verify the identity of new End Customers and establish payment channel with End Customers' bank accounts. Such information is provided to the professional technology service companies for credit assessment that is operated by both artificial Intelligence (“A.I.”) and manual resources.

The A.I. system assess the historical default percentage of End Customers for each Supplier to screen out any unusual transactions. Besides, on the End Customers side, the A.I. system checks whether there is any overdue payment history, whether there are several outstanding balances owed by the same End Customer, whether they are blacklisted by other institutions, and other anomalies in the potential customer's credit history. The A.I. system then generates a default possibility in respect of each End Customer and those with high default possibility will be rejected.

The professional technology service companies also contact the emergency contact persons of End Customers manually to verify the other information of End Customers. Further, the professional technology service companies contact the End Customers manually after provision of factoring services to confirm whether the End Customers have been notified with the contractual relationship with the Group and notify them of their rights and obligations. A mobile text message will be sent to End Customers to remind them of the payment due date. Finally, the professional technology service companies will appoint professional and legal debt collectors to collect overdue payments and take legal action when necessary.

In order to ensure the professional technology service companies' quality control in adhering to the Group's policy, the Group keeps a back-up copy of all the data of the End Customers. The Group would verify such data before provision of services. Credit limits are set for each of the Suppliers to minimise the risk of malicious fraud by End Customers. In addition, the Group performs on-site inspection of professional technology service companies from time to time to ensure the credit assessment procedures are properly followed.

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



***Ageing analysis and impairment for traditional factoring and communication factoring businesses***

The ageing analysis of the outstanding principal financing receivables from the date of granting the relevant factoring services as at 31st December, 2023 and 2022 were as follows:

|   | Traditional           |                | Communications        |                | Total                 |                |
|---|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
|   | Factoring business    |                | Factoring business    |                |                       |                |
|   | 2023                  | 2022           | 2023                  | 2022           | 2023                  | 2022           |
|   | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i>        | <i>RMB'000</i> |
| Aged with one year                      | <b>454,800</b>        | 347,654        | <b>134,005</b>        | 226,153        | <b>588,805</b>        | 573,807        |
| Aged over one year but within two years | -                     | -              | <b>47,307</b>         | 177,505        | <b>47,307</b>         | 177,505        |
| Aged over two years                     | -                     | 33,147         | <b>6,290</b>          | -              | <b>6,290</b>          | 33,147         |
|   | <b><u>454,800</u></b> | <u>380,801</u> | <b><u>187,602</u></b> | <u>403,658</u> | <b><u>642,402</u></b> | <u>784,459</u> |

*Note:* The outstanding balance as at 31st December, 2023 and 2022 was not past due.

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets including factoring receivables. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instruments. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The movements in the allowance for impairment in respect of factoring receivables during the Current Year and Previous Year were as follows:

|   | 12m ECL (not-credit impaired)                   |  | Total<br>RMB'000    |
|---|---|--|---------------------|
|   | Traditional<br>Factoring<br>business<br>RMB'000 | Communications<br>Factoring<br>business<br>RMB'000 |                     |
| As at 1st January, 2022   | 678   | 12,275   | 12,953              |
| Changes due to financial instruments recognised<br>as at 1st January, 2022: |   |  |                     |
| – Impairment losses reversed  | (589)   | (8,081)  | (8,670)             |
| – Impairment losses recognised  | –   | 2,417  | 2,417               |
| New financial assets originated or purchased                                | <u>918</u>                                      | <u>8,323</u>                                       | <u>9,241</u>        |
| As at 31st December, 2022   | 1,007   | 14,934   | 15,941              |
| Changes due to financial instruments recognised<br>as at 1st January, 2023: |   |  |                     |
| – Impairment losses reversed  | (1,007)   | (10,072)   | (11,079)            |
| – Impairment losses recognised  | –   | 198  | 198                 |
| New financial assets originated or purchased                                | <u>1,119</u>                                    | <u>1,244</u>                                       | <u>2,363</u>        |
| As at 31st December, 2023   | <u><u>1,119</u></u>                             | <u><u>6,304</u></u>                                | <u><u>7,423</u></u> |

### ***The basis of impairment assessment of Traditional Factoring business***

The Group adopts individual assessment in estimating ECL factoring receivables for Traditional Factoring business. The credit losses expectations are based on the Group's historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information.

Management performs ongoing credit evaluations of individual customers' financial condition. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment. The Group has policies to limit the credit exposure on receivables by taking into account the availability of guarantee from third parties and getting payment guarantee. The settlement patterns of customers are regularly monitored by the Group. As at 31st December, 2023, the expected loss rate for Traditional Factoring receivables of approximately RMB454,800,000 (2022: RMB380,801,000) is 0.25% (2022: 0.26%).

### ***The basis of impairment assessment of Communications Factoring business***

The Group adopts collective assessment in estimating ECL on factoring receivables for Communications Factoring business. The Group takes into consideration of internal credit rating of various debtors, which are grouped based on historical collection records, collaterals and forward-looking information that is reasonable, supportable and available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The default rates would be adjusted according to the actual loss rate incurred regarding the Communication Factoring receivables and the change of the global default rate published by the international credit-rating agency updated each year, both of which are affected by the change in the macroeconomic environment.

The following table provides information on the exposure to credit risk for Communications Factoring receivables which are assessed on a collective basis with 12m ECL. End Customers with gross financing receivables under 12m ECL are in an aggregate amount of approximately RMB187,602,000 as at 31st December, 2023 (2022: RMB403,658,000).

| <b>Internal credit rating</b> | <b>Average loss rate</b> | <b>31st December, 2023</b>                          |                          | <b>31st December, 2022</b>                          |                          |
|-------------------------------|--------------------------|---|--------------------------|---|--------------------------|
|                               |                          | <b>Communications Factoring receivables RMB'000</b> | <b>Average loss rate</b> | <b>Communications Factoring receivables RMB'000</b> | <b>Average loss rate</b> |
| Low risk                      | 3.30%                    | 177,292   | 3.64%                    | 387,880   |                          |
| Watch List                    | 4.41%                    | 10,310  | 5.10%                    | 15,778  |                          |
|                               |                          | <u>187,602</u>                                      |                          | <u>403,658</u>                                      |                          |

The estimated loss rates are estimated based on historical observed default rates of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

### **Business plan**

Regarding the Group's business plan, besides the further development in the existing factoring financial services, 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 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 has not identified any potential target, and no definitive agreement has been entered into in relation thereto.

***Funding requirements:***

The Group will continue to utilise its internal resources, bank loans and other borrowings to develop the Factoring Operations. On top of the existing banking facilities, several banking facilities are being negotiated. The Group will continue to consider the possibilities of using asset-backed financing arrangement in the future as another funding alternative.

**Prospects**

Looking forward to 2024, the Group will focus on the factoring business in the future. After the pandemic crisis, the recovery of the world economy is slow which will remain a great challenge to the economy and our operations in 2024. 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 on high alert about the impact of the slow recovery in rest of the world on our operations and take any necessary measures to mitigate the impact. 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 Group and the shareholders as a whole.

## **CLOSURE OF REGISTER OF MEMBERS**

### **To be eligible to attend and vote at the forthcoming annual general meeting**

The register of members of the Company will be closed from 13th May, 2024 to 17th May, 2024, 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 17th May, 2024, all transfer of shares in the Company accompanied by the relevant share certificates and transfer forms 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 10th May, 2024.

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.

### **To qualify for the proposed final dividend**

For the purpose of determining the shareholders who are entitled to receive the proposed final dividend for the year ended 31st December, 2023, the register of members of the Company will be closed from 3rd June, 2024 to 6th June, 2024, both days inclusive, during which period no transfer of shares in the Company will be registered. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 6th June, 2024. In order to qualify for the proposed final dividend, all transfers of shares in the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 31st May, 2024.

## **FINANCIAL POSITION**

### **Liquidity and Financial Resources**

As at 31st December, 2023, the Group's current assets were RMB626,564,000 (2022: RMB667,107,000), of which RMB41,061,000 (2022: RMB26,267,000) were cash and cash equivalents. As at 31st December, 2023, the net asset value of the Group amounted to RMB431,698,000, representing an increase of approximately 1.5% as compared to RMB425,402,000 in 2022. The gearing ratio (total liabilities/total assets) of the Group was approximately 41.2% (2022: 53.0%).

As at 31st December, 2023, the share capital of the Company was RMB105,965,000 (2022: RMB105,965,000). The Group's reserves were RMB325,733,000 (2022: RMB319,437,000). As at 31st December, 2023, the Group had total current liabilities of RMB246,220,000 (2022: RMB396,354,000), 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 RMB56,301,000 (2022: RMB83,366,000), 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**

In the Previous Year, the Group entered into several asset-backed financing arrangements (the “**Financing Arrangements**”), the Financing Arrangements involved establishment of special purpose asset-backed vehicles through issuing agents or special purpose trust administered by trustees. The principal activities of the Group are provision of factoring related business. The proceeds from the entrance into the Financing Arrangements are principally used as general working capital of factoring related business of the Group. The Board believes that the entrance into the Financing Arrangements can widen the fund-raising channels of the Group to access low-cost capital, which in turn is used to improve the financing structure of the Group and promote its operating activities and investments activities. The Directors are of the view that the terms of the entrance into the Financing Arrangements are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

As at 31st December, 2023, bank and other borrowings and obligations arising from asset-backed financing arrangements amounted to RMB50,000,000 (2022: RMB90,000,000) and RMB118,585,000 (2022: RMB280,529,000) respectively. As at 31st December, 2023, bank and other borrowings and obligations arising from asset-backed financing arrangements are denominated in Renminbi.

## **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 RMB50,000,000 (2022: RMB100,000,000) in aggregate as at 31st December, 2023 and the Group has the contractual obligations to transfer the cashflows relating to the Group’s communications factoring receivables of RMB97,225,000 as at 31st December, 2023 (2022: RMB291,373,000) under asset-backed financing arrangements.

Apart from above, the Group did not have any other guarantees and charges nor any other material contingent liabilities as at 31st December, 2023 (2022: nil).

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31st December, 2023, the Group had a total of approximately 25 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 19th May, 2023 (the “**2022 AGM**”) and the extraordinary general meetings of the Company held on 6th December, 2023 (the “**December EGM**”) (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 2022 AGM and one of the non-executive Directors attended and acted as the chairman of the December EGM; and (ii) Mr. Li Biao and Mr. Yu Guangshan, being non-executive Directors, were not able to attend the 2022 AGM and December EGM (deviated from Code C.1.6) due to their other business commitments. Nevertheless, each of these Directors has passed their opinion to the chairman of the 2022 AGM and December EGM before their 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. Zhang Yan (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 20th March, 2024, 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. Zhang Yan (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. Wu Yinghua (Chairman of the Nomination Committee, Chairman of the Board and an executive Director as appointed on 12th January, 2024), Ms. Zhang Yan (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, 2024 which requires, among others, listed issuers to send, mail, despatch, issue, publish or otherwise make available any corporate communication must, to the extent permitted under all applicable laws and regulations, to be satisfied by the listed issuer by (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and The Stock Exchange of Hong Kong Limited's website.

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 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 2023 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**  
**Wu Yinghua**  
*Executive Director and Chairman of the Board*

Hong Kong, 20th March, 2024

*As at the date of this announcement, the Board comprises the following members: as executive Directors, Mr. Wu Yinghua, Mr. Yu Guangshan, Mr. Pan Mingfeng and Mr. Wu Shengquan (b) as non-executive Directors, Mr. Li Biao and Mr. Hu Huaimin; and (c) as independent non-executive Directors, Dr. Liu Yongping, Mr. Cheung Ting Kee and Ms. Zhang Yan.*