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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, 2019

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, 2019 (the “**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, 2019

| | NOTES | 2019 RMB'000 | 2018 RMB'000 (Restated) |
|--|-------|-----------------|-------------------------------|
| Continuing operations | | | |
| Revenue | 3 | | |
| Contracts with customers | | 14,726 | 12,621 |
| Interests | | 35,963 | 32,448 |
| | | <u>50,689</u> | <u>45,069</u> |
| Cost relating to services rendered | | (10,989) | (9,486) |
| Other income | | 3,796 | 410 |
| Other gains and (losses), net | 4 | 382 | (39,555) |
| Administrative expenses | | (15,699) | (24,418) |
| Finance costs | 5 | (8,216) | (14,578) |
| | | <u>19,963</u> | <u>(42,558)</u> |
| Profit (loss) before tax | | | |
| Income tax expense | 6 | (12,142) | (4,227) |
| | | <u>7,821</u> | <u>(46,785)</u> |
| Profit (loss) and total comprehensive income (expense) for the year from continuing operations | 8 | 7,821 | (46,785) |
| Discontinued operation | | | |
| Profit (loss) and total comprehensive income (expense) for the year from discontinued operation | 7 | 22,356 | (650) |
| | | <u>30,177</u> | <u>(47,435)</u> |

| | <i>NOTES</i> | 2019 RMB'000 | 2018 RMB'000 (Restated) |
|---|--------------|-------------------------------|-------------------------------|
| Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company | | | |
| – from continuing operations | | 7,821 | (46,785) |
| – from discontinued operation | | 22,356 | 270 |
| | | <hr/> | <hr/> |
| Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company | | 30,177 | (46,515) |
| | | <hr/> | <hr/> |
| Loss and total comprehensive expense for the year attributable to non-controlling interests | | | |
| – from continuing operations | | – | – |
| – from discontinued operation | | – | (920) |
| | | <hr/> | <hr/> |
| Loss and total comprehensive expense for the year attributable to non-controlling interests | | – | (920) |
| | | <hr/> | <hr/> |
| Profit (loss) and total comprehensive income (expense) for the year attributable to Owners of the Company | | 30,177 | (46,515) |
| Non-controlling interests | | – | (920) |
| | | <hr/> | <hr/> |
| | | 30,177 | (47,435) |
| | | <hr/> | <hr/> |
| Earnings (loss) per share | <i>9</i> | | |
| From continuing and discontinued operations | | | |
| – Basic | | RMB2.58 cents | RMB(3.98) cents |
| | | <hr/> | <hr/> |
| – Diluted | | RMB2.58 cents | RMB(3.98) cents |
| | | <hr/> | <hr/> |
| From continuing operations | | | |
| – Basic | | RMB0.67 cents | RMB(4.00) cents |
| | | <hr/> | <hr/> |
| – Diluted | | RMB0.67 cents | RMB(4.00) cents |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2019

| | <i>NOTES</i> | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|---------------------------------------|--------------|-------------------------------|------------------------|
| Non-current Assets | | | |
| Property, plant and equipment | | 532 | 44,472 |
| Right-of-use assets | | 459 | – |
| Prepaid lease payments | | – | 5,566 |
| Mining rights | | – | 208,209 |
| Goodwill | | – | – |
| Long-term deposits | | – | 8,115 |
| Deferred tax assets | | 739 | 647 |
| | | <hr/> 1,730 | <hr/> 267,009 |
| Current Assets | | | |
| Prepaid lease payments | | – | 221 |
| Inventories | | – | 18,042 |
| Other receivables | <i>11</i> | 538,978 | 709,565 |
| Amounts due from related companies | | 7,113 | 6,100 |
| Tax recoverable | | – | 335 |
| Cash and cash equivalents | | 206,399 | 162,563 |
| | | <hr/> 752,490 | <hr/> 896,826 |
| Current Liabilities | | | |
| Trade and other payables | <i>12</i> | 17,153 | 71,747 |
| Contract liabilities | <i>12</i> | 4,981 | 13,927 |
| Amounts due to related companies | | 6,362 | 188,269 |
| Amounts due to directors | | 616 | 329 |
| Corporate bonds | | – | 147,304 |
| Lease liabilities | | 408 | – |
| Taxation payable | | 4,345 | 6,330 |
| | | <hr/> 33,865 | <hr/> 427,906 |
| Net Current Assets | | <hr/> 718,625 | <hr/> 468,920 |
| Total Assets Less Current Liabilities | | <hr/> 720,355 | <hr/> 735,929 |

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Capital and Reserves | | |
| Share capital | 105,965 | 105,965 |
| Reserves | 263,281 | 230,872 |
| | <hr/> | <hr/> |
| Equity attributable to owners of the Company | 369,246 | 336,837 |
| | <hr/> | <hr/> |
| Non-current Liabilities | | |
| Bank borrowing | 347,211 | 348,624 |
| Lease liabilities | 61 | – |
| Provisions | – | 1,911 |
| Deferred tax liabilities | 3,837 | 48,557 |
| | <hr/> | <hr/> |
| | 351,109 | 399,092 |
| | <hr/> | <hr/> |
| | 720,355 | 735,929 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

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 in the current year:

| | |
|-----------------------|--|
| HKFRS 16 | Leases |
| HK(IFRIC) – Int 23 | Uncertainty over Income Tax Treatments |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015 – 2017 Cycle |

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

Continuing operations

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Types of goods or service | | |
| Management fee from accounts receivable management and collection services | 14,726 | 10,522 |
| Factoring consultancy services | – | 2,099 |
| Total | <u>14,726</u> | <u>12,621</u> |

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

Continuing operations

| | 2019 RMB'000 | 2018 <i>RMB'000</i> (Restated) |
|--|-------------------------------|--------------------------------------|
| Revenue disclosed in segment information | 50,689 | 45,069 |
| Less: Interest income | (35,963) | (32,448) |
| | <hr/> | <hr/> |
| Revenue from contracts with customers | 14,726 | 12,621 |
| | <hr/> <hr/> | <hr/> <hr/> |

Segment information

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

An operating segment regarding the exploration, mining and processing of mainly zinc, lead, copper, iron and gold ("**Mining Operations**") was discontinued during the year ended 31st December, 2019, along with the Group's disposal of Yuelong Limited and its subsidiary. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 7.

Segment result

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

Continuing operations

| | 2019 RMB'000 | 2018 <i>RMB'000</i> (Restated) |
|---|-------------------------------|--------------------------------------|
| SEGMENT REVENUE | | |
| External sales | 50,689 | 45,069 |
| | <hr/> | <hr/> |
| SEGMENT RESULTS | | |
| Segment profit | 39,331 | 32,996 |
| Other income | 3,796 | 410 |
| Other gains and losses | | |
| – Gain arising from subsidiaries disposed | 87 | – |
| – Gain on derecognition of right-of-use assets and lease liabilities | 6 | – |
| – Impairment losses under expected credit loss model, net of reversal | 305 | 2,845 |
| – Net foreign exchange gain (loss) | 353 | (39,813) |
| Central administration costs | (15,699) | (24,418) |
| Finance costs | (8,216) | (14,578) |
| | <hr/> | <hr/> |
| Profit (loss) before tax | 19,963 | (42,558) |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Segment assets and liabilities

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

Other segment information

Amounts included in the measurement of segment profit:

Continuing operations

For the year ended 31st December, 2019

| | Factoring Related Business RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|---|--------------------------------|--------------------------|
| Depreciation and amortisation | 1,515 | 185 | 1,700 |
| Impairment losses under expected credit loss model, net of reversal | 369 | (305) | 64 |
| | <u>369</u> | <u>(305)</u> | <u>64</u> |

For the year ended 31st December, 2018

| | Factoring Related Business RMB'000 | Unallocated RMB'000 | Total RMB'000 (Restated) |
|--|---|--------------------------------|---|
| Depreciation and amortisation | 132 | 15 | 147 |
| Impairment losses under expected credit loss model, net of reversal | 2,587 | (2,845) | (258) |
| | <u>2,587</u> | <u>(2,845)</u> | <u>(258)</u> |

Geographical information

All of external revenues of the Group in both years are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. As at 31st December, 2019, the Group's non-current assets excluding other financial assets and deferred tax assets of RMB564,000 (2018: RMB258,130,000) and RMB427,000 (2018: RMB117,000) are located in the PRC and Hong Kong, respectively.

4. OTHER GAINS AND (LOSSES), NET

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Continuing operations | | |
| Gain on the disposals of subsidiaries | 87 | – |
| Gain on derecognition of right-of-use assets and lease liabilities | 6 | – |
| Impairment losses under expected credit loss model, net of reversal | (64) | 258 |
| Net foreign exchange gain (loss) | 353 | (39,813) |
| | <u>382</u> | <u>(39,555)</u> |

5. FINANCE COSTS

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|-------------------------------|------------------------|--------------------------------------|
| Continuing operations | | |
| Interest on bank borrowing | 4,870 | 3,502 |
| Interest on corporate bonds | 3,269 | 11,076 |
| Interest on lease liabilities | 77 | – |
| | <u>8,216</u> | <u>14,578</u> |

6. INCOME TAX EXPENSE

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Continuing operations | | |
| Current tax | | |
| – PRC Enterprise Income tax | 9,389 | 4,086 |
| – (Over) underprovision in prior years | (232) | 212 |
| | <u>9,157</u> | 4,298 |
| Deferred tax | 2,985 | (71) |
| | <u>12,142</u> | <u>4,227</u> |

7. DISCONTINUED OPERATION

On 23rd July, 2019, the Company, entered into a sale and purchase agreement with Yue Da Group (H.K.) Co., Limited (“YDHK”), a shareholder of the Company, pursuant to which the Company has agreed to sell and YDHK has conditionally agreed to acquire the 100% equity interest in Yuelong Limited (“Yuelong”) (“Yuelong Disposal”). The total consideration for the disposal is RMB230,800,000 which should be settled by way of net-off against the outstanding indebtedness owing by the Group to YDHK and its subsidiaries. The principal asset of Yuelong is its investment in a wholly owned subsidiary, Baoshan Feilong Nonferrous Metal Co., Ltd. (“Baoshan Feilong”) which is engaging in business of mining and processing of mainly zinc, copper and lead. The disposal was completed in October, 2019, and the Group ceased to carry out Mining Operations.

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present Mining Operations as a discontinued operation.

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Loss of Mining Operations for the period/year | (12,291) | (4,351) |
| Gain on disposal of subsidiaries | 34,647 | 3,701 |
| | 22,356 | (650) |

The results of Mining Operations for the period from 1st January, 2019 to date of disposal, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

| | For the period from 1st January, 2019 to date of disposal <i>RMB'000</i> | Year ended 31st December, 2018 <i>RMB'000</i> |
|------------------------------------|--|--|
| Revenue – Contracts with customers | 13,665 | 42,360 |
| Cost relating to inventories sold | (13,080) | (27,113) |
| | 585 | 15,247 |
| Other income | 526 | 1,127 |
| Other gains and (losses), net | – | 46 |
| Administrative expenses | (13,838) | (20,768) |
| Finance costs | (915) | (1,010) |
| Loss before tax | (13,642) | (5,358) |
| Income tax credit | 1,351 | 1,007 |
| Loss for the period/year | (12,291) | (4,351) |

Loss for the period/year from discontinued operation has been arrived at after charging (crediting) the following items:

| | For the period from 1st January, 2019 to date of disposal <i>RMB'000</i> | Year ended 31st December, 2018 <i>RMB'000</i> |
|--|---|--|
| Amortisation of mining rights (including in cost relating to inventories sold) | 1,382 | 3,328 |
| Depreciation of property, plant and equipment | 3,765 | 5,454 |
| Depreciation of right-of-use assets | 250 | – |
| Release of prepaid lease payments | – | 221 |
| Employee benefit expenses (excluding directors' emoluments) | 11,978 | 20,772 |
| Interest income from bank deposits | (115) | (311) |
| Income tax credit | | |
| Current tax – PRC Enterprise income tax | (35) | – |
| Deferred tax | (1,316) | (1,007) |
| | <u> </u> | <u> </u> |

8. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR

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

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|--|--------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment | 271 | 147 |
| Depreciation of right-of-use assets | 1,429 | – |
| Auditors' remuneration | 1,803 | 2,789 |
| Employee benefit expenses (including directors' emoluments and depreciation of right-of-use assets in relation to lease for staff quarter) | 12,840 | 14,756 |
| Interest income from bank deposits (included in other income) | (1,853) | (410) |
| Income from structured deposits (included in other income) | (245) | – |
| Rental income – fixed operating lease payments (included in other income) | (1,693) | – |
| | <u> </u> | <u> </u> |

9. EARNINGS (LOSS) PER SHARE

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

From continuing and discontinued operations

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> (Restated) |
|--|-------------------------------|--------------------------------------|
| Profit (loss) for the year attributable to owners of the Company | 30,177 | (46,515) |
| Less: profit for the year from discontinued operation attributable to owners of the Company | 22,356 | 270 |
| Profit (loss) for the year from continuing operations attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share | 7,821 | (46,785) |
| Number of shares | Number | Number |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share | 1,168,626,516 | 1,168,626,516 |

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is RMB1.91 cents per share (2018: RMB0.02 cents per share), based on the profit for the year from the discontinued operation attributable to owners of the Company of RMB22,356,000 (2018: RMB270,000) and the denominators detailed above for both basic and diluted earnings per share.

The computation of the diluted earnings (loss) per share for the year ended 31st December, 2019 and 2018 does not assume the exercise of the share options because the exercise price of those options was higher than the average market price for shares.

10. 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.

11. OTHER RECEIVABLES

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|-----------------------------------|-------------------------------|------------------------|
| Factoring receivables | 537,053 | 630,413 |
| Advance payments to suppliers | – | 2,520 |
| Deposits paid for investments | – | 38,202 |
| Loan receivable | – | 32,637 |
| Other receivables and prepayments | 1,925 | 5,793 |
| | 538,978 | 709,565 |

12. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

Trade and other payables

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Trade payables | – | 9,518 |
| Other advance payments from customers | 5,314 | 4,672 |
| Accrued staff costs | 3,349 | 7,095 |
| Consideration received for assignment of loan receivable | – | 32,942 |
| Other payables and accrued charges | 8,490 | 17,520 |
| | <u>17,153</u> | <u>71,747</u> |

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|---------------|------------------------|------------------------|
| 0 – 60 days | – | 1,895 |
| 61 – 120 days | – | 3,296 |
| over 120 days | – | 4,327 |
| | <u>–</u> | <u>9,518</u> |

The average credit period on purchases of goods was 60 days. The Group had financial risk management policies in place to ensure that all payables were settled within the credit period.

Contract liabilities

As at 1st January 2018, contract liabilities amounted to RMB12,511,000.

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

| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue recognised that was included in the advance payments from contracts with customers balance at the beginning of the year | <u>13,416</u> | <u>12,375</u> |

FINANCIAL HIGHLIGHTS

The factoring operations of Group recorded an operating revenue of RMB50,689,000 for the Year which is approximately 12.5% higher than that in 2018. The discontinued mining operations recorded revenue of approximately RMB13,665,000 which decreased by approximately 59.6% when compared with that in 2018. During the Year, the Company disposed of the Mining operation in Baoshan Feilong to YDHK successfully with gains arising from subsidiaries disposed of RMB34,647,000. The audited profit and total comprehensive income attributable to the owners of the Company was RMB30,177,000 for the Year compared to an audited loss and total comprehensive expense of RMB46,515,000 for 2018 and basic earnings per share from continuing and discontinued operations amounted to RMB2.58 cents for the Year.

DIVIDEND

The Board did not recommend the payment of any dividend for the Year (2018: nil).

BUSINESS REVIEW

Overview

The Group is principally engaged in Business Factoring Operations and Mining Operations while the Mining Operations were discontinued during the Year. During the Year, Business Factoring Operations realized an operating revenue of RMB50,689,000 with segment profit of RMB39,331,000.

Factoring Operations

During the Year, the factoring operations recorded an operating revenue of RMB50,689,000 (2018: RMB45,069,000). Loans with total gross amount of RMB540,009,000 was granted as at 31st December 2019, and recorded interest income and fee income of RMB35,963,000 (2018: RMB32,448,000) and RMB14,726,000 (2018: RMB10,522,000) respectively.

Mining Operations

Baoshan Feilong Nonferrous Metal Co., Limited (the “**Baoshan Feilong**”), a subsidiary of the Company, conducts mining operation operations in Baoshan City, Yunnan Province of the PRC. Major products include zinc ore concentrated, lead ore concentrates and copper ore concentrates. The Group had successfully disposed of Baoshan Feilong to Yue Da Group (H.K.) Co., Limited (the “**YDHK**”), an immediate holding company of the company by entering a share purchase agreement at a consideration of RMB230.8 million. The transaction was completed in October 2019 after passing the ordinary resolution at an extraordinary general meeting. A gain of disposal of approximately RMB34,647,000 was recorded during the Year.

IMPORTANT EVENTS DURING THE YEAR

Investment in Vietnam

On 21st January, 2013, the Company announced that Yue Da Mining Limited (“**YDM**”), a wholly-owned subsidiary of the Company, entered into the following agreements:

- (i) a conditional subscription agreement (“**Subscription Agreement**”) for the subscription of 60% (as enlarged upon completion of the Subscription Agreement) of the issued share capital of Everwise Technology Limited (“**Everwise**”) at US\$6 million; and New Aims Holdings Limited (“**New Aims**”) shall subscribe 40% (as enlarged upon completion of the Subscription Agreement) of the issued share capital of Everwise at US\$4 million;
- (ii) a conditional loan agreement (“**Loan Agreement**”) to grant to Mineral Land Holdings Limited (“**Mineral Land**”) a term loan facility up to US\$16 million for a term of one year, which carries a fixed-sum of US\$1 million interest; and
- (iii) a call option deed (“**Call Option Deed**”) pursuant to which Solid Success International Limited (“**Solid Success**”) has granted an option to YDM to enter into a sale and purchase agreement to sell (a) the entire issued share capital of Mineral Land and (b) the benefit of shareholder’s loan from Solid Success to Mineral Land at not more than US\$36 million (subject to adjustment). The Call Option Deed lapsed on 31st December, 2014.

YDM has paid a deposit of US\$3 million (“**Everwise Deposit**”) under the Subscription Agreement. The Subscription Agreement lapsed on 31st December, 2014 and the Everwise Deposit should be repaid to YDM on or before 12th January, 2015.

YDM has a sum of US\$9 million (comprising principal sum of US\$8 million plus accrual interest of US\$1 million) (the “**Loan**”) advanced to Mineral Land, the Loan was due on 23rd January, 2015.

A settlement agreement (“**2015 Loan Settlement Agreement**”) was entered into between New Aims, Everwise, I-Treasure, Mineral Land and YDM on 9th October, 2015. Pursuant to the Settlement Agreement, partial repayment of the principal amount of the Loan Agreement totaling US\$2,000,000 was received by the Group and the Everwise Deposit was settled on 23rd November, 2015.

On 22nd December, 2017, Mineral Land entered into a new settlement agreement (“**2017 Loan Settlement Agreement**”) with YDM and the original project promoter (“**I3PB**”) and the contents are as follows:

- (a) Mineral Land agrees to pay YDM a sum of US\$300,000 as partial satisfaction for the repayment of the loan on or before 31 December 2017.
- (b) YDM agrees to give Mineral Land concessions in that Mineral Land may defer repayment of the remaining outstanding amount of the loan, by four instalments in accordance with the timetable.

- (c) Mineral Land shall execute a deed of share charge (“**Deed of Share Charge**”) charging the entire issued share capital of the BVI Subsidiary (the “**BVI Subsidiary**”), a company established under the laws of the British Virgin Islands, which its entire issued share capital is legally and beneficially owned by Mineral Land directly, to the satisfaction of YDM, in favour of YDM, as security for repayment in whole of the loan, and YDM shall assign its rights and benefit under the Duong Lam share pledge to the BVI Subsidiary (“**Deed of Assignment**”). According to the 2017 Loan Settlement Agreement, the Deed of Share Charge and Deed of Assignment should be completed within 90 days. All parties agreed to extend the completion date to 30 June 2018 on 20 March 2018.

On 11th December, 2018, YDM and Daiichi Kigenso Kagaku Kogyo Co Limited (“**Daiichi**”) entered into a loan assignment agreement (“**Loan Assignment**”). Pursuant to the Loan Assignment, YDM has conditionally agreed to transfer and Daiichi has conditionally agreed to accept to the rights, title, interest and benefits in and to the Loan with a consideration of US\$4.8 million. The Group received the entire consideration of US\$4.8 million up to 31st December, 2018.

During the year ended 31st December, 2019, the Loan Assignment was completed.

Please refer to the circular of the Company dated 17th April, 2013 and the announcements of the Company dated 17th October, 2013, 23rd January, 2014, 30th June, 2014, 24th December, 2014, 5th January, 2015, 23rd November, 2015, 22nd December, 2017, 11th December, 2018 and 31st January, 2019 for details of the above transactions.

On 5th September, 2013, the Company announced that YDM entered into a conditional sale and purchase agreement with Ms. Truong Thi Kim Soan (the “**Vendor**”) to acquire 100% equity interests and related shareholder’s loan of Expert Union Investments Limited and Sky Modern Investments Limited (“**Target Companies**”) at a consideration of US\$34 million (subject to adjustment) (“**Acquisition Agreement**”). The principal asset of the Target Companies is 100% equity interests in Sao Mai Joint Stock Company (“**Sao Mai**”), a Vietnam company principally engaged in the exploration of the mine which contain ilmenite, zircon, rutile and monazite ore deposits located in Hong Phong Ward and Hoa Thang Ward, Bac Binh District, Binh Thuan Province, Vietnam, which covers an aggregate site area of not less than 320 hectares, where the mining license in respect of which is to be held by Sao Mai.

On 20th March, 2017, a settlement agreement (“**2017 Deposits Settlement Agreement**”) was entered into between the Vendor, YDM and the Purchaser, pursuant to which, the Vendor agreed to settle all outstanding balances by five instalments before the end of 2018. However, the Vendor failed to settle the balances according to the agreed schedule. On 31st October, 2018, YDM issued a writ of summons in the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) against the Vendor in order to safeguard the legitimate rights and interests. On 7th December 2018, the High Court made the final judgement in favour of YDM.

On 20th March, 2019, the Company, as the seller, and YDHK, as the purchaser, entered into a Sales and Purchase Agreement (“**S&P Agreement**”) to transfer the entire share capital of YDM at a consideration of US\$5,600,000. The Sao Mai deposits form the major part of the assets of YDM. The transaction was completed upon passing the resolutions in the Extraordinary General Meeting on 20th May, 2019. As a result, the Sao Mai deposit was disposed of by the Group under the S&P Agreement.

Please refer to the announcements of the Company dated 5th September, 2013, 30th June, 2014, 24th December, 2014, 20th March, 2017, 8th June, 2017, 31st October, 2018, 20th March, 2019 and 20th May, 2019 for details of the above transactions.

Prospects

Looking forward to 2020, the Group will focus on the development of the factoring business. The recent outbreak of the COVID-19 in Mainland China and the rest of the world will remain a great challenge to the economy and our operations in the foreseeable future. As at the date of this announcement, we have not experienced any default in repayment of principal, interest and fee income from our customers. We will remain highly alert about the impact of the epidemic on our operations and take any necessary measures to mitigate the impact. As such, the Directors endeavor to seek business opportunities 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 15th May, 2020 to 19th May, 2020, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on 20th May, 2020, 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 14th May, 2020.

Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") in due course.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2019, the Group's current assets were RMB752,490,000 (2018: RMB896,826,000), of which RMB206,399,000 (2018: RMB162,563,000) were bank balances and cash. As at 31st December, 2019, the net asset value of the Group amounted to RMB369,246,000, representing an increase of approximately 9.6% as compared to RMB336,837,000 in 2018. The gearing ratio (total liabilities/total assets) of the Group was approximately 51.0% (2018: 71.1%).

Borrowings

As at 31st December, 2019, bank borrowings amounted to RMB347,211,000 (2018: RMB348,624,000). Bank borrowings are denominated in Euro, charging at floating rates and repayable in 2021.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and Euro. During the 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

As at 31st December, 2019 and 31st December, 2018, the Group did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2019, the Group had a total of approximately 25 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and business factoring operations. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the 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 Year.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code ("**Code**") as set out in Appendix 14 to the Listing Rules throughout the Year, except that (i) the Chairman of the Board was not able to attend the extraordinary general meetings of the Company held on 18th October 2019 (the "**October EGM**") and 26th November 2019 (the "**November EGM**") and (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the executive Directors and one of the independent non-executive Directors attended and acted as the chairmen of the October EGM and November EGM; (ii) Mr. Li Biao, being a non-executive Director, was not able to attend the annual general meeting of the Company held on 20th May, 2019 (the "**2018 AGM**") and the extraordinary general meeting of the Company held on 20th May 2019 (the "**May EGM**"), the October EGM and the November EGM, (deviated from code provision A.6.7) due to his other business commitments; Nevertheless, each of these Directors has passed their opinion to the chairmen of the 2018 AGM, the May EGM, the October EGM and the November EGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company’s audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Mr. Liu Debing (an executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 20th March, 2020, the audit committee reviewed the accounting principles and practices adopted by the Group, the annual results of the Group for the Year and the continuing connected transactions carried out by the Group during the Year, and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PUBLICATION OF THE 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

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

Hong Kong, 20th March, 2020

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