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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yue Da International Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s), or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or transferee(s).

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YUE DA INTERNATIONAL HOLDINGS LIMITED

悅達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

**MAJOR TRANSACTIONS – FACTORING AGREEMENTS AND
SUPPLEMENTAL REVERSE FACTORING AGREEMENT**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular.

This circular will remain on the Stock Exchange's website at www.hkexnews.hk and, in the case of this circular, on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This circular will also be published on the Company's website at www.yueda.com.hk.

5 August 2021

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Yue Da International Holdings Limited, a company incorporated with limited liability in the Cayman Islands, whose Shares are listed on the of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Factoring Agreements”	The factoring agreements entered into between Yueda Commercial Factoring, with each of Haili Chemical, Guanhong Trading and Yancheng Harbour on 28 June 2021 and Yuehu Trading on 15 July 2021, collectively, and “Factoring Agreement” shall mean any of them
“Group”	the Company and its subsidiaries
“Guanhong Trading”	Xiangshui County Guanhong Trading Company Limited (響水縣灌宏貿易有限公司), a company incorporated in the PRC, which is principally engaged in the business of trading of metals and construction materials
“Haili Chemical”	Jiangsu Haili Chemical Company Limited (江蘇海力化工有限公司), a company incorporated in the PRC, which is principally engaged in the business of manufacturing and sales of chemical products
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent ThirdParty(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company

DEFINITIONS

“Jiangsu Yue Da”	Jiangsu Yue Da Group Company Limited, a substantial shareholder of the Company interested in 100% interests in Yue Da HK and deemed interested in 69.22% of the issued share capital of the Company. Jiangsu Yue Da Group Company Limited is ultimately beneficially owned as to 100% by Yancheng City People’s Government.
“Latest Practicable Date”	30 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited
“Parties”	Haili Chemical, Guanhong Trading and Yancheng Harbour, Runyang and Yuehu Trading collectively
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Runyang”	Jiangsu Runyang Yueda Sunshine Technology Company Limited (江蘇潤陽悅達光伏科技有限公司), a company established in the PRC, which is principally engaged in the production and sales of solar energy products
“SFO”	the Securities and Future Ordinance
“Shareholders”	the holders of Shares
“Shares”	ordinary share(s) having a par value of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Supplemental Reverse Factoring Agreement”	the supplemental reverse factoring agreement entered into between Yueda Commercial Factoring and Runyang on 28 June 2021
“Yancheng Harbour”	Jiangsu Yancheng Harbour Supply Chain Technology Group Company Limited (江蘇鹽城港供應鏈科技集團有限公司), a company incorporated in the PRC, which is principally engaged in the business of import and export of food and pesticide
“Yueda Commercial Factoring”	Yueda (Shenzhen) Commercial Factoring Co., Ltd., a company established in the PRC and a subsidiary of the Group, which principal business is, among other things, commercial factoring.
“Yue Da HK”	Yue Da Group (H.K.) Co., Limited (悅達集團(香港)有限公司), a company incorporated under the laws of Hong Kong and a substantial shareholder of the Company
“Yuehu Trading”	Jianhu Yuehu Trading Development Company Limited (建湖悅湖貿易發展有限公司), a company incorporated in the PRC, which is principally engaged in the business of trading of foods and construction materials
“%”	per cent

The English transliteration of the Chinese name(s) in this circular, where indicated with is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

Unless otherwise stated, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.20784 and is for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Cai Baoxiang

Mr. Bai Zhaoxiang

Mr. Pan Mingfeng

Non-executive Director

Mr. Liu Debing

Mr. Li Biao

Mr. Hu Huaimin

Independent non-executive Directors

Mr. Cui Shuming

Dr. Liu Yongping

Mr. Cheung Ting Kee

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Hong Kong

5 August 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTIONS – FACTORING AGREEMENTS AND
THE SUPPLEMENTAL REVERSE FACTORING AGREEMENT**

INTRODUCTION

References are made to the announcements of the Company dated 28 June 2021 and 15 July 2021 in relation to the entering into of the Factoring Agreements and the Supplemental Reverse Factoring Agreement.

LETTER FROM THE BOARD

On 28 June 2021, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into factoring agreements separately with Haili Chemical, Guanhong Trading and Yancheng Harbour, collectively, and the Supplemental Reverse Factoring Agreement pursuant to which Yueda Commercial Factoring agreed to provide accounts receivables financing, accounts receivable management services and accounts receivable collection services (the “**Accounts Receivable Services**”) and granted revolving factoring loan credit limits and reverse revolving factoring loan credit limits to Haili Chemical, Guanhong Trading, Yancheng Harbour and Runyang.

On 15 July 2021, Yueda Commercial Factoring, entered into a Factoring Agreement with Yuehu Trading, pursuant to which Yueda Commercial Factoring agreed to provide the Accounts Receivable Services and granted revolving factoring loan credit limits to Yuehu Trading.

The principal terms of the Factoring Agreements and the Supplemental Reverse Factoring Agreement entered into between the Company and the Parties are set out below:

A. Haili Chemical Factoring Agreement

Date	:	28 June 2021
Parties	:	(1) Haili Chemical (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Haili Chemical and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving Credit limit	:	RMB50,000,000 (equivalent to approximately HK\$60,392,000)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5% to 10%
Guarantor	:	Jinguang Paper Products (China) Investment Company Limited (“ Jinguang Paper ”)(金光紙業(中國)投資有限公司)
Expiry date of the factoring facilities	:	27 June 2022

LETTER FROM THE BOARD

The annual rate of return of the Haili Chemical Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Haili Chemical and the debtor of the accounts receivables provided by Haili Chemical; (ii) the credit period; (iii) the factoring is with recourse; (iv) the factoring loan is guaranteed by Jinguang Paper; and (v) the land use rights of a land area with 427mu amounted to approximately RMB37,647,000 owned by Jiangsu Fengyuan Power and a land area with 60mu amounted to approximately RMB5,936,000 owned by Jiangsu Haihua Environment Engineering Company Limited (“**Haihua**”) were pledged as security. In determining the value of the land use rights in (v) above, reference was made to the latest financial statements of respective companies.

Mr. Huang Zhiyuan indirectly and wholly owns Haili Chemical, Jinguang Paper, Jiangsu Fengyuan Power, and indirectly owns 47% equity interest in Haihua. The remaining interest in Haihua is owned by Mr. Yang Yanliang indirectly. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Jiangsu Fengyuan Power and Haihua and their ultimate beneficial owner are Independent Third Parties.

B. Guanhong Trading Factoring Agreement

Date	:	28 June 2021
Parties	:	(1) Guanhong Trading (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Guanhong Trading and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving Credit limit	:	RMB50,000,000 (equivalent to approximately HK\$60,392,000)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5% to 10%
Guarantor	:	Xiangshui County Guanjiang Holdings Group Company Limited (“ Guanjiang Holdings ”)(響水縣灌江控股集團有限公司)
Expiry date of the factoring facilities	:	27 June 2022

LETTER FROM THE BOARD

The annual rate of return of the Guanhong Trading Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Guanhong Trading and the debtor of the accounts receivables provided by Guanhong Trading; (ii) the credit period; (iii) the factoring is with recourse; and (iv) the factoring loan is guaranteed by Guanjiang Holdings.

Guanhong Trading and Guanjiang Holdings are beneficially owned as to 100% by Yancheng City Xiangshui County People's Government with independent management and operation.

C. Yancheng Harbour Factoring Agreement

Date	:	28 June 2021
Parties	:	(1) Yancheng Harbour (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Yancheng Harbour and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving Credit limit	:	RMB100,000,000 (equivalent to approximately HK\$120,784,000)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5% to 10%
Guarantor	:	Jiangsu Yancheng Harbour Holdings Group Company Limited (“ Jiangsu Yancheng Harbour ”)
Expiry date of the factoring facilities	:	27 June 2022

LETTER FROM THE BOARD

The annual rate of return of the Yancheng Harbour Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Yancheng Harbour and the debtors of the accounts receivables provided by Yancheng Harbour; (ii) the credit period; (iii) the factoring is with recourse; and (iv) the factoring loan is guaranteed by Jiangsu Yancheng Harbour.

Yancheng Harbour and Jiangsu Yancheng Harbour are beneficially owned as to 100% by Yancheng City People's Government with independent management and operation.

D. Runyang Supplemental Reverse Factoring Agreement

Date	:	28 June 2021
Parties	:	(1) Runyang (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Runyang and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving Credit limit	:	RMB100,000,000 (equivalent to approximately HK\$120,784,000)
Annual rate of return (composed of interest rate and factoring administration fees)	:	9.5% to 11%
Guarantor	:	Mr. Tao Longzhong and his spouse, and Jiangsu Runyang New Energy Technology Company Limited (“ Jiangsu Runyang ”)(江蘇潤陽新能源科技股份有限公司)
Expiry date of the factoring facilities	:	27 June 2022

LETTER FROM THE BOARD

The annual rate of return of the Runyang Supplemental Reverse Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Runyang; (ii) the credit period; (iii) the factoring loan is guaranteed by Mr. Tao Longzhong and his spouse, and Jiangsu Runyang; and (iv) plant and equipment with value no less than 66.7% of its net book value held by Runyang and its related companies was pledged as security.

Jiangsu Runyang directly owns Runyang at the percentage of 100%.

Mr. Tao Longzhong is the controlling shareholder of Runyang and indirectly owns 40.2772% equity interest in Runyang. Besides, Shanghai Yueda New Industrial New Energy Group Company Limited (“**Shanghai Yueda**”) indirectly owns 19.4824% equity interest in Runyang. Jiangsu Yue Da indirectly owns 61.35% equity interest in Shanghai Yueda and is the ultimate controlling shareholder of Shanghai Yueda and the Company respectively.

E. Yuehu Trading Factoring Agreement

Date	:	15 July 2021
Parties	:	(1) Yuehu Trading (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Yuehu Trading and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving Credit limit	:	RMB50,000,000 (equivalent to approximately HK\$60,392,000)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.0%-9.9%
Guarantor	:	Jianhu County Development Zone Development Investment Company Limited (“ Jianhu Development ”)(建湖縣開發區建設投資有限公司)
Expiry date of the factoring facilities	:	14 July 2022

LETTER FROM THE BOARD

The annual rate of return of the Yuehu Trading Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Yuehu Trading and the debtor of the accounts receivables provided by Yuehu Trading; (ii) the credit period; (iii) the factoring is with recourse; and (iv) the factoring loan is guaranteed by Jianhu Development.

Yuehu Trading and Jianhu Development are beneficially owned as to 100% by Yancheng City Jianhu County People's Government with independent management and operation.

ACCOUNTS RECEIVABLE SERVICES AND PRICING POLICY

The Company provides accounts receivable services of both factoring and reverse factoring. Factoring means provision of factoring credit limit to suppliers with high credit rating, and to provide factoring services based on the accounts receivables, which represent the amounts for supply of goods and services to be received by these suppliers. Reverse Factoring means provision of reverse factoring limit to customers with high credit rating, and to provide factoring services based on the accounts payable, which represent the amounts for purchase of goods and services to be paid by these customers. There is no material difference between factoring and reverse factoring in the process of granting factoring loan, where suppliers transfer the accounts receivable to the Company, the Company pays on behalf of the customers to the suppliers and the customers repay the Company upon maturity of the factoring loan. The only difference is the identity of applicants. Since the Company provides the revolving credit limit to the Parties, who will apply for the credit limit to settle the accounts receivable to be received from its customers in the operations, the Factoring Agreements are factoring in nature.

The general pricing policy of the Company is based on the assessment of the factors including the credit rating of the factoror, the factoree and the guarantor, the quality of the accounts receivable or securities, structure of the transaction, tenure, repayment schedule, conditions precedent, expected bad debt ratio, fulfilment of obligations of factoror and factoree under commercial contracts, and events and amounts of default. The final internal rate of return is determined by the actual borrowing cost of the Company in the market, plus a margin ranging from 250 to 450 basis point, and such margin is based on the assessment factors above.

LETTER FROM THE BOARD

COMMITMENTS UNDER THE FACTORING AGREEMENTS

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

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

FINANCIAL EFFECT OF THE FACTORING AGREEMENTS

Taking into account the interest and factoring administration fee income which could be derived from the factoring loans as contemplated under the Factoring Agreements and the Supplemental Reverse Factoring Agreement and that the interest and factoring administration fee income from the Parties would cover all necessary expense, the Company expects to have positive effect on its earnings and earnings per share for the Shareholders.

The Company expects that the factoring loans under the Factoring Agreements and the Supplemental Reverse Factoring Agreement will be funded by the internal resources of the Group, possible external financing obtained by the Group, the factoring assets provided by the customers and the money repaid by the customers of the Group to whom the Group provided factoring loans. Save for the aforesaid, there would be no material effect on the Group's assets and liabilities as a result of the transactions contemplated under the Factoring Agreements and the Supplemental Reverse Factoring Agreement.

REASONS FOR THE FACTORING AGREEMENTS AND THE SUPPLEMENTAL REVERSE FACTORING AGREEMENT

The Group is principally engaged in factoring related business in the PRC. The Directors consider that the Factoring Agreements and the Supplemental Reverse Factoring Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

LETTER FROM THE BOARD

Given that the Factoring Agreements and the Supplemental Reverse Factoring Agreement are being conducted in the ordinary and usual course of business of Yueda Commercial Factoring, which will contribute profit to the Company over the financing term, are under normal commercial terms, and are beneficial to the Group in its business expansion and establishment of long term business relationship with the Parties, the Directors are of the view that the terms of and the Factoring Agreements and the Supplemental Reverse Factoring Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Parties and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Factoring Agreements (save as the Yuehu Trading Factoring Agreement) and the Supplemental Reverse Factoring Agreement entered into between the Company and the same Party or associated parties in aggregate are more than 25% but less than 100%, the entering into the Factoring Agreements (save as the Yuehu Trading Factoring Agreement) and the Supplemental Reverse Factoring Agreement by the same Party or associated parties constitutes major transactions for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Yuehu Trading Factoring Agreement entered into between the Company and Yuehu Trading is more than 25% but less than 100%, the entering into of the Yuehu Trading Factoring Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Factoring Agreements and the Supplemental Reverse Factoring Agreement may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Factoring Agreements and the Supplemental Reverse Factoring Agreement and the transactions contemplated thereunder; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Factoring Agreements and the Supplemental Reverse Factoring Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Factoring Agreements and the Supplemental Reverse Factoring Agreement and the transactions contemplated thereunder. As of the date of the Announcement, Yue Da Capital (HK) Limited, holding 600,000,000 Shares, representing 51.34% of the issued share capital of the Company, has provided written shareholder's approvals on the Factoring Agreements and the Supplemental Reverse Factoring Agreement and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Factoring Agreements and the Supplemental Reverse Factoring Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

By order of the Board
Yue Da International Holdings Limited
Cai Baoxiang
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2018, 2019 and 2020 were set out in the Company's annual reports for the each of three years ended 31 December 2018, 2019 and 2020, which can be accessed on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0414/2021041401420.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501225.pdf>; and

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0411/tn201904111320.pdf>

respectively.

2. INDEBTEDNESS

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has total outstanding borrowings of approximately RMB67.8 million, comprising unsecured and unguaranteed amounts due to related companies of approximately RMB17.8 million; and bank borrowing of approximately RMB50.0 million which is secured by Group's factoring receivables and guaranteed by Jiangsu Yue Da Group Company Limited.

As at 30 June 2021, the Group has outstanding lease payments not yet paid for the remainder of the lease terms amounting to RMB612,000 in aggregate, comprising approximately HK\$468,000 (equivalent to approximately RMB390,000) and approximately RMB222,000, which are secured by the Group's rental deposits and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 June 2021, the Group did not have other outstanding mortgages, charges, debentures or other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, lease obligations, liabilities under acceptance or acceptance credits, guarantees or any material contingent liabilities.

3. WORKING CAPITAL STATEMENT

After taking into account (i) the effect of the transactions contemplated under the Factoring Agreements and the Supplemental Reverse Factoring Agreement; and (ii) the Group's presently available financial resources, including internally generated funds from operation and available financial facilities of the Group, the Directors after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date of which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group has been undertaking the business of commercial factoring from 2017 in line with its plans to change its principal business to that of commercial factoring as previously announced. The entering into of the Factoring Agreements and Supplemental Reverse Factoring Agreement will be conducive to the Company's change of principal business.

The Group will focus on the factoring business and other business with prospects for the Group in the future. We will actively expand the customer base and will explore business opportunities in the area of telecommunication instalment factoring. The Directors endeavour to seek more opportunities in the finance industry and other businesses with prospects to diversify the Group's existing business stream to enhance the long-term benefits of the Company and the shareholders as a whole.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors' Interests In Shares, Underlying Shares And Debentures Or Any Associated Corporation Of The Company

As at the Latest Practicable Date, the interests of each Director and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity	Number of ordinary Shares (Note i)	Approximate percentage of issued share capital of the Company (Note ii)
Mr. Hu Huaimin	Beneficial owner	1,130,666 (L)	0.10%
Mr. Li Biao	Beneficial owner	690,640 (L)	0.06%

Notes:

- (i) The letter "L" represents the Director's long position in the ordinary shares of the Company.
- (ii) The percentage of issued share capital of the Company is calculated by reference to 1,168,626,516 shares in issue as at the Latest Practicable Date.

Other than as disclosed above, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Controlling And Substantial Shareholders' And Other Persons' Interest

The register of controlling and substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that as at the Latest Practicable Date, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name	Capacity	Number of issued ordinary Share <i>(Note i)</i>	Approximate percentage of issued share capital of the Company <i>(Note ii)</i>
Yue Da HK	Beneficial owner	208,976,333 (L)	17.88%
Yueda Capital (HK) Limited	Beneficial owner	600,000,000 (L)	51.34%
Yue Da Capital Company Limited <i>(Note iii)</i>	Interest of a controlled corporation	600,000,000 (L)	51.34%
Jiangsu Yue Da <i>(Note iii)</i>	Interest of a controlled corporation	808,976,333 (L)	69.22%

Notes

- (i) The letter "L" represents the Director's long position in the ordinary shares of the Company.
- (ii) The percentage of issued share capital of the Company is calculated by reference to 1,168,626,516 shares in issue as at the Latest Practicable Date.
- (iii) Jiangsu Yue Da holds 100% interests in Yue Da HK and 98% interests in Yue Da Capital Company Limited which holds 100% interest in Yueda Capital (HK) Limited and is accordingly deemed to be interested in the shares of the Company beneficially owned by Yue Da HK and Yueda Capital (HK) Limited under the SFO.

Other than as disclosed above, the Company has not been notified of any other persons who as at the Latest Practicable Date, had interests of 5% or more in any shares or underlying shares of the Company.

(c) Other Directors' Interest

As at the date of the Latest Practicable Date, the following Directors were also a director or an employee of the following companies, each of which had or was deemed to have an interest or short position in the shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position in substantial shareholder of the Company
Mr. Liu Debing	Yueda Capital (HK) Limited	Director
	Yueda Capital Company Limited	Director
Mr. Li Biao	Yue Da HK	Director

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors (including those being proposed for re-election at the forthcoming extraordinary general meeting of the Company) has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office of each of the non-executive Directors and the independent non-executive Directors is the period up to his retirement by rotation as required by the Company's articles of association.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (i) none of the Directors had any interests, direct or indirect, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's businesses) which competes or is likely to compete either directly or indirectly with the Group's businesses (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

6. MATERIAL CONTRACTS

The following contract (not being a contract entered into in the ordinary course of business) have been entered into by the member of the Group within two years immediately preceding the date of this circular and are or may be material:

- (i) the reverse factoring agreement dated 30 September 2019 (as supplemented and amended) entered into among Yueda Commercial Factoring, the project companies and Yueda Read Estate Group Company Limited;
- (ii) the reverse factoring agreement dated 22 September 2020 entered into between Yueda Commercial Factoring, the project companies and the Company; and
- (iii) the revolving factoring agreement dated 28 December 2020 entered into between Yueda Commercial Factoring and DYK relating to the provision of factoring services.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against any member of the Group which was known to the Directors.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Office nos. 3321-3323 and 3325, 33/F, China Merchants Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Sheung Wan, Hong Kong from the date of this circular up to 14 days thereafter:

- (i) the memorandum and articles of association of the Company;
- (ii) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (iii) the annual reports of the Company for each of the three years ended 31 December 2020; and
- (iv) this circular.

9. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Shum Chi Chung who is a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Shum Chi Chung resigned on 30 July 2021.
- (ii) The head office and principal place of business of the Company in Hong Kong is located at Office nos. 3321-3323 and 3325, 33/F, China Merchants Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Sheung Wan, Hong Kong.
- (iii) The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (iv) The Hong Kong branch share registrar and transfer office of the Company, Hong Kong Registrars Limited, is located at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) The English text of this circular shall prevail over the Chinese text.