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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 TRANSACTION FACTORING AGREEMENT, REVERSE FACTORING AGREEMENT AND SUPPLEMENTAL FACTORING AGREEMENTS

FACTORING AGREEMENT, REVERSE FACTORING AGREEMENT AND SUPPLEMENTAL FACTORING AGREEMENTS

Reference is made to (i) the announcement of Yue Da International Holdings Limited in relation to entering into a factoring agreement with Fengyuan Power dated 29 April 2019; (ii) the announcement in relation to entering into supplemental factoring agreements with Lunsun, Dafeng Hairong and CNFP dated 6 May 2019; and (iii) the announcement in relation to entering into a factoring agreement with Jiangsu Hengrui dated 3 April 2020 (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board hereby announces that on 15 May 2020, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into supplemental factoring agreements separately with Fengyuan Power and Jiangsu Hengrui (the “**Supplemental Factoring Agreements**” and “**Supplemental Factoring Agreement**” means any of them), entered into a factoring agreement with Dafeng Harbour, (the “**Factoring Agreement**”) and entered into a reverse factoring agreement with Runyang (the “**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 Fengyuan Power, Jiangsu Hengrui, Dafeng Harbour and Runyang (the “**Parties**” and “**Party**” means any of them).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 of the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 the Factoring Agreement, the Reverse Factoring Agreement and Supplemental Factoring Agreements 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 Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 5 June 2020.

FACTORING AGREEMENT, REVERSE FACTORING AGREEMENT AND SUPPLEMENTAL FACTORING AGREEMENTS

The Board hereby announces that on 15 May 2020, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into Factoring Agreement, the Reverse Factoring Agreement and Supplemental Factoring Agreements, pursuant to which Yueda Commercial Factoring agreed to provide Accounts Receivable Services and granted revolving factoring loan credit limits and reverse revolving factoring loan credit limits to the Parties and the Parties are entitled to apply for accounts receivables transfer and factoring services. If the Party needs financing facility from Yueda Commercial Factoring, it will make an application 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 factoring loan credit limits and reverse revolving factoring loan credit limits.

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

A. Fengyuan Power Supplemental Factoring Agreement

Date	:	15 May 2020
Parties	:	(1) Fengyuan Power (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Fengyuan Power and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving credit limit	:	RMB50,000,000 (equivalent to approximately HK\$54,910,500)
Annual rate of return (composed of interest rate and factoring administration fees)	:	9.5%-11.0%
Guarantor	:	Mr. Yang Yanliang and his spouse, and Shandong Bohui Group Co., Ltd. (“ Shandong Bohui ”) (山東博滙集團有限公司)
Expiry date of the factoring facilities	:	14 May 2021

The annual rate of return of the Fengyuan Power Supplemental Factoring Agreement is determined by the parties through arm's length negotiation taking into account: (i) the credit rating of Fengyuan Power and the debtor of the accounts receivables provided by Fengyuan Power; (ii) the credit period; (iii) the factoring is with recourse; (iv) the factoring loan is guaranteed by Mr. Yang Yanliang and his spouse, and Shandong Bohui; and (v) the land use rights of a land with 427mu owned by Fengyuan Power and a land with 60mu owned by Jiangsu Haihua Environment Engineering Company Limited were pledged as security.

Shandong Bohui directly owns Fengyuan Power at the percentage of 100%.

Mr. Yang Yanliang indirectly and wholly owns Fengyuan Power and Jiangsu Haihua Environment Engineering Company Limited.

B. Jiangsu Hengrui Supplemental Factoring Agreement

Date	:	15 May 2020
Parties	:	(1) Jiangsu Hengrui (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Jiangsu Hengrui and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving credit limit	:	RMB80,000,000 (equivalent to approximately HK\$87,856,800)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5%-11.0%
Expiry date of the factoring facilities	:	14 May 2021

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

Jiangsu Hengrui is beneficially owned as to 66.67% by Yancheng City Dafeng District City Development Group Company Limited, which is a company established by Yancheng City Dafeng District People's Government with independent management and operation.

C. Dafeng Harbour Factoring Agreement

Date	:	15 May 2020
Parties	:	(1) Dafeng Harbour (To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Dafeng Harbour and its ultimate beneficial owner are Independent Third Parties.) (2) Yueda Commercial Factoring
Revolving credit limit and reverse revolving credit limit	:	RMB190,000,000 (equivalent to approximately HK\$208,659,900)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5%-10.0%
Availability period	:	If subsidiaries of Dafeng Harbour do not utilize the credit limit and reverse revolving credit limit within 90 days from the date of signing of the Dafeng Harbour Factoring Agreement, Yue Da Commercial Factoring shall cease the provision of the revolving credit limit and reverse revolving credit limit.
Guarantor	:	Dafeng Harbour
Available period of the factoring facilities	:	From 23 May 2020 to 22 May 2021

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

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

D. Runyang Reverse Factoring Agreement

Date	:	15 May 2020
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
Reverse revolving credit limit	:	RMB60,000,000 (equivalent to approximately HK\$65,892,600)
Annual rate of return (composed of interest rate and factoring administration fees)	:	9.5%-11.0%
Gurantor	:	Mr. Tao Longzhong and his spouse, and Suzhou Runyang Sunshine Technology Company Limited (“ Suzhou Runyang ”) (蘇州潤陽光伏科技有限公司)
Expiry date of the factoring facilities	:	14 May 2021

The annual rate of return of the Runyang 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 Suzhou Runyang; and (iv) 7.5% equity interest in Runyang directly held by Mr. Tao Longzhong was pledged as security.

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

Mr. Tao Longzhong is the controlling shareholder of Runyang and indirectly owns 47.675% equity interest in Runyang. Besides, Shanghai Yueda New Industrial Group Company Limited, a connected person of the Company, indirectly owns 20.78% equity interest in Runyang.

REASONS FOR THE FACTORING AGREEMENT , REVERSE FACTORING AGREEMENT AND SUPPLEMENTAL FACTORING AGREEMENTS

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

Given that the Factoring Agreement, Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 the Factoring Agreement, Reverse Factoring Agreement and the Supplemental Factoring Agreements are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

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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 Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements 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 Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular, containing among other things, details of the Factoring Agreement, the Reverse Factoring Agreement and the Supplemental Factoring Agreements and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 5 June 2020.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective 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
“Dafeng Harbour”	Jiangsu Dafeng Harbour Holdings Limited (“江蘇大豐海港控股集團有限公司”), a company established in the PRC, which is principally engaged in the sectors of logistics, construction, agriculture, properties development, technology and tourism
“Director(s)”	the director(s) of the Company

“Fengyuan Power”	Jiangsu Fengyuan Power Company Limited (“江蘇豐源熱電有限公司”), a company incorporated in the PRC, which is principally engaged in the production and sales of steam, production of electricity and sales of coal.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(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
“Jiangsu Hengrui”	Jiangsu Hengrui Investment Development Company Limited (“江蘇恒瑞投資開發有限公司”), a company incorporated in The PRC, which is principally engaged in the business of development of land and properties.
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement 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.
“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
“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
“%”	per cent

By order of the Board
Yue Da International Holdings Limited
Hu Huaimin
Executive Directors and Chief Executive

Hong Kong, 15 May 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.

Unless otherwise stated, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.0982 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.

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