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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 TRANSACTION  
FACTORING AGREEMENT,  
REVERSE FACTORING AGREEMENT AND  
SUPPLEMENTAL FACTORING AGREEMENTS**

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*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 5 to 11 of this circular.*

*This circular will remain on the Stock Exchange's website at [www.hkexnews.hk](http://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](http://www.yueda.com.hk).*

24 June 2020

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## DEFINITIONS

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

“Board”	the board of Directors of the Company
“CNFP”	China National Forest Products Corporation, a company incorporated in the PRC, which is principally engaged in importing and exporting timber and various forest products, paper and paper products, coal and rubber etc, exploitation of forest resources abroad and providing storage and logistics services of related products. China National Forest Products Corporations is ultimately beneficially owned as to 100% by the State-owned Assets Supervision and Administration Commission of the State Council.
“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 Hairong”	Dafeng Hairong International Trading Co., Ltd., a company established in the PRC, which is principally engaged in the trading, import and export of commodities including metal, non-metal, coal and agricultural products. Dafeng Hairong International Trading Co., Ltd. is ultimately beneficially owned as to 100% by Yancheng City Dafeng District People’s Government.
“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
“Daiichi”	Daiichi Kigenso Kagaku Kogyo Co Limited, a limited liability company incorporated in Japan
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“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.
“Jiangsu Yue Da”	Jiangsu Yue Da Group Company Limited, a substantial shareholder of the Company interest in 100% interests in Yue Da HK and deemed interest in 69.22% of the issued share capital of the Company. Jiangsu Yue Da Group Company Limited is ultimately beneficially owned as to 100% by Yancheng City Peoples’s Government.
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited
“Mineral Land”	Mineral Land Holdings Limited, a company incorporated in the BVI which is wholly owned by Solid Success
“Latest Practicable Date”	19 June 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein

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## DEFINITIONS

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“Lunsun”	Nanjing Lunsun Electronic Technology Co., Ltd, a company established in the PRC, which is principally engaged in the research and development and sales of TFT, LCD panel and backlight module, digital media player, tablet, monitor and LED lighting products. Nanjing Lunsun Electronic Technology Co., Ltd. is ultimately beneficially owned as to 100% by Yancheng City Dafeng District People’s Government.
“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.
“Sao Mai”	Sao Mai Joint Stock Company, a company duly incorporated and operating under the laws of Vietnam pursuant to Enterprise Registration Certificate No. 3400377599 dated 12 November 2003 issued by the Department of Planning and Investment of Binh Thuan Province of Vietnam
“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
“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.

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## DEFINITIONS

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“Yue Da Enterprise”	Yue Da Enterprise Group (H.K.) Company Limited (悅達實業集團(香港)有限公司), a company incorporated under the laws of Hong Kong and an associate of the Company
“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
“YDM”	Yue Da Mining Limited (悅達礦業有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
“%”	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).*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors*

Mr. Sun Yuanming

Mr. Cai Baoxiang

Mr. Bai Zhaoxiang

*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

*Registered Office*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong*

Office nos. 3321-3323 and 3325

33/F, China Merchants Tower

Shun Tak Centre

No. 168-200 Connaught Road Central

Sheung Wan

Hong Kong

24 June 2020

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION FACTORING AGREEMENT, REVERSE FACTORING AGREEMENT AND SUPPLEMENTAL FACTORING AGREEMENTS**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 15 May 2020 in relation to the entering into of the supplemental factoring agreements.

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## LETTER FROM THE BOARD

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On 23 May 2018, 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).

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% to 11.0%
Guarantor	:	Mr. Yang Yanliang and his spouse, and Shandong Bohui Group Co., Ltd. (“ <b>Shandong Bohui</b> ”)(山東博滙集團有限公司)
Expiry date of the factoring facilities	:	14 May 2021



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## LETTER FROM THE BOARD

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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 and amounted to approximately RMB37,647,000 as at 31 December 2019 owned by Fengyuan Power and a land with 60mu and amounted to approximately RMB5,936,000 as at 31 December 2019 owned by Jiangsu Haihua Environment Engineering Company Limited were pledged as security. In determining the value of the land use rights in (v) above, reference was made to the financial statements of respective companies.

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. Mr. Yang Yanliang has over 9 years of experience in the steam power industry. Total assets of Shandong Bohui amounted to approximately RMB42,546 million as at 31 December 2019. Total revenue and net profit of Shandong Bohui amounted to approximately RMB19,064 million and RMB294 million for the year ended 31 December 2019, respectively.

### **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% to 11.0%
Expiry date of the factoring facilities	:	14 May 2021

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## LETTER FROM THE BOARD

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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% and 33.33% 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, and by Yancheng City Dafeng District Jinmao State-owned Assets Operations Company Limited (鹽城市大豐區金茂國有綜合資產經營有限公司), which is controlled by Yancheng City Dafeng District People's Government State-owned Assets Supervisory and Administration office, respectively.

### 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	:	RMB190,000,000 (equivalent to approximately HK\$208,659,900)
Annual rate of return (composed of interest rate and factoring administration fees)	:	8.5% to 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
Availability period of the factoring facilities	:	From 23 May 2020 to 22 May 2021

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## LETTER FROM THE BOARD

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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. Total assets of Dafeng Harbour amounted to approximately RMB38,670 million as at 31 December 2019. Total revenue and net profit of Dafeng Harbour amounted to approximately RMB11,099 million and RMB192 million for the year ended 31 December 2019, respectively.

### 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% to 11.0%
Guarantor	:	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.

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## LETTER FROM THE BOARD

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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. Mr. Tao Longzhong has over 13 years of experience in the solar energy industry. Total assets of Suzhou Runyang amounted to approximately RMB2,636 million as at 31 December 2019. Total revenue and net profit of Suzhou Runyang amounted to approximately RMB3,300 million and RMB117 million for the year ended 31 December 2019, respectively.

### **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 Supplemental Factoring Agreements 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 Supplemental Factoring Agreements 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 Supplemental Factoring Agreements.

### **REASONS FOR THE FACTORING AGREEMENT, THE REVERSE FACTORING AGREEMENT AND THE 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.

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## LETTER FROM THE BOARD

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### 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 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 Factoring Agreement, the Reverse Factoring Agreement and the 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 circular, 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.

### 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 Directors*

**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 2017, 2018 and 2019 were set out in the Company's annual reports for the each of three years ended 31 December 2017, 2018 and 2019, which can be accessed on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0417/lt201804171227.pdf>;

<http://www.hkexnews.hk/listedco/listconews/SEHK/2019/0411/LTN201904111320.pdf>; and

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

respectively.

**2. INDEBTEDNESS**

As at the close of business on 30 April 2020, 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 RMB346.4 million, comprising unsecured and unguaranteed amounts due to related companies of approximately HK\$0.4 million (equivalent to approximately RMB0.3 million) and approximately RMB5.1 million; and bank borrowing of approximately EUR44.4 million (equivalent to approximately RMB340.9 million) which is secured by the Group's pledged bank deposit and unguaranteed.

As at 30 April 2020, the Group has outstanding lease payments not yet paid for the remainder of the lease terms amounting to approximately RMB524,000 in aggregate, comprising approximately HK\$251,000 (equivalent to approximately RMB228,000) and approximately RMB296,000, 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 April 2020, 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 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 2019, 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 principal activities of the Group are provision of factoring services, accounts receivable management and collection, and factoring consultancy services.

As stated in the financial statements of the 2019 annual report, the Group will focus on the development of the Factoring Operations. The recent outbreak of the COVID-19 in 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 circular, 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.

## 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 of Hong Kong Limited (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 (Note i)	Approximate percentage of issued share capital of the Company (Note ii)
Yue Da HK	Beneficial owner	208,976,333 (L)	17.88%
Yueda Capital (HK) Limited	Beneficial owner	600,000,000 (L)	51.34%
Jiangsu Yue Da	Interest of a controlled corporation	808,976,333 (L)	69.22%

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:

<b>Name of Director</b>	<b>Name of substantial shareholder of the Company</b>	<b>Position in substantial shareholder of the Company</b>
Mr. Liu Debing	Yueda Capital (HK) Limited	Director
	Yueda Capital Company Limited	Director
Mr. Li Biao	Yue Da HK	Director
Mr. Sun Yuanming	Yueda Capital Company Limited	Vice General Manager

**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 2019 (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 contracts (not being contracts 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) a share purchase agreement dated 28 May 2018 entered into between the Company and Yue Da HK, pursuant to which the Company has conditionally agreed to sell and Yue Da HK conditionally agreed to purchase all the issued shares of Absolute Apex Limited at a consideration of RMB140 million;
- (ii) a tenancy agreement dated 20 November 2018 entered into between the Company as tenant and Yue Da Enterprise as landlord of Flat C2 on 8th Floor of Pearl City Mansion, No. 22/36 Paterson Street, Hong Kong for a term of twelve months commencing from 1 January 2019 with monthly rental of HK\$15,000;
- (iii) a tenancy agreement dated 20 November 2018 entered into between the Company as tenant and Yue Da Enterprise as landlord of Flat A on 14/F of Dragon Centre, 9-11 Pennington Street, Causeway Bay, Hong Kong for a term of twelve months commencing from 1 January 2019 with monthly rental of HK\$15,000;

- (iv) a tenancy agreement dated 20 November 2018 entered into between the Company as tenant and Yue Da Enterprise as landlord of Flat C2 on 9th Floor of Paterson Building, Block C and D, No. 37 Paterson Street, Hong Kong for a term of twelve months commencing from 1 January 2019 with monthly rental of HK\$20,000;
- (v) a tenancy agreement dated 20 November 2018 entered into between the Company as tenant and Yue Da HK as landlord of Office nos. 3321, 3322, 3323 and 3325 on 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong for a term of twelve months commencing from 1 January 2019 with monthly rental of HK\$260,000;
- (vi) a loan assignment agreement dated 11 December 2018 entered into between YDM, Daiichi and an Independent Third Party, pursuant to which YDM conditionally agreed to sell, and Daiichi conditionally agreed to purchase, all the legal and beneficial right, title and interest in any present or future liability (actual or contingent) payable or owing by Mineral Land to Yue Da Mining in connection with the Settlement Agreement;
- (vii) a share purchase agreement dated 20 March 2019 entered into between the Company and Yue Da HK, pursuant to which the Company has conditionally agreed to sell and Yue Da HK conditionally agreed to purchase all the issued shares of YDM at a consideration of US\$5.6 million;
- (viii) a factoring agreement dated 29 April 2019 entered into between Yueda Commercial Factoring and Fengyuan Power, pursuant to which a revolving credit limit of RMB85,000,000 was granted to Fengyuan Power at the sum of annual interest rate and factoring administration fee ranging from 9.5% to 11.5% which would take effect from 29 April 2019 and expire on 28 April 2020;
- (ix) a share purchase agreement dated 23 July 2019 entered into between the Company and Yue Da HK, pursuant to which the Company has conditionally agreed to sell and Yue Da HK conditionally agreed to purchase all the issued shares of Yuelong Limited at a consideration of RMB230.8 million
- (x) reverse factoring agreements dated 30 September 2019 entered into between Yueda Commercial Factoring and each of Jiangsu Yueda Commercial Properties Company Limited, Yancheng Yueda Tianhui Real Estate Company Limited, Yancheng Yueda Dongfang Real Estate Company Limited and Changshu Huakun Property Development Company Limited, pursuant to which Yueda Commercial Factoring agreed to grant revolving reverse factoring loan credit limit of not more than RMB90.0 million to the each respective counterparty to the reverse factoring agreements in respect of their payment obligations;

- (xi) a factoring agreement dated 3 April 2020 entered into between Yueda Commercial Factoring with Jiangsu Hengrui Investment Development Limited, pursuant to which a revolving credit limit of RMB45,000,000 was granted to Jiangsu Hengrui Investment Development Limited at the sum of annual interest rate and factoring administration fee at 10.0% which would take effect from 3 April 2020 and expire on 29 March 2021.

## **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 2017, 2018 and 2019; 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.
- (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.