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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)

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION REVERSE FACTORING AGREEMENT

Financial adviser of the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Crescendo Capital Limited

REVERSE FACTORING AGREEMENT

The Board hereby announces that on 30 September 2019, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Reverse Factoring Agreement with the Project Companies and YDRE, pursuant to which Yueda Commercial Factoring agreed to grant revolving reverse factoring loan credit limit of not more than RMB90.0 million to the Project Companies in respect of their payment obligations under their contracts with the Suppliers and Contractors.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yue Da Group, together with its associates, is interested in 808,979,333 Shares (representing approximately 69.22% of the issued share capital of the Company) and is a controlling Shareholder within the meaning of the Listing Rules. Yue Da Group is the shareholder of 100% of the issued shares of YDRE. In addition, as at the date of this announcement, (i) Huakun is held as to 40% by YDRE; (ii) JYCP is held as to 100% by YDRE; (iii) Tianhui is directly and indirectly held as to 65% by YDRE; and (iv) Dongfang is directly and indirectly held as to 73% by YDRE. Accordingly, each of the Project Companies is a connected person of the Company and the transaction under the Reverse Factoring Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

In addition, as one of the applicable percentage ratios in respect of the Reverse Factoring Agreement is more than 5% but is less than 25%, the Reverse Factoring Agreement constitutes a discloseable and continuing connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Reverse Factoring Agreement and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, have been formed to advise the Independent Shareholders, among other things, whether the terms of the Reverse Factoring Agreement are fair and reasonable and the Reverse Factoring Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Yue Da Group and its associates who hold together, directly or indirectly, approximately 69.22% of the entire issued share capital of the Company as at the date of this announcement, no other Shareholder has any material interest in the Reverse Factoring Agreement and the transactions contemplated thereunder. Yue Da Group and its associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Reverse Factoring Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution in respect of the Reverse Factoring Agreement and the transactions contemplated thereunder at the EGM.

The circular containing, among other things, (i) further details of the Reverse Factoring Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Reserve Factoring Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in respect of the Reserve Factoring Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 23 October 2019.

REVERSE FACTORING AGREEMENT

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The principal terms of the Reverse Factoring Agreement entered into among Huakun, JYCP, Tianhui, Dongfang (collectively, the Project Companies), Yueda Commercial Factoring and YDRE are set out below:

Date	:	30 September 2019
Parties	:	(1) Huakun; (2) JYCP; (3) Tianhui; (4) Dongfang; (5) Yueda Commercial Factoring; and (6) YDRE
Reverse revolving credit limit	:	RMB90,000,000 (equivalent to approximately HK\$98,910,000), which is to be shared among the Project Companies
Annual rate of return (composed of interest rate and factoring administration fees)	:	10%
Guarantor	:	YDRE
Available period of the factoring facilities	:	From 1 November 2019 to 31 October 2022 (the Reverse Factoring Agreement shall be conditional upon the fulfilment of the conditions precedent thereunder)

Pricing policy and internal control measures

The interest rate and factoring administration fees of the Reverse Factoring Agreement are determined by the parties through arm's length negotiation taking into account: (i) the credit rating of YDRE; (ii) the credit period; (iii) that the factoring loan is guaranteed by YDRE; and (iv) the interest rates and factoring administration fees of similar services offered to the Independent Third Parties.

According to the requirements of management system of the connected transactions of the Company, the finance management department of the Company is responsible for monitoring the transaction amounts relating to the proposed annual caps under the Reverse Factoring Agreement by consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps.

Conditions precedent

The Reverse Factoring Agreement shall be conditional upon the following conditions:

1. the passing by the majority of Shareholders at the EGM of all resolutions required under the Listing Rules to approve the Reverse Factoring Agreement and the transactions contemplated thereunder;
2. All necessary consents, authorisations and approvals relating to the conclusion of the Reverse Factoring Agreement and its performance having been obtained by the Company; and
3. All representations, undertakings and warranties given by the Company under the Reverse Factoring Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects.

If the conditions set out above are not fulfilled by 31 March 2020, or such later date as may be agreed among the parties to the Reverse Factoring Agreement, the Reverse Factoring Agreement shall terminate, in which case none of the Company or any of the Project Companies shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Reverse Factoring Agreement).

The Directors expect that the annual aggregate amounts of the reverse revolving credit limit and interest and administration fee income received under the Reverse Factoring Agreement for the three (3) financial years ending 31 December 2022 (the "Annual Caps") will be as follows:

	1 November 2019 to 31 December 2019 (RMB'000)	1 January 2020 to 31 December 2020 (RMB'000)	1 January 2021 to 31 December 2021 (RMB'000)	31 January 2022 to 31 October 2022 (RMB'000)
Reverse revolving credit limit	90,000	90,000	90,000	90,000
Annual interest and factoring administration fees	1,500	9,000	9,000	7,500

The Annual Caps above are determined with reference to 100% of the expected maximum annual factoring credit limit to be granted by Yueda Commercial Factoring.

The Company confirms that for the purposes of Rules 14A.55, 14A.56 and 14A.71(6) of the Listing Rules, the relevant contracts in respect of the Reverse Factoring Agreement during the relevant years will be made available for independent non-executive Directors' and the Company's auditors' review to ensure relevant continuing connected transactions have been entered into in accordance with the terms, pricing policies and internal control measures set out above in this announcement. The details of the continuing connected transactions will be disclosed in the Company's future annual reports accordingly.

INFORMATION ON THE PARTIES TO THE REVERSE FACTORING AGREEMENT

The Company is an investment holding company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange. The Group is principally engaged in the exploration, mining, processing and sale of zinc, lead and copper in the PRC. It also provides factoring, accounts receivable management and collection and factoring consultancy services.

Huakun is a company established in the PRC on 8 June 2005 and is principally engaged in property development in the PRC.

JYCP is a company established in the PRC on 18 November 2013 and is principally engaged in property development and commercial property management in the PRC.

Tianhui is a company established in the PRC on 29 February 2012 and is principally engaged in property development.

Dongfang is a company established in the PRC on 23 December 2011 and is principally engaged in property development and management in the PRC.

YDRE is a company established in the PRC on 20 March 1993 and is principally engaged in property development and management and sales of construction materials in the PRC.

REASONS FOR AND BENEFITS OF THE REVERSE FACTORING AGREEMENT

The Group is principally engaged in exploration, mining, processing and sale of metal ores in the PRC. On 15 August 2017, the Group successfully registered Yueda Commercial Factoring, a wholly owned subsidiary of the Company, to develop through it the commercial factoring business as the principal business of the Group in the future. Yueda Commercial Factoring (as the factor) provides financing and accounts receivable management services to its customers (as seller) in return for interest and administration fee income payments with comprehensive rates of return ranging from approximately 9.5% to 11.5%, composed of interest rate per annum (approximately 7% to 9%), and factoring administration fee income per annum (approximately 2% to 4%). The Directors consider that the Reverse Factoring Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Given that the Reverse Factoring Agreement is 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, is under normal commercial terms, and is beneficial to the Group in its business expansion and establishment of long term business relationship with YDRE and the Project Companies, the Directors are of the view that the terms of the Reverse Factoring Agreement are fair and reasonable and that it is in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

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In addition, as one of the applicable percentage ratios in respect of the Reverse Factoring Agreement is more than 5% but is less than 25%, the Reverse Factoring Agreement constitutes a discloseable and continuing connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Reverse Factoring Agreement and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, have been formed to advise the Independent Shareholders, among other things, whether the terms of the Reverse Factoring Agreement are fair and reasonable and the Reverse Factoring Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Yue Da Group and its associates who hold together, directly or indirectly, approximately 69.22% of the entire issued share capital of the Company as at the date of this announcement, no other Shareholder has any material interest in the Reverse Factoring Agreement and the transactions contemplated thereunder. Yue Da Group and its associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Reverse Factoring Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution in respect of the Reverse Factoring Agreement and the transactions contemplated thereunder at the EGM.

The circular containing, among other things, (i) further details of the Reverse Factoring Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Reserve Factoring Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in respect of the Reserve Factoring Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 23 October 2019.

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 Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongfang”	Yancheng Yueda Dongfang Real Estate Company Limited* (鹽城悅達東方置業有限公司)
“Group”	the Company and its subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Reverse Factoring Agreement and the transactions contemplated thereunder
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Huakun”	Changshu Huakun Property Development Company Limited* (常熟華坤房地產開發有限公司)
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Reverse Factoring Agreement

* For identification purposes only

“Independent Financial Adviser” or “Crescendo Capital”	Crescendo Capital Limited, a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Reverse Factoring Agreement
“Independent Shareholder”	Shareholder(s) other than Yue Da Group and its associates and any Shareholder with a material interest in the Reverse Factoring Agreement
“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
“JYCP”	Jiangsu Yueda Commercial Properties Company Limited* (江蘇悅達商業地產有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange
“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
“Project Companies”	collectively, JYCP, Tianhui, Dongfang and Huakun
“Reverse Factoring Agreement”	reverse factoring agreement dated 30 September 2019 entered into among Yueda Commercial Factoring, the Project Companies and YDRE
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of Share(s)
“Share(s)”	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

* For identification purposes only

“Suppliers and Contractors”	the suppliers and contractors of the Project Companies
“Tianhui”	Yancheng Yueda Tianhui Real Estate Company Limited* (鹽城悅達天惠置業有限公司)
“YDRE”	Yueda Real Estate Group Company Limited* (悅達地產集團有限公司)
“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 Group”	Yue Da Group (H.K.) Co., Limited
“%”	per cent

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

Hong Kong, 30 September 2019

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, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.000 to HK\$1.099 for information purpose only. Such translation 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.