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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 and the accompanying form of proxy to the purchaser(s) or other 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 the 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:
REVOLVING FACTORING AGREEMENT**

Financial Adviser to the Company



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

A letter from the Board is set out on pages 3 to 11 of this circular.

22 January 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION	II-1

DEFINITIONS

In this circular, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Account Receivable(s)”	the account receivable(s) to be assigned by DYK to Yueda Commercial Factoring pursuant to the arrangement set out in the Revolving Factoring Agreement;
“Authorised Dealer(s)”	the authorised dealer(s) selected by DYK, who has/have the authorisation to sell DYK’s products;
“Board”	the board of Directors;
“Commitment Letter”	any commitment letter issued by Yueda Commercial Factoring to DYK, which stipulates the amount of Account Receivable Yueda Commercial Factoring committed to pay for and on behalf of an Authorised Dealer to DYK;
“Company”	Yue Da International Holdings Limited 悅達國際控股有限公司 (stock code: 629), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which 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;
“DYK”	Dongfeng Yueda KIA Motors Co, Ltd.* (東風悅達起亞汽車有限公司)
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	18 January 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Parties”	collectively, DYK and Yueda Commercial Factoring;

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Revolving Factoring Agreement”	the agreement entered into amongst Yueda Commercial Factoring and DYK relating to the provision of factoring services dated 28 December 2020;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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;
“Yueda Commercial Factoring”	Yueda (Shenzhen) Commercial Factoring Co., Ltd. * (悅達商業保理(深圳)有限公司), a company established in the PRC and a subsidiary of the Group, which principal business is, among other things, commercial factoring;
“%”	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).*

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)

Non-executive Directors:

Mr. Liu Debing
Mr. Li Biao
Mr. Hu Huaimin

Executive Directors:

Mr. Sun Yuanming
Mr. Bai Zhaoxiang
Mr. Cai Baoxiang

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

*Principal place of business in
Hong Kong*

Office nos. 3321-3325
33/F, China Merchants Tower
Shun Tak Centre
No. 168-200 Connaught Road
Central
Hong Kong

22 January 2021

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTIONS: REVOLVING FACTORING AGREEMENT

INTRODUCTION

Reference is made to the Company's announcement dated 28 December 2020 (the "**Announcement**"). As disclosed in the Announcement, after trading hours on 28 December 2020, Yueda Commercial Factoring, an indirect wholly owned subsidiary of the Company, entered into the Revolving Factoring Agreement with DYK, pursuant to which Yueda Commercial Factoring agreed to provide recourse revolving factoring services (including account receivable management services and factoring financing services) in respect of the Account Receivable(s) payable by the Authorised Dealer(s) for a fixed term of one year commencing from 28 December 2020 with an automatic renewal of one year if no written objection is received from the Parties.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information relating to the Revolving Factoring Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules.

THE REVOLVING FACTORING AGREEMENT

The Revolving Factoring Agreement is a master agreement which sets out the principles upon which detailed terms of the definitive agreements are to be determined. Definitive factoring agreements shall be entered into between Yueda Commercial Factoring, DYK and each Authorised Dealer upon the grant of the factoring loans and detailed terms (the “**Tripartite Agreements**”, each a “**Tripartite Agreement**”), including the interest rate and factoring administration fees, the term of the factoring loan of each transaction will be determined in accordance with the principles set out in the Revolving Factoring Agreement.

Principal terms of the Revolving Factoring Agreement are as follows:

Date : 28 December 2020

Parties : (1) DYK; and
(2) Yueda Commercial Factoring

Factoring arrangement : Pursuant to the Revolving Factoring Agreement, Yueda Commercial Factoring will provide account receivable management services and factoring financing services.

Each Authorised Dealer who joins such factoring arrangement under the Revolving Factoring Agreement shall enter into a Tripartite Agreement with Yueda Commercial Factoring and DYK, which stipulates the detailed conditions and terms of the factoring arrangement.

Account receivable management services : In respect of the account receivable management services, DYK will assign to Yueda Commercial Factoring the Account Receivable(s). Yueda Commercial Factoring will issue the Commitment Letter to DYK and the Authorised Dealer(s) shall deposit the automobile sales amount received from the end customers to the bank account as designated by Yueda Commercial Factoring (the “**Yueda Bank Account**”). The period of account receivable management services is 120 days commencing from the date of Commitment Letter (the “**Account Receivable Management Period**”). The maximum amount of Account Receivable(s) managed under the account receivable management services on any day during the Revolving Factoring Agreement shall be RMB1.5 billion (equivalent to approximately HK\$1.7 billion).

LETTER FROM THE BOARD

During Account Receivable Management Period, subject to the automobile sales amount received from the end customers to the Yueda Bank Account, DYK may apply for early payment of the face amount of the relevant Account Receivable with a limit up to 20% of the total face amount of the relevant Account Receivable at the interest disclosed below payable by DYK.

Factoring financing services : The Authorised Dealer(s) shall make a payment in the amount of 20% of the face amount of the relevant Account Receivable to Yueda Commercial Factoring as security according to the Tripartite Agreement, without which Yueda Commercial Factoring may choose not to issue the Commitment Letter and not to proceed with the account receivable management services and/or factoring financing services.

Upon the expiry of Account Receivable Management Period, if the Authorised Dealer(s) has/have not paid to the Yueda Bank Account the amount equivalent to the face amount of the Account Receivable(s) as stipulated in the Commitment Letter to which the Account Receivable(s) relates/relate, Yueda Commercial Factoring shall provide the factoring financing services upon the request of the Authorised Dealer(s) and pay to DYK an amount equivalent to the face amount of the Account Receivable(s) at the relevant time as stipulated in the Commitment Letter to which the Account Receivable(s) relates/relate, which shall include (a) the automobile sales amount paid by the Authorised Dealer(s) to the Yueda Bank Account and (b) the Account Receivable(s) outstanding at the relevant time (the “**Factoring Financing Amount (s)**”).

LETTER FROM THE BOARD

The period of factoring financing services is 120 days commencing from the 121st day after the date of Commitment Letter (the “**Factoring Financing Period**”). Interest on the payment of Factoring Financing Amount shall be charged at the rate as disclosed below and shall be payable by the Authorised Dealer(s) to Yueda Commercial Factoring. The Authorised Dealer(s) shall deposit the automobile sales amount received from the end customers during the Factoring Financing Period to the Yueda Bank Account.

The payment under the Revolving Factoring Agreement will be determined by Yueda Commercial Factoring and DYK with reference to a revolving factoring facility in the maximum principal amount of RMB400 million (equivalent to approximately HK\$455 million).

Should the Authorised Dealer(s) fail to settle the Factoring Financing Amount(s) in full and/or the interest accrued and/or any fee incurred pursuant to the Tripartite Agreement, or certain incident occur which renders or would render the Authorised Dealer(s) insolvent, or other situations in which Yueda Commercial Factoring considers DYK shall perform its repurchase obligation, Yueda Commercial Factoring has the right to request DYK to repurchase the Account Receivable(s) that remains outstanding at the relevant time, its outstanding interest and other fees owing to Yueda Commercial Factoring.

- Interest and fees : Unless otherwise agreed by Yueda Commercial Factoring, DYK and the Authorised Dealer(s) and notified to the Authorised Dealer(s), the interest rates under the factoring arrangement shall be calculated according to the Revolving Factoring Agreement and the Tripartite Agreement as below:
- (i) for the Account Receivable Management Period no service fee and, if no early payment is applied, no interest is required to be paid by the Authorised Dealer(s) or DYK;

LETTER FROM THE BOARD

- (ii) for the Account Receivable Management Period and if early payment(s) is/are applied, the interest on the payment shall be charged at the discount rate of bank acceptance bill for the latest public tender payable by DYK according to the following formula:

the interest payable by DYK = the principal amount of early payment applied x discount rate of bank acceptance bill for the latest public tender/360 x (120 – N)

(N is the number of days counting from the date of relevant Commitment Letter to the date of early payment.)

(For reference only and not being part of the agreement terms, it is the understanding of the Company that the discount rate of bank acceptance bill fluctuates based on market conditions and the specific circumstance, which currently is not more than 4% taking account of the discussion between the Company and selected banks.)

- (iii) for the Factoring Financing Period, the interest on the payment shall be charged at the rate of 10% per annum payable by the Authorised Dealer(s), for the period of 60 days after the date of payment, according to the following formula:

the interest payable by the Authorised Dealer = the outstanding principal amount and other relevant expenses x 10%/360 x N

(N is the number of days DYK actually utilising the financing.)

LETTER FROM THE BOARD

If the Authorised Dealer(s) is/are unable to repay in full the Factoring Financing Amount within such 60 days period, the interest on the payment shall be charged at the rate of 12% per annum starting from the 1st day after the aforementioned 60 days period according to the following formula:

the interest payable by the Authorised Dealer = the outstanding principal amount and other relevant expenses $\times 10\%/360 \times 60$ + the outstanding principal amount and other relevant expenses which are not repaid in full during the aforementioned 60 days $\times 12\%/360 \times (N - 60)$

(N is the number of days DYK actually utilising the financing.)

- Term of the factoring arrangement : Fixed term of one year commencing from 28 December 2020 with an automatic renewal of one year if no written objection is received from Parties one month before the expiry of the term with such renewal to take place a maximum of one time during the term of the Revolving Factoring Agreement.
- Guarantee : The Authorised Dealer(s) and the relevant personnel of the Authorised Dealer(s) (including but not limited to the legal representative(s) and his/her/their respective spouse, the actual controller(s) and his/her/their respective spouse, or the controlling shareholder(s)) shall provide guarantee according to the Tripartite Agreement to assure the performance of the obligations and liabilities of the Authorised Dealer(s) under the Revolving Factoring Agreement.

Pricing Policy

No service fee is chargeable during the Account Receivable Management Period reflecting the commercial focuses of the Company and the counter-parties on other terms and arrangements of the Revolving Factoring Agreement which are formulated to address the interests and requirements of the parties. The terms of the Revolving Factoring Agreement were negotiated by the parties as a whole commercially.

LETTER FROM THE BOARD

The interest rate for the Account Receivable Management Period if early payment(s) is/are applied under the Revolving Factoring Agreement is made reference to the discount rate of bank acceptance bills. Such term has been formulated with the consideration that the key providers of discounting financing are commercial banks and the nature of such arrangement is comparable to the bill discounting business of commercial banks. On the basis of such consideration, the Company considers that such term is fair and reasonable as far as the interest of the Company is concerned.

The interest rates for the Factoring Financing Period of the Revolving Factoring Agreement are determined by the Parties through arm's length negotiation taking into account, inter alia: (i) the credit record of the Authorised Dealer(s); (ii) the credit period; (iii) that the factoring loan is guaranteed by the Authorised Dealer(s) and their relevant personnel; (iv) the repurchase obligation of DYK; and (v) the interest rates of similar services offered to other customers of the Company.

INFORMATION ON THE PARTIES TO THE REVOLVING 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 provision of factoring, account receivables management and collection and factoring consultancy services.

DYK is a company established in the PRC on 12 September 1992 and is principally engaged in, amongst others, designing, development and manufacturing of automobiles; manufacturing, wholesale and retail of car parts; providing corresponding after-sales service; and automotive technical related services in the PRC. DYK is currently held by KIA Motors Corporation* (韓國起亞自動車株式會社) as to 50%, Dongfeng Motor Corporation* (東風汽車集團有限公司) as to 25% and Jiangsu Yueda Investment Co., Ltd.* (江蘇悅達投資股份有限公司) as to 25%. KIA Motors Corporation is a subsidiary of Hyundai Kia Automotive Group. Such group is listed on Korea Stock Exchange with stock code of 000270. Dongfeng Motor Corporation is an enterprise administered directly under the Central Government of the PRC. Jiangsu Yueda Investment Co., Ltd. is a company listed on Shanghai Stock Exchange with stock code of 600805. It is currently held by Jiangsu Yueda Group Co., Ltd. as to approximately 32%, which is the ultimate controlling shareholder of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, DYK and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons and are not connected persons of the Company.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE REVOLVING FACTORING AGREEMENT

The Group is principally engaged in the factoring related business in the PRC. Yueda Commercial Factoring (as the factor) provides financing and account receivables 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 Revolving Factoring Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Given that the Revolving Factoring Agreement is being conducted in the ordinary and usual course of business of Yueda Commercial Factoring, which will generate revenue and cashflow stream from the interest received 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 DYK, the Directors are of the view that the terms of the Revolving Factoring Agreement are fair and reasonable and that it is in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Revolving Factoring Agreement are deemed as financial assistance provided to third party. As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Revolving Factoring Agreement is 25% or more, the transactions constitute major transactions of the Company subject to the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Revolving Factoring Agreement and therefore no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Revolving Factoring Agreement.

As at the Latest Practicable Date, Yueda Capital (HK) Limited, which is interested in approximately 51.34% of the issued share capital of the Company, has given the written approval of the Revolving Factoring Agreement and such written approval has been accepted in lieu of holding a general meeting for the approval of the Revolving Factoring Agreement pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Revolving Factoring Agreement and the transactions contemplated thereunder will be convened and held.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the transactions contemplated under the Revolving Factoring Agreement are conducted in the ordinary and usual course of business of the Group and the terms of the Revolving Factoring Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution if the Company was to convene a general meeting for the approval of the Revolving Factoring Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Yue Da International Holdings Limited
Liu Debing
Non-executive Director and Chairman of the Board

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 websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yueda.com.hk). Please also see below quick links to the said annual reports:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0417/LTN201804171227.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 November 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 RMB404.4 million, comprising unsecured and unguaranteed amounts due to related companies of approximately RMB4.7 million; and bank borrowings of approximately EUR44.4 million (equivalent to approximately RMB349.7 million) which is secured by the Group's pledged bank deposits and unguaranteed and approximately RMB50.0 million which is secured by Group's factoring receivables and guaranteed.

As at 30 November 2020, the Group has outstanding lease payments not yet paid for the remainder of the lease terms amounting to approximately RMB114,000 in aggregate, comprising approximately HK\$91,000 (equivalent to approximately RMB77,000) and approximately RMB37,000, 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 November 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 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 Revolving Factoring Agreements will be conducive to the Company's change of principal business.

The Group will focus on the factoring business and other businesses with prospects for the Group in the future. We will actively expand the customer base and will explore business opportunities in the area of consumer finance in the telecommunication industry. The Directors endeavour to seek more opportunities in the financial industry or 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 particulars given in compliance with the Listing Rules 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 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 INTERESTS

Directors, Supervisors and Chief Executive

(A) Directors' Interests In Shares, Underlying Shares and Debentures or Any Associated Corporation of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the interests of each Director and the chief executive of the Company and their respective associates (as defined in the Listing Rules) in the shares, underlying shares and debentures of the Company or any of 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 contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows.

Name of Director	Capacity	Number of ordinary Shares <i>(Note i)</i>	Approximate percentage of issued share capital of the Company <i>(Note ii)</i>
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, as at the Latest Practicable Date, none of the Directors of the chief executive of the Company or their respective associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares and debentures of the Company or any of 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 contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(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 Group (H.K.) Co., Limited	Beneficial owner	208,979,333 (L)	17.88%
Yueda Capital (HK) Limited	Beneficial owner	600,000,000 (L)	51.34%
Yueda Capital Company Limited	Interest of a controlled corporation	600,000,000 (L)	51.34%
Jiangsu Yue Da Group Company limited	Interest of a controlled corporation	808,979,333 (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 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
Mr. Li Biao	Yue Da Group (H.K.) Co., Limited	Director
Mr. Sun Yuanming	Yueda Capital Company Limited	Vice General Manager
	Yueda Capital (HK) Limited	Director

3. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors of the Company had any interest, directly or indirectly, in any asset which have been, since 31 December 2019 (being the date to which the latest published audited financial statement 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.

As at the Latest Practicable Date, none of the Directors of the Company was materially interested in any contract or arrangement entered into with any member of the Group subsisting and which is significant in relation to the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation) between any of the Directors of the Company and any member of the Group.

5. COMPETING INTERESTS

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 (2) years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the share purchase agreement dated 20 March 2019 entered into between the Company and Yue Da Group (H.K.) Co., Limited, pursuant to which the Company has conditionally agreed to sell and Yue Da Group (H.K.) Co., Limited conditionally agreed to purchase all the issued shares of YDM at a consideration of US\$5.6 million; and a share purchase agreement dated 23 July 2019 entered into between the Company and Yue Da Group (H.K.) Co., Limited, pursuant to which the Company has conditionally agreed to sell and Yue Da Group (H.K.) Co., Limited conditionally agreed to purchase the entire issued share capital of Yuelong Limited at a consideration of RMB230.8 million;
- (ii) the share purchase agreement dated 23 July 2019 entered into between the Company and Yue Da Group (H.K.) Co., Limited, pursuant to which the Company has conditionally agreed to sell and Yue Da Group (H.K.) Co., Limited conditionally agreed to purchase the entire issued share capital of Yuelong Limited at a consideration of RMB230.8 million;
- (iii) the reverse factoring agreement dated 30 September 2019 (as supplemented and amended) entered into among Yueda Commercial Factoring, the project companies and Yueda Real Estate Group Company Limited; and
- (iv) the reverse factoring agreement dated 22 September 2020 entered into between Yueda Commercial Factoring, the project companies and the Company.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance pending or threatened against any member of the Group which was known to the Directors.

8. GENERAL

- (a) 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.
- (b) The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) 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.
- (d) The company secretary of the Company is Mr. Shum Chi Chung who is a fellow member of Hong Kong Institute of Certified Public Accountants.

9. MISCELLANEOUS

Saved as otherwise stipulated in this circular, in the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

10. 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 33/F, China Merchants Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Hong Kong from the date of this circular up to 14 days thereafter:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (c) the annual reports of the Company for the three years ended 31 December 2019; and
- (d) this circular.