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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)**

### **CONTINUING CONNECTED TRANSACTIONS: TENANCY AGREEMENTS FOR OFFICE PREMISES AND STAFF QUARTER**

Reference is made to the Company's announcements dated 20 November 2018 in relation to, among others, the entering into by the Company of the 2019 STC Tenancy Agreement and the 2019 Paterson Tenancy Agreement which constituted continuing connected transactions for the Company.

On 30 December 2022, the Company, as the tenant, entered into the 2022 STC Tenancy Agreement and the 2022 Paterson Tenancy Agreement with Yue Da HK, as the landlord of the STC Office and the Paterson Property, for a term of six months commencing from 1 January 2023.

On 30 June 2023, the Company, as the tenant, entered into the 2023 STC Tenancy Agreement and the 2023 Paterson Tenancy Agreement with Yue Da HK, as the landlord of the STC Office and the Paterson Property, for a term of one year and six months commencing from 1 July 2023.

The Company is owned as to 17.88% by Yue Da HK. Accordingly, Yue Da HK is a substantial shareholder of the Company and thus a connected person of the Company.

As relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of Listing Rules in relation to the 2022 Tenancy Agreements do not exceed 5% and the total consideration is less than HK\$3,000,000, the entering into the 2022 Tenancy Agreements is fully exempted from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Pursuant to Rule 14A.82(1) of the Listing Rules, the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements have to be aggregated and treated as if they were one transaction. Upon such aggregation, the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the two (2) financial years ending 31 December 2024, on an annual basis, do not exceed 5%. Accordingly, the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the Company's announcements dated 20 November 2018 in relation to, among others, the entering into by the Company of the 2019 STC Tenancy Agreement and the 2019 Paterson Tenancy Agreement which constituted continuing connected transactions for the Company.

On 30 December 2022, the Company, as the tenant, entered into the 2022 STC Tenancy Agreement and the 2022 Paterson Tenancy Agreement with Yue Da HK, as the landlord of the STC Office and the Paterson Property, for a term of six months commencing from 1 January 2023.

On 30 June 2023, the Company, as the tenant, entered into the 2023 STC Tenancy Agreement and the 2023 Paterson Tenancy Agreement with Yue Da HK, as the landlord of the STC Office and the Paterson Property, for a term of one year and six months commencing from 1 July 2023.

## **THE 2022 TENANCY AGREEMENTS**

### **The 2022 STC Tenancy Agreement**

Date:	30 December 2022
Parties:	(1) Yue Da HK as landlord; and (2) the Company as tenant
Property:	The STC Office, the gross floor area of which is approximately 504 square metres
Term:	Commencing from 1 January 2023 and up to 30 June 2023 (both dates inclusive)
Rental and payment terms:	HK\$260,000 per month (excluding rates, management fees and utility charges), i.e. an aggregate rental of HK\$1,560,000.  The rental shall be paid on a monthly basis and is payable on the first day of each and every month without any deduction.
Other term:	Yue Da HK agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the STC Office.

## **The 2022 Paterson Tenancy Agreement**

Date:	30 December 2022
Parties:	(1) Yue Da HK as landlord; and (2) the Company as tenant
Property:	The Paterson Property, the gross floor area of which is approximately 150 square metres
Term:	Commencing from 1 January 2023 and up to 30 June 2023 (both dates inclusive)
Rental and payment terms:	HK\$20,000 per month (excluding rates, management fees and utility charges), i.e. an aggregate rental of HK\$120,000.  The rental shall be paid on a monthly basis and is payable on the first day of each and every month without any deduction.
Other term:	Yue Da HK agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the Paterson Property.

## **THE 2023 TENANCY AGREEMENTS**

### **The 2023 STC Tenancy Agreement**

Date:	30 June 2023
Parties:	(1) Yue Da HK as landlord; and (2) the Company as tenant
Property:	The STC Office, the gross floor area of which is approximately 504 square metres
Term:	Commencing from 1 July 2023 and up to 31 December 2024 (both dates inclusive)
Rental and payment terms:	HK\$260,000 per month (excluding rates, management fees and utility charges), i.e. an annual rental of HK\$3,120,000.  The rental shall be paid on a monthly basis and is payable on the first day of each and every month without any deduction.

Other terms: If the Company has throughout the term of the 2023 STC Tenancy Agreement observed and performed all the terms and covenants on its part, it shall have an option to renew for another year by serving a written notice to Yue Da HK not less than two months before the expiry of the said term. The tenancy agreement so renewed shall have the same terms as contained in the 2023 STC Tenancy Agreement save and except such option to renew and that the rental shall be revised to the then market rent.

Yue Da HK agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the STC Office.

### **The 2023 Paterson Tenancy Agreement**

Date: 30 June 2023

Parties: (1) Yue Da HK as landlord; and  
(2) the Company as tenant

Property: The Paterson Property, the gross floor area of which is approximately 150 square metres

Term: Commencing from 1 July 2023 and up to 31 December 2024 (both dates inclusive)

Rental and payment terms: HK\$20,000 per month (excluding rates, management fees and utility charges), i.e. an annual rental of HK\$240,000.

The rental shall be paid on a monthly basis and is payable on the first day of each and every month without any deduction.

Other terms: If the Company has throughout the term of the 2023 Paterson Tenancy Agreement observed and performed all the terms and covenants on its part, it shall have an option to renew for another year by serving a written notice to Yue Da HK not less than two months before the expiry of the said term. The tenancy agreement so renewed shall have the same terms as contained in the 2023 Paterson Tenancy Agreement save and except such option to renew and that the rental shall be revised to the then market rent.

Yue Da HK agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the Paterson Property.

## AGGREGATE ANNUAL CAP FOR THE RENTALS PAYABLE UNDER THE 2022 TENANCY AGREEMENTS AND THE 2023 TENANCY AGREEMENTS FOR THE TWO FINANCIAL YEARS ENDING 31 DECEMBER 2024

The following table sets out (i) the aggregate annual rentals payable by the Company to Yue Da HK under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements for the two (2) financial years ending 31 December 2024 and (ii) the expected aggregate annual cap in respect of such rentals:

	Year ending 31 December 2023 (HK\$)	Year ending 31 December 2024 (HK\$)
Rentals payable under the 2022 STC Tenancy Agreement	1,560,000	–
Rentals payable under the 2022 Paterson Tenancy Agreement	120,000	–
Rentals payable under the 2023 STC Tenancy Agreement	1,560,000	3,120,000
Rentals payable under the 2023 Paterson Tenancy Agreement	120,000	240,000
	<u>3,360,000</u>	<u>3,360,000</u>
Aggregate annual rentals payable	<u>3,360,000</u>	<u>3,360,000</u>
Aggregate Annual Cap	<u>3,360,000</u>	<u>3,360,000</u>

The above Aggregate Annual Cap are determined in accordance with the rentals payable to Yue Da HK under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements, which were arrived at after arm's length negotiation between the parties and determined with reference to (i) the previous rentals under the 2019 Tenancy Agreements; and (ii) the current market rent payable for a property similar to the subject property and of comparable utility. The Directors, including the independent non-executive Directors, are of the view that the above rentals are fair, reasonable and in line with the market level, hence the Aggregate Annual Cap are fair and reasonable.

### REASONS FOR ENTERING INTO THE 2022 TENANCY AGREEMENTS AND THE 2023 TENANCY AGREEMENTS

The Paterson Property (the “**Staff Quarter Property**”) has been used by the Company as its staff quarter for long time. The Directors intend to continue using the Staff Quarter Property as the Company's staff quarter.

Since 1 September 2007, the STC Office has been used by the Company as its principal place of business in Hong Kong. Having regard to the prime location of the STC Office, the rentals of comparable office premises, and renovation and associated costs which the Company may incur if it moves out of the STC Office, the Directors consider that it is desirable and in the interests of the Company and the Shareholders as a whole to continue using the STC Office as the principal place of business of the Company in Hong Kong.

The Directors, including the independent non-executive Directors, are of the view that:

- (a) the terms of the 2022 Tenancy Agreements and the 2023 Tenancy Agreements are negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (b) the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements were and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and
- (c) the terms of the 2022 Tenancy Agreements and the 2023 Tenancy Agreements are no less favourable to the Company than terms available from independent third parties.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is owned as to 17.88% by Yue Da HK. Accordingly, Yue Da HK is a substantial shareholder of the Company and thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules.

For such reason, the respective transactions contemplated under each of the 2022 Tenancy Agreements and the 2023 Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of Listing Rules in relation to the 2022 Tenancy Agreements do not exceed 5% and the total consideration is less than HK\$3,000,000, the entering into the 2022 Tenancy Agreements is fully exempted from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Pursuant to Rule 14A.82(1) of the Listing Rules, the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements have to be aggregated and treated as if they were one transaction. Upon such aggregation, the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the two (2) financial years ending 31 December 2024, on an annual basis, do not exceed 5%. Accordingly, the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Li Biao (a non-executive Director and a director of Yue Da HK) abstained from voting on the relevant board resolution(s) approving the 2022 Tenancy Agreements and the 2023 Tenancy Agreements and the Aggregate Annual Cap.

## **GENERAL**

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, accounts receivable management and collection and factoring consultancy services.

Yue Da HK is a substantial shareholder of the Company and is ultimately wholly-owned by Jiangsu Yue Da, a state-owned enterprise established in the PRC. The principal businesses of Yue Da HK include investment holding and trading of marketable securities. Yue Da HK is the registered owner of the STC Office and the Paterson Property.

## DEFINITIONS

“2019 Paterson Tenancy Agreement”	the agreement dated 20 November 2018 entered into between 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 as landlord and the Company as tenant in relation to the leasing of the Paterson Property for a term of one year commencing from 1 January 2019 and up to 31 December 2019
“2019 STC Tenancy Agreement”	the agreement dated 20 November 2018 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the STC Office for a term of one year commencing from 1 January 2019 and up to 31 December 2019
“2019 Tenancy Agreements”	collectively, the 2019 Paterson Tenancy Agreement and the 2019 STC Tenancy Agreement
“2022 Paterson Tenancy Agreement”	the agreement dated 30 December 2022 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the Paterson Property for a term of six months commencing from 1 January 2023 and up to 30 June 2023
“2022 STC Tenancy Agreement”	the agreement dated 30 December 2022 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the STC Office for a term of six months commencing from 1 January 2023 and up to 30 June 2023
“2022 Tenancy Agreements”	collectively, the 2022 Paterson Tenancy Agreement and the 2022 STC Tenancy Agreement
“2023 Paterson Tenancy Agreement”	the agreement dated 30 June 2023 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the Paterson Property for a term of one year and six months commencing from 1 July 2023 and up to 31 December 2024
“2023 STC Tenancy Agreement”	the agreement dated 30 June 2023 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the STC Office for a term of one year and six months commencing from 1 July 2023 and up to 31 December 2024

“2023 Tenancy Agreements”	collectively, the 2023 Paterson Tenancy Agreement and the 2023 STC Tenancy Agreement
“Aggregate Annual Cap”	the aggregate expected maximum amount of the transactions contemplated under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements for the two (2) financial years ending 31 December 2024 as set out in the paragraph headed “Aggregate Annual Cap for the rentals payable under the 2022 Tenancy Agreements and the 2023 Tenancy Agreements for the two (2) financial years ending 31 December 2024” in this announcement
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Yue Da International Holdings Limited (悅達國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Yue Da”	Jiangsu Yue Da Group Company Limited (江蘇悅達集團有限公司), a state-owned enterprise established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Paterson Property”	Flat C2 on 9th Floor of Paterson Building, Block C and D, No. 37 Paterson Street, Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) having a par value of HK\$0.1 each in the capital of the Company



“STC Office”	Office nos. 3321, 3322, 3323 and 3325 on 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

By Order of the Board of  
**Yue Da International Holdings Limited**  
**Pan Mingfeng**  
*Executive Director*

Hong Kong, 30 June 2023

*As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Liu Debing, Mr. Li Biao, Mr. Hu Huaimin and Mr. Yu Guangshan; (b) as executive Directors, Mr. Pan Mingfeng and Mr. Wu Shengquan; and (c) as independent non-executive Directors, Dr. Liu Yongping and Mr. Cheung Ting Kee.*