



YUE DA INTERNATIONAL HOLDINGS LIMITED

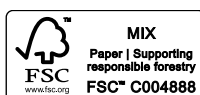
悅達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

» 2025

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS:

Executive directors

Mr. Ji Hulin
(Chairman of the Board)
(appointed on 10th January, 2025)
Mr. Wu Yinghua
(resigned on 10th January, 2025)
Mr. Xue Zhicheng
Mr. Pan Mingfeng
Dr. Teng Songsong
(appointed on 18th July, 2025)
Mr. Wu Shengquan
(resigned on 18th July, 2025)

Non-executive directors

Mr. Li Biao
Mr. Hu Huaimin
(Vice Chairman of the Board)

Independent non-executive directors

Dr. Liu Yongping
Mr. Cheung Ting Kee
Ms. Zhang Yan

AUDIT COMMITTEE:

Mr. Cheung Ting Kee *(Chairman)*
Dr. Liu Yongping
Ms. Zhang Yan

REMUNERATION COMMITTEE:

Ms. Zhang Yan *(Chairman)*
Mr. Pan Mingfeng
Dr. Liu Yongping

NOMINATION COMMITTEE:

Mr. Ji Hulin *(Chairman)*
Dr. Liu Yongping
Ms. Zhang Yan

AUTHORISED REPRESENTATIVES UNDER LISTING RULES:

Mr. Hu Huaimin
Mr. Ji Hulin *(appointed on 18th July, 2025)*
Mr. Wu Shengquan
(resigned on 18th July, 2025)

COMPANY SECRETARY:

Mr. Cheng Man Hung FCPA, FCCA

AUDITOR:

Jon Gepsom CPA Limited,
Registered Public Interest Entity Auditors

LEGAL ADVISERS AS TO HONG KONG LAW:

Jun He Law Offices

Corporate Information

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE:

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

PLACE OF LISTING:

Main Board of The Stock Exchange of
Hong Kong Limited
Stock code: 00629

PRINCIPAL BANKERS:

China Construction Bank
Bank of Communication China

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2025

	NOTES	Six months ended	
		30.6.2025 RMB'000 (unaudited)	30.6.2024 RMB'000 (unaudited)
Revenue	3		
Income from traditional factoring business		25,578	21,990
Income from communications factoring business		6,678	16,309
		32,256	38,299
Other income		44	104
Other gains and (losses), net	4	(1,090)	2,404
Reversal of impairment losses under expected credit losses model, net		1,137	2,069
Guarantee and service fees for communications factoring business		(1,046)	(3,974)
Staff costs		(2,846)	(2,665)
Depreciation expenses		(355)	(806)
Other expenses		(1,899)	(2,964)
Finance costs	5	(2,280)	(6,269)
Profit before tax		23,921	26,198
Income tax expense	6	(8,568)	(7,856)
Profit and total comprehensive income for the period	7	15,353	18,342
Earnings per share			
– Basic	9	RMB1.31 cents	RMB1.57 cents

Condensed Consolidated Statement of Financial Position

At 30th June, 2025

	NOTES	30.6.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	10	7	9
Right-of-use assets	10	1,351	1,241
Deferred tax assets		1,972	2,257
Factoring receivables and other assets	11	182,161	56,274
		185,491	59,781
Current Assets			
Factoring receivables and other assets	11	518,473	659,207
Amounts due from related parties	12	9,863	9,471
Cash and cash equivalents		68,965	16,947
		597,301	685,625
Current Liabilities			
Other payables and liabilities	13	7,583	13,350
Amounts due to related parties	12	182,176	192,753
Amounts due to directors		365	371
Taxation payable		2,118	767
Bank and other borrowings	14	120,000	80,000
Lease liabilities		701	523
		312,943	287,764
Net Current Assets		284,358	397,861
Total Assets Less Current Liabilities		469,849	457,642

Condensed Consolidated Statement of Financial Position

At 30th June, 2025

	NOTE	30.6.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Capital and Reserves			
Share capital	15	105,965	105,965
Reserves		348,049	337,622
Equity attributable to owners of the Company		454,014	443,587
Non-current Liabilities			
Lease liabilities		665	725
Deferred tax liabilities		15,170	13,330
		15,835	14,055
		469,849	457,642
Net Assets		454,014	443,587

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2025

	Attributable to owners of the Company						
	Share capital	Share premium	Non-distributable reserves	Special reserve	Capital contribution	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2024	105,965	958,680	17,187	157,178	23,949	(831,261)	431,698
Dividends paid	–	(4,569)	–	–	–	–	(4,569)
Profit and total comprehensive income for the period	–	–	–	–	–	18,342	18,342
At 30th June, 2024 (unaudited)	105,965	954,111	17,187	157,178	23,949	(812,919)	445,471
At 1st January, 2025	105,965	954,111	19,867	157,178	23,949	(817,483)	443,587
Dividends paid	–	(4,926)	–	–	–	–	(4,926)
Profit and total comprehensive income for the period	–	–	–	–	–	15,353	15,353
At 30th June, 2025 (unaudited)	105,965	949,185	19,867	157,178	23,949	(802,130)	454,014

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2025

	Six months ended	
	30.6.2025 RMB'000 (unaudited)	30.6.2024 RMB'000 (unaudited)
Net cash from (used in) operating activities	30,533	(65,759)
Net cash used in investing activities		
Advance to related parties	(493)	(424)
Interest received from bank deposits	44	48
Purchase of property, plant and equipment	–	(6)
	(449)	(382)
Net cash from financing activities		
New bank and other borrowings raised	140,000	100,000
Repayment of bank and other borrowings	(100,000)	(30,000)
Repayment of obligations arising from asset-backed financing arrangements	–	(48,385)
Advance from related parties	187,600	190,000
Repayment to related parties	(198,110)	(156,433)
Dividends paid	(4,926)	(13,465)
Other financing cash flows	(2,630)	(5,599)
	21,934	36,118
Net increase (decrease) in cash and cash equivalents	52,018	(30,023)
Cash and cash equivalents at beginning of the period	16,947	41,061
Cash and cash equivalents at end of the period, represented by bank balances and cash	68,965	11,038

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (“Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30th June, 2025 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31st December, 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January, 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

3. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents interest income received and receivable from provision of traditional and communications factoring services. An analysis of the Group's revenue is as follows:

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Income from traditional factoring business (<i>Note</i>)	25,578	21,990
Income from communications factoring business	6,678	16,309
	32,256	38,299

Note: Included in income from traditional factoring business is an amount of RMB75,000 (six months ended 30th June, 2024: RMB4,497,000) representing fees that are considered to form an integral part of the effective interest rate of the traditional factoring receivables and is treated as an adjustment to the effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, negotiating the terms of the instrument, preparing and processing documents and closing the transaction.

Segment information

Information reported to the chief operating decision maker of the Group, being the executive directors of the Company, for the purpose of resource allocation and assessment focuses on revenue analysis by traditional and communications factoring business. No other discrete financial information is provided other than the Group's result and financial position as a whole.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

4. OTHER GAINS AND (LOSSES), NET

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Net foreign exchange loss	(86)	(439)
Loss on remeasurement of financial guarantee contracts	(1,004)	(1,429)
Gain from fair value changes of financial assets at fair value through profit or loss	–	4,291
Loss on disposal of property, plant and equipment	–	(19)
	(1,090)	2,404

5. FINANCE COSTS

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Interest on bank and other borrowings	2,245	2,886
Interest on obligations arising from asset-backed financing arrangements	–	3,338
Interest on lease liabilities	35	45
	2,280	6,269

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Current tax		
– People's Republic of China (the "PRC")		
Enterprise Income tax	6,600	7,880
– Overprovision in prior years	(157)	–
	6,443	7,880
Deferred tax	2,125	(24)
	8,568	7,856

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the applicable income tax rate for the PRC subsidiary of the Group is 25% for both periods.

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging (crediting) the following items:

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Depreciation of property, plant and equipment	2	47
Depreciation of right-of-use assets	353	759
Interest income from bank deposits		
(included in other income)	(44)	(48)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

8. DIVIDEND

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Dividends for shareholders of the Company recognised as distribution during the period:		
2024 final dividend of HK0.46 cent		
(six months ended 30th June, 2024:		
HK0.43 cent)	4,926	4,569

The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2025.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	15,353	18,342
Number of shares	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,168,626,516	1,168,626,516

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30th June, 2025, the Group incurred nil (during the six months ended 30th June, 2024: RMB6,000) on the purchase of property, plant and equipment.

During the six months ended 30th June, 2025, the Group entered into a new lease agreement for the use of a staff quarter for two years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised RMB467,000 (the six months ended 30th June, 2024: RMB1,421,000) of right-of-use asset and RMB467,000 (the six months ended 30th June, 2024: RMB1,421,000) of lease liability during the six months ended 30th June, 2025.

11. FACTORING RECEIVABLES AND OTHER ASSETS

	30.6.2025 RMB'000	31.12.2024 RMB'000
Factoring receivables:		
Traditional factoring business	667,389	649,620
Communications factoring business	30,500	61,622
	697,889	711,242
Reimbursement assets (<i>Note i</i>)	774	1,778
Other receivables and prepayments	1,971	2,461
	700,634	715,481
Analysed as:		
Current portion	518,473	659,207
Non-current portion	182,161	56,274
	700,634	715,481

Note:

- (i) Reimbursement assets represent the amount that expected to be reimbursed by guarantors of the communications factoring receivables upon a default of settlement. The amount is recognised when, and only when it is virtually certain that reimbursement will be received when there is a default and the amount can be measured reliably.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

12. AMOUNTS DUE FROM/TO RELATED PARTIES

Name of related party	Relationship	Nature	Due from	
			30.6.2025 RMB'000	31.12.2024 RMB'000
Yue Da Mining Limited	Fellow subsidiary	Non-trade related	4,153	4,170
Yueda Capital (HK) Limited ("Yue Da Capital HK")	Immediate holding company	Non-trade related	5,710	5,301
			9,863	9,471

Note: The amounts due from related parties are unsecured, interest-free and repayable on demand for as at 30th June, 2025 and 31st December, 2024.

Name of related party	Relationship	Nature	Due to	
			30.6.2025 RMB'000	31.12.2024 RMB'000
Yueda Capital Company Limited	Intermediate holding company	Non-trade related	106,600	117,000
Yue Da Capital HK	Immediate holding company	Non-trade related	71,202	71,313
Yue Da Group (H.K.) Company Limited	Fellow subsidiary	Non-trade related	4,374	4,440
			182,176	192,753

Note: The amounts due to related parties are unsecured, interest-free and repayable on demand as at 30th June, 2025 and 31st December, 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

13. OTHER PAYABLES AND LIABILITIES

	30.6.2025 RMB'000	31.12.2024 RMB'000
Accrued staff costs	866	2,343
Other payables and accrued charges	6,717	11,007
	7,583	13,350

14. BANK AND OTHER BORROWINGS

	30.6.2025 RMB'000	31.12.2024 RMB'000
Repayable within one year:		
Secured bank loans (<i>Note i</i>)	50,000	80,000
Other loans (<i>Note ii</i>)	70,000	–
	120,000	80,000

During the current interim period, total new borrowings of RMB140,000,000 are obtained by the Group (during the six months ended 30th June, 2024: RMB100,000,000).

Notes:

- (i) The amount due is based on scheduled repayment date set out in the loan agreements.

As at 30th June, 2025, the bank loans carried fixed interest rate of 4.0% per annum (31st December, 2024: 3.8% to 4.0%).

As at 30th June, 2025 and 31st December, 2024, the bank loan amounting RMB50,000,000 is secured by the Group's factoring receivables with carrying amount of RMB50,000,000 and guaranteed by Jiangsu Yue Da Group Company Limited ("Jiangsu Yue Da").

- (ii) As at 30th June, 2025, the loans were secured by the Group's factoring receivables with carrying amount of RMB97,000,000 (31st December, 2024: nil) and guaranteed by Jiangsu Yue Da.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Shown in the condensed consolidated financial statements RMB'000
Ordinary shares of HK\$0.10 each:			
Authorised			
At 1st January, 2024, 30th June, 2024, 1st January, 2025 and 30th June, 2025	2,000,000,000	200,000	N/A
Issued and fully paid			
At 1st January, 2024, 30th June, 2024, 1st January, 2025 and 30th June, 2025	1,168,626,516	116,863	105,965

16. RELATED PARTY DISCLOSURES

- (i) The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. The Company is ultimately controlled by the PRC government. The Company's parent is Yue Da Capital HK, a company incorporated in Hong Kong with limited liabilities, and the Company's ultimate parent is Jiangsu Yue Da, which is controlled by the Yancheng Municipal People's Government.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

16. RELATED PARTY DISCLOSURES (CONTINUED)

(i) (Continued)

- (a) Other than as disclosed elsewhere in the consolidated financial statements, the Group has following transactions and balances with subsidiaries of Jiangsu Yue Da:

Name of related parties	Nature of transactions/ balances	Six months ended			
		30.6.2025 RMB'000	30.6.2024 RMB'000	30.6.2025 RMB'000	31.12.2024 RMB'000
Jiangsu Yue Da Green Construction Technology Company Limited	Income from traditional factoring business	54	3,033	N/A	N/A
Jiangsu Yueda Commercial Properties Company Limited	Factoring receivables	N/A	N/A	–	35,098
Jiangsu Yueda Saifuna Energy Saving Technology Company Limited	Income from traditional factoring business	12	126	N/A	N/A
Shanghai Yuezhi Real Estate Development Company Limited	Factoring receivables	N/A	N/A	–	25,730
Yueda Real Estate (Dongtai) Company Limited	Factoring receivables	N/A	N/A	–	39,608
Yueda Real Estate (Sheyang) Company Limited	Factoring receivables	N/A	N/A	–	32,315

Note: As at 31st December, 2024, the factoring receivables balances were fully guaranteed by Yueda Real Estate Group Company Limited, a fellow subsidiary of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2025

16. RELATED PARTY DISCLOSURES (CONTINUED)

(i) (Continued)

(b) Transactions and balances with other government related entities:

Apart from the transactions with related parties disclosed above, the Group also conducts business with other government related entities. The directors of the Company consider those government related entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other government related entities, the Group does not differentiate whether the counter-party is a government related entity or not.

(ii) Compensation of key management personnel:

The remuneration of directors and key management during the period, which is determined by the remuneration committee having regard to the performance of individuals and market trends, is as follows:

	Six months ended	
	30.6.2025 RMB'000	30.6.2024 RMB'000
Short-term benefits	1,257	1,548
Post-employment benefits	155	224
	1,412	1,772

Management Discussion and Analysis

FINANCIAL PERFORMANCE

The Group recorded an operating revenue of RMB32,256,000 for the six months ended 30th June, 2025 (the “Period”) (corresponding period of last year: RMB38,299,000) in the factoring business. The profit and total comprehensive income for the Period was RMB15,353,000 (corresponding period of last year: RMB18,342,000) and basic earnings per share was RMB1.31 cents (corresponding period of last year: RMB1.57 cents).

The decrease in operating revenue is mainly due to the recovery of the consumer market in China not being up to expectations. In order to reduce the operational risk, the Group adjusted the proportions of different factoring related businesses resulting in increase in income from traditional factoring (“Traditional Factoring”) business and decrease in income from communications factoring (“Communications Factoring”) business.

INTERIM DIVIDEND

The board (“Board”) of directors (“Directors”) of the Company does not recommend the payment of any interim dividend during the Period.


BUSINESS REVIEW

During the Period under review, the Group was principally engaged in factoring related business (the “Factoring Operations”), which offers factoring services, accounts receivable management and collection services.

FACTORING OPERATIONS

During the Period, the Factoring Operations recorded an operating revenue of RMB32,256,000 (corresponding period of last year: RMB38,299,000).

The Company will continue the Factoring Operations through Yueda (Shenzhen) Commercial Factoring Co., Limited (“Yueda Commercial Factoring”) (a company established in the PRC and a subsidiary of the Company, which is principally engaged in, among other things, commercial factoring).



Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Traditional Factoring

As at 30th June, 2025, under Traditional Factoring business, total principal financing receivables amounted to approximately RMB667,000,000 (31st December, 2024: RMB650,060,000), and recorded interest income and management fee income of approximately RMB25,503,000 (corresponding period of last year: RMB17,493,000) and RMB75,000 (corresponding period of last year: RMB4,497,000) respectively during the Period.

Being a state-owned enterprise in Jiangsu province, the Group mainly sourced its customers from contacts of its existing business network within the Yangtze River Delta Region. The business development department of the Group takes the main role in customer sourcing and coverage. Most of the customers of the Group's Traditional Factoring business consist of sizable companies, particularly state-owned enterprises, which are relatively stable and financially more resilient than other entities.

The Group adopts an organisation structure that is commonly used by banking institutions and other factoring services providers – general manager office, financing team, risk management department team, business development team, product development team and administration. As at 30th June, 2025, the Factoring Operations has 12 employees and is led by an experienced management team, including Mr. Pan Mingfeng, being an executive director of the Company, and the general manager of Yueda Commercial Factoring, who has more than 13 years' experience in marketing, risk control and management, and has previously worked for several renowned enterprises in the financial sector in the PRC. He is responsible for leading the promotion of several innovative factoring projects of Yueda Commercial Factoring, including the Communications Factoring.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Traditional Factoring (Continued)

Yueda Commercial Factoring conducts its factoring business in the PRC within the scope of its business license. Yueda Commercial Factoring (as the factor) provides accounts receivable management and collection services to its customers (as seller) in return for contractual interest and management fee income payments with comprehensive rates of return ranging from approximately 6.2% to 9.0%, composed of interest rate per annum (approximately 6.2% to 9.0%), and factoring management fee income per annum (approximately 0% to 2.0%).

Similar to other factoring services providers in the PRC, the Group maintains rigorous risk control measures to reduce risks associated with the Factoring Operations. To minimise risk exposure in factoring business, the Group intends to focus on providing factoring services to customers with sound financial position and reputable shareholders, in particular, state-owned listed entities with stable cashflow and relatively stable financial position.

Prior to the provision of factoring services and approval of the grant of revolving financing credit facilities to its factories, the factoring business team will conduct due diligence on the customer and the risk compliance department will perform a risk assessment on the proposed transaction. The due diligence report and risk assessment report together with the business application form approved by, among others, the heads of factoring business department and risk compliance department and the General Manager, will be submitted to the review committee of Yueda Commercial Factoring, comprising five members including the chairman, the directors and the chief risk officer of Yueda Commercial Factoring, for approval. No factoring contracts will be prepared unless approvals from the review committee of Yueda Commercial Factoring is obtained. The release of the factoring financing shall be approved by the head of factoring business department, the financial controller, the general manager and the chairman of Yueda Commercial Factoring.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Traditional Factoring (Continued)

The total gross principal financing receivables under Traditional Factoring business, in an aggregate amount of approximately RMB667,000,000 as at 30th June, 2025 (31st December, 2024: RMB650,060,000), were not past due. As at 30th June, 2025, all of the Traditional Factoring receivables are secured by receivables from the customers amounting to approximately RMB803,373,000 (31st December, 2024: RMB782,840,000). Save as the receivables from the customers, the Traditional Factoring receivables are not secured by any other collaterals. The following table sets forth the gross principal financing receivables amount of Traditional Factoring business categorised by industry and the relevant number of customers as of 30th June, 2025 and 31st December, 2024:

	Gross principal financing receivables		%		Number of customers	
	30.6.2025 RMB'000	31.12.2024 RMB'000	30.6.2025	31.12.2024	30.6.2025	31.12.2024
Sales of grain	50,000	50,000	7.5	7.7	1	1
Power facilities	–	45,000	–	6.9	–	1
Trading of metal materials	45,000	45,000	6.7	6.9	1	1
Commodity trading	20,000	50,000	3.0	7.7	1	1
Wholesale of building materials	50,000	–	7.5	–	1	–
Engineering construction	502,000	460,060	75.3	70.8	11	12
	667,000	650,060	100.0	100.0	15	16

In order to minimise the credit risk in relation to Traditional Factoring receivables, credit limits and credit terms granted to customers are approved by delegated officers.

The Group seeks to maintain strict control over its outstanding Traditional Factoring receivables on an individual basis to minimise its credit risk. The management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the factoring receivables based on management's judgement on creditworthiness of the borrowers and the guarantors, collaterals and past collection history.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Communications Factoring

During the Period, under Communications Factoring business, service fee income of approximately RMB6,678,000 (corresponding period of last year: RMB16,309,000) is recorded. As at 30th June, 2025, there were approximately 145,000 End Customers (as defined below) (31st December, 2024: 225,000) with outstanding gross financing receivables with the Group in an aggregate amount of approximately RMB31,332,000 (31st December, 2024: RMB63,564,000), of which approximately RMB1,631,000 (31st December, 2024: RMB5,287,000) is fully secured by bank deposits from individual customers and approximately RMB26,245,000 (31st December, 2024: RMB54,243,000) is guaranteed by guarantors. With the small amount of receivables (of approximately RMB2 to RMB3,667 (31st December, 2024: RMB2 to RMB5,000)) per End Customer, no analysis of the five largest End Customers is presented.

Under the Communications Factoring business, the Group would provide factoring services to the franchised store suppliers of the suppliers of communications operation ("Suppliers") and the Suppliers will transfer their accounts receivable ("Accounts Receivable") to the Group which will arise when the Suppliers' customers ("End Customers") purchase mobile phones and/or other products from the Suppliers. By utilising the factoring services of the Group, the End Customers may pay for the mobile phones and/or other products by instalments.

The Group has cooperated with and conducted the Communications Factoring business through the payment clearing and settlement platform ("Payment Platform") of some third-party payment institutions licensed in the PRC to offer a payment clearing and settlement platform. To the best knowledge of the Company, these third-party payment institutions are the group member of the communications operation services providers in the PRC. As a result, there are a number of Suppliers maintaining a settlement account at the Payment Platform and the End Customers can make payment to the Group through the Payment Platform. By cooperating with third-party payment institutions, the Group can on a mass scale reach out to and seek business opportunities with the Suppliers who are in need of factoring services.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Communications Factoring (Continued)

Taking into consideration of the special nature of Communications Factoring business (i.e. a large number of End Customers with small amount of receivables per End Customer), the management reviewed the breakdown of the financing receivables and considered the significance of the aggregate outstanding amount in the financial statements of the Group, and identified that the most significant risk to the Communications Factoring business is default in payment by End Customers. The Group believes that such risk is mainly driven by two sources, namely malicious fraud by End Customers and termination of communications services by such End Customers. The Group minimises such risks by implementing the following control procedures during the inception of new End Customers.

Suppliers verify the identity of new End Customers and establish payment channel with End Customers' bank accounts. Such information is provided to the professional technology service companies for credit assessment that is operated by both artificial Intelligence ("A.I.") and manual resources.

The A.I. system assesses the historical default percentage of End Customers for each Supplier to screen out any unusual transactions. Besides, on the End Customers side, the A.I. system checks whether there is any overdue payment history, whether there are several outstanding balances owed by the same End Customer, whether they are blacklisted by other institutions, and other anomalies in the potential customer's credit history. The A.I. system then generates a default possibility in respect of each End Customer and those with high default possibility will be rejected.



Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Communications Factoring (Continued)

The professional technology service companies also contact the emergency contact persons of End Customers manually to verify the other information of End Customers. Further, the professional technology service companies contact the End Customers manually after provision of factoring services to confirm whether the End Customers have been notified with the contractual relationship with the Group and notify them of their rights and obligations. A mobile text message will be sent to End Customers to remind them of the payment due date. Finally, the professional technology service companies will appoint professional and legal debt collectors to collect overdue payments and take legal action when necessary.

In order to ensure the professional technology service companies' quality control in adhering to the Group's policy, the Group keeps a back-up copy of all the data of the End Customers. The Group would verify such data before provision of services. Credit limits are set for each of the Suppliers to minimise the risk of malicious fraud by End Customers. In addition, the Group performs on-site inspection of professional technology service companies from time to time to ensure the credit assessment procedures are properly followed.

Factoring financing loss will be borne partly or wholly by professional technology service companies, depending on the detailed arrangement with each individual professional technology service company. Based on this arrangement, there will be incentive for these professional technology service companies to assess credit risk carefully to reduce the occurrence of overdue Accounts Receivables and collect the overdue Accounts Receivables.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Ageing analysis and impairment for Traditional Factoring and Communications Factoring businesses

The ageing analysis of the outstanding principal financing receivables from the date of granting the relevant factoring services as at 30th June, 2025 and 31st December, 2024 were as follows:

	Traditional Factoring business		Communications Factoring business		Total	
	30.6.2025 RMB'000	31.12.2024 RMB'000	30.6.2025 RMB'000	31.12.2024 RMB'000	30.6.2025 RMB'000	31.12.2024 RMB'000
Aged with one year	667,000	650,060	–	11,430	667,000	661,490
Aged over one year but within two years	–	–	9,974	23,204	9,974	23,204
Aged over two years	–	–	21,358	28,930	21,358	28,930
	667,000	650,060	31,332	63,564	698,332	713,624

Note: The outstanding balance as at 30th June, 2025 and 31st December, 2024 was not due.

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets including factoring receivables. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instruments. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

Ageing analysis and impairment for Traditional Factoring and Communications Factoring businesses (Continued)

The movements in the allowance for impairment in respect of factoring receivables during the Period were as follows:

	12m ECL (not-credit impaired)		
	Traditional Factoring business RMB'000	Communications Factoring business RMB'000	Total RMB'000
As at 31st December, 2024	1,507	1,942	3,449
Reversal of impairment losses, net	(27)	(1,110)	(1,137)
As at 30th June, 2025	1,480	832	2,312

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

The basis of impairment assessment of Traditional Factoring business

The Group adopts individual assessment in estimating ECL factoring receivables for Traditional Factoring business. The credit losses expectations are based on the Group's historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information.

Management performs ongoing credit evaluations of individual customers' financial condition. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment. The Group has policies to limit the credit exposure on receivables by taking into account the availability of guarantee from third parties and getting payment guarantee. The settlement patterns of customers are regularly monitored by the Group. As at 30th June, 2025, the expected loss rate for Traditional Factoring receivables of RMB667,000,000 (31st December, 2024: RMB650,060,000) is approximately 0.22% (31st December, 2024: 0.23%).

The basis of impairment assessment of Communications Factoring business

The Group adopts collective assessment in estimating ECL on factoring receivables for Communications Factoring business. The Group takes into consideration of internal credit rating of various debtors, which are grouped based on historical collection records, collaterals and forward-looking information that is reasonable, supportable and available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The default rates would be adjusted according to the actual loss rate incurred regarding the Communications Factoring receivables and the change of the global default rate published by the international credit-rating agency updated each year, both of which are affected by the change in the macroeconomic environment.

Management Discussion and Analysis

FACTORING OPERATIONS (CONTINUED)

The basis of impairment assessment of Communications Factoring business (Continued)

The following table provides information on the exposure to credit risk for Communications Factoring receivables which are assessed on a collective basis with 12m ECL. End Customers with gross financing receivables under 12m ECL are in an aggregate amount of approximately RMB31,332,000 as at 30th June, 2025 (31st December, 2024: RMB63,564,000).

Internal credit rating	30th June, 2025		31st December, 2024	
	Average loss rate	Communications Factoring receivables RMB'000	Average loss rate	Communications Factoring receivables RMB'000
Low risk	3.32%	29,274	3.39%	59,481
Watch List	3.99%	2,058	3.76%	4,083
		31,332		63,564

The estimated loss rates are estimated based on historical observed default rates of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Management Discussion and Analysis

BUSINESS PLAN

Regarding the Group's business plan, besides the further development in the existing factoring financial services, accounts receivable management and accounts receivable collection services, the Group will implement further development within Factoring Operations, namely (i) existing factoring financial services, (ii) Communications Factoring, and (iii) exploring potential investment opportunities.

Existing factoring financial services:

The Group believes that, being a stated-owned enterprise, having state-owned enterprises as its major customers will provide certain level of risk control on recovery and quality control on collaterals. In view of that, the Group intends to continue to utilise its network of state-owned enterprises in the PRC to expand its factoring business.

The Group has identified several potential new customers for its traditional factoring business. Due to slowdown of economy of China, due diligence on potential new customers was more stringent in order to improve the overall quality of customer base.

Communications Factoring:

The Group has established cooperation arrangements with three leading communications operation providers in the PRC in respect of the provision of Communications Factoring services. The income rate of the Communications Factoring services is higher than that of Traditional Factoring.

Exploring potential investment opportunities:

On 30 April 2025, the Company entered into a non-legal binding term sheet with Chengdu Organoidmed Medical Laboratory Co., Ltd. (成都諾醫德醫學檢驗實驗室有限公司) (the "Target Company") and Shenzhen Jingke Biotechnology Co., Ltd. (深圳精科生物技術有限公司) (the "Vendor") (the "Term Sheet"), pursuant to which the Company intends to (a) acquire 30% equity interest in the Target Company by capital injection of approximately RMB30,000,000 and (b) acquire 22% equity interest in the Target Company from the Vendor at a consideration of approximately RMB22,000,000 (the "Potential Acquisition"). Upon completion of the Potential Acquisition, the Target Company will become a non wholly-owned subsidiary of the Company. The details of the Potential Acquisition were disclosed in the announcement of the Company dated 30 April 2025. As at the date of

Management Discussion and Analysis

this report, negotiations in relation to the Potential Acquisition are still ongoing. The terms and conditions regarding the Potential Acquisition are yet to be finalised and no definitive agreement has been entered into by the Group regarding the Potential Acquisition up to the date of this report.

As at the date hereof, the Group is exploring potential investment opportunities which can further supplement and diversify the existing business of the Group. The Group is still exploring other potential target, and no definitive agreement has been entered into in relation thereto.

Funding requirements:

The Group will continue to utilise its internal resources, bank and other borrowings to develop the Factoring Operations. On top of the existing banking facilities, several banking facilities are being negotiated.

PROSPECTS

Looking forward to the second half of 2025, the Group will focus on the factoring business in the future. After the pandemic crisis, the recovery of the world economy is slow which will remain a great challenge to our operations in 2025. As at the date of this report, we have not experienced any significant default in repayment of principal, interest and fee income from our customers. We will remain on high alert about the impact of the slow recovery of the world economy on our operations and take any necessary measures to mitigate the impact. The Directors endeavor to seek more business opportunities in the financial industry as well as other industries to diversify the Group's existing business stream to enhance the long-term benefits to the Group and the shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2025, the Group's current assets were RMB597,301,000 (31st December, 2024: RMB685,625,000), of which RMB68,965,000 (31st December, 2024: RMB16,947,000) were cash and cash equivalents. As at 30th June, 2025, the net asset value of the Group amounted to RMB454,014,000, representing an increase of approximately 2.4% as compared to RMB443,587,000 as at 31st December, 2024. The gearing ratio (total liabilities/total assets) of the Group was approximately 42.0% (31st December, 2024: 40.5%).

Management Discussion and Analysis

As at 30th June, 2025, the share capital of the Company was RMB105,965,000 (31st December, 2024: RMB105,965,000). The Group's reserves were RMB348,049,000 (31st December, 2024: RMB337,622,000). As at 30th June, 2025, the Group had total current liabilities of RMB312,943,000 (31st December, 2024: RMB287,764,000), mainly comprising other payables and liabilities, amounts due to related parties and bank and other borrowings. The total non-current liabilities of the Group amounted to RMB15,835,000 (31st December, 2024: RMB14,055,000), which mainly represented lease liabilities and deferred tax liabilities.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group consists of debts, which include bank and other borrowings and amounts due to related parties and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk.

Borrowings

As at 30th June, 2025, bank and other borrowings amounted to RMB120,000,000 (31st December, 2024: RMB80,000,000). As at 30th June, 2025, bank and other borrowings are denominated in Renminbi.

Details of the bank and other borrowings are set out in Note 14 to the condensed consolidated financial statements.

Management Discussion and Analysis

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

The Group's credit facilities were secured by the Group's factoring receivables of RMB147,000,000 (31st December, 2024: RMB50,000,000) in aggregate as at 30th June, 2025.

Apart from above, the Group did not have any other guarantees and charges nor any other material contingent liabilities as at 30th June, 2025 (31st December, 2024: nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2025, the Group had a total of 20 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and business factoring related business. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Period, the Group provided various training courses on relevant business or skills for its management and staff at different levels. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the securities of the Company during the Period.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code ("Code") as set out in Part 2 of Appendix C1 to the Listing Rules throughout the Period, except that Mr. Li Biao, being non-executive Director was not able to attend the annual general meeting of the Company held on 16th May, 2025 (the "2024 AGM") (deviated from Code C.1.5) due to other business commitment. Nevertheless, this Director has passed his opinion to the chairman of the 2024 AGM before its commencement.

Management Discussion and Analysis

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”). All the Directors, in response to specific enquiries made by the Company, confirmed that they complied with the requirements set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company's audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, independent non-executive Director), Dr. Liu Yongping (independent non-executive Director) and Ms. Zhang Yan (independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 31st July, 2025, the audit committee reviewed the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee with written terms of reference, whose members are currently Ms. Zhang Yan (Chairman of the remuneration committee, independent non-executive Director), Dr. Liu Yongping (independent non-executive Director) and Mr. Pan Mingfeng (executive Director). Regular meetings are held by the committee to review and discuss matters relating to the remuneration policy, remuneration levels and the remuneration of executive Directors.

NOMINATION COMMITTEE

The Company has set up a nomination committee with written terms of reference whose members are currently Mr. Ji Hulin (Chairman of the nomination committee, executive Director and Chairman of the Board), Dr. Liu Yongping (independent non-executive Director) and Ms. Zhang Yan (independent non-executive Director). Duties of the nomination committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OR ANY ASSOCIATED CORPORATION OF THE COMPANY

As at 30th June, 2025, the interests of each Director and their associates in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Name of the company/ associated corporation	Capacity	Number of ordinary shares of the Company ("Shares") (Note 1)	Approximate percentage in the entire issued share capital of the Company
Mr. Ji Hulin	The Company	Beneficial owner	166,666	0.01%
Mr. Xue Zhicheng	The Company	Deemed interest	650,000 (Note 2)	0.06%
Mr. Hu Huaimin	The Company	Beneficial owner	2,424,666	0.21%
Mr. Li Biao	The Company	Beneficial owner	690,640	0.06%

Notes:

- All interests in the Shares and underlying shares of the Company were long positions. None of the Directors held any short position in the Shares and underlying shares of the Company.
- The spouse of Mr. Xue Zhicheng, Ms. Mu Rongrong, holds 650,000 shares of the Company. By virtue of Part XV of the SFO, Mr. Xue Zhicheng is deemed to be interested in the above-mentioned 650,000 shares of the Company.

Save as disclosed above and in this interim report, as at 30th June, 2025, none of the Directors, chief executives nor their associates had any interests or short positions in any Shares and underlying shares of the Company or any of the Company's associated corporations.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTEREST

The register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, as at 30th June, 2025, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name of the Shareholders	Name of the company/ associated corporation	Capacity	Number of Shares <i>(Note 1)</i>	Approximate percentage in the entire issued share capital of the Company
Yueda Capital (HK) Limited	The Company	Beneficial owner	608,311,000	52.05%
Yue Da Group (H.K.) Co., Limited	The Company	Beneficial owner	208,979,333	17.88%
Yueda Capital Company Limited	The Company	Interest of a controlled corporation	608,311,000	52.05%
Jiangsu Yue Da Group Company Limited	The Company	Interest of a controlled corporation	817,290,333 <i>(Note 2)</i>	69.94%

Notes:

1. All interests in the Shares are long positions.
2. Jiangsu Yue Da Group Company Limited holds 100% interests in Yue Da Group (H.K.) Co., Limited and 61.03% interests in Yueda Capital Company Limited which holds 100% interests in Yueda Capital (HK) Limited and is accordingly deemed to be interested in the shares of the Company beneficially owned by Yue Da Group (H.K.) Co., Limited and Yueda Capital (HK) Limited under the SFO.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to a resolution passed on 20th May, 2021 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. As at 30th June, 2025 and 31st December, 2024, there is no share options remained outstanding under the share option scheme.

As at the date of this report, the Board comprises the following members:

<i>Executive Directors</i>	<i>Non-executive Directors</i>	<i>Independent non-executive Directors</i>
Ji Hulin	Li Biao	Liu Yongping
Xue Zhicheng	Hu Huaimin	Cheung Ting Kee
Pan Mingfeng		Zhang Yan
Teng Songsong		

By order of the Board
Yue Da International Holdings Limited
Ji Hulin
Executive Director and Chairman of the Board

Hong Kong, 31st July, 2025