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**雲能國際**  
YUNNAN ENERGY INTERNATIONAL

**Yunnan Energy International Co. Limited**

**雲能國際股份有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code: 1298)**

**(Singapore Stock Code: T43)**

## **CONNECTED TRANSACTION**

### **FACTORING AGREEMENT**

#### **INTRODUCTION**

The Board is pleased to announce that the Company on 30 December 2024 (Hong Kong time after trading hours) entered into the Factoring Agreement with UREC (HK), pursuant to which UREC (HK) agreed to provide non-recourse factoring services of US\$1,730,479.25 to the Group, while the Group agreed to transfer the Accounts Receivables to UREC (HK) for obtaining the facility amount from UREC (HK).

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yunnan Provincial Energy and its associates control or are entitled to exercise control over approximately 73.05% of the total issued share capital of the Company. UREC (HK) is a wholly owned subsidiary of UREC which is held as to 30.28% by Yunnan Provincial Energy. Therefore, UREC (HK) is an associate of Yunnan Provincial Energy and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, and accordingly the transaction contemplated under the Factoring Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Factoring Agreement are higher than 0.1% but all are less than 5%, the transaction contemplated under the Factoring Agreement is subject to the reporting and announcement requirements but is exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### **Factoring Agreement**

The material terms of the Factoring Agreement are summarised below:

Date:	30 December 2024 (after trading hours)
Parties:	(i) the Company; and (ii) UREC (HK).
Factoring Term:	From 30 December 2024 to 31 December 2026 (both days inclusive).
Factoring Facility Amount:	UREC (HK) agreed to provide factoring facility amount of US\$1,730,479.25 (same amount as the book value of Accounts Receivables) to the Company without recourse, while the Company agreed to transfer the Accounts Receivables to UREC (HK) for obtaining the facility from UREC (HK). Such amount may, at the election of the Company, be paid in RMB or USD. In the event that payment is made in RMB, the exchange rate between USD and RMB shall be the central parity rate of the RMB exchange rate in the interbank foreign exchange market on the payment date.

Factoring Type: No recourse right is attached. If the payment obligor of the Accounts Receivables fails to pay the receivables in full within the agreed period, UREC (HK) has no recourse right to reclaim the outstanding amounts from the Company.

Payment Schedule: The net factoring facility amount of US\$1,470,907.36 (after deduction of the factoring fee of US\$259,571.89 as set out below from the total factoring facility amount of US\$1,730,479.25) shall be paid in 4 installments by UREC (HK) to the Company according to the following schedule:

On the third business days after the date of the Factoring Agreement:	10%
On 30 June 2025:	30%
On 31 December 2025:	30%
Before 31 December 2026:	30%

Transfer of Accounts Receivables: The Company agreed to transfer the Accounts Receivables to UREC (HK) at US\$1,730,479.25 (same amount as the book value of the Accounts Receivables and the factoring facility amount under Factoring Agreement) and UREC (HK) agreed to receive the Accounts Receivables and provide factoring services to the Company.

Factoring Fees: The fee for the factoring facility services is 15% (i.e. US\$259,571.89) to be deducted from factoring facility amount paid by UREC (HK) to the Company.

## **REASONS FOR AND BENEFITS OF THE FACTORING AGREEMENT**

The Factoring Agreement is entered into by the Company in the ordinary and usual course of business, which is beneficial for the Group to activate its credit assets and accelerate the circulation of its assets. The terms of Factoring Agreement (including factoring facility amount and fees) were reached between the parties after arm's length negotiation, with reference to prevailing commercial practice.

Upon completion of the Factoring Agreement, the Board expects that the Group will derecognise the Accounts Receivables and recognise a new financial asset at fair value, and the difference of approximately US\$0.3 million (equivalent to approximately HK\$2.34 million) based on the book value of the Accounts Receivables being derecognised and the fair value of the factoring facility amount to be received shall be recognised in the Group's statement of profit or loss. The actual financial impact will be subject to the review and audit by the independent auditor of the Company. The purpose of the factoring facility amount is to supplement the working capital of the Company.

The Accounts Receivables relate to certain overseas customers initially introduced to the Company by UREC. Despite efforts by the Company with a view of recovering such Accounts Receivables, they have remained outstanding and overdue for 2 to 3 years. By having UREC (HK) enter into the Factoring Agreement, pursuant to which the Accounts Receivables would be transferred to UREC (HK) and the Company would receive an amount equivalent to the Accounts Receivables (net of the factoring fee) on a non-recourse basis, the Company has shifted the risk of non-recovery of these Accounts Receivables to UREC (HK). UREC (HK) will directly pursue these overseas customers, while the Company recovers such amounts from UREC (HK) without regard to whether UREC (HK) ultimately recovers the Accounts Receivables.

The payment from UREC (HK) to the Company is structured to be made in installments, reflecting the time needed for UREC (HK) to recover the outstanding balances from these customers. Having reviewed the financial position of UREC and UREC (HK), and the ongoing amicable relationship between UREC and the Company, the Board is satisfied that UREC (HK), being a wholly-owned subsidiary of UREC, is able to honor its obligations under the Factoring Agreement.

In assessing whether the factoring fee of 15% is on normal commercial terms, and is fair and reasonable, the Company took into account a range of commercial considerations, including the complexity of cross-border debt recovery involving multiple customers, the potential legal and administrative costs that may be incurred by the Company if legal proceedings are pursued against some or all of these customers, and the non-recourse nature of the arrangement that shifts default risk to UREC (HK). Such legal costs can be substantial in multi-jurisdiction proceedings, especially where multiple overseas buyers are involved. Having reviewed relevant market practices and the additional risk borne by UREC (HK), the Directors are satisfied that the 15% fee is on normal commercial terms and is fair and reasonable.

The Directors are of the view that the terms of the Factoring Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **GENERAL INFORMATION OF THE PARTIES**

### **UREC (HK)**

UREC (HK) is a wholly owned subsidiary of UREC which in turn is owned as to 30.28% by Yunnan Provincial Energy. UREC (HK) is principally engaged in import-export business and foreign investment, focusing on markets in Southeast Asia, including Vietnam, Laos, Myanmar, Thailand, and Indonesia as well as Japan and United Kingdom.

### **UREC**

UREC is owned as to 30.28% by Yunnan Provincial Energy. UREC is principally engaged in a range of international business activities, including foreign trade, engineering contracting, resource development, and foreign investment.

### **Yunnan Provincial Energy**

Yunnan Provincial Energy is a company established in the PRC and is an important provincial state-owned backbone enterprise with energy, modern logistics, and new green energy materials as its three main businesses and is an important platform for the implementation of energy strategy as well as the reform and innovative development of the energy industry in Yunnan Province. The Yunnan Provincial Energy Group takes the initiative to take charge of national energy security, and keep the top priorities of the Belt and Road Initiative, centering on the vision and goal of “building a first-class domestic green energy enterprise”, accelerating the development of greening, marketization, integration and digitization, strengthening the breakdown segments of the core business of energy namely “eight + X”, which consists of “wind power, photovoltaic power, hydropower, thermal power, natural gas, coal, modern logistics, new materials, and new energy track”.

As at the date of this announcement, Yunnan Provincial Energy is (i) approximately 30.99% owned by 雲南省投資控股集團有限公司 (Yunnan Investment Holding Group Co., Ltd.\*) (“Yunnan Investment Holding”), which is in turn 90% owned by 雲南省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Yunnan Provincial People’s Government of the PRC\*) (“Yunnan SASAC”), (ii) approximately 27.85% owned by Yunnan SASAC, (iii) approximately 13.94% owned by 雲南雲投資本營運有限公司 (Yunnan Yun Investment Capital Operation Co., Ltd.\*), which is in turn approximately 72.99% owned by Yunnan Investment Holding, (iv) approximately 11.52% owned by 雲南溢能新能源發展有限責任公司 (Yunnan Yineng New Energy Development Co., Ltd.\*), which is in turn wholly owned by Yunnan Investment Holding, and (v) approximately 5.24% owned by 雲南省資產管理有限公司 (Yunnan Asset Management Co., Ltd.\*), which is in turn wholly owned by Yunnan Investment Holding. The remaining 10.46% equity interest of Yunnan Provincial Energy are owned by certain companies (each holding less than 10%).

## **The Group**

The Group is principally engaged in, among others, (i) the provision of distribution and after-sales services in the PRC for different analytical instruments, including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing; and (ii) the trading and supply chain business on diversified industrial and consumer products.

## **BOARD APPROVAL**

No Director was required to abstain from voting on the Board resolution approving the Factoring Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yunnan Provincial Energy and its associates control or are entitled to exercise control over approximately 73.05% of the total issued share capital of the Company. UREC (HK) is a wholly owned subsidiary of UREC which is held as to 30.28% by Yunnan Provincial Energy. Therefore, UREC (HK) is an associate of Yunnan Provincial Energy and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, and accordingly the transaction contemplated under the Factoring Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Accounts Receivables”	accounts receivables (US\$1,730,479.25 in total) from 12 customers of the Company who are Independent Third Parties, arising from the Supply Chain Business of the Group;
“Board”	the board of Directors;
“Bye-Laws”	the bye-laws of the Company as supplemented or amended or substituted from time to time;
“CDP”	The Central Depository (Pte) Limited;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Yunnan Energy International Co. Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are primarily listed on the Main Board of the SEHK and secondarily listed on the Main Board of the SGX-ST;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Factoring Agreement”	factoring agreement dated 30 December 2024 entered into between the Company and UREC (HK) in relation to transfer of the Accounts Receivables by the Company to UREC (HK) for obtaining factoring facility provided by UREC (HK);
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Independent Third Party(ies)”	A person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its Subsidiaries and their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of PRC;
“SGX-ST”	the Singapore Exchange Securities Trading Limited;
“Share(s)”	the ordinary share(s) of par value US\$0.05 each in the share capital of the Company;
“Shareholder(s)”	registered holder(s) of Share(s) in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose securities accounts the Shares are credited and where the registered holder is CCASS;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary/subsidiaries”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“Supply Chain Business”	trading of commodities, diversified industrial and consumer products;
“UREC”	Union Resources & Engineering Co., Ltd.* (雲南能投聯合外經股份有限公司), a company incorporated in the PRC with limited liability;
“UREC (HK)”	Union Resources & Engineering (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability;



“US\$” or “USD”	United States Dollar, the lawful currency of the United States of America;
“Yunnan Provincial Energy”	雲南省能源投資集團有限公司 (Yunnan Provincial Energy Investment Group Co., Ltd*), a company incorporated in the PRC with limited liability and the ultimate controlling shareholder of the Company;
“Yunnan Provincial Energy Group”	Yunnan Provincial Energy and its subsidiaries; and
“%”	per cent.

By Order of the Board  
**Yunnan Energy International Co. Limited**  
**Hu Xiangwei**  
*Director*

Hong Kong, 30 December 2024

*The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*As of the date of this announcement, the Board comprises Mr. HU Xiangwei, Ms. ZHU Yingxue, Mr. YANG Jie, Mr. WANG Jin and Mr. SONG Henan as the executive Directors; and Mr. SHI Fazhen, Mr. LIU Zongliu and Ms. JING Pilin as the independent non-executive Directors.*

\* For identification purposes only