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Yadea Group Holdings Ltd.

雅迪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1585)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agents



CICC 中金公司

CREDIT SUISSE



On 24 May 2022 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents, on a several (not joint nor joint and several) basis, agreed to procure, on a best effort basis, places to subscribe for an aggregate of 68,800,000 Placing Shares at a price of HK\$12.58 per Share. The Placing Shares represent approximately 2.30% of the existing number of issued shares of the Company as at the date of this announcement and approximately 2.25% of the number of issued shares of the Company as enlarged by the Placing. The gross and net proceeds from the Placing are expected to be approximately HK\$865.50 million (equivalent to approximately US\$110.29 million) and HK\$857.23 million (equivalent to approximately US\$109.23 million), respectively.

The net proceeds from the Placing are intended to be used by the Group for expansion of its overseas business through building overseas R&D centers, manufacturing facilities, distribution networks, as well as potential mergers and acquisitions.

Completion of the Placing is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

PLACING AGREEMENT

Date: 24 May 2022 (before trading hours)

Parties: (1) the Company; and
(2) the Placing Agents, i.e. CICC and Credit Suisse.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Placing Agents is independent of and not connected with the Company and the connected persons of the Company.

Number of Placing Shares

The number of Placing Shares is 68,800,000, representing approximately 2.30% of the existing number of issued shares of the Company as at the date of this announcement and approximately 2.25% of the number of issued shares as enlarged by the Placing assuming that there is no other changes to the number of issued shares of the Company. Based on the par value of US\$0.00001 per Share, the aggregate nominal value of the Placing Shares is US\$688.

Placing Price

The Placing Price is HK\$12.58 per Share and represents:

- (i) a discount of approximately 10.0% to the closing price of HK\$13.98 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 7.2% to the average closing price of approximately HK\$13.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 0.4% to the average closing price of approximately HK\$12.62 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The net Placing Price (after deducting related costs and expenses of the Placing to be borne by the Company, including the Placing Agents' commission) is approximately HK\$12.46 per Share.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents after taking into account the recent market price of the Shares and the current market conditions.

The Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable under the current market conditions and is in the interests of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will, on allotment and issue, be free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares. The Placing Shares will rank pari passu in all respects with other existing Shares upon issuance.

Placees

The Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or other investors on a best effort basis. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The placees to be procured by the Placing Agents are expected to be independent of and not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries and any of their respective associates.

General mandate to issue the Placing Shares

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 18 June 2021. Pursuant to such mandate, the Directors were granted authority to issue up to 599,000,000 new Shares, representing 20% of the number of issued Shares as at 18 June 2021.

Since the grant of the general mandate on 18 June 2021 and prior to the Placing, the Directors have not exercised their power to allot and issue any new Shares pursuant to such general mandate. Accordingly, the issue of the Placing Shares will fall within the limit of the general mandate and will not be subject to approval by the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon the following conditions (the “**Conditions**”):

- (i) before the closing of the Placing, there shall not have occurred:
 - (A) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (B) any suspension or moratorium or limitation of trading (a) in the Company’s shares by the Stock Exchange, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange, or the Nasdaq National Market; or
 - (C) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the European Economic Area (the “**EEA**”) or other jurisdictions relevant to the Company and its subsidiaries (collectively, the “**Relevant Jurisdictions**”) of a national emergency or war or other calamity or crisis; or
 - (D) any material disruption in commercial banking or securities settlement or clearance services in the Relevant Jurisdictions and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in the Relevant Jurisdictions; or
 - (E) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in the Relevant Jurisdictions or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to subscribe for the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (ii) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date;
- (iii) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date;
- (iv) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares on or before 27 May 2022 (or such later date as the Company and the Placing Agents may agree in writing) (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares); and
- (v) the Placing Agents having received on the Closing Date the relevant Hong Kong, Cayman Islands and U.S. legal opinions which are in form and substance reasonably satisfactory to the Placing Agents.

The Placing Agents in their sole discretion may waive any of the foregoing conditions (other than the condition of (iv) which is not waivable), in whole or in part and with or without conditions, by notice to the Company.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

Lock-up undertakings

Save for the issue of Shares under the Placing Agreement, or the issuance of options or Shares pursuant to any employee incentive plans adopted or to be adopted by the Company and its subsidiaries, including but not limited to the existing share option scheme adopted by the Company on 22 April 2016 and the existing share award schemes adopted on 26 December 2018, 6 June 2019 and 23 July 2019, respectively, the Company undertakes to the Placing Agents that for a period from the date of the Placing Agreement up to 90 days after the Closing Date, neither the Company nor any person acting on its behalf will, without first having obtained the written consent of the Placing Agents, (i) effect or arrange or procure placement of, sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, or (ii) enter into any swap or similar arrangement that transfers, in whole or in part, the economic risk of ownership of such Shares, or (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) or (ii) above, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

Each of Mr. Dong Jinggui and Ms. Qian Jinghong also undertakes to the Placing Agents that each of them will not, and will procure that none of his/her nominees, companies controlled by him/her (other than the Company and its subsidiaries) or any trusts of which a majority of the beneficial interest is attributable to him/her (whether individually or together and whether directly or indirectly) will, without first having obtained the written consent of the Placing Agents, between the date of the Placing Agreement and the date which is 90 days after the Closing Date, (i) effect or arrange or procure placement of, sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, or (ii) enter into any swap or similar arrangement that transfers, in whole or in part, the economic risk of ownership of such Shares, or (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) or (ii) above, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

Completion of the Placing

The Placing will be completed on the Closing Date (or such other date as the Company and the Placing Agents may agree in writing).

Completion of the Placing is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing are and will be as follows (assuming there will be no other changes in the shareholding structure of the Company from the date of this announcement up to completion of the Placing):

| | As at the date of this announcement | | Immediately after the completion of the Placing | |
|-------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------|----------------------------------------------------|---------------------------|
| | Number of Shares | Approximate percentage | Number of Shares | Approximate percentage |
| Shareholders | | | | |
| Dai Wei Investment Company Limited ("Dai Wei"), Mr. Dong Jinggui ^(Note 1) | 1,399,398,084 | 46.72% | 1,399,398,084 | 45.68% |
| Fang Yuan Investment Company Limited ("Fang Yuan"), Ms. Qian Jinghong ^(Note 2) | 511,598,859 | 17.08% | 511,598,859 | 16.70% |
| Sub-total ^(Note 3) | <u>1,910,996,943</u> | <u>63.81%</u> | <u>1,910,996,943</u> | <u>62.37%</u> |
| Places | – | – | 68,800,000 | 2.25% |
| Other public Shareholders | <u>1,084,003,057</u> | <u>36.19%</u> | <u>1,084,003,057</u> | <u>35.38%</u> |
| Total | <u>2,995,000,000</u> | <u>100.00%</u> | <u>3,063,800,000</u> | <u>100.00%</u> |

Notes:

- (1) These Shares are held by Dai Wei. Mr. Dong Jinggui directly holds the entire share capital of Dai Wei and is deemed to be interested in the Shares held by Dai Wei under the SFO.
- (2) These Shares are held by Fang Yuan. Ms. Qian Jinghong directly holds the entire share capital of Fang Yuan and is deemed to be interested in the Shares held by Fang Yuan under the SFO.
- (3) Pursuant to the concert parties arrangement between Mr. Dong Jinggui and Ms. Qian Jinghong, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the Shareholders and the Board. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

As the largest electric two-wheeled vehicle company in China, "Yadea" brand has been deeply rooted in the PRC market with more than 20 years of operation. Looking ahead, with Chinese brands entering European markets as well as the accelerated penetration of electric two-wheeled vehicles in Southeast Asia, overseas markets represent attractive opportunities to the Group. In light of this circumstance, the Group will accelerate its globalization strategies through building overseas R&D centers, manufacturing facilities and distribution networks, as well as potential mergers and acquisitions.

Meanwhile, mid-to-high-end, smarter models with better battery performance are appealing to an increasing number of consumers in the PRC market. The Group has been focusing on product upgrades, thereby achieving increasing average selling price in recent years. In the future, the Group will enhance its R&D on the core smart and electric components and continue its product iteration and product mix enhancement in order to seize the opportunity of consumption upgrades, continuing the increasing trends of sales volume and average selling price.

The Board considers that the terms of the Placing Agreement are normal commercial terms and the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing is expected to be approximately HK\$865.50 million (equivalent to approximately US\$110.29 million) and the net proceeds after deducting related costs and expenses of the Placing to be borne by the Company, including the Placing Agents' commission, is expected to be approximately HK\$857.23 million (equivalent to approximately US\$109.23 million).

The Company intends to apply the net proceeds from the Placing for the expansion of the Group's overseas business through building overseas R&D centers, manufacturing facilities, distribution networks, as well as potential mergers and acquisitions.

EQUITY FUND RAISING ACTIVITIES DURING PAST TWELVE MONTHS

During the past twelve months immediately before the date of this announcement, the Company has not conducted any equity fund raising activity.

INFORMATION ON THE GROUP

The Group is a leading electric two-wheeled vehicle brand in the PRC, focusing on designing, researching, developing, manufacturing and selling electric scooters, electric bicycles and related accessories.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

| | |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “associate(s)” | has the meaning ascribed to it in the Listing Rules |
| “Board” | the board of Directors |
| “CICC” | China International Capital Corporation Hong Kong Securities Limited |
| “Closing Date” | the second business day after the date on which the condition (iv) under the section headed “Conditions of the Placing” of this announcement is fulfilled, or such other date as the Company and the Placing Agents may agree in writing |

| | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Company” | Yadea Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1585) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Credit Suisse” | Credit Suisse (Hong Kong) Limited |
| “Director(s)” | director(s) of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Last Trading Day” | 23 May 2022, being the last full trading day immediately prior to the execution of the Placing Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placing” | the placement of the Placing Shares at the Placing Price to independent investors procured by the Placing Agents subject to the terms and conditions of the Placing Agreement |
| “Placing Agents” | collectively, CICC and Credit Suisse |
| “Placing Agreement” | the placing agreement dated 24 May 2022 between the Company and the Placing Agents in respect of the Placing |
| “Placing Price” | the placing price of HK\$12.58 per Share |
| “Placing Shares” | 68,800,000 new Shares |
| “PRC” or “China” | the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “R&D” | research and development |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | ordinary share(s) with par value of US\$0.00001 each in the share capital of the Company |

| | |
|------------------------------|-----------------------------------------------------------------|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed to it in the Listing Rules |
| “US\$” | United States dollars, the lawful currency of the United States |
| “%” | per cent. |

Note: For the purpose of illustration only, translation of US\$ to HK\$ in this announcement is based on the exchange rate of US\$1.0:HK\$7.8478, being the median exchange rate on 23 May 2022, as announced by the People’s Bank of China on the China Foreign Exchange Trading Center of the PRC.

By order of the Board
Yadea Group Holdings Ltd.
Dong Jinggui
Chairman

Hong Kong, 24 May 2022

As of the date of this announcement, Mr. Dong Jinggui, Ms. Qian Jinghong and Mr. Shen Yu are the executive Directors; Mr. Zhang Yiyin is the non-executive Director; and Mr. Li Zongwei, Mr. Wu Biguang, Mr. Yao Naisheng and Mr. Wong Lung Ming are the independent non-executive Directors.