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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

For the period from 20 January 2017 to 29 November 2017, E-Zebra had purchased electronic scooters, batteries and chargers and other accessories from Yadea Sales, a subsidiary of the Group. As E-Zebra is owned as to approximately 43.44% by Mr. Dong Jinggui, an executive Director and chairman of the Company, E-Zebra is a connected person of the Company, the Transactions constituted non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate consideration of the Transactions payable by E-Zebra for the period from 20 January 2017 to 29 November 2017 was approximately RMB5,183,000 for which the Company should have complied with the announcement requirement set out in Rule 14A.35 of the Listing Rules when the aggregate amount of the Transactions exceeded HK\$3 million in February 2017.

The Group has conducted the Transactions in the ordinary and usual course of business but there was no written agreement for the Transactions. The failure to enter a written agreement for and to make timely disclosure of the Transactions constituted a breach of Rules 14A.34 and 14A.35 of the Listing Rules.

### **CONTINUING CONNECTED TRANSACTIONS**

For the period from 20 January 2017 to 29 November 2017, E-Zebra had purchased electronic scooters, batteries and chargers and other accessories from Yadea Sales, a subsidiary of the Group. The aggregate consideration of the Transactions paid by E-Zebra to Yadea Sales for the period from 20 January 2017 to 29 November 2017 was approximately RMB5,183,000, which was calculated on the unit price of each type of products multiplied by the quantity purchased by E-Zebra and was determined after arm's length negotiation between the parties and on an order-by-order basis. The price charged by Yadea Sales in the Transactions was determined on cost plus basis and was similar to the price charged to independent third parties. The aggregate consideration of the Transactions was satisfied by telegraphic transfer. No transaction was conducted between E-Zebra and the Company since 29 November 2017.

As each of the applicable percentage ratios in respect of the Transactions is less than 5% but the aggregate consideration of the Transactions exceeds HK\$3 million on an annual basis, the Transactions constituted non-exempt continuing connected transactions for the Company for which it should have complied with the announcement requirement set out in Rule 14A.35 of the Listing Rules when the aggregate amount of the Transactions exceeded HK\$3 million in February 2017.

## **REASONS FOR THE TRANSACTIONS**

Considering the Group's leading electric two-wheeled vehicle position in the PRC and high-quality products with fashionable designs, E-Zebra commenced business relationship with the Group since July 2016. The products purchased from the Group were conducted on normal commercial terms determined on an arm's length basis and were used for E-Zebra's business expansion. The aggregated consideration of the transactions between E-Zebra and the Group in 2016 was approximately RMB1,554,000, which was within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and was exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE COMPANY AND E-ZEBRA AND THEIR RELATIONSHIPS**

The Group is the leading electric two-wheeled vehicle brand in the PRC focusing on designing, researching, developing, manufacturing and selling electric two-wheeled vehicles under "Yadea" brand.

E-Zebra is a limited liability company established in the PRC and is owned as to approximately 43.44% by Mr. Dong Jinggui as at the date of this announcement. E-Zebra is principally engaged in operating a platform of shared electronic scooters. Mr. Dong Jinggui is an executive Director and the chairman of the Company. Accordingly, E-Zebra is a connected person of the Company and the Transactions constituted non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATION**

As each of the applicable percentage ratios in respect of the Transactions is less than 5% but the aggregate consideration of the Transaction exceeds HK\$3 million on an annual basis, the Transactions constituted non-exempt continuing connected transactions for the Company for which it was exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. However, the Company should have complied with the announcement requirement set out in Rule 14A.35 of the Listing Rules when the aggregate amount of the Transactions exceeded HK\$3 million in February 2017.

The Group has conducted the Transactions in its ordinary and usual course of business but there was no written agreement for the Transactions. The failure to enter a written agreement for and to make timely disclosure of the Transactions constituted a breach of Rules 14A.34 and 14A.35 of the Listing Rules. The failure to enter a written agreement for and to make timely disclosure was due to the oversight of the management of the Company which was not intentional. The Board (with Mr. Dong Jinggui and his wife, Ms. Qian Jinghong, abstained

from voting) have passed a Board resolution to ratify, confirm and approve the Transactions. The independent non-executive Directors agreed that the terms of the Transactions were fair and reasonable, and the Transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Other than Mr. Dong Jinggui and Ms. Qian Jinghong, who abstained from voting on the Board resolution, none of the Directors has a material interest in the Transactions.

The Company will take immediate remedial steps by tightening its internal control procedure with a view to ensuring timely compliance with the relevant requirements of the Listing Rules and to preventing a recurrence of similar event. The Company has also enhanced training for its Board and senior management. The management of the Company will closely monitor and review the continuing connected transactions of the Company from time to time, so that they will be alerted to the level of the continuing connected transactions periodically. The Group's account and finance department will have more stringent review of the data of the connected transactions. The Group will adopt a threshold reporting procedures of continuing connected transactions to closely monitor the cumulative transaction amount of continuing transactions.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

|                       |  |
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| “Board”               | the board of Directors   |
| “Company”             | Yadea Group Holdings Ltd. (stock code: 1585), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange  |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules  |
| “Director(s)”         | director(s) of the Company   |
| “E-Zebra”             | E-Zebra Intelligent Technology (Beijing) Co., Ltd.* (電斑馬智能科技(北京)有限公司), a company incorporated in the PRC with limited liability, and is owned as to approximately 43.44% by Mr. Dong Jinggui as at the date of this announcement |
| “Group”               | the Company and its subsidiaries   |
| “Hong Kong”           | Hong Kong Special Administrative Region of the PRC   |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Listing Rules”       | the Rules Governing the Listing of Securities on the Stock Exchange  |

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|------------------|--|
| “PRC”            | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan              |
| “RMB”            | Reminbi, the lawful currency of the PRC  |
| “Share(s)”       | ordinary shares in the share capital of the Company  |
| “Shareholder(s)” | holder(s) of the Share(s)  |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited  |
| “Transactions”   | the various transactions involving the purchasing of electronic scooters, batteries and chargers and other accessories from the Group during the period from 20 January 2017 to 29 November 2017 |
| “Yadea Sales”    | Yadea Technology Group Sales Co., Ltd.* (雅迪科技集團銷售有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Group   |
| “%”              | per cent.  |

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

Hong Kong, 19 April 2018

*As at the date of this announcement, Mr. Dong Jinggui, Ms. Qian Jinghong, Mr. Liu Yeming, Mr. Shi Rui and Mr. Shen Yu are the executive Directors; and Mr. Li Zongwei, Mr. Wu Biguang and Mr. Yao Naisheng are the independent non-executive Directors.*

\* *for identification purposes only*