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)

DISCLOSEABLE TRANSACTIONS

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

During the year ended 31 December 2017 and up to the date of this announcement, the Company had subscribed for and redeemed the Wealth Management Products from time to time, through its wholly-owned subsidiaries, summary of which is set out as follows:

The BOCOM Subscriptions

During the period from 3 January 2017 to 2 April 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales, Yadea Group and Yadea Import Export, had subscribed for BOCOM Products with a maximum balance during the said period of RMB617.0 million. As at the date of this announcement, the balance of the BOCOM Subscriptions is RMB461.4 million.

The CMB Subscriptions

During the period from 8 June 2017 to 5 January 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales and Yadea Group, had subscribed for CMB Products with a maximum balance during the said period of RMB844.0 million. As at the date of this announcement, the balance of the CMB Subscriptions is RMB421.0 million.

The NBCB Subscriptions

During the period from 3 January 2017 to 3 April 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales, Yadea Group, Zhejiang Yadea and Guangdong Yadea Motorcycle, had subscribed for NBCB Products with a maximum balance during the said period of RMB529.7 million. As at the date of this announcement, the balance of the NBCB Subscriptions is RMB216.0 million.

The ABC Subscriptions

During the period from 3 January 2017 to 4 April 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales, Yadea Group and Zhejiang Yadea, had subscribed for ABC Products with a maximum balance during the said period of RMB683.5 million. As at the date of this announcement, the balance of the ABC Subscriptions is RMB157.9 million.

The CIB Subscriptions

During the period from 3 January 2017 to 27 March 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales, Yadea Group and Jiangsu Yadea, had subscribed for CIB Products with a maximum balance during the said period of RMB1,140.7 million. As at the date of this announcement, the balance of the CIB Subscriptions is RMB492.8 million.

The CITIC Subscriptions

During the period from 4 January 2017 to 29 March 2018, the Company, through its wholly-owned subsidiaries, Yadea Sales, Yadea Group and Tianjing Industry, had subscribed for CITIC Products with a maximum balance during the said period of RMB512.5 million. As at the date of this announcement, the balance of the CITIC Subscriptions is RMB200.5 million.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of each of the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions, on an aggregated basis pursuant to Rule 14.22 of the Listing Rules, exceed 5% but are less than 25%, the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions constitute discloseable transactions under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the Subscriptions as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of the relevant Listing Rules as the applicable percentage ratios for each transaction under the Subscriptions calculated on a standalone basis were less than 5%. Accordingly, the Company did not previously consider that each of the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions, when respectively calculated in aggregation, would constitute notifiable transactions under the Listing Rules and hence had omitted to timely comply with the Listing Rules in respect of the Subscriptions as disclosed above.

INTRODUCTION

During the year ended 31 December 2017 and up to the date of this announcement, the Company had subscribed for and redeemed the Wealth Management Products from time to time, through its wholly-owned subsidiaries, summary of which is set out as follows:

(1) The BOCOM Subscriptions

During the period from 3 January 2017 to 2 April 2018, the Company, through Yadea Sales, Yadea Group and Yadea Import Export, had subscribed for BOCOM Products with a maximum balance during the said period of RMB617.0 million. As at the date of this announcement, the balance of the BOCOM Subscriptions is RMB461.4 million.

Further details regarding the terms of the BOCOM Products are as follows:

Type of return :	Principal and return guaranteed by BOCOM	Floating, with principal guaranteed by BOCOM	
Term of investment :	41 days to 118 days	Six months	Open
Expected annualised return rate :	3.90% to 4.90%	4.20% or 4.26%, which is linked to the exchange rate between Euro and USD	Up to 3.25%, subject to the actual days of investment
Investment portfolio :	Money market instruments and fixed income instruments	Money market instruments	Money market instruments, fixed income instruments and other qualified products
Repayment arrangement of the principal and return :	BOCOM shall pay the relevant principal and the corresponding return to the Company in a lump sum on the maturity date of the relevant subscriptions		BOCOM shall pay the relevant principal and the corresponding return to the Company in a lump sum upon confirmation of its redemption request
Early termination :	The Company does not have a right of early termination		The Company has the right of redemption, without any lock-up period

(2) The CMB Subscriptions

During the period from 8 June 2017 to 5 January 2018, the Company, through Yadea Sales and Yadea Group, had subscribed for CMB Products with a maximum balance during the said period of RMB844.0 million. As at the date of this announcement, the balance of the CMB Subscriptions is RMB421.0 million.

Further details regarding the terms of the CMB Products are as follows:

Type of return	:	Principal and return guaranteed by CMB	Floating, with principal guaranteed by CMB
Term of investment	:	56 days to 136 days	Six months
Expected annualised return rate	:	4.50% to 5.25%	4.00% to 4.35%, which is linked to USD3M-LIBOR
Investment portfolio	:	Money market fund, bank deposits, bank financial products and other wealth management products	Derivative financial instruments linked to USD3M-LIBOR
Repayment arrangement of the principal and return	:	CMB shall pay the relevant principal and the corresponding return to the Company in a lump sum after the expiry date of the term of investment	CMB shall pay the relevant principal and the corresponding return to the Company in a lump sum within two business days after the expiry of the term of investment
Early termination	:	The Company does not have a right of early termination	

(3) The NBCB Subscriptions

During the period from 3 January 2017 to 3 April 2018, the Company, through Yadea Sales, Yadea Group, Zhejiang Yadea and Guangdong Yadea Motorcycle, had subscribed for NBCB Products with a maximum balance during the said period of RMB529.7 million. As at the date of this announcement, the balance of the NBCB Subscriptions is RMB216.0 million.

Further details regarding the terms of the NBCB Products are as follows:

Type of return :	Floating, with principal guaranteed by NBCB			
Term of investment :	Open or with a specific term ranging from 11 days to 90 days		Six months	330 days
Expected annualised return rate :	2.30% to 4.30%		4.27%	6.00%
Investment portfolio :	Bonds, currency, derivative financial instruments and other financial instruments		Financial instruments linked to exchange rate, interest rate or stock index	Trust
Repayment arrangement of the principal and return :	Return is paid to the Company on the first business day of each month or in a lump sum upon confirmation of its redemption request. NBCB shall pay the relevant principal to the Company upon confirmation of its redemption request	NBCB shall pay the relevant principal and the corresponding return to the Company in a lump sum within two business days after expiry of the term of investment	NBCB shall pay the relevant principal on the expiry date of the term of investment. The corresponding return will be paid to the Company within two business days after expiry of the term of investment	NBCB shall pay the relevant principal and the corresponding return to the Company in a lump sum on the expiry date of the term of investment
Early termination :	The Company has the right of redemption, without any lock-up period	The Company does not have a right of early termination		

(4) The ABC Subscriptions

During the period from 3 January 2017 to 4 April 2018, the Company, through Yadea Sales, Yadea Group and Zhejiang Yadea, had subscribed for ABC Products with a maximum balance during the said period of RMB683.5 million. As at the date of this announcement, the balance of the ABC Subscriptions is RMB157.9 million.

Further details regarding the terms of the ABC Products are as follows:

Type of return	:	Floating, with principal guaranteed by ABC	
Term of investment	:	Five years	3,653 days
Expected annualised return rate	:	Up to 2.30%	Up to 3.10%
Investment portfolio	:	Bonds, money market fund, other funds with low risk and other qualified fixed income products	
Repayment arrangement of the principal and return	:	ABC shall pay the relevant principal and the corresponding return to the Company in a lump sum within two business days after the expiry of the term of investment	
Early termination	:	The Company has the right of redemption. The relevant principal and the corresponding return shall be paid to the Company in a lump sum once its redemption request is confirmed during the regular trading hours	

(5) The CIB Subscriptions

During the period from 3 January 2017 to 27 March 2018, the Company, through Yadea Sales, Yadea Group and Jiangsu Yadea, had subscribed for CIB Products with a maximum balance during the said period of RMB1,140.7 million. As at the date of this announcement, the balance of the CIB Subscriptions is RMB492.8 million.

Further details regarding the terms of the CIB Products are as follows:

Type of return	:	Floating, with principal guaranteed by CIB		
Term of investment	:	16 years	14 days to 94 days	Six months
Expected annualised return rate	:	N/A	4.1% to 4.8%	A fixed annualized return rate of 2.26%, plus a floating return rate up to 1.82%, subject to the London Gold Fixing published by The London Bullion Market Association
Investment portfolio	:	Money market instruments, bonds, trust scheme and other qualified financial products		N/A
Repayment arrangement of the principal and return	:	(a) The return shall be paid to the Company on or within three business days after 21st of each month (or the next business day) (b) CIB shall pay the relevant principal and the corresponding return to the Company in a lump sum within three business days after the expiry of the term of investment	CIB shall pay the relevant principal and the corresponding return to the Company in a lump sum on the expiry date of the term of investment	

Early termination	:	The Company has the right of redemption. In case of full redemption, the relevant principal and the corresponding return shall be paid to the Company in a lump sum on the date of the redemption request, while the return for partial redemption shall be paid to the Company on 21st of the same month (or the next business day)	The Company does not have a right of early termination

(6) The CITIC Subscriptions

During the period from 4 January 2017 to 29 March 2018, the Company, through Yadea Sales, Yadea Group and Tianjing Industry, had subscribed for CITIC Products with a maximum balance during the said period of RMB512.5 million. As at the date of this announcement, the balance of the CITIC Subscriptions is RMB200.5 million.

Further details regarding the terms of the CITIC Products are as follows:

Type of return	:	Floating, with principal guaranteed by CITIC	
Term of investment	:	Open	92 days to 93 days
Expected annualised return rate	:	N/A	4.90% to 4.95% which is linked to USD3M-LIBOR
Investment portfolio	:	Money market instruments, fix income instruments and other financial instruments	Financial instruments linked to interest rate
Repayment arrangement of the principal and return	:	CITIC shall pay the relevant principal to the Company upon confirmation of its redemption request. The corresponding return shall be paid to the Company on the next business day	CITIC shall pay the relevant principal and the corresponding return to the Company on the expiry date of the term of investment
Early termination	:	The Company has the right of redemption, without any lock-up period	The Company does not have a right of early termination

INFORMATION ON THE PARTIES

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.

Each of BOCOM, CMB, NBCB, ABC, CIB and CITIC is a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of BOCOM, CMB, NBCB, ABC, CIB and CITIC and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Subscriptions were carried out by the Company through its wholly-owned subsidiaries for treasury management purpose in order to maximise the utilisation of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risk. Taking into account of, among others, (i) the principal-protected nature of all the Wealth Management Products; (ii) the low level of risks; (iii) the expected rate of return; and (iv) the shorter terms to maturity within six months, the Company considers that the Subscriptions will provide the Group with better return than deposits generally offered by commercial banks and increase the Group's overall earnings in the long run. The Subscriptions have been closely and effectively monitored and managed by the Company. As at the date of this announcement, the Group did not experience any losses on the Wealth Management Products. Further, the Subscriptions were funded by the surplus cash of the Group and are redeemable on demand or highly liquid (i.e. with investment term of no more than six months), therefore would not affect the working capital or the operation of the Group. As such, the Directors are of the view that the Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of each of the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions, on an aggregated basis pursuant to Rule 14.22 of the Listing Rules, exceed 5% but are less than 25%, the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions constitute discloseable transactions under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the Subscriptions as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of the relevant Listing Rules as the applicable percentage ratios for each transaction under the Subscriptions calculated on a standalone basis were less than 5%. Accordingly, the Company did not previously consider that each of the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions, when respectively calculated in aggregation, would constitute notifiable transactions under the Listing Rules and hence had omitted to timely comply with the Listing Rules in respect of the Subscriptions as disclosed above.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent and no intentional. The Company has adopted several management procedures of its investments on wealth management products, primarily consist of (i) the collection of updated information from frequent turnover; (ii) close monitoring, periodic review and report by the capital management department of the Company; and (iii) the multi-layered decision-making process, which enables the Company to effectively manage the risks relating to its wealth management product portfolio. To prevent similar non-compliance from occurring in the future, the Company has further taken the following measures and actions:

(i) the legal department and internal audit and control department shall work with the capital management department of the Company to continue to oversee and monitor the Company's on-going compliance with the Listing Rules;

(ii) the Company should conduct an internal training session for its Directors, senior management and the responsible staff to explain the relevant Listing Rules requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution; and

(iii) the Company should, as and when appropriate and necessary, seek its external legal or other professional advice as to action required to be taken in relation to any proposed transactions or events in the future.

Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

"ABC"	Agricultural Bank of China Limited (中國農業銀行股份有限公司)
"ABC Products"	the following wealth management products offered by ABC: (i) "本利豐天天利"; and (ii) "本利豐步步高"
"ABC Subscriptions"	the subscriptions of the ABC Products from time to time
"Board"	the board of Directors
"BOCOM"	Bank of Communications Co., Ltd (交通銀行股份有限公司)
"BOCOM Products"	the following wealth management products offered by BOCOM: (i) "蘊通財富•日增利"; (ii) "蘊通財富•日增利" S款; and (iii) "領匯財富•慧得利"
"BOCOM Subscriptions"	the subscriptions of the BOCOM Products from time to time
"CIB"	Industrial Bank Co., Ltd. (興業銀行股份有限公司)
"CIB Products"	the following wealth management products offered by CIB: (i) "興業金雪球•優先2號"; (ii) "金雪球•優悅"; and (iii) Corporate finance structured deposits (企業金融結構性存款)
"CIB Subscriptions"	the subscriptions of CIB Products from time to time
"CITIC"	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
"CITIC Products"	the structured deposits and "中信理財之共贏保本天天快車A款人民幣理財產品", a wealth management product, offered by CITIC

"CITIC Subscriptions"	the subscriptions of CITIC Products from time to time
"CMB"	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司)
"CMB Products"	the following wealth management products offered by CMB: (i) Interest-linked structured product (與利率掛鈎的結構性產品); and (ii) Integrated wealth management services (綜合財富管理服務)
"CMB Subscriptions"	the subscription of CMB Products from time to time
"Company"	Yadea Group Holdings Ltd. (雅迪集團控股有限公司), a limited liability company incorporated in the Cayman Islands on 17 July 2014, with its Shares listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Euro"	the lawful currency of the European Union
"Group"	the Company and its subsidiaries
"Guangdong Yadea Motorcycle"	Guangdong Yadea Motorcycle Co., Ltd. (廣東雅迪機車有限公司), a company established under the laws of the PRC on 15 July 2015 and a wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiangsu Yadea"	Jiangsu Yadea Technology Development Co., Ltd. (江蘇雅迪科技發展有限公司), a company established under the laws of the PRC as Wuxi Dongshi Vehicle Industry Co., Ltd. (無錫董氏車業有限公司) on 20 June 2001 and renamed as Jiangsu Dongshi Yadea Technology Development Co., Ltd. (江蘇董氏雅迪科技發展有限公司) on 22 December 2005 and as Jiangsu Yadea Technology Development Co., Ltd. (江蘇雅迪科技發展有限公司) on 18 December 2006, and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"NBCB"	Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司)
"NBCB Products"	the following wealth management products offered by NBCB: (i) "日利盈2號(保本)"; (ii) "智能活期理財2號"; (iii) "智能定期理財16號(可質押)"; (iv) "可選期限理財"; (v) "單位結構性存款穩健型870416號"; and (vi) "安享2017年第二期消費信貸流轉財產權信託", which was created by Anhui Guoyuan Trust Company Limited* (安徽國元信托有限責任公司), an independent third party
"NBCB Subscriptions"	the subscriptions of NBCB Products from time to time
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) in the share capital of the Company
"Shares"	shares of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriptions"	the BOCOM Subscriptions, the CMB Subscriptions, the NBCB Subscriptions, the ABC Subscriptions, the CIB Subscriptions and the CITIC Subscriptions
"Tianjing Industry"	Tianjin Yadea Industry Co., Ltd. (天津雅迪實業有限公司), a company established under the laws of the PRC on 25 January 2011 and a wholly-owned subsidiary of the Company
"USD"	United States dollar, the lawful currency of the United States of America
"USD3M-LIBOR"	3-month USD London Interbank Offer Rate
"Wealth Management Product(s)"	BOCOM Products, CMB Products, NBCB Products, ABC Products, CIB Products and CITIC Products

"Yadea Group"	Yadea Technology Group Co., Ltd. (雅迪科技集團有限公司), a company established under the laws of the PRC as Jiangsu Yadea Investment Co., Ltd. (江蘇雅迪投資有限公司) on 17 December 2010 and renamed as Yadea Technology Group Co., Ltd. (雅迪科技集團有限公司) on 11 August 2011, and a wholly-owned subsidiary of the Company
"Yadea Import Export"	Wuxi Yadea Import and Export Co., Ltd. (無錫雅迪進出口有限公司), a company established under the laws of the PRC on 5 April 2007 and a wholly-owned subsidiary of the Company
"Yadea Sales"	Yadea Technology Group Sales Co., Ltd. (雅迪科技集團銷售有限公司), a company established under the laws of the PRC on 7 February 2014 and a wholly-owned subsidiary of the Company
"Zhejiang Yadea"	Zhejiang Yadea Motorcycle Co., Ltd. (浙江雅迪機車有限公司), a company established under the laws of the PRC as Cixi Zhongshen Motorcycle Co., Ltd. (慈溪宗申摩托車有限公司) on 28 September 2002 and renamed as Cixi Kangxin Motorcycle Co., Ltd. (慈溪康鑫摩托車有限公司) on 28 March 2006 and Zhejiang Yadea Motorcycle Co., Ltd. (浙江雅迪機車有限公司) on 28 December 2009, and a wholly-owned subsidiary of the Company
"%"	per cent

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

Hong Kong, 6 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*