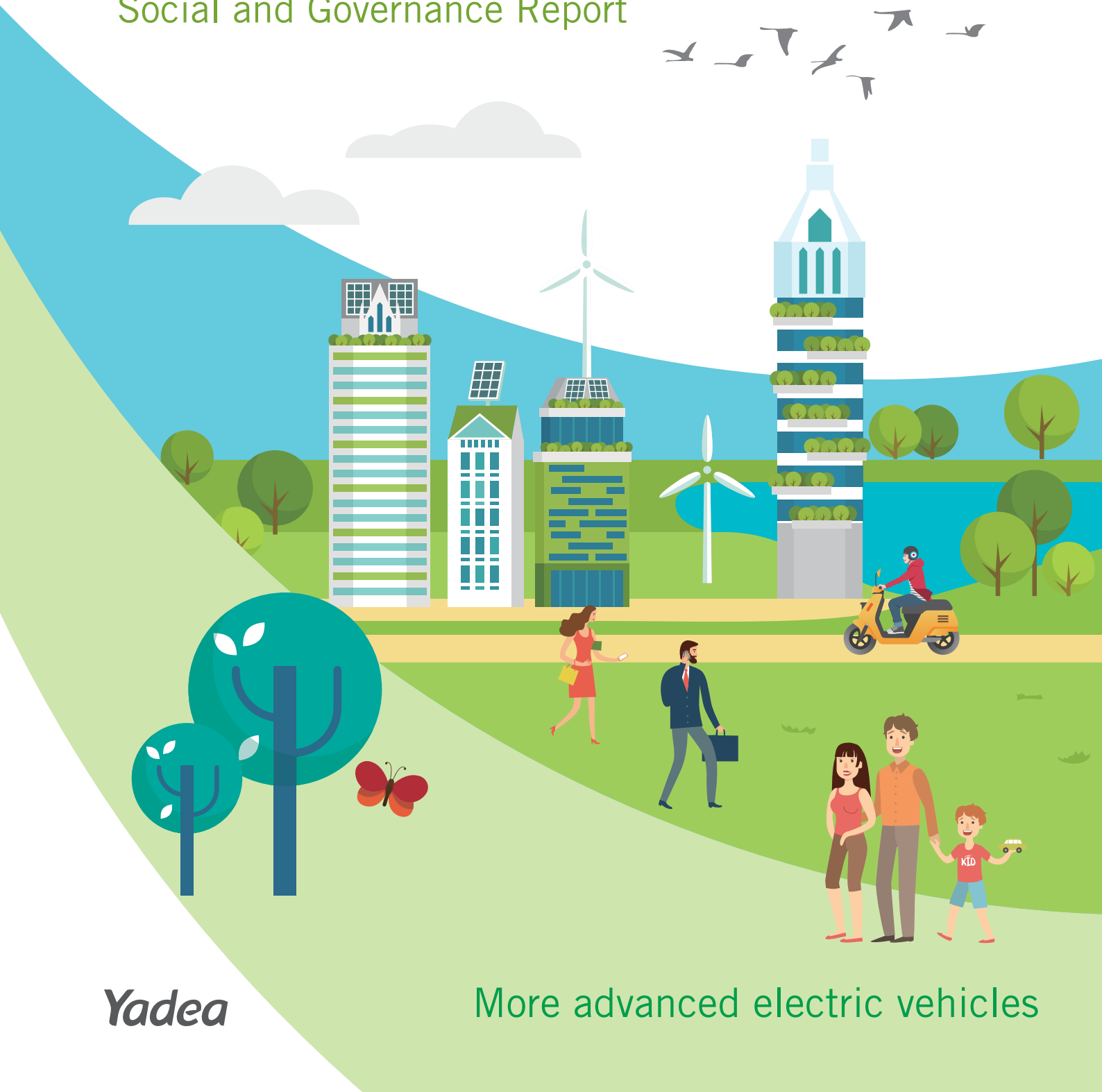




# YADEA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)  
Stock code: 1585

## 2018 Environmental, Social and Governance Report



**Yadea**

More advanced electric vehicles

# About the Report

## REPORTING SCOPE

This 2018 Environmental, Social and Governance (“ESG”) Report (the “Report”) is about the ESG issues of Yadea Group Holdings Ltd. (hereinafter referred to as “we” or “us” or the “Company” or “Yadea”) and its subsidiaries (collectively the “Group”), mainly including four manufacturing facilities in Jiangsu, Zhejiang, Tianjin and Guangdong.

## REPORTING PERIOD

This Report is an annual report, covering all times during the reporting period from 1 January 2018 to 31 December 2018 (the “Reporting Period”), and some of its contents may fall beyond the above Reporting Period.

## BASIS OF PREPARATION

This Report is prepared in accordance with Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## EXPLANATION OF REPORT DATA

Some of the financial data in this Report are extracted from the financial statements of 2018. If the data are inconsistent with those in the Annual Report, the data in the Annual Report shall prevail. Other data are mostly for the year of 2018 (except some may fall beyond the above Reporting Period) and are mainly from the Group’s internal systems and its subsidiaries’ statistics. The currency amounts in this Report are denominated in RMB, unless otherwise stated.

## FORMS OF RELEASE

This Report is released in electronic versions and can be accessed on the Stock Exchange’s website ([www.hkexnews.com](http://www.hkexnews.com)) and the Group’s website ([www.yadea.com.cn](http://www.yadea.com.cn)).

This Report is published in both Chinese and English. In case of any discrepancies between the two versions, the Chinese version shall prevail.



## CONTACT

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# Message from the Chairman



On behalf of the board of directors of the Company (“the Board”), which is responsible for the environmental, social and governance strategies and report of the Group, I am pleased to present the ESG annual performance of the Group for the year ended 31 December 2018.

Based on the momentum and achievements of the past two years, the Group continued to maintain a sound growing trend in 2018. We sold about 5,039,900 electric two-wheeled vehicles in total in 2018 (including about 2,994,500 electric scooters and 2,045,400 electric bicycles, respectively), which is a record high with revenue increasing by approximately 26.3 percent over the same period of last year to RMB9,916.7 million, breaking the record for five years in a row.

**Revenue:**

**RMB**

**9,916.7** million



We constantly implement the “High-end Strategy” by improving product quality and brand effect in order to provide our customers with high-value Yadea products. We strive to pursue product innovation and make greater input in the R&D and design of products appearance, core components and technologies, equipping us with holistic design capabilities to ensure the development of high-end products. During the year, Yadea sponsored the 2018 FIFA World Cup, becoming the first electric two-wheeled vehicle brand to serve as a regional sponsor of the FIFA World Cup. Working with FIFA represents not only a promotion of brand awareness, but also a recognition of our high-end quality, making us closer to realizing the high-end strategy.

We adhere to green operations through popularizing energy-saving and consumption-reduction products with a view to promoting the low-carbon development in our society. On the one hand, we practice energy-saving and emission reduction. For the production session, we strictly adhere to the concept of green environmental protection and control the emissions in accordance with the national policies and regulations, and continuously upgrade and optimize our equipment and devices. As such, we have achieved the efficient utilization of resources in terms of energy-saving, water-saving, and power-saving. Moreover, we promote the use of clean energy. On the other hand, we are committed to establishing low-energy products and providing a variety of green electric vehicle products to society in order to promote green travelling among the general public.

We adhere to the “people-oriented” core values and are committed to creating a safe working environment and a warm atmosphere for our employees. We concern ourselves with the employees’ local career development. We provide necessary trainings, regularly organize employee medical examinations, conduct lectures on health knowledge, promote prevention and treatment of occupational diseases, and organize various types of galas, basketball games, parent-child activities and festival activities to enrich the daily life of our employees and improve their well-being.

We attach importance to win-win basis of value chains. As to supplier management, we continue to deepen and consummate the management mechanism, develop the quality management system layout of industrial chain, optimize the selection standards of suppliers, and communicate with suppliers to overcome challenges and achieve growth together with them. As to distributor management, we strive to standardize the management of distributor stores, carry out relevant trainings and provide technical support and better service experience so as to promote mutual benefits with our distributors.

We focus on the communities where we operate, participating in local events actively, offering job opportunities and hence fulfilling our responsibilities as a social citizen. Yadea made donations to public welfare donations, promoted green travelling, encouraged employees to participate in voluntary activities, actively delivered local community services and offered job opportunities, in hope of propelling the development of the communities where we operate.

We firmly believe that sustainable development and the Group’s sound operation are mutually reinforcing. Based on the electric vehicles strategy 3.0 with consumers at its core, we will further incorporate the concept of sustainable development into our daily operation and boost Yadea’s influence through continuous expansion of its business network. The “Green Concept” will be integrated into the “Higher-end Strategy” of Yadea.

**Dong Jinggui**  
*Chairman*



01

# About the Group

## Group Profile





Established in 2001 and headquartered in Wuxi, Jiangsu, Yadea 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. The Group was listed on the Stock Exchange on 19 May 2016 and became the first listed company of electric two-wheeled vehicle in the PRC.

Over the past 18 years, Yadea had managed to be among the top electric two-wheeled vehicle brands in the PRC. Under the brand name of “Yadea”, the Group offers a wide range of electric scooters and electric bicycles with diverse designs, styles and functions to meet the needs of our vast customer base. As at 31 December 2018, the Group owned 113 models of electric scooters and 81 models of electric bicycles for our customers’ choice.

Yadea has four major production facilities located in Tianjin, Jiangsu, Zhejiang and Guangdong respectively as well as individual industrial design technology and product R&D center, with a total site area of approximately 1,200 mu. Annual production capacity is over 8 million vehicles and annual sales volume is over 5 million vehicles. The domestic network covers almost all the administrative areas of the PRC and consists of approximately 1,824 distributors as well as their sub-distributors. As of 31 December 2018, Yadea had over 9,000 points of sales and sold products to over 70 countries.

In 2018, Yadea won numerous accolades for its consistently outstanding performance.

Award	Awarding Institution
Top-100 Enterprise in Chinese Light Industry	China National Light Industry Council
No.1 of Top 10 Electric Bicycle Enterprises in Chinese Light Industry	China National Light Industry Council
Upgraded Consumer Goods	China National Light Industry Council
Approved Enterprise Technology Center of Jiangsu Province	Industry and Information Technology Council of Jiangsu
The First Session of High-quality and Consumers-Favouring Goods Event of Jiangsu Province	Jiangsu Consumer Rights Protection Council

# 01

## About the Group Corporate Strategy

### Better Design



- Yadea has engaged a number of internationally renowned design companies such as KISKA, SWAROVSKI, AMV Design and Boxer Design and Manufacturing Ltd.(Boxer) to assist in the development of high-end electric two-wheeled vehicles products, ensuring our leading position in the industrial development direction and the enhancement of product quality and brand image.

### More High-end Technology



- Yadea has entered into a strategic cooperation agreement with Lightning Motors, a US company specializing in the development and manufacture of high-end electric two-wheeled vehicles, to jointly research and develop high-end products, and the LS-218 with a speed of as high as 352 kilometers per hour has been successfully developed.

### Better Quality



- We adopt high-standard spare parts suppliers of motorcycles and automobile crafts to build a high-standard quality inspection system and strictly control the product quality.

Yadea always adheres to the business philosophy of “providing products that give consumers a sense of happiness and recover the fun of riding”, and implements the “High-end Strategy”, which comprises of important deployment in terms of “Better Design, More High-end Technology, Better Quality, More Precise Manufacturing, Better Service, More Export”.

Through the systematic deployment of “Higher-end Strategy”, Yadea is more capable of producing products that bring pleasure to customers, building a “higher-end electric vehicles” brand and creating “Higher-end” green lifestyle, electric bicycles and related accessories for electric vehicle consumers across the world. Over the past 18 years, the Group has successfully established “Yadea” as a top-tier brand of electric two-wheeled vehicle in the PRC.

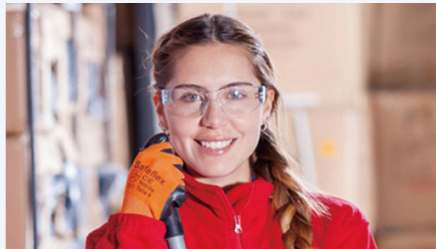


## More Precise Manufacturing



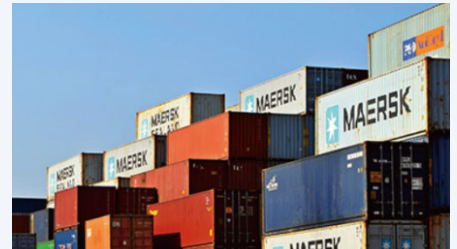
- Chassis are welded seamlessly by international automatic programmed robot using the electrophoresis spray technique, which are more durable and corrosion-resistant. Yadea takes the lead in introducing the Toyota TPS Lean Production System (YPS) in the industry, becoming the first company in the industry to conduct quality inspection activities on a regular basis.

## Better Service



- Yadea vigorously promotes the construction of the distributor points of sales overhaul campaign akin to automobile 4S stores, and becomes the company winning five-star service certification in the industry. Users can enjoy 20 free services, 24-hour rescue service, 15-minute quick repair service and riding-guard service. Our service quality has been continuously improved with such systematic and experience-based construction.

## More Export



- Yadea continuously strengthens the expansion of its international export business and the building of its international brand image. It exports products to 79 countries in the world, and has been leading in the high-end sales for 12 consecutive years with more than 30 million global users and brand value of over tens of billions, creating a "Higher-end" green travelling for global electric vehicle consumers.

# 01

## About the Group

### Corporate Governance

The Board is responsible for leadership and control of the Group and collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget, monitoring financial and operating performance, reviewing the effectiveness of the risk management and internal control systems, supervising and managing the management's performance of the Group as well as setting the Group's values and standards. The Group has internal audit function.

The Board has established three committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee, to oversee particular aspects of the Group's affairs. All Board committees of the Group are established with terms of reference. The terms of reference of the Board committees are posted on the Group's website and the Stock Exchange's website and are available to the shareholders of the Company (the "Shareholders") upon request.

The Group attaches great importance to environment, society and governance and has incorporated ESG governance into the process of corporate governance. The Board is responsible for the ESG strategies and information disclosure of the Group, such as assessing and determining the Group's exposure to environmental, social and governance risks, and ensuring an appropriate and effective environmental, social and governance risk management and internal control system established by the Group. Leveraging on the Board's ESG strategies, Yadea has established an environmental, social and governance taskforce, through which the implementation of the ESG strategies has reached out to the four major facilities and every section of industrial chains. The taskforce should implement daily ESG matters based on the Board's strategies, prepare ESG report and report the progress to the Board on a regular basis.



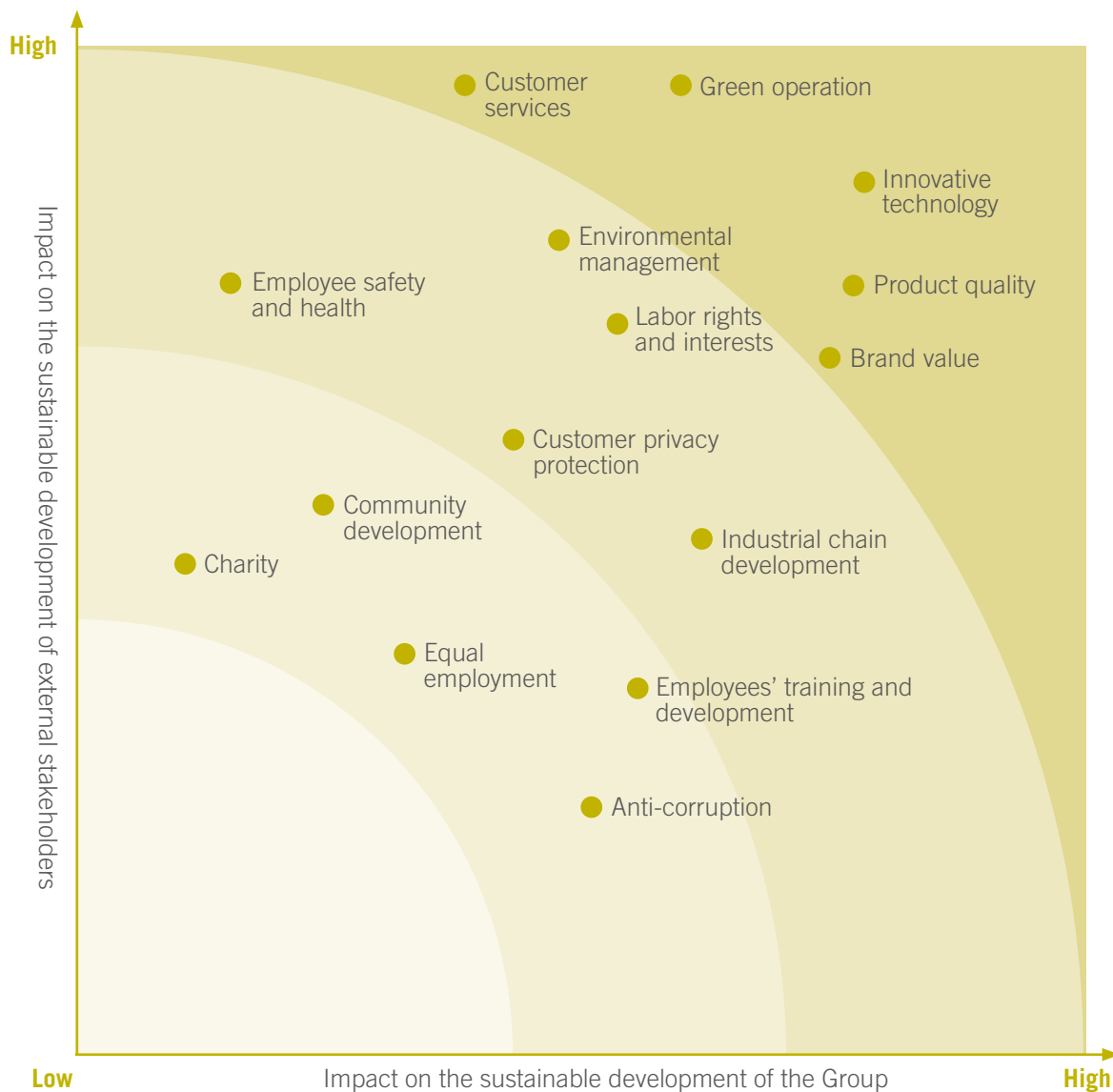
# 02 Identification of Material Issues and Communication of Stakeholders

Communication with stakeholders is an important part of the Group's ESG management. The Group identifies stakeholders by sorting out and summarising all parties in the daily operations of the Group. The Group actively communicates with stakeholders through various channels to understand the appeals of various stakeholders and responds to them through actions in an active manner. The stakeholders identified by the Group and their appeals are summarized as follows:

Stakeholders	Communication Mechanisms	Expectations	Responses
Government	<ul style="list-style-type: none"> <li>• Policies and related guidelines</li> <li>• Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>• Operation under national policies</li> <li>• Tax payment according to law</li> <li>• Honest and lawful operation</li> <li>• Creation of employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Sound operation</li> <li>• Laws and regulations compliance</li> <li>• Equal employment</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Shareholders' meeting</li> <li>• Board meeting</li> <li>• Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>• Reasonable return on investment</li> <li>• Regulation on corporate governance</li> <li>• Public information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Good operating results</li> <li>• Corporate governance</li> <li>• Public information disclosure</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Company website</li> <li>• WeChat official account/ WeChat group for customers</li> <li>• Official Weibo</li> <li>• Customer hotline</li> <li>• Users' App</li> </ul>	<ul style="list-style-type: none"> <li>• Innovative product designs</li> <li>• Timely information on new products</li> <li>• Assurance of product quality</li> <li>• Improvement of service quality</li> </ul>	<ul style="list-style-type: none"> <li>• Products of the Internet of Things ("IoT")</li> <li>• Service experience centre</li> <li>• "Safety Riding Insurance" service</li> <li>• Customer satisfaction survey</li> </ul>

Stakeholders	Communication Mechanisms	Expectations	Responses
Employees	<ul style="list-style-type: none"> <li>• Conference</li> <li>• Employee mailbox</li> <li>• WeChat official account</li> <li>• General manager hosting day</li> </ul>	<ul style="list-style-type: none"> <li>• Better individual development</li> <li>• Sound remuneration and welfare</li> <li>• Optimization of working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of promotion channel</li> <li>• Optimization of training programmes</li> <li>• Various employee activities</li> <li>• Improvement of working and living environment</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Investigation and research on site</li> <li>• Suppliers review</li> <li>• Regular communication</li> <li>• Business communication and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperation</li> <li>• Fairness and justice</li> <li>• Win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Subdivision of supplier management</li> <li>• Suppliers grading system</li> <li>• Strategic cooperation with suppliers</li> <li>• Establishment of a comprehensive coordination mechanism</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Care for vulnerable groups</li> <li>• Community charity activities</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonious community relationship</li> <li>• In-depth community charity</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary services</li> <li>• Charitable donation</li> <li>• Distributors' participation encouragement</li> </ul>
The public and the media	<ul style="list-style-type: none"> <li>• Media report</li> <li>• Online media communication</li> </ul>	<ul style="list-style-type: none"> <li>• Open</li> <li>• Transparent</li> </ul>	<ul style="list-style-type: none"> <li>• Objective report</li> <li>• Truthful broadcasting</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Environmental protection activities and promotion</li> <li>• Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction on energy consumption and carbon emissions</li> <li>• Reuse and recycle</li> <li>• Green travel promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of pollutant emissions</li> <li>• Recycling resources</li> <li>• Green charity ride</li> </ul>

To systematically identify the material issues of ESG management, the Group has made a judgement on the materiality of the ESG related issues of the Group from two dimensions of its internal and external stakeholders by integrating corporate development strategies, national policies, stakeholders' appeals as well as development trends of the electric two-wheeled vehicle industry, thus forming a matrix for the materiality of ESG issues of Yadea in 2018 as the basis for the selection of content of the Report and the follow-up of the Group's ESG related work.





# 03 Environment

## Emissions Management

Yadea has always been an active respondent to environmental protection. The Group has been in compliance with relevant environmental laws and regulations as well as national standards such as the “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), the “Law on Prevention and Control of Atmospheric Pollution of the People’s Republic of China” (《中華人民共和國大氣污染防治法》), the “Law on Prevention and Control of Water Pollution of the People’s Republic of China” (《中華人民共和國水污染防治法》), the “Environmental Impact Assessment Law of the People’s Republic of China” (《中華人民共和國環境影響評價法》), Grade 3 of “Integrated Wastewater Discharge Standards” (《污水綜合排放標準》) (DB12/356-2008), Grade 2 of “Ambient Air Quality Standards” (《環境空氣質量標準》) (GB3095-1996), and Category III of “Environmental Quality Standard for Noise” (《聲環境質量標準》) (GB3096-2008). Also, the Group is subject to periodic monitoring by local environmental protection authorities.

Each manufacturing facility of the Group has employees with HSE related qualification to ensure that the disposal of wastes strictly complies with the relevant management system of the Group. For sewage, exhaust gas and solid wastes from production procedures, the Group adopts effective measures according to relevant regulations, standards and system requirements of the Group to ensure that it meets the emission standards.

In 2018, there was no material change in the operation territory and scope of the Group (mainly referred to four major facilities in Jiangsu, Zhejiang, Tianjin and Guangdong) compared to the previous year, and the primary emission types were as follows:

### Water

Production sewage from VOC recycled technique and domestic sewage. The main pollutants include: COD and NH<sub>3</sub>-N discharge.

### Air

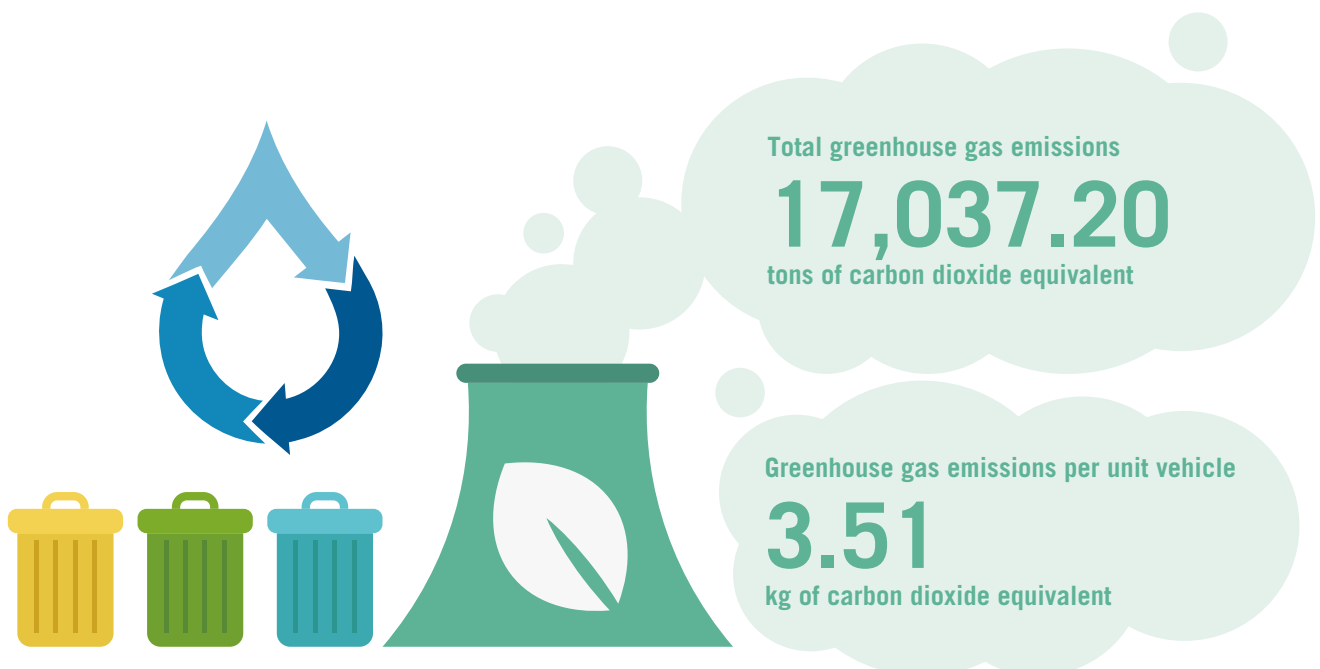
Industrial exhaust gas and canteen fumes from coating process. The main pollutants include: VOC and nitrogen oxides.

### Solid Wastes

Hazardous wastes include paint residue, spent carbon, and sludge. Non-hazardous solid wastes mainly are waste packaging materials.

During the Reporting Period, Yadea's total greenhouse gas emissions amounted to 17,037.20 tons of carbon dioxide equivalent, including 3,101.10 tons of carbon dioxide equivalent under Scope 1 and 13,936.10 tons of carbon dioxide equivalent under Scope 2, while greenhouse gas emissions per unit vehicle amounted to 3.51 kg of carbon dioxide equivalent. The primary emissions data are as follows:

Types of emissions	Unit	Emissions amount of 2018
Total amount of wastewater discharged .....	ton .....	251,124.47
Total amount of COD in wastewater .....	ton .....	19.42
Total emission amount of NH <sub>3</sub> -N in wastewater .....	ton .....	1.00
Total emission amount of VOC in exhaust gas .....	ton .....	15.77
Total emission amount of nitrogen oxides in exhaust gas .....	ton .....	14.13
Total emission amount of sulphur dioxide in exhaust gas .....	ton .....	2.96
Total amount of hazardous waste generated .....	ton .....	272.22
Total amount of non-hazardous waste (waste packaging materials) generated .....	ton .....	3,030.85
Total amount of greenhouse gas emissions .....	tons of carbon dioxide equivalent .....	17,037.20
Greenhouse gas emissions per unit vehicle .....	kg of carbon dioxide equivalent per unit .....	3.51



As for those emissions, each facility of Yadea has taken a number of measures to achieve its commitment to emission standards:



#### Wastewater Treatment

Each facility has been equipped with pipelines for water cleaning and sewage shunting, and has built its own wastewater treatment facilities. After treatment, wastewater enters into the municipal sewage pipeline network and each facility will conduct a regular inspection to ensure that the wastewater standards meet the regulations. Particularly, the coating process of Wuxi facility has put in place a circulating water system.



#### Exhaust Gas Treatment

Each of the Group's production bases has related treatment facilities, using purification treatment or high altitude discharge to ensure that the exhaust gas meets the emission standards. Among them, the coating processes of each facility have installed VOC detection systems and 7 exhaust gas treatment systems in line with national environmental requirements. The exhaust gas passes through 8 layers of filtration and the resulted VOC will be burnt into non-hazardous gas after spray, adsorption, condense and catalysis.



#### Solid Waste Treatment

Each of the Group's production bases conducts the corresponding classification treatment. Among them, each facility adheres to the principle of "production management must emphasize on environmental protection" in respect of hazardous waste, recognizes the general manager for prevention and control of hazardous waste of the Group as the primary responsible person and sets up a leader team in charge of prevention and control of hazardous waste pollution with the general manager as its leader and all leaders of various departments included, in a bid to arrange specific sites, signs and responsible persons for the collection, storage, transfer, disposal of hazardous wastes and make a record for every account. All hazardous wastes are handed over to enterprises with special qualifications for disposal or to original manufacturers for recycling and reuse. Domestic garbage in non-hazardous waste is handed over to the local environmental sanitation agencies and is processed on a monthly basis, while waste packaging materials are handed over to the third party institutions for recycling and reproduction to achieve the objectives of recycling and reuse.



#### Impact of Noise on Employees and the Surrounding Environment

The production equipment of each facility has been arranged in the workshop in a reasonable manner which will not work at night. With sound insulation and distance decay of the plant, noise at boundary can meet the Category III Standard of environment functional areas for noise outside boundary under the "Emission Standard for Industrial Enterprises Noise at Boundary" (《工業企業廠界環境噪聲排放標準》) (GB12348-2008), which will not impose an impact on local environmental quality for noise.

# 03 Environment

## Use of Resources

Yadea valued the efficient use of resources. The Group strictly complies with relevant national laws and regulations, such as the “Water Law of the People’s Republic of China” (《中華人民共和國水法》), the “Regulations on Management of Economical Use of Urban Water” (《城市節約用水管理規定》), “Energy Conservation Law” (《節約能源法》) and “Cleaner Production Promotion Law” (《清潔生產促進法》), and has formulated the “Management System on Environmental Protection and Resources Conservation” internally to clarify responsibilities and provide guidelines. Dedicated personnel were put in place for the maintenance and management of water and electric equipment. All facilities of the Group are located in urban industrial zones. It is convenient to obtain resources (including electricity, oil, gas, water, packaging materials) without significant problems.

During the Reporting Period, Yadea’s total comprehensive energy consumption was 4,420.52 tons of standard coal, and the energy consumption per vehicle produced was 0.91 kg of standard coal. The details of resources usage are set forth below:

Total comprehensive energy consumption was

**4,420.52** tons of standard coal

The energy consumption per vehicle produced was

**0.91** kg of standard coal

### Quantitative data

Classification of resources	Unit	Consumption amount in 2017	Consumption amount in 2018
Total comprehensive energy consumption	ton of standard coal	4,150.26	4,420.52
Energy consumption per vehicle produced	kilogram of standard coal per vehicle	1.01	0.91
Total electricity consumption	ten thousand kWh	2,404.5	2,109.3
Total gasoline consumption	ten thousand litre	12.0	12.7
Total diesel consumption	ten thousand litre	5.0	6.0
Natural gas consumption	ten thousand cubic meter	104.6	121.6
Total water consumption	ten thousand cubic meter	28.9	28.4
Packaging materials consumption	ten thousand ton	—	3.47

Based on the statistics of resources data available currently, the facilities of Yadea gradually carry out various resource conservation actions and communicate and learn from each other. The main actions are as follows:



#### Water Saving

- Continue to carry out quality control activities, using PDCA quality control tools to diagnose water overconsumption.
- Use water-saving equipment, and optimize production technologies to realize water recycling.
- Carry out water-saving promotion, conduct saving activities such as turning off water and lights when leaving rooms.



#### Electricity Saving

- Periodically inspect power distribution stations and carry out preventive checks, and assess the power consumption of new equipment to ensure the safe use of electricity.
- Reasonably use indoor air-conditioning equipment, and set the indoor temperature below 20 degrees in winter and above 26 degrees in summer.
- A 3 MWp photovoltaic power station is being co-developed by Zhejiang facility and external institution.



#### Oil Saving

- Replace traditional forklifts in the workshop by the electric ones year by year.
- Reduce the frequency of use of official vehicles and try to share the vehicles with others.
- Encourage employees to use their own electric vehicles and public transportation.



#### Paper Saving

- Print both sides of office papers and refill cartridges.
- Handle official business electronically via the Internet to reduce paper consumption.
- Recycle used items and reduce packaging materials.



# 03 Environment

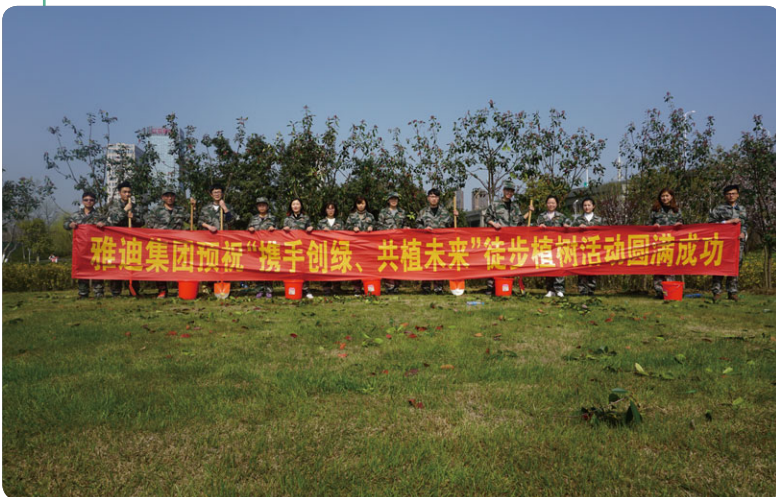
## The Environment and Natural Resources

Yadea attaches importance to environmental and resource protection. As a leading brand in electric two-wheeled vehicles industry, Yadea concerns about the impact its products bring to the environment, and help build a green, conservation-oriented society through its own efforts. During the Reporting Period, we strictly abided by the laws and regulations of host country and did not have any significant impacts of incidents on the environment and natural resources.

In terms of products, the Group puts high attention on battery recycling to avoid irreparable damage to soil and water sources. The Group refers to the National regulation “Policy on Electric Vehicle Power Battery Recycling Technology” (《電動汽車動力蓄電池回收利用技術政策》) to ensure that upstream suppliers achieve environmental and product quality compliance, integrate downstream distributors with qualified institutions and battery suppliers to sign battery recycling agreements, and ensure battery being effectively recycled through economic means, which will reduce the risk of exposure to the natural environment.

At the same time, the Group organizes green activities every year to promote citizens’ green transportation and make its effort to build a green and economical society.

### Green Hiking Activities



### Tree Planting Activities



# 04 Society

## Employment

We are fully aware that employees are the source and driving force for sustainable development. The Group upholds the core concept of “people-oriented”, and strives to create a harmonious and democratic working environment for our employees and ensures that each employee enjoys equal and indiscriminate treatment during our continuous development.

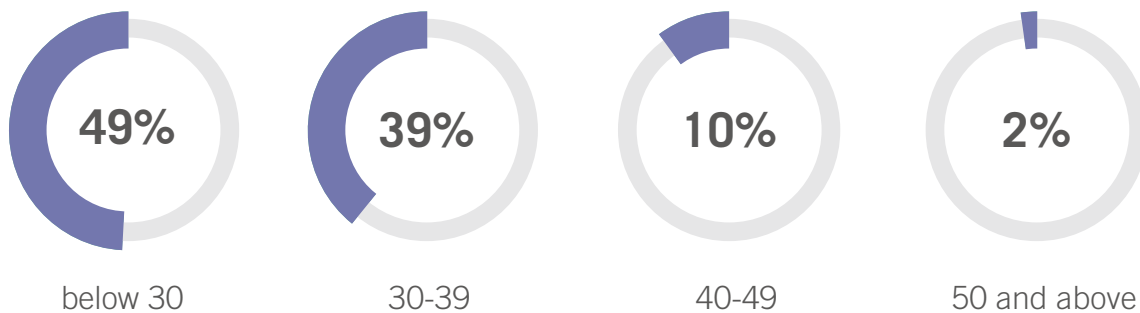
The Group strictly complies with laws and regulations, such as the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labor Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》) and the “Social Insurance Law of the People’s Republic of China” (《中華人民共和國社會保險法》), to respect and protect the legitimate rights and interests of the employees. The Group formulates internal management systems and provisions, such as “Internal Employees Appointment Management Measures”, “Senior Personnel Management Measures” and “Labor Contract Management Measures”, standardizing labor employment and specifying the relevant employee benefits and welfare including policies on remuneration, recruitment, employment, working hours, leaves and equal pay for equal work to ensure transparent information disclosure, compliance with laws and equal employment, which would eliminate discrimination or harassment in the workplace.

As at the end of the Reporting Period, the Group has 3,703 employees in total.

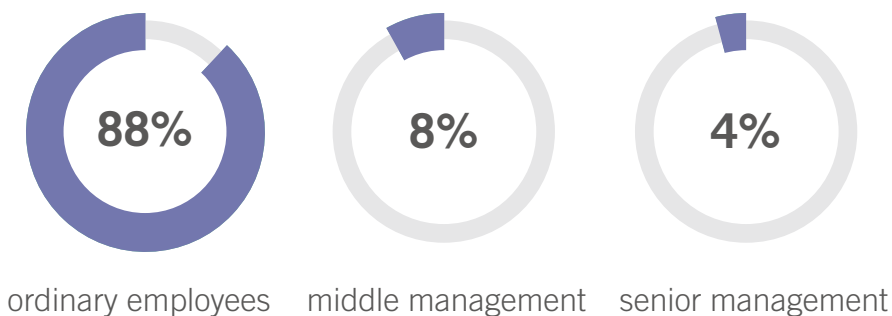
### Percentage of employees by gender



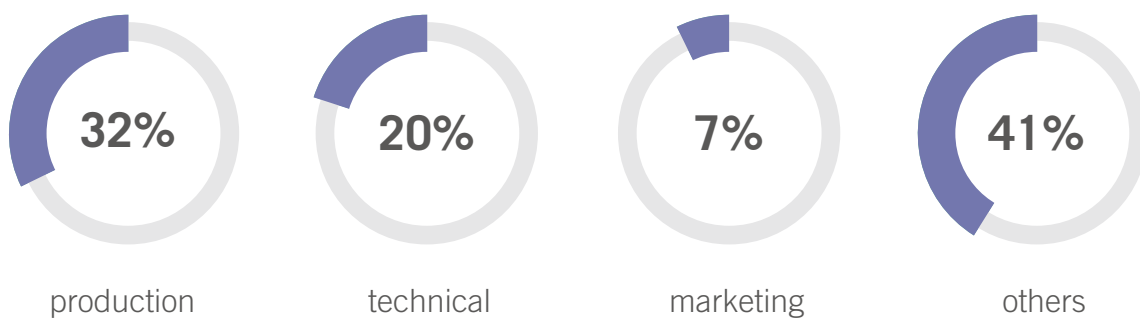
### Percentage of employees by age



### Percentage of employees by level



### Percentage of employees by employment category



# 04 Society

## Health and Safety

Yadea pays great attention on production safety. The Group strictly complies with relevant laws and regulations, such as the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》) and the “Law on Prevention and Control of Occupational Diseases of the People’s Republic of China” (《中華人民共和國職業病防治法》) during the course of production and operation and has established an internal safety taskforce and adopted relevant management measures to ensure that the safety precautions fully covered production and administration areas. Among which, “Safety Production Management Measures” are to ensure production safety, “Special Equipment Management Measures” are for the prevention of major safety incidents of special equipment, “External Construction Personnel Management Measures” are for the regulation of external construction, and “Fire Safety Management Measures” are for the prevention of fire incidents. During 2018, Yadea had no work-related casualty accident nor was there any major production safety accident, and it has adopted the following measures:



- Organizes occupational health checks according to different posts, establishes health records and assists employees with medical treatment.
- Optimises workplace to achieve dust-free and harmless environment and lower the occupational health and safety risk.
- Improves the management system on sanitary cafeteria to ensure food safety.
- Encourages employees to participate in sports activities, and organises basketball competitions and Sports Day annually as stress relief for employees.



### Employee Safety

- Establishes production safety targets and signs letter of responsibility.
- Conducts mandatory safety training for all employees during induction, and only those passing the exams are allowed to start duties.
- Provides personal protection equipment for employees at production facilities and conducts relevant trainings.
- When all employees are on duty, their mobile phones are placed in a public area of the plant for management to prevent safety accidents caused by distraction.
- Organizes weekly production safety inspection for the whole group, and conducts immediate rectification once risks are found.
- Distributes helmets to employees living off sites and carries out safety education trainings.



## Safety Education

- Organizes the Production Safety Month, and delivers safety education to employees by means of safety banners, fire drills and trainings.
- Organizes training in relation to “External Construction Safety Management Measures”, and promotes relevant safety measures at each facility from top to bottom.
- Conducts traffic safety seminars, and proactively helps employees to establish safety awareness.
- Organizes relevant employees to participate in trainings on special operations to ensure that responsible personnel hold qualification certificates for work.



Expenditure on production safety:

RMB **809,000**

Safety education trainings held:

**61** times



Total attendees of safety education training:

**2,692** persons

## First Aid Training



## Fire Drill





# 04 Society

## Development and Training

With the vertical development channel for employees in Yadea, the employees are able to adequately express their talents. The Group formulated the internal management system and provisions of the Training Management Measures (《培訓管理辦法》) and the Organization Performance Management Measures (《組織績效管理辦法》) to cultivate talents who fit in with the Group in respect of operation and management and professional and technical standards, improve the employees' professional knowledge and skills, develop and foster human resources for the Group, so as to achieve the management concept of "selection, utilisation, development and retention of talents" and enhance its overall competitiveness. During 2018, the Group has carried out works on the following aspects:

### Improve the Existing Promotion System

- Clarify the promotion channels for management and non-management personnel and carry out optimization of human resource deployment in terms of technology and business development.
- Establish the management trainee project to meet the business needs of the departments.
- Adjust the organization structure based on the development strategies, expand the development opportunities and broaden the development path of its employees.
- Establish the middle and senior management rotation system, under which positions were switched between the business management of manufacture facilities and the sales company, so as to ensure the comprehensive development of talents.

#### Promotion Routine

##### Designer



##### Engineer



##### Manager



## Enhance Training Resources

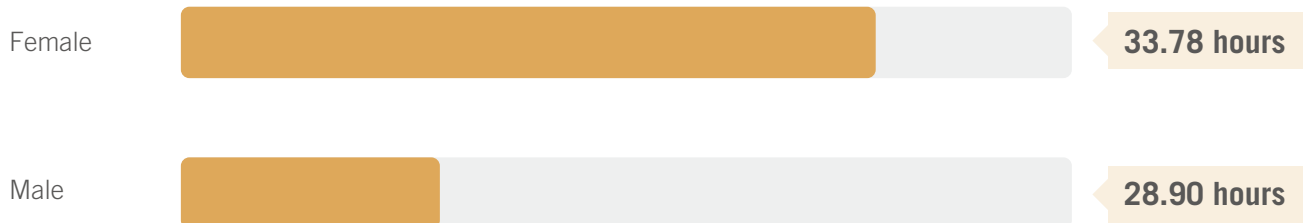
- Carry out course development that combines with the development direction of the Group and focuses on the aspects of quality control, production and manufacturing, as well as corporate management.
- In addition to the great efforts on professional trainings for the departments, the Group has reinforced the cooperation with external institutes. Special training courses account for 18% of all courses, which include massive courses such as Awesome President Camp (《爆品總裁營》), Practical TQM (《實戰型TQM》) and Competitive Strategy (《競爭戰略》).
- Establish libraries at all of our production facilities to promote and encourage the learning culture within the corporate.

From January to December, 2018, the Group and all its bases have organized 906 trainings in total with the total training hours of 111,358 and external training hours of 49,247.5, which covered 28,452 attendees with average training hours of 30.07 per person.

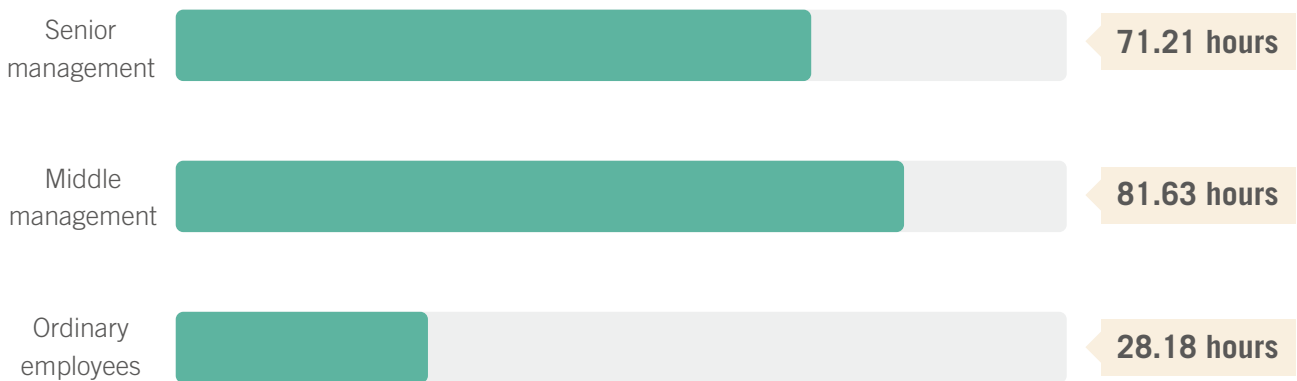


Training courses	Total amount of time (hours)	Total number of people (persons)	Training hours per person (hours)
Professional training <sup>1</sup>	39,786	19,951	10.74
General training <sup>2</sup>	2,449	1,242	0.66
Project training <sup>3</sup>	59,265	6,252	16.00
Orientation <sup>4</sup>	9,858	1,007	2.66

## Average Training Hours – by Gender



## Average Training Hours – by Management Category



- 1 Professional training refers to trainings provided for employees in different functional positions regarding professional skills and knowledge. Such trainings are organized by individual departments, and mainly in the form of internal trainings and external trainings.
- 2 General training refers to trainings provided for employees on different levels regarding the occupational skills and abilities for specific levels. Such trainings are primarily organized by the human resource centre and the internal lecturers would provide the lectures.
- 3 Project training refers to special courses targeting the current condition of the corporate or the enhancement of a specific ability of the corporate or targeting individual specific cultivation.
- 4 Orientation refers to trainings provided to help new employees familiarize with the corporate and adapt to the environment and the position quickly.

### Case: “Peppa Plan”



Since May 2018, the Group devoted more efforts to the cultivation of middle management reserve cadres with the implementation of “Peppa Plan”. This plan was jointly hosted by the human resources center and the human resources department of each facility. The middle management reserve cadres, of whom the name list was submitted by each department, would accept a three-day

closed training to be hosted in June, the “Training Camp for Talent Improvement”. Salons would be hosted every week after the training in accordance with different learning topics to improve the office skills of the reserve personnel.

### Case: Collective Training for Fresh Graduates

The register, entry and training for fresh graduates will be handled uniformly in July each year. During the training, courses mainly with topics such as the corporate culture, corporate rules and regulations of the Company, the transition from student to employee and team building will be taught to help fresh graduates quickly adapt to the Company's atmosphere. After the training, the fresh graduates will be assigned to different facilities according to their different positions, accept one-to-one teaching by the department's instructor and job rotation for half a year. Forums and team building for fresh graduates will be organized during this period. Position fixing and work reporting will be conducted uniformly at the end of the half year.



# 04 Society

## Labor Standards

Yadea devotes to building up a corporate culture of “Love, Altruism and Harmoniousness”. The Group strictly complies the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》) and other relevant laws and regulations, and implemented them in the internal management documents by formulating “Employees Employment Management Measures” (《員工任用管理辦法》) and the “Employee Rights and Interests Protection System” (《員工權益保護制度》) accordingly.

Force labor, paying debt by labor or straining employees by imprisonment, child labor and other employment violations are forbidden by Yadea. All the work is on the voluntary basis and employees have the rights to leave the position freely upon reasonable notification to the Group. It will never be required as a condition of employment for employees to hand in their ID cards, passports or work permits granted by the government. Child under 16 years old cannot be employed for any position. In 2018, Yadea had no employment violation cases.

Yadea respects the basic rights and interests of employees and opposes discrimination and abuse. The Group opposes to any cruelty and discriminations based on race, social status, nationality, religion, disability and sexual orientation with no interference of employees’ believes and customs. We respect employees’ rights including the rights to free association according to PRC laws, join a trade union or not, seek representative and join workers’ committee. Employees could communicate with the management publicly on the working conditions with no fear of retaliation, threat or harassment.

In addition to the basic rights and interests, it has long been a target of Yadea to create a harmonious, respecting and healthy working and living environment for employees. Relevant benefit package is provided to employees by the Group according to different holidays and festivals, for example, we will send cooling supplies in summer and quilts in winter, and engage the third party to clean the area of employee dormitory regularly. In 2018, Yadea continued to hold traditional staff recreational activities, such as staff basketball games, staff sports games and family day.





### Case: “Guarding Children, Watching Their Growth”



In order to promote the care on Yadea's employees continuously and make the employees and their children and family members to feel the warmth of the big family of Yadea, in 2018, activities of “Guarding children, watching their growth” were organized respectively by each facility of Yadea to care about left-behind children. Children of the employees were invited to Yadea to visit the working place of their parents so as to promote the parent-child relationship for employees who could hardly take care of their children because of working outside, help children grow and improve employees' senses of collective honor and belonging.

### Case: “Knight Competition” of Yadea Tianjin Facility



In line with the implementation of the new national standards for electric vehicles and in order to inspect the new models, Tianjin facility organized the “2018 Tianjin Yadea Knight Competition”. At the event, Yadea's “knights” challenged to ride electric vehicles for 5 kilometers without power assistance within 30 minutes, which challenged the employees in focus, execution ability and endurance, as well as provided the encouragement for the upcoming inspection of new national standards, enabling the employees to face the challenge from higher standards with a positive attitude.

# 04

## Society

### Supply Chain Management

Yadea attaches importance to the win-win benefit of the value chain. The Group has established a series of management methods and systems from supplier admission, management to exit, which include “Tender Management Measures”, “Management Measures for Developing New Suppliers”, “Management Measures for Supplier Performance Assessment” and “Management Measures for Supplier’s Suspension of Supply and Exit”.

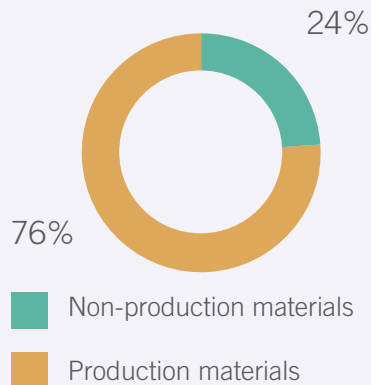
#### Scientific Supplier Management System

We have established systems such as “Tender Management Measures”, “Management Measures for Developing New Suppliers”, “Management Measures for Supplier Performance Assessment” and “Management Measures for Supplier’s Suspension of Supply and Exit”, constantly standardize supplier management, strengthen supplier admission evaluation and process evaluation, and assess supplier performance to ensure that suppliers’ behavior is compliant with laws and regulations, the product quality supplied is qualified, so as to reduce supply chain risks.

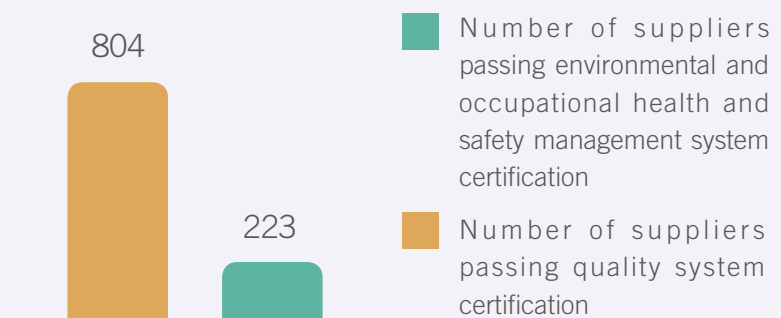
For the selection of suppliers, Yadea adheres to the purchase strategy of “being open and transparent”. Yadea has established “Management Measures for New Supplier Admission”, including assessments of suppliers’ financial risk, management system, operational capability, intellectual property and production sites, and conducts corresponding grading assessment.

For the management of suppliers, Yadea signed the corresponding “Procurement Agreement”, “Technology Development Agreement” and “Quality Agreement” with the suppliers to ensure that the responsibilities of both the buyer and the supplier are clear. In addition, suppliers are required to sign the “Market Recycling Agreement” for the parts with environmental protection requirements (such as batteries) to promote the sustainable development for Yadea’s supply chain. Furthermore, the relevant personnel from procurement, technology centre and quality centre are teamed up to conduct annual audits on the management system of suppliers and compile summary report and filing.

### Proportion of Suppliers-by Type



### Total Number of Suppliers-by Management System Certification



**1,238** suppliers



### Promote Communication with Suppliers

The Group continues to strengthen supply chain communication, integrates suppliers' expectation and demands, seriously explores and responds positively, and has gradually formed a good win-win situation of mutual benefit and with suppliers. We attach great importance to the demands of suppliers and respond positively to key issues such as performance evaluation, tender fairness, and project promotion that suppliers focus on to promote the sound development of cooperation between the two parties.

### Grow with Suppliers

We believe that the development of the corporation cannot be separated from the growth of its suppliers. Only by controlling the quality of all links in the supply chain can we produce high-quality products. In daily work, Yadea will send technical staff to the suppliers' sites and work with suppliers to overcome production and quality problems. During the training work of Yadea, suppliers will be invited and participate in discussion and make progress together.

In 2018, Yadea conducted reviews on a total of 1,238 suppliers to ensure that the entire supply chain implements the Group's supplier regulations and management requirements. In addition, Yadea further promoted the certification of environmental management system (ISO 14001), quality management system (ISO 9001, ISO/TS1694) and occupational health and safety management system (OHSAS 18001) for suppliers to play a more proactive role in green procurement.

In addition to its management of suppliers, the Group also actively promotes the work of industry associations by assisting in preparing industry standards and creating industry atmosphere with high standard and win-win.

Industry Association Involved	Specific Duties/Contribution
Wuxi Trademark Association	Standing Council Unit
Jiangsu Bicycle and Electric Bicycle Association	Vice President Unit
China Bicycle Association	Vice President Unit
China Chamber of Commerce for Motorcycle	Council Unit
China Association for Consumer Products Quality and Safety Promotion	Council Unit
China Lithium Battery Industry Alliance	Vice President Unit
Jiangnan University	Director Unit

Standard No.	Name of Standard	Category	Year of Issuance
GB/T 24158-2018	the General Specifications for Electric Motorcycles and Electric Mopeds* (電動摩托車和電動輕便摩托車通用技術條件)	National Standard	2018
GB/T 36943-2018	the Requirements on Mode Name and Logo of Lithium Ion Rechargeable Batteries for Electric Bicycle* (電動自行車用鋰離子蓄電池型號命名與標誌要求)	National Standard	2018
GB/T 36944-2018	the Specifications for Chargers for Electric Bicycle* (電動自行車用充電器技術要求)	National Standard	2018
GB/T 36945-2018	Terms for Lithium Ion Rechargeable Batteries for Electric Bicycle* (電動自行車用鋰離子蓄電池詞彙)	National Standard	2018
GB/T 36972-2018	Lithium Ion Rechargeable Batteries for Electric Bicycle* (電動自行車用鋰離子蓄電池)	National Standard	2018

# 04 Society

## Product Responsibility

### PRODUCT QUALITY

Yadea strictly controls product quality. The Group complies with the “Product Quality Law of The People’s Republic of China” (《中華人民共和國質量法》), GB17761 “Electric Bicycles – General Technical Requirements” (《電動自行車通用技術條件》), “Implementation Rules for Compulsory Certification of Products”\* (《強制性產品認證實施規則》), GB24155 “Safety Specifications for Electric Motorcycles and Electric Mopeds” (《電動摩托車和電動輕便摩托車安全要求》) and other national, regional and industrial product laws, regulations and policies, based on which it creates the inspection standards documents for parts and vehicles such as “Inspection Management Procedures”, “Unqualified Products Management Procedures”, “Internal Quality Information Management Measures”, “Vehicle Out of the Box Assessment Management Measures”, “Parts Inspection Management Measures”, etc., in order to standardize the management of product quality and strictly control product quality.

For product safety, a series of safety technical guidance documents, such as “Electric Bicycle Electrical Components Technical Standards” (《電動自行車各電氣零部件技術標準》) and “Luxury Electric Vehicle Road Test Methods” (《豪華款電動車道路試驗方法》), are compiled by making reference to standards for automotive industry and motorcycle industry, to ensure products from parts to vehicles are designed and developed in accordance with standard regulations. In the product development phase, product inspection benchmarks are developed based on product characteristics. A comprehensive safety test is conducted in the manufacturing process.

#### Case: Training on “Total Quality Management (TQM)”

All quality matters should be emphasised by the management. In 2018, Yadea organized specific trainings on total quality management for its management, aiming at enhancing their ability in gaining quality awareness and quality management, eliminating the misunderstanding about quality opinion, altering quality mindset, and building quality awareness from the perspective of whole corporate process. In 2018, the Group held a total of three trainings on “Total Quality Management (TQM)” with an aggregate of 123 participants, covering from leaders in vice president-level to team leaders from frontier staff. Thereafter, the Group further competed 436 Jianfeng Implementation Plans (健峰落地計劃), comprehensively improving the management’s ability in quality management and control and gradually refining its efficient and high-calibre quality management and control team.





Products	Standards
<b>Electric Motorcycles (Mopeds) Products</b>	<ul style="list-style-type: none"> <li>• GB 7258 “Technical Specifications for Safety of Power-driven Vehicles Operating on Roads”* (《機動車運行安全技術條件》)</li> <li>• GB/T 24158 “General Specifications for Electric Motorcycles and Electric Mopeds”* (《電動摩托車和電動輕便摩托車通用技術條件》)</li> <li>• “Implementing Rules for Compulsory Certification of Products CNCA-C11-02: 2014 Motorcycles”* (《強制性產品認證實施規則 CNCA-C11-02:2014 摩托車》)</li> <li>• “CQC-C1102-2014 Implementing Rules for Compulsory Certification of Products – Motorcycles”* (《CQC-C1102-2014 強制性產品認證實施細則摩托車》)</li> <li>• Public Notice on Road Motor Vehicle Products and CCC certification</li> </ul>
<b>Electric Bicycles</b>	<ul style="list-style-type: none"> <li>• GB 17761-2018 “Technical Safety Standards for Electric Bicycle”* (《電動自行車安全技術規範》)</li> <li>• “Implementing Rules for Compulsory Certification of Products CNCA-C11-16: 2018 Electric Bicycle”* (《強制性產品認證實施規則 CNCA-C11-16:2018 電動自行車》)</li> <li>• “CQC-C1116-2018 Implementing Rules for Compulsory Certification of Products – Electric Bicycle”* (《CQC-C1116-2018 強制性產品認證實施細則電動自行車》)</li> <li>• Obtained CCC certification</li> </ul>
<b>Motorcycles Products for Export</b>	<ul style="list-style-type: none"> <li>• Comply with the motorcycles technical orders of the United Union such as new regulation 2013/168/EU, and obtain e-mark certification</li> </ul>



## TECHNOLOGY INNOVATION

Yadea encourages technology innovation. Under the “Several Opinions on Strict Patent Protection” (《關於嚴格專利保護的若干意見》) issued by National Intellectual Property Administration, PRC, the Group formulated “Management Measures for Patent Protection” (《專利管理辦法》), “Management Measures for Patent Incentives” (《專利獎勵管理辦法》), “Declaration of Government Project Incentives Measures” (《申報政府項目獎勵辦法》) and “Measures for Project Management Evaluation” (《項目管理考評辦法》), etc., as basic protection for stimulating innovation in order to stimulate the innovation enthusiasm of personnel, strictly combat patent infringements, direct the intellectual property layout of new technology and product research and development, create the harmonious environment of intellectual property innovation and development, thereby enhancing the level of independent innovation capability and technological advancement of the corporate.



### Encouraging scientific research and development

- Establish the “cross functional teams”
- Integrate resources
- Formulate evaluation mechanism of programme management



### Encouraging patent applications and Accelerating the conversion of patents

- Grant corresponding incentive amounts based on patent for utility model and appearance patent
- Grant corresponding incentive amounts for the projects that have completed the declaration of the result transformation and obtained awards



### Raising awareness of patent protection

- Keep communication with science and technology bureau and judicial protection authorities
- Work together to establish intellectual property rights platform
- Issue the cases of intellectual property protection

Set out below is the relevant data of technology innovation of Yadea in 2018:

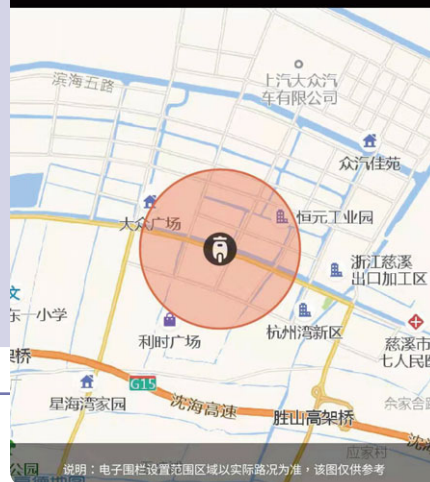
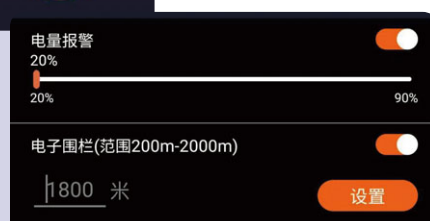
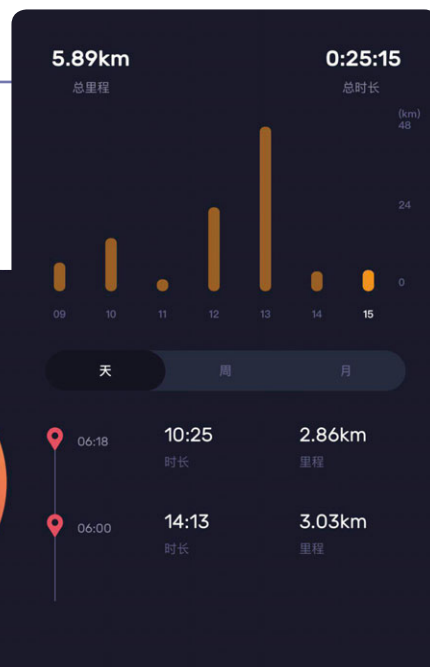
Indicator	Unit	2018
R&D expenditure	RMB'000,000	305.45
Number of scientific research personnel	person	267
Number of patent applications	pcs	690
Number of patent authorizations	pcs	677
Appearance patent	pcs	388
Utility model patent	pcs	257
Invention patent	pcs	32

## Case: The Deployment and Application of IoT Intelligent Location Terminal Products (Diving Guards) and the Dedicated Electric Vehicles Management Platform

In 2018, Yadea continuously deepened the cooperation with China Mobile Wuxi Branch on the development and application of IoT intelligent location terminal products (diving guards) and the dedicated electric vehicles management platform.

The deployment of such product enables the intelligent terminal installed on electric motorcycles to collect the data of the location, vibration, start-stop, power-off, line crossing, track and terminal battery of the electric motorcycle, and then use its imbedded IoT card to send all kinds of data of the electric motorcycle to cloud platforms through base station network. The cloud platform receives the data and then analyses and deals with such data, and thereafter it will transmit the data and analysis results to the management platform of the users' APP and PC through networks. Such technology enables users to send orders through their mobile phones to make turn-on, self-checking and LED intelligent sensing operations. In addition, it also opens the communication between users and corporations.

Such technology provides users with an approach to know the vehicle condition and offers an effective entrance of big data operation which can be used in marketing Yadea. It not only brings good guarantee for product iteration and after-sales service, meanwhile, but also makes Yadea take a big step forward towards intellectualization.












## CUSTOMER SERVICE

Yadea is committed to providing better service. The Group has formulated the “Customer Complaint Management Measures” in accordance with the laws and regulations such as the “Consumer Protection Law” (《消費者權益保護法》), the “Regulations on Liability for Industrial Products Quality” (《工業產品質量責任條例》), requiring the sales and aftersales end strictly complying with them, and conducting trainings for relevant personnel regularly. By speeding up the handling of consumer complaints and standardizing problem-solving methods (8D report forms), the protection of consumer rights is maximized.

### Strict Distributor Management Mechanism

The Group has formulated a series of management system in relation to distributors and sales, such as the “Administration Measures for the Entry and Exit of Distributors” (《經銷商准入准出管理辦法》), the “Documents on Management Mechanism of Distributors” (《經銷商管理制度文件》) and the “Management Measures for the Credit Granting to Distributors” (《經銷商授信管理辦法》), to select distributors with high-quality, good credit and good service, and to fortify daily regulation to eliminate fraud and others as an attempt to provide consumers with good service. Yadea will also provide technical support (including after-sale training, repair support and so on) to distributors to ensure a good sale and after-sale experience is provided to customers, and spread such high-level service requirements to overseas.

### Multi-dimensional Service Channels

<p>The storefronts of distributors</p> 	<p>National unified service telephone number 400-900-1212</p> 	<p>Official website, official account and others</p> 	<p>Questionnaire</p> 	<p>Telephone follow-up</p> 
<p>20 free maintaining services for one year (5 times)</p> 	<p>365 days within 5 minutes answer repairing service requirements from clients</p> 	<p>RMB52,000 free door-to-door service for one year with a safety driving insurance</p> 	<p>“Compensation for Losing car” service</p> 	

## PROTECTION OF CONSUMER PRIVACY

In addition, Yadea attaches great importance to the protection of consumer data privacy. The Group has set up a “security and confidentiality system” and requires the organizational units at all levels to manage and use information and documents as required. Customer information is managed and maintained by designated personnel, and all documents were transmitted with password protection. Other departments can only view and use the customer information with the authorization granted by senior management based on their review. The Group shall not transmit data to third parties, which were either have not signed confidentiality agreements or have abused consumer data. In 2018, Yadea respected consumer privacy in production, sales, and after-sales service, and it has so far not infringed or leaked consumer information.

## BRAND IMAGE

Yadea has quality brand image. As the leader in electric two-wheeled vehicles industry, Yadea will continuously promote and expand its products, create international brand image, strive to bring products made in the PRC to the world.

In order to build good brand image, Yadea starts from itself by enhancing advertisement management and eliminating false publicity. On one hand, advertisement content of Yadea will be reviewed by Public Relations Team through products surveys in order to make sure no false or exaggerated information exist in online advertisement. On the other hand, the Group has sent its advertisement policies and offline advertisement materials to distributors, and has made regular checks to avoid false offline advertisements that mislead consumers.

After a decade of efforts, in 2018, the brand of Yadea has made breakthrough development. Yadea has become a sponsor of the 2018 FIFA World Cup and vigorously promoted its brand influence in overseas by this opportunity. It also took part in Esposizione Internazionale Ciclo Motociclo e Accessori (EICMA) in November 2018, bringing “Made in China” to the world.

### Case: Yadea Becomes a Sponsor of the 2018 FIFA World Cup

In 2018, Yadea became the first official regional sponsor of the FIFA World Cup in the electric two-wheeled vehicles industry. This cooperation between Yadea and the 2018 FIFA World Cup Russia is a high-end feast with strong alliances. Being an official regional sponsor of the 2018 FIFA World Cup Russia was a high recognition on the brand and product quality of Yadea from FIFA.



The World Cup is extremely strict in choosing sponsors. As for Yadea, it is a recognition on the brand and concept of Yadea from the world. Yadea insists on self-development and innovative manufacturing by combining its “soft” and “hard” strengths in intelligent manufacturing to truly realize leadership value in the industry. In addition to hardware upgrading, Yadea also launched many functions with high-tech, for example, it can allow customers to use their mobile phone to enjoy functions such as electric vehicle control at any time, keyless startup, one-click detection and navigation, anti-theft control, and emergency charging

for mobile terminals such as mobile phone. With the sales of high-end vehicles being ahead of peers for years and the construction of offline and online cultural system, Yadea has endeavored to promote riding culture, driving many urban youth return to green, healthy and low-carbon ridding life. It has become a representative enterprise of Chinese ridding brands and a leader of riding culture, coinciding with concepts of striving for number one and cooperation with multiple parties that have long advocated by World Cup level sporting events.



# 04 Society

## Anti-corruption

In compliance with the “Criminal Law of the People’s Republic of China” (《中華人民共和國刑法》), the “Anti-unfair Competition Law of the People’s Republic of China” (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations, the Group has improved the corresponding internal control system and implemented the provisions on the integrity and self-discipline of our employees to curb the illegal acts, such as bribery and fraud and safeguard the legitimate rights and interests of the Group.

Employees are required to sign the “Yadea Group Anti-corruption Initiative”, and distributors and suppliers are required to sign the “Anti-commercial Bribery Agreement”. In addition to these, the Group will continue to strengthen its anti-corruption work. It issued “Yadea Group Integrity Management Regulations (V1.0)” (《雅迪集團廉潔管理規定(V1.0)》) that defines the relevant responsibilities of departments and the persons in charge of integrity management and regulates the fraudulent practices of the auditees’ management, those charged with governance, employees or third parties by deceptive means to obtain improper or illegal benefits. The Group has revised the “Yadea Group Incentive and Penalty Scheme for Whistleblowers” (《雅迪集團舉報人保護和獎勵制度》) to further improve the protection and reward to whistleblowers of crimes for their work.

Besides, the Group has set up various reporting and supervision channels including reporting hotline and official account for anti-corruption, and has expanded channels of communication and supervision to deliver functions such as anti-corruption publicity, anti-corruption legal knowledge explanation and online reporting. In addition, the Audit and Inspection Department conducts regular publicity on anti-corruption knowledge and complaint channels. In 2018, Yadea was not aware of any corruption proceedings that the Group and its employees had involved in.

Specific ways of reporting and supervision channels are as follows:



The Group headquarter and 4 facilities have set up the specialized mailboxes for receiving complaints.



Hotline: 0510-88101338



Email: [audit@yadea.com.cn](mailto:audit@yadea.com.cn)



WeChat anti-corruption official account: Integrity of Yadea (廉潔雅迪)

# 04 Society

## Community Investment

Yadea incorporates a harmonious community into its corporate development strategy layout. The Group encourages the development and charity activities of the local community where it operates, encourages open dialogues with the local community, complies with local laws and regulations, respects local culture and customs, and supports employee to take part in volunteer activities. In addition, Yadea recruits qualified local employees as far as practicable, to create more employment opportunities for the locals.

### Case: The 717 Electric Vehicle Festival (717電動車騎行節) of 2018

The 717 Electric Vehicle Festival of 2018 jointly initiated by SEE Foundation and Yadea has contributed to a rising green trend of environmental-friendly electric vehicle riding.

As the green riding ambassador of the 717 Electric Vehicle Festival of 2018, Cecilia Han (韓雪), a famous actress, came to the inauguration ceremony. She told to her fans on site that, “The 717 Electric Vehicle Festival is a wonderful festival which makes us pay more attention to electric vehicle to realize emissions reductions. All of us should join in to achieve blue skies of cities.”

Yadea, a cooperation partner of the event, donated RMB500,000 to SEE Foundation and announced that its stores across the country would join in The 717 Electric Vehicle Festival which showed that Yadea's determination and sense of responsibility for environmental protection.

As the urbanization proceeds, the environmental pollution of today such as traffic jam and vehicle emissions has become increasingly serious. However, the emergence of new energy transportation tools such as electric vehicles/electric bicycles offers people new options to improve urban environmental protection and enjoy flexible trips. As a leading brand in the electric two-wheeled vehicles industry in the PRC, Yadea is responsible for expanding the concept of environmental protection to the globe and carrying on the plans of distributing products globally.





### Case: Yadea Volunteer Teams of the Tour of China (the Race of the Guangdong-Hong Kong-Macao Greater Bay Area)

On 19 September 2018, the Tour of China Road Cycling Race ushered in a battle in the Qingyuan Fogang stage in Guangdong-Hong Kong-Macao Greater Bay Area of the Tour of China. The contest recruited volunteers from the society to ensure the smooth progress of the race. Guangdong Yadea proactively formed a service team to provide quality services for the contest in Fogang People's Government Square, devoting its efforts to the promotion of green, environmental and healthy lifestyles.



# 05 Future Outlook

2019 will be a challenging year. As the leader in electric two-wheeled vehicles industry, we continue to explore, lead the industry development, and go further to the international prominence in the new year and speed up the pace to become a world-class enterprise for bringing more convenient mobility options to more people.

In the new year, while maintaining our economic growth, we will further strengthen the concept of sustainable development.

Yadea always puts health, safety and environmental protection in the first place. Yadea continues to improve the building of safety management system and safety culture, and constantly enhances control of health, safety and environmental risks, in order to reduce the impact of its operation on stakeholders such as the natural environment, surrounding communities and employees for building green facilities.

Yadea will continue to be customer-oriented and to deepen electric vehicle strategy 3.0. Yadea advocates safe and civilized trips, and builds safe and civilized trip environments for consumers to ride safely and happily on the road, undertaking its responsibility to the family, society and public safety.

Yadea will optimize the working environment for employees, promote teamwork, and create a good working atmosphere to make employees feel comfortable and at ease.

Yadea insists on operating in honest and efficient way to operate in ethical and responsible manner. The Group promotes value chains and win-win cooperation and is extremely strict to every detail in production.

Yadea's belief in green is never a slogan but a practical act to every detail in Yadea's daily operation. From product design, production, sales, customer use to eventually recycling, every process is correspondingly under control, and the Group proactively promotes the idea of green travel along with the Group's presence around the world. Yadea also hopes that with the expansion, it will influence Yadea's stakeholders as well as new areas and groups.

**Yadea is not only a corporate that continues to innovate but also a responsible corporate citizen.**





**YADEA GROUP HOLDINGS LTD.**

2018 Environmental,  
Social and Governance Report



**Yadea**

More advanced electric vehicles