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Yadea Group Holdings Ltd.

雅迪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1585)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Yadea Group Holdings Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021 as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- Revenue increased by approximately 13.5% to approximately RMB14,050.6 million as compared with the corresponding period in 2021.
- Gross profit increased by approximately 36.5% to approximately RMB2,518.2 million as compared with the corresponding period in 2021.
- Profit attributable to the shareholders of the Company increased by approximately 52.6% to approximately RMB899.0 million as compared with the corresponding period in 2021.
- Basic earnings per share increased by approximately 51.0% to approximately RMB31.1 cents per share as compared with the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	14,050,637	12,375,409
Cost of sales	7	(11,532,418)	(10,530,026)
Gross profit		2,518,219	1,845,383
Selling and distribution expenses	7	(635,883)	(604,789)
Administrative expenses	7	(466,996)	(349,365)
Research and development costs	7	(505,347)	(338,953)
Other income and gains – net	6	218,249	169,933
Operating profit		1,128,242	722,209
Finance costs		(29,896)	(7,315)
Share of losses of investments accounted for using the equity method		(15,537)	(3,110)
Profit before income tax		1,082,809	711,784
Income tax expense	8	(178,284)	(125,808)
Profit for the period		904,525	585,976
Profit attributable to:			
– Owners of the Company		898,979	589,161
– Non-controlling interests		5,546	(3,185)
		904,525	585,976
Earnings per share			
– Basic (<i>RMB cents per share</i>)	10(a)	31.1	20.6
– Diluted (<i>RMB cents per share</i>)	10(b)	30.7	20.2

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	904,525	585,976
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on an investment in equity instruments at fair value through other comprehensive income	–	(804)
Exchange difference on translation from functional currency to presentation currency	17,770	(3,131)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	4,904	1,272
Other comprehensive income/(loss) for the period, net of income tax	22,674	(2,663)
Total comprehensive income for the period	927,199	583,313
Total comprehensive income attributable to:		
– Owners of the Company	921,653	586,498
– Non-controlling interests	5,546	(3,185)
	927,199	583,313

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022	As at 31 December 2021
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	2,704,452	2,211,613
Right-of-use assets		925,464	927,738
Intangible assets	<i>17</i>	1,019,649	47,620
Investments accounted for using the equity method		117,010	63,048
Equity instruments at fair value through other comprehensive income		20,816	19,993
Prepayments, deposits and other receivables		939,185	893,384
Prepayment for acquisition of property, plant and equipment and right-of-use assets		50,646	42,582
Deferred income tax assets		109,853	88,444
Other long-term assets		71,984	98,904
		<hr/>	<hr/>
Total non-current assets		5,959,059	4,393,326
Current assets			
Inventories	<i>12</i>	1,130,305	1,194,213
Trade receivables	<i>13</i>	443,797	392,607
Prepayments, deposits and other receivables		799,514	403,430
Financial assets at fair value through profit or loss		3,666,602	3,870,339
Debt instruments at fair value through other comprehensive income		27,086	87,756
Pledged bank deposits		3,303,174	2,993,010
Term deposits with initial term over 3 months		200,000	–
Cash and cash equivalents		6,607,437	6,073,112
		<hr/>	<hr/>
Total current assets		16,177,915	15,014,467
		<hr/>	<hr/>
Total assets		22,136,974	19,407,793

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

		As at 30 June 2022	As at 31 December 2021
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		29,998	39,122
Lease liabilities		74,582	87,132
Deferred income		61,289	42,853
Other non-current liabilities		456,934	398,410
		622,803	567,517
Current liabilities			
Borrowings	17	1,687,289	–
Trade and bills payables	14	11,431,170	12,758,156
Other payables and accruals		1,865,643	1,350,294
Contract liabilities		228,627	134,222
Lease liabilities		35,398	40,429
Income tax liabilities		174,126	44,776
Dividends payable	9	705,304	–
		16,127,557	14,327,877
Total current liabilities		16,127,557	14,327,877
Total liabilities		16,750,360	14,895,394
Net assets		5,386,614	4,512,399
EQUITY			
Share capital	15	192	187
Share premium and reserves		5,529,468	4,499,989
		5,529,660	4,500,176
Equity attributable to owners of the Company		5,529,660	4,500,176
Non-controlling interests		(143,046)	12,223
		5,386,614	4,512,399
Total equity		5,386,614	4,512,399

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2022

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		538,331	2,700,701
Income tax paid		(89,398)	(115,017)
		<hr/>	<hr/>
Net cash generated from operating activities		448,933	2,585,684
Cash flows from investing activities			
Payment for term deposits with initial term over 3 months		(402,000)	–
Proceeds from disposal of term deposits with initial term over 3 months		202,000	100,000
Repayment of loans by third parties and a related party		3,249	21,152
Interest received from bank deposits		36,689	32,298
Purchases of property, plant and equipment and other long-term assets		(350,298)	(635,165)
Purchases of land use rights		–	(211,465)
Purchase of investments accounted for using the equity method		(66,000)	(66,000)
Proceeds from disposal of property, plant and equipment and intangible assets		19,684	2,342
Payment for acquisition of subsidiaries, net of cash acquired	<i>17</i>	(301,968)	–
Purchases of intangible assets		(7,599)	(4,351)
Payment for financial assets at fair value through profit or loss		(12,569,086)	(33,570,901)
Proceeds from sale of financial assets at fair value through profit or loss		12,729,987	33,427,507
Interest received from wealth management products and structured deposits		60,190	97,237
Proceeds from disposal of one subsidiary, net of cash disposed		3,099	–
		<hr/>	<hr/>
Net cash used in investing activities		(642,053)	(807,346)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)*For the six months ended 30 June 2022*

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	1,626,841	156,153
Repayment of borrowings	(1,620,193)	–
Interest paid	(25,442)	–
Proceeds from issues of shares, net of shares issue costs	727,842	–
Proceeds from exercise of restricted share units	8,926	10,929
Repayments of lease liabilities	(23,024)	(13,792)
	<hr/>	<hr/>
Net cash generated from financing activities	694,950	153,290
	<hr/>	<hr/>
Net increase in cash and cash equivalents	501,830	1,931,628
Effect of foreign exchange rate changes on cash and cash equivalent	32,495	(2,311)
Cash and cash equivalents at beginning of the period	6,073,112	3,420,934
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	6,607,437	5,350,251
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") with effect from 19 May 2016.

The Company is an investment holding company. The Group is principally engaged in the development, manufacture and sale of electric two-wheeled vehicles and related accessories in the People's Republic of China (the "**PRC**").

In the opinion of the Directors, the ultimate holding companies of the Company are Dai Wei Investment Company Limited and Fang Yuan Investment Company Limited, which are incorporated in the British Virgin Islands, and the ultimate controlling shareholders of the Company are Mr. Dong Jinggui and Ms. Qian Jinghong.

The condensed consolidated financial information has been approved for issue by the Board on 26 August 2022.

2 BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021 and any public announcements made by the Company during the six months ended 30 June 2022.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings (Note 8) and the adoption of new and amended standards (Note 3.1) as set out below.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current Reporting Period, which did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2022 and have not been early adopted by the Group in preparing the condensed consolidated financial information. None of these is expected to have a significant effect on the condensed consolidated financial information of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing the condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

5 REVENUE AND SEGMENT INFORMATION

5.1 Disaggregation of revenue from contract with customers

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods		
Electric bicycle	5,201,631	3,889,264
Electric scooters	4,596,637	5,420,725
Batteries and chargers	3,907,361	2,894,462
Electric two-wheeled vehicle parts	345,008	170,958
	<u>14,050,637</u>	<u>12,375,409</u>
Timing of revenue recognition		
At point in time	<u>14,050,637</u>	<u>12,375,409</u>

Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the Reporting Period, no major customer information is presented in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") 8 *Operating Segments*.

5.2 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. The CODM considers the business primarily from product perspective.

The Group's operation has following reportable segments for the six months ended 30 June 2022:

- Electric vehicles and related accessories;
- Electronic plates and batteries.

The "Electric vehicles and related accessories" segment is mainly engaged in the development, manufacture and sale of electric vehicles and related accessories. "Electronic plates and batteries" segment is mainly engaged in the production and sales of electronic plates and batteries.

The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The revenues from inter-segment and external customers reported to the CODM are measured in a manner consistent with that applied in the condensed consolidated statement of comprehensive income.

Other information, together with the segment information, provided to CODM, is measured in a manner consistent with that applied in this condensed financial information. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Electric vehicles and related accessories <i>RMB'000</i> (Unaudited)	Electronic plates and batteries <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)	Electric vehicles and related accessories <i>RMB'000</i> (Unaudited)	Electronic plates and batteries <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Total segment revenue	13,709,019	1,923,388	15,632,407	12,375,409	-	12,375,409
Inter-segment revenue	-	(1,581,770)	(1,581,770)	-	-	-
Revenue from external customers	13,709,019	341,618	14,050,637	12,375,409	-	12,375,409
Gross profit	2,341,052	177,167	2,518,219	1,845,383	-	1,845,383

Geographical information

Since over 90% of the Group's revenue and operating profit were generated from the sale of electric two-wheeled vehicles in the PRC and over 90% of the Group's non-current assets and liabilities were located in the PRC, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

6 OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Government grants	107,297	23,169
Bank interest income	62,722	32,298
Others	12,290	7,739
	182,309	63,206
Other gains		
Gains from financial assets at fair value through profit or loss	30,243	114,098
Net loss on disposal of property, plant and equipment and intangible assets	(7,056)	(4,197)
Net foreign exchange gains/(losses)	20,515	(1,011)
Others	(7,762)	(2,163)
	35,940	106,727
	218,249	169,933

7 EXPENSE BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Raw materials and consumables used	11,156,193	10,255,846
Employee benefits expenses	1,012,861	687,344
Freight expenses	146,216	123,008
Advertising expenses	132,962	209,800
Depreciation of property, plant and equipment	114,086	69,298
Outsourcing labor fee	95,242	79,770
Travelling and transportation expenses	82,902	67,130
Outsourcing processing fee	76,869	72,836
Depreciation of right-of-use assets	33,752	16,900
Consulting and professional service expenses	33,256	33,795
Amortisation of intangible assets	30,276	13,145
Amortisation of other long-term assets	26,920	40,195
Product design fee	20,221	22,367
Short-term and low-value lease	6,060	10,192
Auditor's remuneration	4,308	3,213
– Audit services	4,100	3,150
– Non-audit services	208	63
Other expenses	168,520	118,294
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	13,140,644	11,823,133
	<hr/>	<hr/>

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current PRC Enterprise Income Tax	209,176	130,141
Deferred income tax	(30,892)	(4,333)
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Income tax expense for the period	178,284	125,808
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9 DIVIDENDS

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2022.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividends for the year ended 31 December 2021 of 28 HK cents (2020 – final dividend 19 HK cents) per fully paid share	705,304	453,513
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10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share (“EPS”) is calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue during each interim period.

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (<i>RMB’000</i>)	898,979	589,161
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	2,887,175	2,855,144
Basic EPS (<i>in RMB cents/share</i>)	31.1	20.6

(b) Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2022, the Restricted Share Units (“RSUs”) granted by the Company in 2020 and 2022 have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from RSUs granted by the Company.

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company arising from (<i>RMB’000</i>):	898,979	589,161
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	2,887,175	2,855,144
Adjustments for share based compensation – RSUs (<i>thousand shares</i>)	41,412	58,423
Weighted average number of ordinary shares for the calculation of diluted EPS (<i>thousand shares</i>)	2,928,587	2,913,567
Diluted EPS (<i>in RMB cents/share</i>)	30.7	20.2

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with cost of RMB348,109,000 (the six months ended 30 June 2021: RMB666,743,241).

Property, plant and equipment with a net book value of RMB20,863,000 were disposed of by the Group during the six months ended 30 June 2022 (the six months ended 30 June 2021: RMB5,442,209).

As at 30 June 2022, certain of the Group's buildings and construction in progress with an aggregate net carrying amount of RMB416,440,000 (31 December 2021: RMB433,767,000) were pledged to secure the Group's bills payable.

12 INVENTORIES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Raw materials	802,069	756,503
Finished goods	328,236	437,710
	<u>1,130,305</u>	<u>1,194,213</u>

13 TRADE RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	453,156	400,635
Less: allowance for credit losses	(9,359)	(8,028)
	<u>443,797</u>	<u>392,607</u>

The following is an ageing analysis of trade receivables, presented based on the invoice dates:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 6 months	431,418	385,167
Over 6 months	12,379	7,440
	<u>443,797</u>	<u>392,607</u>

14 TRADE AND BILLS PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	5,178,171	4,021,238
Bills payable	6,252,999	8,736,918
	<u>11,431,170</u>	<u>12,758,156</u>

An ageing analysis of the trade payables as at the end of Reporting Period, based on the invoice date, is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 3 months	5,154,602	3,996,106
3 to 6 months	17,943	19,677
6 to 12 months	1,396	1,412
12 to 24 months	1,382	1,104
Over 24 months	2,848	2,939
	<u>5,178,171</u>	<u>4,021,238</u>

Trade payables are non-interest-bearing and have an average credit term of 30 to 90 days.

15 SHARE CAPITAL

(a) Share capital

	Number of shares	Share capital <i>USD'000</i>
Authorised:		
5,000,000,000 ordinary shares of USD0.00001 each	5,000,000,000	50
Issued and fully paid		
At 31 December 2021	2,995,000,000	30
Issue of new shares	68,800,000	1
As at 30 June 2022	<u>3,063,800,000</u>	<u>31</u>
Equivalent to RMB'000		<u>192</u>

On 31 May 2022, the Company completed the placing of 68,800,000 new shares and raised net proceeds of approximately HKD857,647,000 (equivalent to RMB727,842,000).

(b) **Treasury shares**

For the six months ended 30 June:

	Number of shares		RMB'000	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Treasury shares				
At beginning of period	129,562,539	148,588,539	295,183	286,907
Vested and transferred to employees	(20,362,000)	(22,194,000)	(23,315)	(25,412)
At end of period	109,200,539	126,394,539	271,868	261,495

(c) **Share based payment**

The Company historically adopted the share award schemes to recognise the contributions by certain participants and to give incentive to them in order to retain them for the continual operation and development of the Group, to attract suitable personnel for further development of the Group and to provide certain participants with a direct economic interest in attaining a long-term relationship between the Group and certain participants. A trust was established under a trust deed entered into by the Company to administer the schemes, and for the purchase or subscription of the shares of the Company, based on financial support given by the Group. Any shares subsequently awarded by the Company to the qualifying employees will be settled with the shares held by the trust on behalf of the Company. The Directors have determined that the Company controls the trust through the trust deed and therefore consolidates the trust.

RSUs

The following table summarizes certain information in respect of RSUs activity for the six months ended 30 June:

	Number of Awards		Weighted Average Grant Date Fair Value Per RSU	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
RSUs outstanding, beginning of period	51,940,000	75,200,000	1.13	1.13
Granted	50,660,000	–	4.94	–
Vested	(20,362,000)	(22,194,000)	1.20	1.13
Forfeited	(4,618,000)	–	1.13	–
RSUs outstanding, end of period	77,620,000	53,006,000	3.60	1.13

In 2020 and 2022, the Group has granted RSUs to certain employees under the share award schemes. The RSUs granted would vest in different schedules from the grant date. The fair value of RSUs granted was determined by reference to the market price and exercise price of the ordinary share of the Company. Vesting of the RSUs is subject to certain performance measures and continued employment with the Group.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
RSUs granted	67,880	11,537

16 CAPITAL COMMITMENTS

	As at	As at
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statement	291,150	678,122

17 BUSINESS COMBINATION

On 4 January 2022, Yadea Technology Group Limited* (雅迪科技集團有限公司), a wholly-owned subsidiary of the Company, acquired 70% equity interest in Jieshoushi Nandu Huayu Power Co., Ltd.* (界首市南都華宇電源有限公司) and Zhejiang Changxing Nandu Power Co., Ltd.* (浙江長興南都電源有限公司) (collectively, “**Target Companies**”), at a total cash consideration of RMB311,500,000.

The assets and liabilities of the Target Companies recognised as a result of the acquisition are as follows:

	Fair Value <i>RMB'000</i>
Cash and cash equivalents	9,532
Intangible assets [#]	310,848
Property, plant and equipment	280,374
Other non-current assets	41,752
Trade receivables	599,748
Inventories	423,263
Other current assets	692,674
Non-current liabilities	(30,063)
Other payables and accruals	(394,932)
Borrowings	(1,990,531)
Trade and bills payables	(285,559)
Other current liabilities	(189,046)
	<hr/>
Net identifiable liabilities acquired	(531,940)
	<hr/>
Less: non-controlling interest	159,582
Add: goodwill	683,858
	<hr/>
	311,500

[#] The intangible assets mainly include acquired patents of RMB310,480,000 as a result of this business combination.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Financial assets		
Financial assets at fair value through profit or loss (“FVTPL”)	3,666,602	3,870,339
Financial assets at amortised cost	10,788,662	9,625,339
– Cash and cash equivalents	6,607,437	6,073,112
– Pledged bank deposits	3,303,174	2,993,010
– Term deposits with initial term over 3 months	200,000	–
– Trade receivables	443,797	392,607
– Other receivables	234,254	166,610
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	20,816	19,993
Debt instruments at FVTOCI	27,086	87,756
	<u>14,503,166</u>	<u>13,603,427</u>
Financial liabilities		
At amortised cost:		
– Borrowings	1,687,289	–
– Trade and bills payable	11,431,170	12,758,156
– Other payables and accruals [#]	1,481,093	927,659
– Other non-current liabilities	456,934	398,410
– Lease liabilities	109,980	127,561
	<u>15,166,466</u>	<u>14,211,786</u>

[#] Excluding staff costs and welfare accruals and other taxes.

Fair Value Measurements of Financial Instruments

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As of 30 June 2022				
Assets				
Financial assets at FVTPL				
– Wealth management products and structured deposits at FVTPL	–	3,523,700	–	3,523,700
– Listed equity investment	60,047	–	–	60,047
– Unlisted equity investment	–	–	61,633	61,633
– Bond investment	–	21,222	–	21,222
Equity instrument at FVTOCI	–	–	20,816	20,816
Debt instruments at FVTOCI	–	27,086	–	27,086
	60,047	3,572,008	82,449	3,714,504
	<i>Level 1 RMB'000</i>	<i>Level 2 RMB'000</i>	<i>Level 3 RMB'000</i>	<i>Total RMB'000</i>
As of 31 December 2021				
Assets				
Financial assets at FVTPL				
– Wealth management products and structured deposits at FVTPL	–	3,740,442	–	3,740,442
– Listed equity investment	42,800	–	–	42,800
– Unlisted equity investment	–	–	61,633	61,633
– Bond investment	–	25,464	–	25,464
Equity instruments at FVTOCI	–	–	19,993	19,993
Debt instruments at FVTOCI	–	87,756	–	87,756
	42,800	3,853,662	81,626	3,978,088

The following table presents the changes in level 3 items for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	81,626	65,519
Addition	–	41,633
Fair value change recognised in other comprehensive income	–	(804)
Currency translation difference	823	714
Reclassified to level 1	–	(41,999)
Refund of prepayment for an investment	–	(3,001)
	<hr/>	<hr/>
At the end of the period	82,449	62,062
	<hr/>	<hr/>

19 RELATED PARTY TRANSACTIONS AND BALANCES

Particulars of the related party, which entered into material transaction with the Group, is as follows:

Name	Relationship
Zhejiang Narada Power Source Co., Ltd.* (浙江南都电源动力股份有限公司) and its subsidiaries (“Narada”)	A non-controlling interests shareholder holding 30% equity interest of the Group’s subsidiary

As disclosed in Note 17, the Group acquired 70% equity interest in the Target Companies on 4 January 2022, and since then, Narada, who held 30% equity interest in the Target Companies, became the Group’s related party. Disclosure of transactions with Narada only covered period from 4 January 2022 to 30 June 2022.

(a) Transactions with related parties

- (i) Purchases of products and equipment

	Six months ended 30 June 2022 RMB'000
Narada	1,055,081
	<hr/>

The purchases of products and equipment were made on terms agreed between the parties.

- (ii) Sales of products

	Six months ended 30 June 2022 RMB'000
Narada	86,854
	<hr/>

The sales were made on terms agreed between the parties.

(c) **Due from related parties**

Other receivables and prepayments

As at
30 June 2022
RMB'000

Narada

32,571

(d) **Compensation of key management personnel of the Group**

Six months ended 30 June
2022 2021
RMB'000 RMB'000
(Unaudited) (Unaudited)

Salaries

3,582

4,524

Pension scheme contribution and social welfare

166

188

Share-based compensation expenses

1,126

2,539

4,874

7,251

20 SUBSEQUENT EVENTS

On 19 August 2022, Yadea Technology Group Limited* (雅迪科技集團有限公司) entered into an equity transfer agreement with Target Companies (as disclosed in Note 17) and Narada, the non-controlling interests shareholder of the Target Companies, to acquire the remaining 30% equity interest at a total cash consideration of RMB133,500,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

According to the National Bureau of Statistics of China, in the first half of 2022, the per capita consumption expenditure of residents of the People's Republic of China (the “**PRC**” or “**China**”) has experienced a nominal increase of 2.5% as compared to the corresponding period. In addition, various economic indicators continued to rebound, reflecting the stable progression and gradual recovery of the overall national economy from the COVID-19 pandemic. Since the start of the COVID-19 pandemic, the Company has also observed a shift of demand from public transport to personalised transportation, in order to avoid close contact with the public during the use of mass transport. The recovery of the global economic remains uncertain.

Benefiting from the large ownership base and hence stable recurring replacement demand, an increasing urge for consumption of environmentally friendly, convenient, safe and cost-efficient personal transport vehicle since the start COVID-19 pandemic, as well as the improving customer spending under recovery in China, the Group continued to achieve strong growth by delivering another set of strong financial results in the first half of 2022. The Group recorded revenue of approximately RMB14,050.6 million for the Reporting Period, up by 13.5% year-over-year, and net profit of approximately RMB904.5 million for the Reporting Period, up by 54.4% year-over-year, which are mainly attributable to the improvement in product mix of electric two-wheeled vehicles.

During the Reporting Period, the Group continued to boost sales of our popular series of electric two-wheeled vehicles, including Guanneng (冠能) 2.0 and 3.0 series and Lingpao (領跑) series. Owing to the popularity and the high performing capabilities of the products of such series, the sales volume of electric two-wheeled vehicles of such series outpaced other product series of the Group and contributed to up to 40% of the total sales volume of electric two-wheeled vehicles during the Reporting Period. The Group will continue to invest in developing new models and upgrading the performance of the existing models of electric two-wheeled vehicles and electric bicycles.

Financial Review

Revenue

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB14,050.6 million, representing an increase of approximately 13.5% compared with the corresponding period in 2021 of approximately RMB12,375.4 million. The increase was primarily attributable to the increase in demand, consumption and upgrading of personal transport related equipment, improvement of product mix and the expansion of distribution network.

Product Type	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Revenue (RMB'000)	% of total	Volume '000 units	Revenue (RMB'000)	% of total	Volume '000 units
Electric bicycles	5,201,631	37.0	3,606.8	3,889,264	31.4	3,463.8
Electric scooters	4,596,637	32.7	2,529.4	5,420,725	43.8	3,073.2
Subtotal	9,798,268	69.7	6,136.2	9,309,989	75.2	6,537.0
			Batteries: 7,044.2			Batteries: 5,792.7
Batteries and chargers	3,907,361	27.8	4,900.5	2,894,462	23.4	4,361.7
Electric two-wheeled vehicle parts	345,008	2.5	N/A	170,958	1.4	N/A
Total	14,050,637	100.0	–	12,375,409	100.0	–

Sales volume of electric scooters decreased by approximately 17.7% from approximately 3,073,200 units for the six months ended 30 June 2021 to approximately 2,529,400 units for the six months ended 30 June 2022; and the sales volume of electric bicycles increased by approximately 4.1% from approximately 3,463,800 units for the six months ended 30 June 2021 to approximately 3,606,800 units for the six months ended 30 June 2022.

Cost of sales

Cost of sales increased by approximately 9.5% from approximately RMB10,530.0 million for the six months ended 30 June 2021 to approximately RMB11,532.4 million for the six months ended 30 June 2022, which is mainly attributable to the rise of the raw material prices and the change in product mix of the electric two-wheeled vehicles.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 36.5% from approximately RMB1,845.4 million for the six months ended 30 June 2021 to approximately RMB2,518.2 million for the six months ended 30 June 2022. Gross profit margin was 17.9% for the six months ended 30 June 2022, higher than the gross profit margin of 14.9% for the six months ended 30 June 2021, primarily due to the improvement of the product mix of the electric two-wheeled vehicles and reasonable increase in market prices of the products.

Other income and gains, net

Other income and gains, net increased by approximately 28.4% from approximately RMB169.9 million for the six months ended 30 June 2021 to approximately RMB218.2 million for the six months ended 30 June 2022. Such increase was primarily due to the increase in government grants and bank interest income and gain from currency exchange.

Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group's profit increased by approximately 54.4% from approximately RMB586.0 million for the six months ended 30 June 2021 to approximately RMB904.5 million for the six months ended 30 June 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As of 30 June 2022, cash and cash equivalents amounted to approximately RMB6,607.4 million, representing an increase of approximately 8.8% from approximately RMB6,073.1 million as of 31 December 2021. Such increase was primarily due to approximately RMB448.9 million net cash inflow generated from operating activities and approximately RMB642.1 million net cash outflow used in investing activities, partially offset by approximately RMB695.0 million net cash inflow generated from financing activities. As at 30 June 2022, substantially all the cash and cash equivalents of the Group were denominated in RMB.

The Group's primary uses of cash were daily operating expenses, payment for marketing and advertising expenses and funding of working capital. The Group financed its liquidity requirements through cash flows generated from its operating activities.

Net cash inflow generated from operating activities was approximately RMB448.9 million for the six months ended 30 June 2022, as compared with net cash inflow generated from operating activities of approximately RMB2,585.7 million for the six months ended 30 June 2021. The decrease in net cash generated from operating activities for the six months ended 30 June 2022 was mainly attributable to the consolidation of accounts of Jieshoushi Nandu Huayu Power Co., Ltd.* (界首市南都華宇電源有限公司) and Zhejiang Changxing Nandu Power Co., Ltd.* (浙江長興南都電源有限公司) since 4 January 2022 (the "**Consolidation**"). Net cash outflow used in investing activities was approximately RMB642.1 million for the six months ended 30 June 2022, as compared with net cash outflow used in investing activities of approximately RMB807.3 million for the six months ended 30 June 2021. Net cash inflow generated from financing activities was approximately RMB695.0 million for the six months ended 30 June 2022, as compared with net cash inflow generated from financing activities of approximately RMB153.3 million for the six months ended 30 June 2021.

Taking into account the Group's existing cash and cash equivalents, anticipated cash flow from its operating activities and the net proceeds from the Placing (defined below), the Board believes that the Group's liquidity needs will be satisfied.

Discounted bills receivables

During the Reporting Period, Jieshoushi Nandu Huayu Power Co., Ltd.* (界首市南都華宇電源有限公司) (the then non-wholly owned subsidiary of the Company) discounted bills receivables with full recourse in the amount of RMB1,259.8 million to banks in the PRC for its general working capital and repayment of debts. Fixed interests at a range of 1.28% to 2.82% are charged on the proceeds received from the banks until the date the debtors pay. These bills receivables are repayable within one year. According to the accounting standards, the Group recorded such discounted bills receivables as short-term bank borrowings. As such, as at 30 June 2022, together with the shareholders' loan to Jieshoushi Nandu Huayu Power Co., Ltd.* (界首市南都華宇電源有限公司), the Group recorded borrowings in the amount of approximately RMB1,687.3 million (31 December 2021: nil).

Financial assets at FVTPL

The financial assets at FVTPL held by the Group mainly consist of principal-protected wealth management products and structured deposits with relatively low level of risk purchased from the commercial banks in the PRC. As at 30 June 2022, each of such investments has a value of less than 5% of the total assets of the Group and none of such investments constituted a notifiable transaction of the Company. The aggregated value of the financial assets at FVTPL decreased by approximately 5.26% from RMB3,870.3 million as at 31 December 2021 to RMB3,666.6 million as at 30 June 2022. For the six months ended 30 June 2022, the Company recorded a gain in fair value of the financial assets at FVTPL of approximately RMB30.2 million in the consolidated statement of profit or loss and other comprehensive income. The Company's subscription for the wealth management products and structured deposits is 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.

Net current assets

As of 30 June 2022, the Group had net current assets of approximately RMB50.4 million, as compared with net current assets of approximately RMB686.6 million as of 31 December 2021. The decrease in net current assets as of 30 June 2022 was mainly attributable to the Consolidation of which an increase in current liabilities were recorded.

Inventory

Inventory primarily consisted of raw materials and finished goods. Inventory decreased by approximately 5.4% from approximately RMB1,194.2 million as of 31 December 2021 to approximately RMB1,130.3 million as of 30 June 2022, primarily due to the decrease in inventory reserves. The average inventory turnover days for the six months ended 30 June 2022 increased to 18.1 days from 14.6 days for the corresponding period in 2021.

Gearing ratio

Gearing ratio is calculated by other non-current liability and borrowings divided by total equity. As at 30 June 2022, the gearing ratio of the Group is 39.8% (31 December 2021: 8.8%, calculated by other non-current liability divided by total equity). The gearing ratio for the six months ended 30 June 2022 increased mainly attributable to the borrowings recorded by the Group after the Consolidation.

Human resources

As of 30 June 2022, the Group had 11,480 employees (31 December 2021: 9,174). Total staff costs, including labour outsourcing cost but excluding the Directors' remuneration, were approximately RMB1,108.1 million (the six months ended 30 June 2021: approximately RMB762.0 million). The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group will regularly review its remuneration policy and wages and benefits to its employees with reference to market practice and the performance of individual employee.

Contingent liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities or guarantees.

Pledge of the Group's assets

The Group pledged its assets as securities for bills payable which were used to finance daily business operation. As at 30 June 2022, the pledged assets of the Group amounted to RMB3,895.4 million (31 December 2021: RMB4,884.6 million).

Currency risk

The Group operates in the PRC with most of the transactions settled in RMB except for certain sales to international market and certain wealth management products that are conducted in USD. Foreign currency risk arises when commercial transactions or recognised assets or liabilities are denominated in currency other than the entities' functional currency. The Group is exposed to foreign currency risk primarily with respect to USD.

The Group manages its foreign currency risk by performing regular reviews of the Group's net foreign currency exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure.

As of 30 June 2022, substantially all of the Group's assets and liabilities were denominated in RMB. The Group did not use any derivative financial instruments to hedge its exposure to the foreign exchange rate risks during the Reporting Period.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 17 December 2021, Yadea Technology Group Limited* (雅迪科技集團有限公司) (the “**Purchaser**”), a wholly-owned subsidiary of the Company, as the purchaser, Zhejiang Narada Power Source Co., Ltd.* (浙江南都電源動力股份有限公司) (the “**Vendor**”) and Binzhou Bohan Corporate Management Consulting Partnership (Limited Partnership)* (濱州博涵企業管理諮詢合夥企業(有限合夥)), both as vendors, entered into an agreement in relation to the acquisition of 70% equity interest in each of Jieshoushi Nandu Huayu Power Co., Ltd.* (界首市南都華宇電源有限公司) and Zhejiang Changxing Nandu Power Co., Ltd.* (浙江長興南都電源有限公司) (the “**Previous Acquisition**”) for a consideration of RMB311.5 million and nil consideration, respectively. The Previous Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details of the Previous Acquisition, please refer to the announcements of the Company dated 17 December 2021 and 10 March 2022, respectively.

On 4 January 2022, all conditions precedent stipulated in the acquisition agreement were satisfied and the Previous Acquisition was completed.

Save as disclosed above, during the six months ended 30 June 2022, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group, nor was there any plan authorised by the Board for other material investments or additions of capital assets, during the Reporting Period.

EVENTS AFTER REPORTING PERIOD

On 19 August 2022, the Purchaser entered into an agreement with the Vendor pursuant to which, the Purchaser agreed to acquire from the Vendor the remaining 30% equity interest in Huayu New Energy Technology Co., Ltd* (華宇新能源科技有限公司) (the “**Target Company**”) at a consideration of RMB133.5 million (the “**Acquisition**”). Prior to completion of the Acquisition, the Target Company is indirectly owned as to 70% by the Company. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The Vendor is a substantial shareholder of a subsidiary of the Company, and therefore a connected person of the Company at the subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios in respect of the Acquisition (on a standalone basis) exceed 0.1% but are less than 5%, the Acquisition is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For details of the Acquisition, please refer to the announcement of the Company dated 19 August 2022.

Save as disclosed above, the Group did not have any material subsequent events after the Reporting Period.

USE OF NET PROCEEDS

Use of Net Proceeds from Listing

On 19 May 2016, the listing date of the Company, 750 million ordinary shares of the Company (the “**Share(s)**”) were being issued at an offer price of HK\$1.72 per Share on the Hong Kong Stock Exchange by global offering. The net proceeds from the global offering (after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering) amounted to approximately HK\$1,074.0 million (equivalent to approximately RMB907.3 million) (the “**Net Proceeds from Listing**”).

There were no changes of business plan from that disclosed in the prospectus of the Company dated 9 May 2016 (the “**Prospectus**”), and the Net Proceeds from Listing have been fully utilised.

As of 30 June 2022, an analysis of the utilisation of the Net Proceeds from Listing is as follows:

	Use of net proceeds as disclosed in the Prospectus (RMB million)	Actual use of net proceeds up to 30 June 2022 (RMB million)
Improve the distribution and sales as well as marketing including (i) brand promotion, advertising and marketing; (ii) expansion of the distributor points of sales overhaul campaign; (iii) expansion of the international sales; and (iv) development of the online platform, including online sales promotion and marketing;	453.7	453.7
Business expansion, including (i) purchases of new automated production equipment and production expansion; and (ii) potential mergers and acquisitions;	272.2	272.2
Research and development of products, improvement of research and development facilities as well as recruitment of research and development personnel; and	90.7	90.7
General working capital	90.7	90.7
Total	<u>907.3</u>	<u>907.3</u>

Use of net proceeds from Placing

On 31 May 2022, the Company issued 68,800,000 new Shares (the “**Placing Share(s)**”) at a price of HK\$12.58 per Placing Share (the “**Placing Price**”) by placement of the Placing Shares to not less than six independent professional, institutional and/or other placees procured by the placing agents pursuant to the placing agreement dated 24 May 2022 (the “**Placing Agreement**”) entered into between the Company and the placing agents (the “**Placing**”). The Placing Shares were issued under the general mandate granted by the shareholders of the Company (the “**Shareholders**”) to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 18 June 2021. Based on the par value of US\$0.00001 per Share, the aggregate nominal value of the Placing Shares is US\$688. The Placing Price represents a discount of approximately 10.0% to the closing price of HK\$13.98 per Share as quoted on the Hong Kong Stock Exchange on 23 May 2022, being the last full trading day immediately prior to the execution of the Placing Agreement. The net proceeds from the Placing (after deducting all related costs, commission and expenses by the Company in connection with the Placing) amounted to approximately HK\$857.6 million (equivalent to approximately RMB727.8 million) (the “**Net Proceeds from Placing**”). The net Placing Price is approximately HK\$12.46 per Share.

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

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

The Net Proceeds from Placing were intended to be applied for expansion of the Group’s overseas business through building overseas research and development centers, manufacturing facilities, distribution networks, as well as potential mergers and acquisitions. For further details, please refer to the announcements of the Company dated 24 May 2022 and 31 May 2022, respectively. As of 30 June 2022, there were no changes to the intended use of Net Proceeds from Placing and the Net Proceeds from Placing remain unutilised. The Company expected to fully utilise the Net Proceeds from Placing before 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 31 May 2022, the Company completed the Placing of 68,800,000 Placing Shares at a price of HK\$12.58 per Placing Share. For further details, please refer to the announcements of the Company dated 24 May 2022 and 31 May 2022 and the section headed "USE OF NET PROCEEDS – Use of Net Proceeds from Placing" in this announcement.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Listing Rules. The Company has fully complied with the code provisions set out in the CG Code throughout the Reporting Period. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

INTERIM DIVIDEND

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2022 (the six months ended 30 June 2021: nil).

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising four independent non-executive Directors, being Mr. Li Zongwei (chairman of the Audit Committee), Mr. Yao Naisheng, Mr. Wu Biguang and Mr. Wong Lung Ming, and one non-executive Director, namely Mr. Zhang Yiyin.

The Audit Committee and the Company's management have considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to risk management, internal control and financial reporting, including the review of the unaudited condensed consolidated interim financial information of the Group for the Reporting Period.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yadea.com.cn). The interim report of the Company for the Reporting Period will be dispatched to the shareholders of the Company and made available on the same websites in due course.

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

Hong Kong, 26 August 2022

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

* *For identification purposes only*