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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)

**VOLUNTARY ANNOUNCEMENT IN RELATION TO
THE ACQUISITION OF ENTIRE EQUITY INTEREST IN
WUXI LINGBO ELECTRONIC TECHNOLOGY CO., LTD.***

This announcement is made by the Board on a voluntary basis.

The Board is pleased to announce that, on 17 March 2024, the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the SPAs with the various Vendors in relation to the Acquisition.

As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5%, the Acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 17 March 2024, the Purchaser, an indirect non-wholly owned subsidiary of the Company, and the various Vendors entered into a set of SPAs to acquire the entire equity interest in the Target Company, five of which were signed with the shareholders of Wuxi Lingxiang (which is a shareholder holding 33.5% equity interests of the Target Company) to acquire the respective equity interest of the Target Company by acquiring such entire equity interest of Wuxi Lingxiang. The principal terms of the SPAs are set out as below.

Date

17 March 2024

Parties

- (i) the Vendors;
- (ii) the Purchaser; and
- (iii) the Target Company (where applicable).

Consideration

The total consideration for the Acquisition is approximately RMB351.5 million and will be paid by the Purchaser to the Vendors by way of cash and in instalments according to SPAs. The consideration will be funded by internal resources and/or borrowings of the Group.

Basis of Consideration

The consideration for the Acquisition was arrived at after arm's length negotiations between the Purchaser and the respective Vendors with reference to and taking into account, among others, (i) the latest financial performance and financial position of the Target Group; (ii) the track record and development prospects of the Target Group, including the growth potential of the industry in which the Target Group operates; (iii) the valuation of the Target Company in its previous financing; and (iv) the business development opportunity and prospects that will be brought to the Group by the Acquisition as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below.

Conditions precedent

Completion of the Acquisition is conditional upon satisfaction (or waiver by the Purchaser) of the following conditions:

- (i) the SPAs having been duly executed and come into effect;
- (ii) each of the Purchaser, the Vendors and the Target Company having completed all relevant internal approval procedures in accordance with the applicable laws and regulations in relation to the Acquisition, in particular, the Acquisition shall have obtained unanimously approval and consent from all the shareholders of the Target Company at its shareholders' meeting;
- (iii) the representations and warranties made by the Target Company and the Vendors being true, accurate, complete and valid in all material respects, and there being no material adverse change as at the date of Completion; and
- (iv) with respect to certain SPAs, the Target Company having signed labor contracts, confidentiality agreements and non-competition agreements with the core team members of the Target Company, which shall be for a term of not less than five years and in a form satisfactory to the Purchaser.

In addition, the Vendors shall procure that there be no material adverse change to the daily operations of the Target Company prior to Completion.

Completion

Within three working days of the satisfaction (or waiver by the Purchaser) of the above conditions precedent, the parties to the SPAs shall procure and assist the completion of the registration and filing procedures with the relevant PRC regulatory authority.

Upon Completion, the Purchaser shall assume the rights and obligations as the owner of the subject equity interests. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated by the Company upon completion of the Acquisition.

Termination

The SPAs can be terminated by agreement between the relevant parties.

INFORMATION OF THE TARGET GROUP

The Target Company is a company established in the PRC with limited liability, and has two subsidiaries in the PRC. The Target Group primarily operates in Wuxi City (無錫市), Jiangsu Province (江蘇省) and is principally engaged in (i) the research and development, production and sales of intelligent control system solutions and products, and (ii) the provision of customized technical solutions for two-wheeled electric vehicles, garden tools, industrial robots, electric boats and other industries. The major products of the Target Group include motor controllers, lithium battery management systems, intelligent central control modules and other intelligent controllers.

INFORMATION OF THE PARTIES

(1) The Group and the Purchaser

The Group is principally engaged in the development, manufacture and sale of electric two-wheeled vehicles and related accessories in the PRC.

The Purchaser is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the production and sales of batteries in the PRC.

(2) The Vendors

Details of the Vendors are set out below in the Definitions section.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiry, each of the Vendors is a third party independent of the Company and its subsidiaries, and their respective connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is committed to being at the forefront of innovation of the electric two-wheeled vehicles industry and strives to expand along the industry value chain. The Target Company is a leading company in the research and development, production and sales of electronic control systems for medium and high-power electric scooters, a field with high technological threshold and barrier. It possesses intellectual property rights pertaining to the comprehensive electronic control system. The Acquisition is expected to (i) solidify the Group's leading positions in the field of production and development of electric two-wheeled vehicles by strengthening the Group's technology in the area of electronic control system, which is one of the three most important parts of electric two-wheeled vehicles, (ii) support the Group's overseas expansion by enhancing the vertical integration of the Group's supply chain, and (iii) reduce the Group's production costs by strengthening its capabilities in the area of electronic control system.

In light of the above, Board considers that the terms of the SPAs (including the consideration) are normal commercial terms and are fair and reasonable, and the entering into of the SPAs and the Acquisition are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5%, the Acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of entire equity interest of the Target Company pursuant to the SPAs
“Board”	the board of directors
“Company”	Yadea Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	Completion of the Acquisition pursuant to the terms of the SPAs
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Zhejiang Huayu Sodium Electric New Energy Technology Co., Ltd.* (浙江華宇鈉電新能源科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“SPA(s)”	the sale and purchase agreement(s) signed by the Vendor(s), Purchaser and the Target Company (where applicable) in relation to the Acquisition, five of which were signed with the shareholders of Wuxi Lingxiang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wuxi Lingbo Electronic Technology Co., Ltd.* (無錫凌博電子技術股份有限公司)
“Target Group”	the Target Company and its subsidiaries
“Vendors”	collectively Tan Zhengyan (談正言), Wuxi Linghang Management Consulting Partnership (Limited Partnership)* (無錫凌航管理諮詢合夥企業(有限合夥)), Ji Xinhua (季新華), Lin Youyu (林友余), Qiu Lin (邱琳), Nanjing Lishui Electronic Research Institute Co., Ltd.* (南京溧水電子研究所有限公司), Jiang Jianguo (蔣建國), Suzhou Shunrong Jinqu Venture Capital Partnership (Limited Partnership)* (蘇州順融進取創業投資合夥企業(有限合夥)), Suzhou Shunrong Jinqu Phase II Venture Capital Partnership (Limited Partnership)* (蘇州順融進取二期創業投資合夥企業(有限合夥)), Liu Xiaoping (劉小平), Wang Huaqiang (王華強), Suzhou Shunrong Jinqu Phase I I I Venture Capital Partnership (Limited Partnership)* (蘇州順融進取三期創業投資合夥企業(有限合夥)), Gongqingcheng Lingyan Investment Partnership (Limited Partnership)* (共青城凌言投資合夥企業(有限合夥)), Suzhou Shunrong Zeshi Venture Capital Partnership (Limited Partnership)* (蘇州順融澤實創業投資合夥企業(有限合夥)), Wu Tianpeng (吳天鵬), Qiu Ke (邱珂), Xu Liangdong (許良棟), Liao Yong (廖勇) and Song Kan (宋侃)

“Working Day(s)” any day which is a statutory working day in the PRC

“Wuxi Lingxiang” Wuxi Lingxiang Management Consulting Co., Ltd.* (無錫凌翔管理諮詢有限公司), a company established in the PRC with limited liability on 11 June 2008, and a shareholder holding approximately 33.5% equity interests of the Target Company

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

Hong Kong, 17 March 2024

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. Wong Lung Ming, Mr. Chen Mingyu, Ms. Ma Chenguang and Ms. Liang Qin are the independent non-executive Directors.

* *For identification purpose only*