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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has on 23 July 2019 adopted the Scheme, which is an incentive measure with a view to aligning the interests of Selected Employees directly to that of the Shareholders' through ownership of Shares, and thereby encouraging Employees' further contribution to the Group.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

The Board has adopted the Scheme on the Adoption Date. A summary of the Scheme Rules is set out below:

PURPOSES AND OBJECTIVES

The specific objectives of the Scheme are:

1. to recognise and motivate the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;
2. to attract suitable personnel for further development of the Group; and
3. to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants.

DURATION

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

ADMINISTRATION

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules. The Board may delegate the authority to administer the Scheme to such committee or person(s) as it may see fit. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Scheme as they think fit.

MAXIMUM LIMIT

The Board shall not make any further grant of award of Shares which will result in the total number of Shares awarded by the Board under the Scheme exceeding 5% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

RESTRICTIONS

No grant shall be made to any Selected Employee:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of relevant financial year up to the publication date of the results;
- (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication of the results;
or
- (iv) in any circumstance which is prohibited under the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

NO ASSIGNMENT OF SHARES

Any awarded Shares granted under the Scheme but not yet vested shall be personal to the Selected Employee to whom it is made and shall not be assignable. No Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to such grant referable to him or her pursuant to such award.

VOTING RIGHTS

The Selected Employee shall not exercise any voting rights in respect of any awarded Shares that have not yet vested. A Selected Employee shall only have a contingent interest in the relevant awarded Shares which are referable to him subject to the vesting of such Shares in accordance with the Scheme.

OPERATION

Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Eligible Participant(s) for participation in the Scheme as a Selected Employee and determine the number of Shares to be awarded. The Board shall, after having regard to all relevant circumstances and affairs of the Group including without limitation the business and financial performance of the Group, determine the maximum amount of funds to be allocated by the Board out of the Company's resources for the purchase or subscription of the awarded Shares, as the Board deems appropriate, pursuant to the Scheme.

When the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the relevant vested Shares (awarded Shares and all related income in the form of Shares derived from such Shares (including but not limited to any bonus Shares and script Shares received in respect of the awarded Shares)) shall be transferred to that Selected Employee at no cost.

VESTING AND LAPSE

A Selected Employee shall be entitled to receive the awarded Shares in accordance with the vesting schedule upon when the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the award. The Board is entitled to impose from time to time additional vesting conditions, as it deems appropriate in its sole and absolute discretion with respect to the entitlement of the Selected Employees to the awarded Shares. In this connection, the Board may (but is not obliged to) take into consideration matters including the business prospects and the general financial condition of the Group as well as the working conditions and performance of the Selected Employees. The Company may also impose lock up conditions in relation to the Shares awarded to the Selected Employee as it deems appropriate.

Unless otherwise determined by the Board, an award shall automatically lapse when (i) a Selected Employee ceases to be an Eligible Participant for whatever reason, or (ii) the Subsidiary employing the Selected Employee ceases to be a Subsidiary, or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), save that in the case when a Selected Employee dies, or retires at his/her normal retirement date or earlier by agreement with the Company or any member of the Group prior to a vesting date or unless otherwise determined by the Board, all the awarded Shares and the related income shall be deemed to be vested on the day immediately prior to his/her death or retirement at his/her normal retirement date or earlier by agreement with the Company or any member of the Group. In case there

is no claim of the vested awarded Shares and the related income by the legal representative of the deceased Selected Employee within two years of the death of the Selected Employee (or such longer period as the Board shall determine from time to time), such vested awarded Shares and the related income shall be forfeited and be held as Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Participant, or (ii) a Selected Employee fails to return duly execute required documents for the relevant awarded Shares and the related income in accordance with the vesting notice, the relevant part of an award made to such Selected Employee shall automatically lapse forthwith and the relevant Shares awarded and related income shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

SHARE AWARDS TO DIRECTORS AND/OR CONNECTED PERSONS

Shares may be awarded to Eligible Participants, including directors of the Company and/or its Subsidiaries and/or connected persons of the Company. If Shares are awarded to any director of the Company and/or its Subsidiaries and/or connected persons of the Company, such awards shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

TERMINATION

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Employees.

DEFINITIONS

“Adoption Date”	23 July 2019, being the date on which the Board adopted the Scheme
“Board”	the board of directors of the Company
“Company”	Yadea Group Holdings Ltd., a company incorporated under the laws of the Cayman Islands whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Eligible Participant(s)”	any Employee and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participants) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group
“Employee(s)”	any employee (whether full time or part time, including without limitation to any executive director) of the Company and/or any member of the Group

“Excluded Participant(s)”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group
“Group”	the Company, its Subsidiaries and such entities which are considered as Subsidiaries of the Company under the applicable accounting standard and policy
“Hong Kong”	the Hong Kong Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Returned Shares”	such awarded Shares and related income which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
“Scheme”	the share award scheme adopted by the Board on 23 July 2019 whereby awards of Shares may be made to Eligible Participants pursuant to the Scheme Rules
“Scheme Rules”	the rules governing the Scheme adopted by the Board
“Selected Employee(s)”	Eligible Participant(s) selected by the Board who hold(s) a subsisting award
“Shares”	ordinary shares of US\$0.00001 each in the capital of the Company (or of such other nominal amount as shall result from a sub – division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary undertaking (as defined in schedule 1 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong) of the Company, whether incorporated in Hong Kong or elsewhere
“US\$”	United States dollar, the lawful currency of the United States of America

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

Hong Kong, 23 July 2019

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