

# Yadea Group Holdings

Bloomberg: 1585 HK Equity | Reuters: 1585.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

1 June 2022

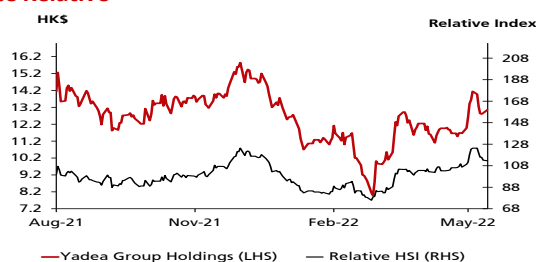
## BUY (Initiating Coverage)

Last Traded Price ( 30 May 2022): HK\$13.06 (HSI : 21,124)  
 Price Target 12-mth: HK\$19.00 (45.5% upside)

### Analyst

Tina Hu +86 21 38562893, tinahu@db.com  
 Mavis Hui +852 36684188, mavis\_hui@db.com

### Price Relative



### Forecasts and Valuation

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	19,360	26,968	33,170	38,709
EBITDA	1,294	1,617	2,107	2,700
Pre-tax Profit	1,187	1,507	1,992	2,570
Net Profit	957	1,369	1,802	2,329
Net Pft (Pre Ex)(core)	957	1,369	1,802	2,329
Net Profit Gth (Pre-ex)	85.4	43.0	31.6	29.2
EPS (RMB)	0.33	0.48	0.63	0.81
EPS (HK\$)	0.39	0.56	0.74	0.95
Core EPS (RMB)	0.33	0.48	0.63	0.81
Core EPS (HK\$)	0.39	0.56	0.74	0.95
EPS Gth (%)	93.4	43.1	31.6	29.2
Core EPS Gth (%)	93.4	43.1	31.6	29.2
Diluted EPS (HK\$)	0.39	0.56	0.74	0.95
BV Per Share (HK\$)	1.47	1.84	2.21	2.69
PE (X)	33.3	23.3	17.7	13.7
CorePE (X)	33.3	23.3	17.7	13.7
P/Cash Flow (X)	14.4	8.6	13.8	8.0
P/Free CF (X)	17.8	11.4	18.1	8.8
EV/EBITDA (X)	15.7	11.7	8.6	5.7
Net Div Yield (%)	1.5	2.0	2.8	3.7
P/Book Value (X)	8.9	7.1	5.9	4.9
Net Debt/Equity (X)	(3.2)	(2.9)	(2.6)	(2.5)
ROAE(%)	28.5	33.9	36.4	38.9
Earnings Rev (%):			New	New
Consensus EPS (RMB)			0.63	0.82
Other Broker Recs:		B:12	S:0	H:0

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

## Preparing for a bigger layout

- Leading player and standard setter in industry
- Better product mix backed by high-end brands
- Battery layout to prepare for bigger move
- Initiate with BUY and TP of HK\$19

### Sector top picks: further market share gain and product mix upgrade.

Yadea has been the largest global electric two-wheel vehicle manufacturer. From FY18-20, its market share increased sharply from 15% to 23%, accompanied by swift distribution expansion. Looking ahead, We expect its market share to go up further to 35%+ (likely in 2025), backed by its capacity/channel expansion and greater variety of products. It is now attractively trading at 14x FY23F PE.

**Planning for a bigger layout.** Yadea acquired a battery company in FY21 with plans to master the production of batteries, increase its battery self-supply proportion, and accelerate R&D of the next-generation graphene lead-acid battery. After being the champion of China's electric two-wheel vehicles market, Yadea now strives to go overseas, covering high-end markets like Europe and high-potential AESAN markets like Vietnam and Malaysia. Yadea announced a new right issue plan in May 2022 to build overseas R&D centers, factories and distribution network.

**Better product mix likely leads to higher ASP and margin.** We expect sales volume to increase by 12% and 13% in FY22 and FY23, due to more efforts on sales network expansion. We expect ASP growth to keep rising, thanks to smart function upgrades, battery improvements, and higher contribution from high-end Guanneng series.

### Valuation:

We expect net profits to grow by 32% and 29% in FY22 and FY23, respectively (30% CAGR during FY21-23F). Our TP of Rmb16 (HK\$19) is based on 20x FY23F EPS (Rmb0.81).

### Key Risks to Our View:

Key risks include component price and supply risks, potential price competition, regulatory changes, and potential failure in expansion into battery sector.

### At A Glance

Issued Capital (m shrs)	2,865
Mkt Cap (HKm/US\$m)	37,417 / 4,767
Major Shareholders (%)	
Dong (Jinggui)	46.7
Qian (Jinghong)	17.1
Free Float (%)	36.2
3m Avg. Daily Val. (US\$m)	11.82
GICS Industry: Consumer Discretionary / Automobiles & Components	



Watchlist the stock on Insights Direct to receive prompt updates



## **Table of Contents**

<b>Investment Summary</b>	<b>3</b>
<b>Valuation &amp; Peer Comparison</b>	<b>4</b>
<b>Key Risks</b>	<b>5</b>
<b>SWOT Analysis</b>	<b>6</b>
<b>Critical Factors</b>	<b>7</b>
<b>Financials</b>	<b>9</b>
<b>Environment, Social, &amp; Governance (ESG)</b>	<b>11</b>
<b>Company Background</b>	<b>12</b>
<b>Management &amp; Strategy</b>	<b>15</b>

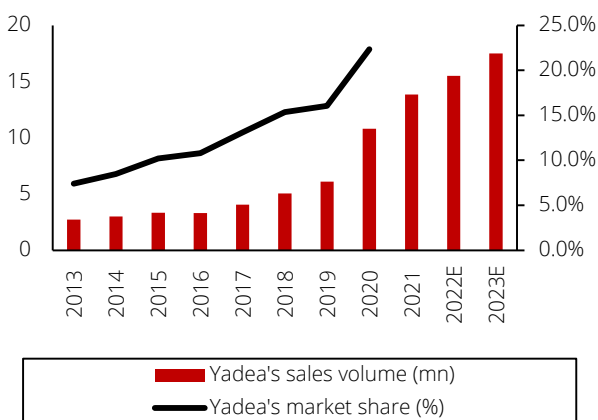
## Yadea Group Holdings

### Investment Summary

**Leading player and standard setter.** Yadea is the largest global electric two-wheel vehicle manufacturer and was incorporated by Dong Jinggui and Qian Jinghong in 2001. Its sales volume has globally topped for four consecutive years, selling across 90+ countries through over 28,000 distribution centres. Its leading position in the electric two-wheel vehicle industry meant it made vast contributions towards setting standards in the industry. In 2016, the Yadea Group was successfully listed on the HKEX (01585.HK), becoming the first listed company in China's electric 2-wheel vehicles industry.

**Increasing market share accompanied by swift distribution expansion.** After the outbreak of the COVID-19 pandemic, the social distancing requirement fuelled the electric two-wheel vehicle market, as two-wheelers were viewed as a safer substitute to public transportation. Yadea grabbed the opportunity to quickly expand its distribution channels (number of distribution centres increased from 9,000 in 2018 to 28,000 in 2021) to lower tier cities, which contributed to its market share increasing to c.23% in 2020. We expect FY22-23 to be the main period where substandard vehicles will be replaced following the transition period of the new national standard in most regions; we also see the reinforcement of Yadea's market position (market share of 35%+ is likely in 2025) during the market consolidation, backed by its quick capacity and channel expansion and premiumisation target. Yadea has launched several high-horsepower electric motorcycles under its premium series Guanneng, which contributed a higher ASP (Rmb5,000+) and better gross margin.

#### Yadea's market share increased sharply from FY19



Source: Yadea's annual reports, MIIT, DBS HK

**Battery layout to prepare for bigger move.** Yadea announced, on 17 Dec 2021, that it would acquire 70% of the shares of lead-acid company Narada Huayu and Changxing Narada. The targeted companies are Yadea's

major suppliers of graphene lead-acid battery modules. Moreover, Yadea makes up c.47% of the target companies' revenue. After the acquisition, Yadea aims to master the production of batteries, thereby increasing its battery self-supply proportion and accelerating the R&D of the next generation graphene lead-acid battery. Considering that Yadea sold c.52m units of electric vehicles during 2013-2021, a huge aftermarket battery replacement demand would make battery products another core business and a new growth engine for Yadea.

**Tapping into ASEAN and European markets.** After being the champion of China's electric two-wheel vehicle market, Yadea strives to tap into overseas markets, covering high-end markets like Europe and high-potential ASEAN markets like Vietnam and Malaysia. The company has built an assembly plant and dense distribution channels in ASEAN countries like Vietnam. Under the Regional Comprehensive Economic Partnership (RCEP), ASEAN markets hold huge growth potential, especially in areas implementing motorcycle ban. Eying the high potential overseas market, Yadea announced a new right issue plan in May 2022 to build overseas R&D centers, factories and distribution network.

**Strong cash position without banking loans.** Yadea has rich cash on hand (Rmb9.1bn in FY21) and no interest-bearing liabilities. Its debt-to-asset ratio remains high (77% in FY21), while almost all of the debt comes from payables to suppliers – an indication of Yadea's strong bargaining power to upstream companies. Yadea hardly has any financial costs and, together with its high operation efficiency and cash turnover, remains in a strong net cash position.

**We expect revenue to grow 23% and 17% during FY22 and FY23F.** We expect Yadea's electric vehicle sales volume to increase by 12% and 13% in FY22 and FY23, respectively, mainly due to its efforts towards expanding its sales network, as it eyes a surge in the form of replacement demand in China. We expect ASP growth to continue in FY22-23, mainly thanks to smart function upgrades, battery improvements, and an increase in the proportion of sales from its high-end brands. **We expect Yadea's attributable profits to grow by 32% and 29% in FY22 and FY23.** Based on our growth estimates for FY22 and FY23, we applied a PE multiple of 20x to value Yadea's business in line with its attributable profit growth rate. **Our TP of RMB16 (HK\$19) is based on 20x FY23F EPS (Rmb 0.81).**

**Key risks** include component price and supply risks, potential price competition, regulatory changes, and potential failure in expansion into battery sector.

## Yadea Group Holdings

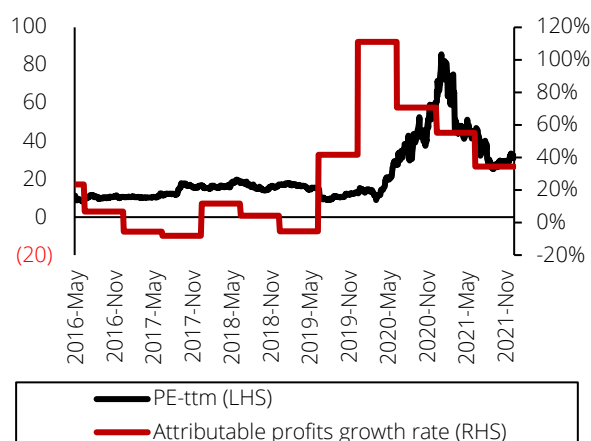
### Valuation & Peer Comparison

Yadea mainly sells electric scooters and electric bicycles to end customers, and batteries and charges are sold with new vehicles as well as at aftermarkets. Considering its stable profitability and the strong cooperation between the battery and vehicle businesses, we use the PE multiple method to value Yadea.

Yadea's historical PE-ttm is closely related to the attributable profit growth rate. Its PE range was between 10-20x before FY20, when the sales growth CAGR during FY13-19 was c.15%. After the announcement of the new national standard in China, Yadea's historical PE increased significantly to over 80x during FY20-21, due to expectations of a jump in the profit growth rate since FY20 (attributable profit y-o-y growth rate was 85% in FY20). After FY20, Yadea's PE glided along with its attributable profit growth rate, while PEG remains around 1.

**Our TP of RMB16 (HK\$19) is based on 20x FY23F EPS (Rmb 0.81).** We expect Yadea's attributable profits to grow by 32% and 29% in FY22 and FY23, respectively. Based on our growth estimates for FY22 and FY23, we applied a PE multiple of 20x to value Yadea's business considering its attributable profit growth rate and the lower valuation environment in HKEX market.

### Yadea's historical PE-ttm vs. semi-annual attributable profit growth rate



Source: Wind, Company, DBS HK

**Peer comparison:** The closest comparable company to Yadea is Aima. Both companies have a similar revenue structure, renowned brands in China, and have set out plans to tap into ASEAN markets in the future. Both Yadea and Aima have accumulated a rich experience through years of striving for more market share. Yadea changed its traditional low-price competition strategy and tried to explore high-end markets and add brand value. Its ASP rebounded to its historical high in 1H21 after the successful launch of its high-end product line, the "Guanneng" series. We expect Yadea to surpass its peers based on its large production scale, refined inner controls and corporate governance, and its cutting-edge battery layout. May also need to explain its current valuation vs. the closest comparable.

### Peer comparison

Company	Ticker	Price (Local \$)	Mkt Cap (RMB bn)	Revenue (RMB mn)			Net Income (RMB mn)			P/E		
				FY21A	FY22E	FY23E	FY21A	FY22E	FY23E	FY21A	FY22E	FY23E
AIMA Technology	603529.SH	55.4	33.5	15,399	20,062	24,966	664	1,026	1,301	33.7	21.8	17.2
Ninebot	689009.SH	42.8	29.8	9,146	11,931	16,427	411	765	1,308	73.8	39.6	23.2
Yadea Group	1585.HK	13.1	35.5	26,968	33,170	38,709	1,369	1,802	2,329	23.3	17.7	13.7
NIU Technologies	NIU.O	7.7	3.8	3,705	4,429	6,918	226	278	457	17.6	14.3	8.7
Joy Kie	300994.SZ	30.5	5.9	3,710	4,706	6,013	205	297	410	28.8	19.9	14.4
<b>Average</b>										<b>35.4</b>	<b>22.7</b>	<b>15.4</b>

Source: Wind, Company, DBS HK

## Yadea Group Holdings

---

### Key Risks

**Component price and supply risks.** Batteries, motors, tyres, battery chargers, and controllers are the primary raw materials Yadea purchases from external suppliers for use in its operations. The group expects to continue to rely on external suppliers for a substantial percentage of its production requirements in the future.

Yadea usually enters into one-year procurement agreements with its raw material suppliers. It had not entered into any long-term agreements with any of its raw material suppliers at this time.

It is reliant on two main suppliers of batteries for its electric two-wheeled vehicles. If their supply of raw materials is interrupted for whatever reason or there are significant increases in the prices of these raw materials, the group's business may be adversely affected.

**Potential price competition in the industry.** Yadea operates in the electric two-wheeled vehicle industry in China and faces intense competition. The market is highly fragmented, and the resources of the competitors may increase due to mergers, consolidations, or alliances – meaning it may face new competitors in the future.

From time to time, in response to competitive and customer pressures or to maintain its market share, Yadea may be forced to reduce its selling prices; increase or

reallocate spending on marketing, advertising, and promotions; or sell concessions to compete. These types of actions could decrease its profit margins. Such pressures may also restrict its ability to increase its selling prices in response to raw material and other cost increases.

I saw the similar context in the risk discussion in NIU's initiation. You might need to think about any company specific risks for Yaeda.

**Regulatory changes.** Changes in regulatory requirements could affect Yadea's business, financial conditions, results of operations, and business prospects. Several accidents that occurred in 2021 caused authorities to issue more regulations for batteries, which could also have some negative effects on the sales and operations of the company.

**Potential failure in expansion into battery sector.** Yadea is experienced in operation and management of electric 2-wheel vehicles business, and battery is relatively a new field for the company after it acquired battery companies in 2021. Continuous R&D of battery technologies and strict quality control during battery manufacturing process are essential to ensure the competitiveness and safety of its vehicle products, otherwise the battery business could be a burden for the company.

## Yadea Group Holdings

### SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Leading position in the global electric two-wheel vehicle market strengthens the company's bargaining power with both suppliers and distributors</li> <li>Self-developed TTFAR graphene batteries have longer endurance, mileage, and working life</li> <li>Deeply involved in industry-academia-research cooperation, benefiting the efficiency of R&amp;D</li> <li>Vast distribution network at home and abroad (covering over 50 countries)</li> </ul>	<ul style="list-style-type: none"> <li>Pricing power is weak to enter the high-end market</li> <li>Heavy dependence on distributors</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Internalising more component production, starting from batteries and motors, may enable Yadea to mitigate the negative impact of outsourcing price fluctuations</li> <li>Expansion of capacity, distribution channels, and product lines would enlarge its market share</li> </ul>	<ul style="list-style-type: none"> <li>Product and regulation risks with entry into the unfamiliar battery sector</li> <li>Fierce competition in the electric two-wheeled vehicle industry</li> </ul>

Source: DBS HK

## Yadea Group Holdings

### Critical Factors

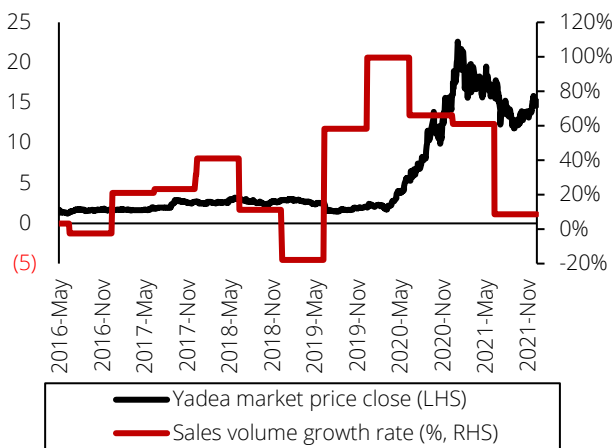
**CF1: Sales volume growth rate.** Yadea's sales volume growth rate is a direct indicator of the results of the company's efforts to open new distribution stores and launch new product lines. Its same-store sales volume is relatively stable in mature markets such as China, and thus sales volume growth mainly relies on distribution channel expansion to blank markets in order to reach more customers.

**CF2: ASP.** Fierce competition in the two-wheel vehicle industry led to several price wars among major manufacturers. A healthy and stable pricing mechanism would help to secure brand value and consumer confidence. After the successful launch of high-end brands Guanneng and Guanzhi, Yadea's ASP rebounded to its

historical high. Yadea's ASP increase in 1H21 reflects its ability to pass on pressure from raw material price hikes to customers, and the recognition of high-end products.

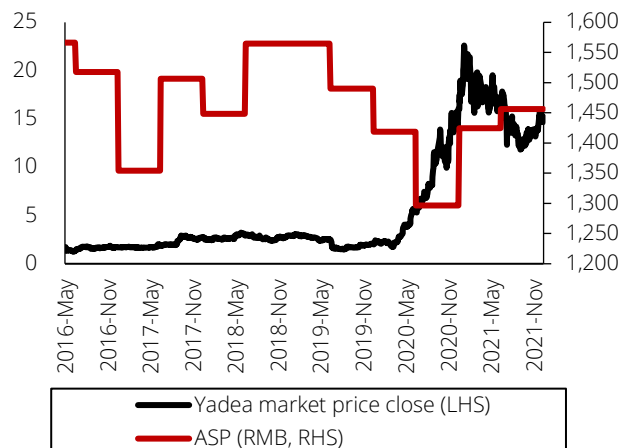
**CF3: New national standard policy.** The announcement and strict implementation of the new national standard are potential catalysts of share prices. The new national standard was announced on 16 Jan 2018, and officially in use on 15 Apr 2019, raising expectations in terms of the huge replacement demand and the consolidation of the industry, which would thus increase the sales volumes and market shares of top-tier brands like Yadea. The policy allows local governments to set a transition period of one to three years. Effects of the new policy started showing in 2020, one year after published, when the transition period ended in several cities.

### Sales volume yoy growth rate



Source: Company, DBS HK

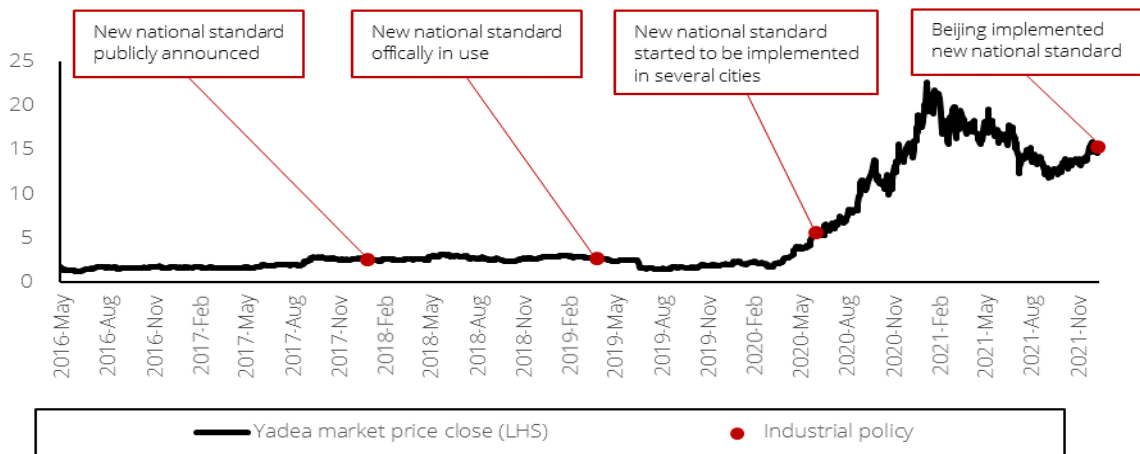
### ASP of Yadea's electric 2-wheel vehicles



Source: Company, DBS HK

## Yadea Group Holdings

### Timeline of the implementation of new national standard



Source: Company, DBS HK



## Yadea Group Holdings

### Financials

We expect revenue to grow by 23% and 17% during FY22 and FY23F. We expect Yadea's electric vehicle sales volume to increase by 12% and 13% in FY22 and FY23, respectively, mainly due to Yadea's efforts to expand its sales network, eyeing a surge in the form of replacement demand in

China. We expect ASP growth to continue in FY22-23, mainly thanks to smart function upgrades, battery improvements, and an increase in the proportion of high-end brand sales.

#### Key assumptions and data of Yadea during FY14-23F

	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
<b>Sales volume growth (%)</b>										
Electric scooters	17%	9%	-1%	13%	30%	26%	47%	10%	8%	10%
Electric bicycles	0%	12%	1%	36%	16%	13%	126%	48%	15%	15%
Batteries and charges	12%	10%	-2%	28%	10%	32%	72%	38%	15%	10%
<b>ASP growth (%)</b>										
Electric scooters	6%	-2%	4%	-5%	1%	0%	-8%	7%	5%	3%
Electric bicycles	12%	-7%	4%	-4%	8%	0%	-9%	13%	7%	3%
Batteries and charges	-3%	17%	7%	1%	3%	-9%	0%	5%	20%	8%
<b>Distribution centers</b>			9170	9190	9000	12000	17000	28000	33600	36000
yoy %				0%	-2%	33%	42%	65%	20%	7%
<b>single store sales (units)</b>			362	442	560	508	635	495	462	486

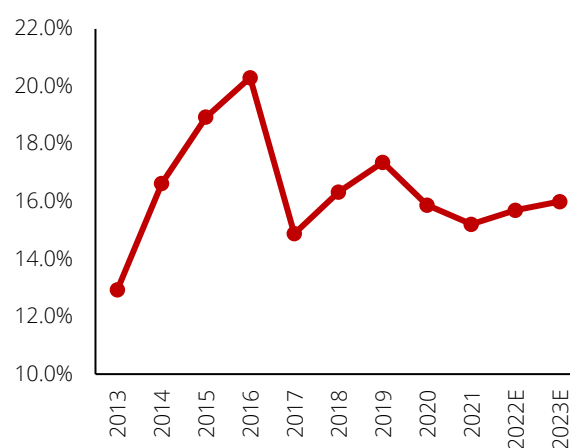
Source: Company, DBS HK

**Profitability driven by better product mix.** Yadea launched its high-end brand, the Guanneng series, in 2020. The new models were equipped with Yadea's self-developed TTFAR 7-level extended range system consisting of better motors, graphene batteries, and energy recovery controllers, providing longer driving mileage and increased battery life. The group sold 3.9m units of Guanneng series models in FY21 (taking up 28% of total sales volume). The better ASP and gross margin of the Guanneng series would cement Yadea's profitability, as the sales of Guanneng series took up more in Yadea's sales structure.

#### Control of selling expenses to increase net margin.

Yadea's selling costs mainly include expenses relating to employee benefits, freight expenses, and advertising expenses. Yadea's SG&A cost ratio continued to decrease during FY19-21 because of more strict cost control measures. After the acquisition of the battery companies in FY21, Yadea is to devote more time and effort to the next generation of graphene batteries. We expect a continuous downward trend in the SG&A ratio and a stable R&D ratio during FY22-23F.

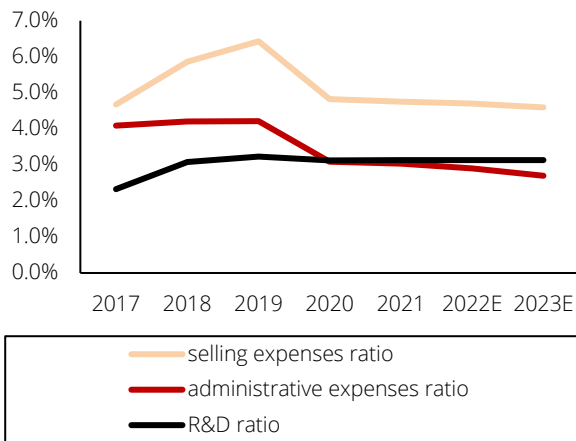
#### Gross margin of Yadea during FY13-23F



Source: Company, DBS HK

**Yadea Group Holdings**

**SG&A, R&D ratio of Yadea during FY17-23F**



Source: Company, DBS HK

## Yadea Group Holdings

### Environment, Social, & Governance (ESG)

#### Environment:

Yadea has always prioritised environmental protection in its business operations. The group passed all regular inspections by environmental protection authorities and strictly complied with applicable environmental laws and regulations and various national standards.

Yadea believes that it is the joint responsibility of the group and different stakeholders to respond actively to environmental protection and sustainable resource utilisation. As a leading brand in the electric two-wheeled vehicle industry, the group aims to lower the impact of its operation on the environment and raise awareness among stakeholders by setting an example.

Yadea actively promotes the usage of graphene batteries and lithium batteries as a substitute to lead-acid batteries. The group targets to increase the use of graphene and lithium batteries in its products to 50%.

#### Social:

Yadea insists that it must shoulder social responsibilities and make contributions to society. From 2020, when society was heavily affected by the pandemic, the group responded to donation calls from the local government and community. It donated RMB30m to procure medical goods for Hubei and other impacted regions. The group

donated approximately 10,000 electric two-wheeled vehicles to the Hubei province to increase the geographical mobility of the medical workers and to promote social distancing during the pandemic by changing the medium of transportation. The group also made use of its international procurement capabilities to import surgical masks and other medical supplies, which it distributed to the public through its widespread branches and retail stores.

#### Governance:

Yadea believes mutual development benefits both the group's business and employees. The group's human resources department initiates learning and development projects, while other departments organise more specific professional training activities in relation to the daily operations of the respective departments. To enrich the resources and dimensions of the group's training, the group procured external training courses and materials, such as IPD training, strategic procurement operations and supplier management training, management team building, procedures upgrading training, etc.

Yadea is committed to achieving high corporate governance standards. The group believes that high corporate governance standards are essential to providing a framework for the group to safeguard shareholders' interests and enhance corporate value and accountability.

## Yadea Group Holdings

### Company Background

**Leading player and standard setter.** Yadea is the largest global electric two-wheel vehicle manufacturer incorporated by Dong Jinggui and Qian Jinghong in 2001. Its sales volume has topped globally for four consecutive years, selling across 90+ countries through over 28,000 sales stores. The company focuses on designing, researching, developing, and selling electric two-wheel vehicles, which mainly include electric scooters and electric bicycles. It's representative of the electric two-wheel vehicle industry and contributed a lot to the compilation of industry standards and specifications. In 2016, the Yadea Group was successfully listed in the HKEX (01585.HK), becoming the first listed company in China's electric vehicle industry.

Dong and Qian acquired rich industry knowledge and experience at a motorcycle factory for several years before founding Yadea. Foreseeing the booming market demand and great potential of the electrification trend of two-wheelers, they established Jiangsu Yadea in 2001 to produce electric two-wheelers. Now, the group operates seven production facilities located in Wuxi, Tianjin, Cixi, Qingyuan, Anhui, Chongqing, and Vietnam, and had an annual electric two-wheeled vehicle production capacity of c.17m units by FY21.

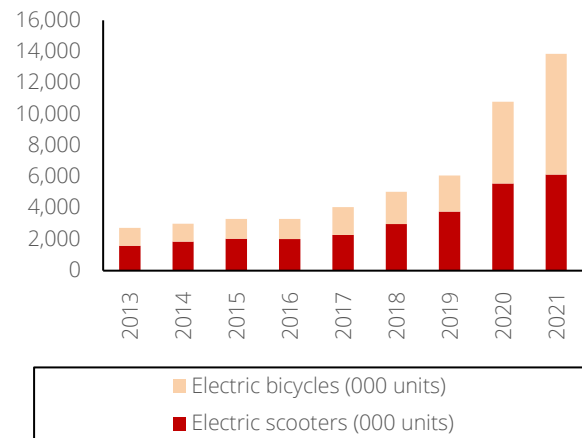
Their continuous efforts to expand business networks and keep up with the latest technology translated into continuous a market share increase and sales volume growth. From FY13-21, its sales volume increased from 2.7m to 13.9m at a CAGR of c.22%.

### Landscape of Yadea's global distribution network



Source: Company, DBS HK

### Sales volume of Yadea during FY13-21



Source: Company, DBS HK

## Yadea Group Holdings

### Milestones

Year	Month	Event
2001	June	Jiangsu Yadea, the first PRC subsidiary of the Group, was established as Wuxi Dongshi Vehicle Industry Co., Ltd (无锡董氏车业有限公司)
2007	April	Yadea Import Export was established and it began its expansion into international markets
2008	May	Jiangsu Yadea became an electric bicycle technology committee unit member of the Bicycle Committee for Standardization of the China National Bicycle Association (全国自行车标准化技术委员会电动自行车分技术委员会单位)
2009	September	Jiangsu Yadea was recognized as a "Jiangsu Engineering Research Center for Electric Vehicles (江苏省电动车工程技术研究中心)" by Jiangsu Department of Science and Technology (江苏省科学技术厅) and Jiangsu Department of Finance (江苏省财政厅)
2009	December	Acquisition of Zhejiang Yadea by our Group
2012	August	Zhejiang Yadea obtained the license for production of electric motorcycles, being the first company in the electric two-wheeled vehicle industry to obtain such license according to Frost & Sullivan
2013	August	Yadea Group released Internet of Things electric two-wheeled vehicles, and was selected as the only enterprise representative in the electric two-wheeled vehicle industry to contribute to the compilation of the standard specifications related to the Internet of Things electric two-wheeled vehicle application platform technology
2014	July	Expansion of Wuxi factory which increased Group's production capacity for electric scooters
2014	October	Yadea entered into the Pre-IPO Share Subscription Agreement with the First Pre-IPO Investor.
2015	April	Expansion of Tianjin facility increased its Group's production capacity of electric bicycles
2015	June	The First Pre-IPO Investor transferred a total of 438 Series A Preferred Shares to the Second Pre-IPO Investor pursuant to the series A Preferred Shares Transfer Agreement
2015	June	Yadea entered into a strategic cooperation agreement with Lightning Motors, a U.S. company specializing in researching and developing advanced electric two wheeled vehicles, to jointly develop and produce high-end products
2015	December	Yadea acquired approximately 11.1% of Lightning Motors
2016	May	Yadea Group was successfully listed in Hong Kong (1585.HK), becoming the first listed company in China's electric vehicle industry.
2018	February	Yadea Electric Vehicle became Official Asian Regional Sponsor of the 2018 FIFA World Cup in Russia
2019	June	Successfully developed graphene battery with long life, long range and fast charging
2019	November	Yadea Vietnam factory came into operation, expanding its presence in the Southeast Asia market
2020	December	Annual Sales reached 10 million units

Source: Company, DBS HK

**Complete and ever-expanding product lines.** Yadea sold 56 types of electric scooters and 69 types of electric bicycles by FY21, covering low-end to high-end customers with a wide price range, from RMB1,500-20,000. In the last two

years, the group launched high-end brands Guanneng, Guanzhi, and VFLY to improve its product mix, and also launched electric kick scooters and e-bikes to tap into high-end markets overseas.

## Yadea Group Holdings

### Yadea's product lines

Positioning	Series	Description	Price Range (RMB¥)	Picture
High-end Electric Bicycle	VFLY	Premium series intended to compete with NIU and Ninebot.	6,999-19,800	
Mid-end Electric Bicycle	Guanneng & Guanzhi	Guanneng mainly focuses on performance, a charge to run twice as much. Guanzhi mainly focuses on light intelligence.	3,399-5,799	
Low-end Electric Bicycle	Classic	Cost-effective series. Yadea's main market.	2,799-3,499	
Premium Power Assisted electric bicycle	E-Bike	Yadea e-bike covers both the traditional cycling fun of human-vehicle interaction, but also has the intelligent technology of electric vehicles.	6,299-19,999	
Kick-scooter	L & H Series	The launch of the kick-scooter series further enriched its product offerings in micro-mobility.	1,999-3,999	

Source: Company, DBS HK

## Yadea Group Holdings

### Management & Strategy

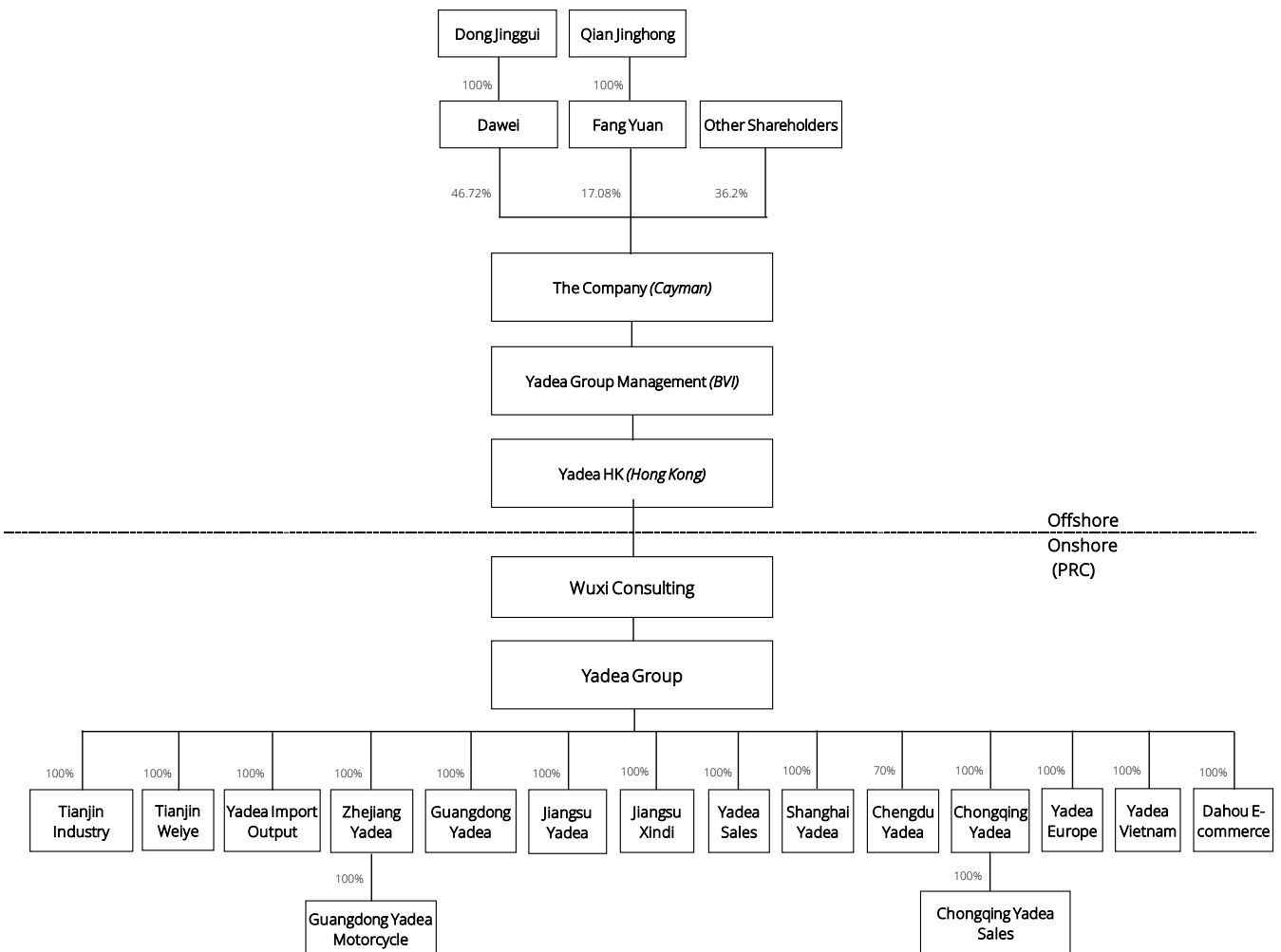
#### Key Management Team

Name	Position	Profile
Dong Jinggui	Chairman of the Board, Executive Director	<ul style="list-style-type: none"> <li>·Approximately 19 years of experience in the electric two-wheeled vehicle industry and is the co-founder of Yadea.</li> <li>·Currently a student in the Executive Master of Business Administration Program jointly offered by the Harbin Institute of Technology and the ASIA Pacific Institute of Management China.</li> <li>·Ms. Qian Jinghong, an executive Director, is the spouse of Mr. Dong.</li> </ul>
Qian Jinghong	CEO, Executive Director	<ul style="list-style-type: none"> <li>·Approximately 19 years of experience in the electric two-wheeled vehicle industry and is the co-founder of Yadea.</li> <li>·Currently a student in the Executive Master of Business Administration Program jointly offered by the Harbin Institute of Technology and the ASIA Pacific Institute of Management China.</li> <li>·Mr. Dong Jinggui, an executive Director, is the spouse of Ms. Qian.</li> </ul>
Shen Yu	Executive Director	<ul style="list-style-type: none"> <li>·Joined the Group in May 2005 and has since served as the assistant to the chairman of the Board and supervisor of the president's office.</li> <li>·Responsible for the administrative affairs of Yadea, as well as assisting the chairman of the Board and president in external affairs and public relations management. Mr. Shen is also the Joint Company Secretary.</li> <li>·Graduated from Xi'an Jiaotong University with a tertiary qualification in Industrial Automation in July 1995 and graduated from Southeast University with a master's degree in Business Administration in June 2013.</li> </ul>
Zhang Yiyin	Non-executive Director	<ul style="list-style-type: none"> <li>·Currently the director and vice president of Shanghai Legal Master Co., Ltd., and the permanent visiting professor of Shanghai University of International Business and Economics.</li> <li>·Received his Bachelor degree of Communication in University of Inholland, the Netherlands. Mr. Zhang is the Certified Mergers and Acquisitions Dealmaker of the China Mergers &amp; Acquisitions Association and holds the fund practitioner qualification of Asset Management Association of China.</li> </ul>
Li Zongwei	Independent Non-executive Director	<ul style="list-style-type: none"> <li>·Currently the chief strategic officer of Yingli Green Energy Holding Company Limited, where he was the chief financial officer between November 2006 and May 2009, an executive director and the chief financial officer between May 2009 and May 2014 and an executive director and the chief strategic officer between May 2014 and November 2014. Mr. Li is also the president of Shanghai Sailing Hui Asset Management Co., Ltd. (上海賽領輝力資產管理有限公司) and an independent non-executive director and the chairman of the auditing committee of Youku Tudou Inc. (New York Stock Exchange stock code: YOKU). Mr. Li was a senior auditing manager of PricewaterhouseCoopers between April 1995 and October 2006.</li> <li>·Graduated from Shanghai Institute of Technology with a bachelor's degree in Mechanical Engineering in July 1993 and from Washington University in Saint Louis with a master's degree in Business Administration in December 2006.</li> </ul>
Wu Biguang	Independent Non-executive Director	<ul style="list-style-type: none"> <li>·Currently the head of the Faculty of Law, the first level academic leader of the master's program and the professor-in-charge of the master's program in Criminal Law at the College of Humanities and Law of the North China University of Technology, where he has been teaching since May 1989.</li> <li>·Graduated from China University of Political Science and Law with a bachelor's degree in Law in July 1984 and from Peking University with a master's degree in Criminal Law in July 1996.</li> </ul>
Yao Naisheng	Independent Non-executive Director	<ul style="list-style-type: none"> <li>·Currently a vice president at JD.com. Previously, he was a senior investor at Hillhouse Capital Group between November 2009 and January 2011, an associate partner at International Business Machines Corporation (IBM) between April 2007 and October 2009, and a director at CertainTeed Corporation between July 2005 and March 2007.</li> <li>·Graduated from Tianjin University with a bachelor's degree in Chemical Engineering in July 1993 and a master's degree in Engineering in April 1996. He graduated from Yale University with a Doctor of Philosophy in May 2002.</li> </ul>
Wong Lung Ming	Independent Non-executive Director	<ul style="list-style-type: none"> <li>·Currently the founder and president of Leader Momentum Limited and Leader Momentum (Shanghai) Limited, and the adjunct associate professor of Institute for China Business in the University of Hong Kong School of Professional and Continuing Education, teaching Postgraduate Diploma for working executives in China on Leadership and Human Resource Management.</li> <li>·Received his First Class Honour Bachelor degree of Business Administration majoring in Marketing from The Chinese University of Hong Kong; and MBA degree from The Hong Kong University of Science and Technology.</li> </ul>
Shi Rui	CFO	<ul style="list-style-type: none"> <li>·Joined the Group in March 2014 and is responsible for the financial aspects of Yadea.</li> <li>·Graduated from Shaanxi University of Finance and Economics with a tertiary qualification in International Accounting in June 1999.</li> </ul>

Source: Company, DBS HK

## Yadea Group Holdings

### Shareholder structure



Source: Company, DBS HK



## Yadea Group Holdings

### Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	11,968	19,360	26,968	33,170	38,709
Cost of Goods Sold	(9,890)	(16,287)	(22,866)	(27,963)	(32,515)
<b>Gross Profit</b>	<b>2,078</b>	<b>3,073</b>	<b>4,101</b>	<b>5,208</b>	<b>6,193</b>
Other Opng (Exp)/Inc	(1,473)	(1,880)	(2,564)	(3,186)	(3,598)
<b>Operating Profit</b>	<b>606</b>	<b>1,194</b>	<b>1,537</b>	<b>2,022</b>	<b>2,595</b>
Other Non Opg (Exp)/Inc	(31)	(25)	(96)	(100)	(100)
Associates & JV Inc	0	(2)	(15)	(15)	(15)
Net Interest (Exp)/Inc	29	20	81	85	90
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>603</b>	<b>1,187</b>	<b>1,507</b>	<b>1,992</b>	<b>2,570</b>
Tax	(83)	(227)	(140)	(186)	(239)
Minority Interest	(4)	(2)	3	(4)	(2)
Preference Dividend	0	0	0	0	0
<b>Net Profit</b>	<b>516</b>	<b>957</b>	<b>1,369</b>	<b>1,802</b>	<b>2,329</b>
Net Profit before Except.	516	957	1,369	1,802	2,329
EBITDA	670	1,294	1,617	2,107	2,700
<b>Growth</b>					
Revenue Gth (%)	20.7	61.8	39.3	23.0	16.7
EBITDA Gth (%)	25.5	93.3	24.9	30.3	28.2
Opg Profit Gth (%)	26.3	97.1	28.8	31.5	28.4
Net Profit Gth (%)	19.8	85.4	43.0	31.6	29.2
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	17.4	15.9	15.2	15.7	16.0
Opg Profit Margin (%)	5.1	6.2	5.7	6.1	6.7
Net Profit Margin (%)	4.3	4.9	5.1	5.4	6.0
ROAE (%)	17.4	28.5	33.9	36.4	38.9
ROA (%)	5.6	7.2	7.7	8.7	9.8
ROCE (%)	17.4	27.7	31.5	33.1	35.5
Div Payout Ratio (%)	0.0	49.3	47.7	50.0	50.0
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS HK

## Yadea Group Holdings

### Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	1,242	1,500	2,212	2,542	2,662
Invt in Associates & JVs	0	0	0	0	0
Other LT Assets	658	1,143	2,182	2,817	3,627
Cash & ST Invt	7,464	11,637	12,936	13,870	16,416
Inventory	639	680	1,194	1,460	1,698
Debtors	182	377	393	535	638
Other Current Assets	562	679	491	577	582
<b>Total Assets</b>	<b>10,746</b>	<b>16,016</b>	<b>19,408</b>	<b>21,802</b>	<b>25,624</b>
ST Debt	0	0	0	0	0
Creditors	7,333	11,706	14,108	15,535	18,064
Other Current Liab	234	530	219	264	321
LT Debt	0	0	0	0	0
Other LT Liabilities	35	178	568	586	655
Shareholder's Equity	3,132	3,590	4,500	5,401	6,566
Minority Interests	11	13	12	17	18
<b>Total Cap. &amp; Liab.</b>	<b>10,746</b>	<b>16,016</b>	<b>19,408</b>	<b>21,802</b>	<b>25,624</b>
Non-Cash Wkg. Capital	(6,185)	(10,500)	(12,250)	(13,225)	(15,466)
Net Cash/(Debt)	7,464	11,637	12,936	13,870	16,416
Debtors Turn (avg days)	7.0	5.3	5.2	5.1	5.5
Creditors Turn (avg days)	227.4	215.0	207.8	194.9	189.9
Inventory Turn (avg days)	16.7	14.9	15.1	17.5	17.8
Asset Turnover (x)	1.3	1.4	1.5	1.6	1.6
Current Ratio (x)	1.2	1.1	1.0	1.0	1.1
Quick Ratio (x)	1.0	1.0	0.9	0.9	0.9
Net Debt/Equity (X)	(2.4)	(3.2)	(2.9)	(2.6)	(2.5)
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

### Cash Flow Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	603	1,187	1,507	1,992	2,570
Dep. & Amort.	95	128	191	200	220
Tax Paid	(83)	(227)	(140)	(186)	(239)
Assoc. & JV Inc/(loss)	0	(2)	(15)	(15)	(15)
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg.Cap.	2,441	4,270	(2,075)	975	2,241
Other Operating CF	(238)	(3,137)	4,225	(652)	(791)
<b>Net Operating CF</b>	<b>2,819</b>	<b>2,218</b>	<b>3,693</b>	<b>2,315</b>	<b>3,986</b>
Capital Exp.(net)	(176)	(425)	(894)	(550)	(350)
Other Invt.(net)	(1,872)	(3,344)	5,178	(7)	0
Invt in Assoc. & JV	0	(2)	(15)	(15)	(15)
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	61	2,735	(5,094)	0	0
<b>Net Investing CF</b>	<b>(1,988)</b>	<b>(1,036)</b>	<b>(824)</b>	<b>(572)</b>	<b>(365)</b>
Div Paid	0	(472)	(654)	(901)	(1,165)
Chg in Gross Debt	0	0	0	0	0
Capital Issues	0	0	0	0	0
Other Financing CF	(227)	113	446	85	90
<b>Net Financing CF</b>	<b>(227)</b>	<b>(359)</b>	<b>(207)</b>	<b>(816)</b>	<b>(1,075)</b>
Currency Adjustments	0	0	0	0	0
Chg in Cash	604	823	2,661	927	2,546
Opg CFPS (RMB)	0.13	(0.72)	2.02	0.47	0.61
Free CFPS (RMB)	0.88	0.63	0.98	0.62	1.27

Source: Company, DBS HK

DBS HK recommendations are based on an Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 31 May 2022 13:29:38 (HKT)

Dissemination Date: 1 Jun 2022 12:25:17 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

#### GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), DBSVI, DBSVTH, DBS Vickers Securities (UK) Ltd (DBSVUK"), DBS Vickers Securities (USA) Inc ("DBSV USA"), DBS Bank Ltd (London Branch) ("DBS UK"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

## Yadea Group Holdings

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

### ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

### COMPANY-SPECIFIC / REGULATORY DISCLOSURES


1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 30 May 2022.
2. **Compensation for investment banking services:**  
DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.
3. **Disclosure of previous investment recommendation produced:**  
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

---

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

## RESTRICTIONS ON DISTRIBUTION

<b>General</b>	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
<b>Singapore</b>	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]</p>
<b>United Kingdom</b>	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

<b>Dubai International Financial Centre</b>	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <a href="http://www.dbs.com/ae/our--network/default.page">http://www.dbs.com/ae/our--network/default.page</a>.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
<b>United States</b>	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
<b>Other jurisdictions</b>	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

**DBS Bank (Hong Kong) Limited**

13<sup>th</sup> Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

## Yadea Group Holdings

---

### DBS Regional Research Offices

---

#### HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

13th Floor One Island East,  
18 Westlands Road, Quarry Bay, Hong Kong  
Tel: 852 3668 4181  
Fax: 852 2521 1812  
e-mail: dbsvhk@dbs.com

#### SINGAPORE

DBS Bank Ltd

Contact: Paul Yong

12 Marina Boulevard,  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: 65 6878 8888  
e-mail: groupresearch@dbs.com  
Company Regn. No. 196800306E

#### INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower  
Ciputra World 1, 32/F  
Jl. Prof. Dr. Satrio Kav. 3-5  
Jakarta 12940, Indonesia  
Tel: 62 21 3003 4900  
Fax: 6221 3003 4943  
e-mail: indonesiaesearch@dbs.com

#### THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Piwat Tower Building,  
9th, 14th-15th Floor  
Rama 1 Road, Pathumwan,  
Bangkok Thailand 10330  
Tel. 66 2 857 7831  
Fax: 66 2 658 1269  
e-mail: research@th.dbs.com  
Company Regn. No 0105539127012  
Securities and Exchange Commission, Thailand