***This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide whether to invest in the* [REDACTED]*. There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide whether to invest in the* [REDACTED].**

OVERVIEW

We are a two-wheeled vehicle provider in mainland China, focusing on the design, research and development, manufacturing and selling of electric two-wheeled vehicles and promotion of technical development in the industry. We took the path of building durable electric two-wheeled vehicles under our product tagline of "*Luyuan Liquid-cooled Electric Vehicles, A Ten-Year Ride*" (綠源液冷電動車，一部車騎十年), drawing the industry's attention to quality, durability and technological advancement. According to Frost & Sullivan, mainland China's electric two-wheeled vehicle market is highly concentrated and competitive, in which we were the fifth largest manufacturer of electric two-wheeled vehicles in mainland China in terms of total revenue in 2022, with a market share of 4.2%.

Our *Luyuan* brand has over 20 years of history and we are one of the earliest companies to have entered mainland China's electric two-wheeled vehicle industry and participated in developing industrial standards for many times. We were awarded five-star authentication under the National Standard for Consumer Product Customer Service Evaluation (《商品服務售後評價體系》) GB/T27922-2011 by the Evaluation of Compliance Certification Review Committee for National Commodity After-sales Service (全國商品售後服務評價達標認證評審委員會) and Beijing Sky Certification Center (北京五洲天宇認證中心) and were also awarded five-star brand under the National Standard for Evaluation of Business Enterprise Brand and Guide of Enterprise Culture Construction (《商業企業品牌評價與企業文化建設指南》) GB/T27925-2011 by Beijing Sky Certification Center (北京五洲天宇認證中心), making us the first double five-stars electric two-wheeled vehicle brand in mainland China. We have also been awarded Well-known Trademark in China (中國馳名商標) and Famous Brand Product of Zhejiang Province (浙江名牌產品).

We have built an extensive and efficient sales and distribution network, and embraced informatization and established online retail channels, continuously improving the penetration and coverage of our products. As of December 31, 2022, we had 1,236 distributors covering over 9,800 point-of-sales in mainland China. We operated self-operated online stores on mainstream e-commerce platforms and cooperate with well-know online retailers to capture opportunities presented by the rapidly developing e-commerce in mainland China. Going forward, we attempt to integrate our offline and online channels and bring potential online customers to our physical retail outlets, which we believe will enhance the visibility of our brand and products and make our products more accessible to potential consumers. For further details, see "Business – Sales and Distribution – Online Channels". In recent years we have been developing corporate and institutional customers, including shared mobility service providers and on-demand e-commerce companies which allowed us to benefit from the quick growth of e-commerce, food delivery, on-demand delivery, and shared mobility markets which all have strong demand for electric two-wheeled vehicles. In addition, through cooperation with overseas distributors, our products were sold in 27 countries including Thailand, Indonesia and the Philippines during the Track Record Period.

We currently operate three production plants located in Zhejiang, Shandong and Guangxi. As of December 31, 2022, our annual production capacity of electric two-wheeled vehicles was approximately 3.3 million units. Through our continuous investment in the automation and intelligence level of production equipment, we strive to bring products with controllable product quality to consumers to further improve our brand image, while maintaining our scale advantage.

We attach great importance to technological innovation and product upgrading. Our core technologies cover key components of electric two-wheeled vehicles such as motors, controllers, batteries and chargers. Technological breakthroughs and progress have significantly improved the service life and safety level of our electric two-wheeled vehicles. In terms of technological research and development, we have kept in pace with industry trends and focused on areas with strong growth potential such as lithium-ion battery safety and intelligent electric two-wheeled vehicles. As of the Latest Practicable Date, we held a total of 374 patents in mainland China, of which 45 were invention patents, 219 were utility model patents and 110 were design patents.

During the Track Record Period, we achieved strong growth. Our revenue increased from RMB2,378.3 million in 2020 to RMB4,783.0 million in 2022, representing a CAGR of 41.8%.

STRENGTHS

We believe that the following competitive strengths differentiate us from our competitors and have contributed to our success: (i) We are a well-known electric two-wheeled vehicle brand that has continuously contributed to the industry development; (ii) We have strong research and development capabilities in core technologies; (iii) We emphasize innovation capabilities and make durable products with both fashion and performance; (iv) We have built an extensive distribution network and enjoy mature channel management advantages; (v) We enjoy the scale advantage of the layout of our production plants close to our markets and our mature and highly intelligent production process which ensures good and stable quality; and (vi) We have a professional and experienced management team.

STRATEGIES

Leveraging our competitive strengths, we aim to become an enterprise leading the development of mainland China's electric two-wheeled vehicle industry by implementing the following strategies: (i) Further enhance brand awareness and increase market share in mainland China; (ii) Further enhance production capacity to support rapid business growth; (iii) Further upgrade, expand and optimize the layout of our sales and distribution network; (iv) Further enhance our research and development capabilities to solidify our position in product and technology; (v) Continue to attract, train and motivate talented professionals; and (vi) Steadily expand our business in international markets.

OUR PRODUCTS

During the Track Record Period, our revenue was mainly derived from the sale of electric two-wheeled vehicles which can be broadly classified into electric motorcycles, electric mopeds, and electric bicycles. To a substantially lesser extent, we also generated revenue from sale of other special function vehicles, batteries and other vehicle parts, and the provision of various services to our distributors. The following table sets forth a breakdown of (i) our revenue by type of product and (ii) revenue generated from the provision of services to distributors during the Track Record Period.

	For the year ended December 31,					
	2020		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Types of products						
Electric bicycles	1,010,096	42.5	1,423,625	41.7	2,232,086	46.7
Electric mopeds	722,892	30.4	495,043	14.5	258,177	5.4
Electric motorcycles	244,920	10.3	686,672	20.1	953,887	19.9
Batteries	306,366	12.9	606,128	17.7	1,052,365	22.0
Electric two-wheeled vehicle parts	60,220	2.5	147,793	4.3	226,164	4.7
Others	11,430	0.5	5,446	0.2	5,090	0.1
Subtotal	2,355,924	99.1	3,364,707	98.5	4,727,769	98.8
Types of services						
Training services	10,421	0.4	28,081	0.8	36,765	0.8
Others	11,987	0.5	24,899	0.7	18,489	0.4
Subtotal	22,408	0.9	52,980	1.5	55,254	1.2
Total	**2,378,332**	**100.0**	**3,417,687**	**100.0**	**4,783,023**	**100.0**

Revenue from electric bicycles and electric motorcycles increased at a CAGR of 48.7% and 97.3%, respectively. Such increases were primarily due to the significant increase in the sales volume of both types of products during the Track Record Period. Revenue from electric mopeds decreased from RMB722.9 million in 2020 to RMB258.2 million in 2022, primarily due to changes in consumer preferences caused by the implementation of the New National Standards, which imposed new restrictions on the specifications of electric mopeds that made it a less favorable choice for consumers than other types of electric two-wheeled vehicles, leading to a decline in customer demand. Electric bicycles, being the most popular type of electric two-wheeled vehicles for consumers and our main focus, accounted for the largest proportion of our revenue during the Track Record Period.

The following table sets forth the sales volume and average selling prices per unit of our electric vehicles (excluding batteries) for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Sales volume	Average selling price per unit	Sales volume	Average selling price per unit	Sales volume	Average selling price per unit
	unit	*RMB*	*unit*	*RMB*	*unit*	*RMB*
Electric bicycles	873,708	1,156	1,218,462	1,168	1,705,300	1,309
Electric mopeds	451,504	1,601	330,913	1,496	172,467	1,497
Electric motorcycles	144,874	1,691	398,304	1,724	546,601	1,745
Others	2,379	4,805	654	8,327	199	25,580
Total	**1,472,465**	**1,351**	**1,948,333**	**1,340**	**2,424,567**	**1,423**

The following table sets forth a breakdown of our gross profit and gross profit margins of our products (excluding provision of services) by type of products for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(In thousands, except for percentages)					
Electric bicycles	94,710	9.4	101,192	7.1	272,800	12.2
Electric mopeds	94,495	13.1	39,808	8.0	32,511	12.6
Electric motorcycles	37,529	15.3	88,247	12.9	142,595	14.9
Batteries	23,849	7.8	71,473	11.8	15,403	1.5
Electric two-wheeled vehicle parts	12,540	20.8	32,739	22.2	41,496	18.3
Others	694	6.1	673	12.4	1,273	25.0
Total	**263,817**	**11.2**	**334,133**	**9.9**	**506,078**	**10.7**

Product Pricing

We price our products based on various factors, including the market positioning for the specific product, supply and demand, procurement and production costs, spending patterns of our target consumers, the prices of competing brands' products, and the anticipated profit margins for us.

We set distribution prices and suggested wholesale prices which represent the prices at which we sell our products to distributors and the prices at which distributors sell our products to their sub-distributors, respectively. For sales to end-customers through distributors and sub-distributors, we set recommended retail prices for our products, which are subject to minor adjustments by distributors reflecting the local competitive environment. In certain circumstances, we may set minimum retail price for products that distributors have enjoyed a certain wholesale price or maximum retail price to achieve balance between sales volume to end-customers and selling prices. Retail prices for our products available in our self-operated online stores are typically higher than our recommended retail prices provided to offline distributors primarily for the protection of the business of distributors and their sub-distributors.

SALES AND DISTRIBUTION NETWORK

We distribute our products mainly through offline distributors complimented by our online channels, corporate and institutional customers and overseas distributors. The table below sets out a breakdown of our revenue from sales of our products by channel during the periods indicated:

	Year ended December 31,					
	2020		**2021**		**2022**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Offline channels	1,664,844	70.7	2,771,684	82.4	4,245,048	89.8
– Eastern China	884,198	37.5	1,517,639	45.1	2,508,014	53.0
– Central and Southern China	463,614	19.7	756,718	22.5	1,090,314	23.1
– Southwestern China	87,193	3.7	134,292	4.0	250,946	5.3
– Northern China	117,044	5.0	217,198	6.5	218,029	4.6
– Other regions	112,795	4.8	145,837	4.3	177,745	3.8
Online channels	97,550	4.1	108,768	3.2	271,697	5.7
Corporate and institutional clients	554,037	23.5	421,003	12.5	96,427	2.1
Overseas distributors	39,493	1.7	63,252	1.9	114,597	2.4
Total	**2,355,924**	**100.0**	**3,364,707**	**100.0**	**4,727,769**	**100.0**

Revenue from offline channels increased at a CAGR of 59.7% during the Track Record Period. Revenue from online channels, comprising our self-operated online stores on major e-commerce platforms and social media platforms, increased at a CAGR of 66.9% during the Track Record Period. With the rise of shared economy and on-demand e-commerce, especially those that utilize electric two-wheeled vehicles, we customized and manufactured electric two-wheeled vehicles for a number of leading shared mobility service providers and on-demand e-commerce brands, and other corporate and institutional customers. As a result, revenue contribution from corporate and institutional clients soared in 2020. Revenue from corporate and institutional clients decreased in 2022 because in 2021, we adjusted our sales and marketing strategy and strove to expand our offline distributor network to promote the sales of our self-developed products. We are also actively expanding into oversea markets. Revenue from overseas distributors increased at a CAGR of 70.3% during the Track Record Period.

The following table sets forth a breakdown of our gross profit and gross profit margins of our products (excluding provision of services) by sales channels for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(In thousands, except for percentages)					
Offline channels	167,489	10.1	261,430	9.4	401,276	9.5
Online channels	17,913	18.4	18,468	17.0	54,674	20.1
Corporate and institutional clients	64,539	11.6	35,369	8.4	14,406	14.9
Overseas distributors	13,875	35.1	18,867	29.8	35,721	31.2
Total	**263,817**	**11.2**	**334,133**	**9.9**	**506,078**	**10.7**

For detailed analysis, see "Financial Information – Description of Key Components of Our Results of Operations – Gross Profit and Gross Profit Margin."

Our Customers

Our customers are primarily our distributors in mainland China, international distributors, corporate and institutional clients and end customers from our self-operated online stores. In 2020, 2021 and 2022, the aggregate revenue generated from our top five customers in each year during the Track Record Period accounted for 26.7%, 19.4% and 11.6% of our total revenue for the respective years. For the same years, revenue generated from our largest customer in each year during the Track Record Period accounted for 16.4%, 8.4% and 4.0% of our total revenue for the respective years. The relatively higher contribution of our five largest customers and largest customer for 2020 and 2021 were primarily due to the larger revenue contribution from our corporate and institutional customers including shared mobility service providers and on-demand e-commerce brands following the rise of shared economy and on-demand e-commerce.

SUPPLY CHAIN MANAGEMENT

To ensure the quality of our products, during the Track Record Period, we produced our products in-house at our three strategically located production plants, namely the Zhejiang Plant, Shandong Plant and Guangxi Plant. According to Frost & Sullivan, the industry average level of utilization rates is approximately 65%. As such, we have generally maintained high utilization rates during the Track Record Period. We have invested in increasing the intelligent level of our production plants. According to Frost & Sullivan, our intelligent factory in Zhejiang is one of the first in the electric two-wheeled vehicle industry in mainland China to extensively utilize automated material handling systems and overhead conveyor systems that greatly enhance production efficiency. We implement strict quality control standards throughout our entire supply chain, from sourcing of raw materials, production, packaging and inventory storage to sale and delivery.

The key raw materials, parts and components for our operations primarily include (i) metal and plastic components, (ii) batteries, including lead-acid batteries and lithium-ion batteries, and (iii) control units and tires. In 2020, 2021 and 2022, raw materials and consumables used attributable to our cost of sales amounted to RMB1,920.7 million, RMB2,775.3 million and RMB3,883.5 million, respectively, representing 91.8%, 91.6% and 92.0%, respectively, of total cost of sales for the same periods.

Our Suppliers

During the Track Record Period, our major suppliers are suppliers of lead-acid batteries and lithium-ion batteries, control units, magnetic steel and tires. In 2020, 2021 and 2022, purchase from our five largest suppliers in each year during the Track Record Period accounted for 17.4%, 24.0% and 31.7%, respectively, of our total purchase amount for the respective years. For the same years, purchase from our largest supplier in each year during the Track Record Period accounted for 8.1%, 9.8% and 10.4%, respectively, of our total purchase amount for the respective years.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information included in the Accountant's Report as set out in Appendix I. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant's Report as set out in Appendix I, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with HKFRS.

Summary of Consolidated Income Statements

	For the year ended December 31,					
	2020		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	2,378,332	100.0	3,417,687	100.0	4,783,023	100.0
Cost of Sales	(2,092,108)	(88.0)	(3,030,574)	(88.7)	(4,221,691)	(88.3)
Gross Profit	**286,224**	**12.0**	**387,113**	**11.3**	**561,332**	**11.7**
Selling and marketing costs	(121,423)	(5.1)	(192,388)	(5.6)	(259,567)	(5.4)
Administrative expenses	(61,420)	(2.6)	(64,444)	(1.9)	(89,059)	(1.9)
Research and development costs	(83,521)	(3.5)	(95,826)	(2.8)	(150,498)	(3.1)
Other income	29,269	1.2	26,816	0.8	37,750	0.8
Income tax expense	(3,036)	(0.1)	(2,331)	(0.1)	(4,218)	(0.1)
Profit for the year	**40,281**	**1.7**	**59,260**	**1.7**	**118,030**	**2.5**
Attribute to:						
Equity holders of the company	40,293	1.7	59,260	1.7	118,030	2.5
Non-controlling interests	(12)	(0.0)	–	–	–	–

Our net profit increased from RMB40.3 million in 2020 to RMB118.0 million in 2022, representing a CAGR of 71.2%, primarily because (i) revenue increased from RMB2,378.3 million in 2020 to RMB4,783.0 million in 2022 at a CAGR of 41.8% mainly attributable to the significant increase in the sales volume of both our electric bicycles and electric motorcycles; (ii) our selling and marketing costs, administrative expenses, and research and development costs generally remained relatively stable as a percentage of revenue during the Track Record Period as a result of our cost control efforts and economies of scale; and (iii) we received government grants recognized as other income of RMB11.6 million, RMB10.2 million and RMB20.5 million in 2020, 2021 and 2022, respectively, which comprised general support from governments, subsidies for stabilizing employment, tax refunds and VAT deductions, subsidies to relieve COVID-19 impacts and other small subsidies from local government. For a detailed analysis, see "Financial Information – Year on Year Comparison of Results of Operations."

The following table sets forth a breakdown of our cost of sales for the years indicated:

	For the year ended December 31,					
	2020		**2021**		**2022**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials and consumables used	1,920,690	91.8	2,775,258	91.5	3,883,483	92.0
– Batteries	320,814	15.4	595,017	19.6	1,124,547	26.6
– Motors	259,927	12.4	404,513	13.3	544,813	12.9
– Frames and iron spare parts	255,788	12.2	368,548	12.2	375,365	8.9
– Plastic parts	230,531	11.0	311,854	10.3	395,400	9.4
– Shock absorbers	131,813	6.3	179,690	5.9	201,254	4.8
– Tires	90,008	4.3	112,463	3.7	141,438	3.4
– Others	631,809	30.2	803,173	26.5	1,100,666	26.1
Employee benefits expenses	44,392	2.1	74,757	2.5	111,432	2.6
Others[Note]	127,026	6.1	180,559	6.0	226,776	5.4
Total	**2,092,108**	**100.0**	**3,030,574**	**100.0**	**4,221,691**	**100.0**

Note: Others mainly include outsourcing labor fee, freight, depreciation of property, plant and equipment, expense relating to short-term leases or low value leases, tax and surcharges, design fee, office expense, advertising expenses, travel expenses, and consulting costs.

Summary of Consolidated Balance Sheets

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	598,980	960,266	1,086,035
Current assets	969,268	1,705,627	2,097,965
Total assets	**1,568,248**	**2,665,893**	**3,184,000**
Non-current liabilities	15,875	165,940	389,024
Current liabilities	1,050,673	1,939,849	2,115,138
Total liabilities	**1,066,548**	**2,105,789**	**2,504,162**
Net current liabilities	**(81,405)**	**(234,222)**	**(17,173)**
Net assets	**501,700**	**560,104**	**679,838**

We recorded net current liabilities as of December 31, 2020, 2021 and 2022, mainly due to the increase in bank loan for the expansion of our production capabilities, including the construction of our Guangxi Plant and our intelligent factory in Zhejiang Plant. To improve our net current liabilities position and ensure working capital sufficiency, we have negotiated with banks to obtain medium or long-term loans to replace our short-term loans, which primarily resulted in our net current liabilities during the Track Record Period. As of December 31, 2020, 2021 and 2022, we have successfully obtained nil, RMB143.0 million and RMB369.7 million medium and long-term loans. We will continue to improve capital turnover and increase the proportion of current assets in our total assets.

Our net current liabilities increased significantly from RMB81.4 million as of December 31, 2020 to RMB234.2 million as of December 31, 2021, primarily due to (i) an increase in trade and notes and other payables of RMB487.7 million and (ii) an increase in borrowings of RMB367.1 million, partially offset by (iii) an increase in inventories of RMB179.6 million and (iv) an increase in financial assets at FVTPL of RMB364.5 million. Our net current liabilities then decreased to RMB17.2 million as of December 31, 2022, primarily due to (i) an increase in cash and cash equivalents of RMB173.0 million attributable to our operating cash inflows resulted from our sales growth, (ii) an increase in trade and notes and lease receivables of RMB136.9 million, (iii) an increase in financial assets at fair value through profit or loss of RMB105.5 million, and (iv) a decrease in current borrowings of RMB236.2 million, partially offset by an increase in trade and notes and other payables of RMB398.0 million.

Our net assets increased from RMB501.7 million as of December 31, 2021 to RMB560.1 million as of December 31, 2021, primarily due to the increase in profit for the year of RMB59.3 million. Our net assets increased from RMB560.1 million as of December 31, 2021 to RMB679.8 million as of December 31, 2022, primarily due to the increase in profit for the year of RMB118.0 million.

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Net cash (used in)/generated from operating activities	(10,371)	144,388	509,892
Net cash used in investing activities	(31,062)	(562,522)	(294,096)
Net cash generated from/(used in) from financing activities	8,371	464,851	(44,864)
Net (decrease)/increase in cash and cash equivalents	(33,062)	46,717	170,932
Cash and cash equivalents at beginning of the year	209,504	175,370	222,012
Effect of foreign exchange rate changes, net	(1,072)	(75)	2,094
Cash and cash equivalents at end of the year	175,370	222,012	395,038

Our cash and cash equivalents increased consistently during the Track Record Period, primarily due to (i) operating cash inflows as a result of our rapid revenue growth and (ii) proceeds from borrowings, partially offset by (iii) cash outflows for purchase of property, plant and equipment for the construction of our production facilities. For details, see "Financial Information – Liquidity and Capital Resources."

In 2020, our net cash used in operating activities was primarily attributable to (i) an increase in debt instruments at fair value through other comprehensive income of RMB140.1 million representing bank acceptance bills from corporate and institutional clients and (ii) a decrease in inventories of RMB73.6 million, partially offset by (iii) an increase in restricted cash of RMB88.2 million and (iv) an increase in other receivables and prepayments of RMB15.4 million.

Key Financial Ratios

	For the year ended/As of December 31,		
	2020	**2021**	**2022**
Return on equity[1] (%)	8.3%	11.2%	19.0%
Return on assets[2] (%)	2.6%	2.8%	4.0%
Current ratio[3] (times)	0.92	0.88	0.99
Quick ratio[4] (times)	0.72	0.68	0.78
Gearing ratio[5] (%)	32.0%	119.4%	97.3%

Notes:

1. Return on equity equals profit for the year divided by the average balance of total equity at the beginning and the end of that year and multiplied by 100%.

2. Return on assets equals profit for the year divided by the average balance of total assets at the beginning and the end of that year and multiplied by 100%.

3. Current ratio equals current assets divided by current liabilities as of the same date.

4. Quick ratio equals current assets less inventories and divided by current liabilities as of the same date.

5. Gearing ratio equals total debt, comprising borrowings and lease liabilities, divided by total equity as of the same date and multiplied by 100%.

Return on equity and return on assets increased continuously during the Track Record Period, primarily due to our profit growth. Current ratio and quick ratio decreased in 2021 primarily due to the increase in our short-term bank loans which were included in current liabilities. Current ratio and quick ratio increased in 2022, primarily due to the increase in our cash and cash equivalents attributable to our cash flows generated from operating activities. Our gearing ratio increased significantly in 2021, primarily due to the increase in our borrowings for the construction of our Guangxi Plant and our intelligent factory in Zhejiang Plant. Our gearing ratio decreased in 2022, primarily due to an increase in retained earnings. For details, see "Financial Information – Key Financial Ratio."

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the [**REDACTED**] of approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and estimated expenses payable by us in connection with the [**REDACTED**]), assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**], and that the [**REDACTED**] is not exercised. We intend to use the net proceeds from the [**REDACTED**] in the following manner:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for our research and development efforts to maintain our technical edge.

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to strengthen our sales and distribution channels and for branding and marketing activities to raise our brand awareness.

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to strengthen our production capabilities, mainly involving the construction of new production facilities and upgrading of production equipment and machinery.

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for working capital and other general corporate purposes.

DIVIDEND

Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to our Shareholders, provided that no dividend shall exceed the amount recommended by our Directors. In addition, our Directors may from time to time pay to our Shareholders such interim dividends as appear to our Directors to be justified by the profits of our Company. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Our Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to accounting principles in mainland China. PRC laws also require a foreign-invested enterprise to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

No dividends have been paid or declared by our Company during the Track Record Period. Currently, we do not have any fixed dividend policy.

PRE-[REDACTED] INVESTMENTS AND OUR CONTROLLING SHAREHOLDERS

In 2011 and 2015, we have introduced Pre-[**REDACTED**] Investors, namely Shipston, New Healthcare PPE and New Power PPE, into our Company. As of the Latest Practicable Date, Shipston held 8% Shares, and New Healthcare PPE and New Power PPE ceased to hold Shares following repurchase of Shares by our Company in 2018. See "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments" for further details.

Immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the [**REDACTED**], each of Mr. Ni, through Drago Investments and Best Expand, and Ms. Hu, through Apex Marine and Best Expand, will hold and be entitled to exercise in general meeting voting rights attached to Shares representing approximately [**REDACTED**]% of the issued share capital of our Company. Drago Investments is wholly owned by Mr. Ni. Apex Marine is wholly owned by Ms. Hu. Best Expand is owned as to 50% by Mr. Ni and 50% by Ms. Hu. Accordingly, Mr. Ni, Ms. Hu, Drago Investments, Apex Marine and Best Expand will continue to be our Controlling Shareholders under the Listing Rules.

RISK FACTORS

There are certain risks involved in the investment in the [**REDACTED**], among which the relatively material risks include the following: (i) Our business depends significantly on market recognition of our "*Luyuan*" (綠源) brand, and any damage to our brand, trademarks or reputation, or failure to effectively promote our brand, could materially and adversely impact our business and results of operations; (ii) Any negative publicity involving us, our products, our Company, Directors, our management team, employees, spokespersons, our competitors, or our industry regardless of its veracity, could adversely affect our business; (iii) We may not be successful in implementing our future business plans and strategies, and if we are unable to execute them effectively and efficiently, our business, financial conditions, results of operations and prospects may be materially and adversely affected; (iv) We operate in a competitive industry and if we are unable to compete effectively, our business, financial condition, results of operations and prospects would be materially and adversely affected; (v) Any quality issues related to our products or the electric two-wheeled vehicle industry could result in a loss of customers and sales and, if related to our products, may subject us to product liability claims; (vi) Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in mainland China, including the COVID-19 outbreak, may materially and adversely affect our business, financial condition and results of operations. See "Risk Factors" for further details.

[**REDACTED**] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] is completed and [**REDACTED**] Shares are issued and sold in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**] and the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Market capitalization of the Shares following the completion of the [**REDACTED**] and the [**REDACTED**]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited pro forma adjusted consolidated net tangible assets per Share of the Company attributable to owners of the Company[1]	HK$[**REDACTED**]	HK$[**REDACTED**]

Note:

1. The unaudited pro forma adjusted consolidated net tangible assets per Share of the Company attributable to owners of the Company were calculated after adjustments as specified in "Appendix II – Unaudited Pro Forma Financial Information." No other adjustment has been made to the above unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2022.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] or [**REDACTED**]% of the gross proceeds of the [**REDACTED**] (including [**REDACTED**] commission of approximately HK$[**REDACTED**], and non-[**REDACTED**] related expenses of approximately HK$[**REDACTED**] which consist of fees and expenses of legal advisors and the Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**]), assuming the [**REDACTED**] is not exercised. During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**], of which RMB[**REDACTED**] and RMB[**REDACTED**] were recognized in the consolidated income statements and consolidated statements of comprehensive income for the year ended December 31, 2021 and 2022, respectively, and RMB[**REDACTED**] and RMB[**REDACTED**] was recognized as prepayments in the consolidated balance sheets as of December 31, 2021 and 2022, respectively, which will be accounted for as a deduction from equity upon Listing. Subsequent to the Track Record Period, we expect to further incur [**REDACTED**] expenses of RMB[**REDACTED**] prior to and upon completion of the [**REDACTED**], of which (i) RMB[**REDACTED**] is expected to be recognized as expenses in our consolidated income statements and consolidated statements of comprehensive income, and (ii) RMB[**REDACTED**] is expected to be accounted for as a deduction from equity upon Listing under the relevant accounting standard.

RECENT DEVELOPMENTS

Impact of COVID-19

Since December 2022, the PRC government has relaxed the national COVID-19 prevention measures, such as releasing measures to accelerate the economic recovery and resume normal operations of the society and lifting of quarantine measures and travel restrictions. As of the Latest Practicable Date, we were closely monitoring the development of COVID-19 in mainland China. There remain uncertainties surrounding the COVID-19 pandemic, including the existing and new variants of COVID-19.

Despite the uncertainties in connection with the COVID-19 pandemic, our business and financial performance grew stably following the Track Record Period and up to the Latest Practicable Date. Based on the unaudited consolidated management accounts for the four months ended April 30, 2023, revenue for the four months ended April 30, 2023 has exceeded our revenue for the four months ended April 30, 2022.

We believe that the outbreak of the COVID-19 pandemic will not have a material adverse effect on our Group's business, financial condition or results of operations. After due and careful consideration, our Directors confirm that, save as disclosed above, up to the date of this document, there has been no material adverse change in our financial and trading position since December 31, 2022, and there is no event since December 31, 2022 which would materially affect the audited financial information as set out in Appendix I to this document.

Recent Regulatory Development

Regulations Relating to Overseas Listing

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**Trial Measures**") and five supporting guidelines, which became effective on March 31, 2023. According to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

Based on the foregoing, as the total assets, net assets, revenues and profits of our domestic operating entities in the most recent accounting year account for more than 50% of the corresponding figures in the Company's audited consolidated financial statements for the same period; and the Group's major operational activities are carried out in mainland China, our Directors and our PRC Legal Advisors are of the view that, we need to complete the filing procedures with the CSRC in connection with the Listing pursuant to the Trial Measures. The PRC legal advisers to the Sole Sponsor and the Sole Sponsor also concurred with the aforesaid view of our Directors and our PRC Legal Advisors. On April 11, 2023, the CSRC accepted the Company's filings application. As of the Latest Practicable Date, the filing procedures have not been completed. See "Risk Factors – We may be subject to the approval of other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities" and "Regulatory Overview – Regulations Relating To M&A Rules and Overseas Listing" for details.

Regulations Relating to Information Security and Privacy Protection

On November 14, 2021, the Cyberspace Administration of China issued the Administration Governing the Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Cyber Data Security Regulations**"). The Draft Cyber Data Security Regulations define data processors as individuals or organizations that autonomously determine the purpose and the manner of processing data. If a data processor who is in possession of personal data of more than one million users would like to listing in a foreign country (國外上市), or who would like to listing in Hong Kong affects or may affect national security, it shall apply for a cybersecurity review according to the Draft Cyber Data Security Regulations. Public consultation for the Draft Cyber Data Security Regulations ended on December 13, 2021. The final version and effective date of such regulations are subject to change with substantial uncertainty.

On December 28, 2021, the Cyberspace Administration of China and certain other PRC regulatory authorities published the Measures for Cybersecurity Review (《網絡安全審查辦法》), which expands the applicable scope of the cybersecurity review as compared to the previous version. In addition to the critical information acquired from the operation of network products and services, the Measures for Cybersecurity Review requires the infrastructure operators and the online platform operators to be subject to the cybersecurity review and they must apply for a cybersecurity review with the Cybersecurity Review Office, if they carry out data processing activities that affect or may affect national security, or listing in a foreign country (國外上市) of any online platform operators with personal information data of more than one million users.

On July 7, 2022, the Cyberspace Administration of China promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Data Export Measures**"), which became effective on September 1, 2022. The Data Export Measures stipulates that any data processor who processes or exports personal information exceeding a certain volume threshold shall apply for a security assessment by the Cyberspace Administration of China before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of mainland China.

See "Regulatory Overview – Regulations Relating to Information Security and Personal Information Protection" and "Risk Factors – Any failure to protect our distributors, customers and suppliers data, or the improper collection, use or disclosure of such data, as well as the uncertainties surrounding the cybersecurity review may subject us to the liabilities imposed by data privacy and protection laws and regulations, which may negatively impact our reputation and business" for more details.