***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 an electric two-wheeled vehicle provider in mainland China, focusing on the design, research and development, manufacturing and selling of electric two-wheeled vehicles. 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 in mainland China's electric two-wheeled vehicle industry and participated in developing industrial standards. We have built an offline sales and distribution network, and embraced informatization and established online retail channels, continuously improving the penetration and coverage of our products. As of April 30, 2023, we had 1,314 distributors covering 319 cities across 30 provincial-level administrative regions in mainland China. During the Track Record Period, the number of retail outlets within our distribution network was over 5,400, 7,800, 9,800 and 11,400, respectively, as of December 31, 2020, 2021 and 2022 and April 30, 2023. We operated self-operated online stores on mainstream e-commerce platforms and cooperate with well-known online retailers to capture opportunities presented by the rapidly developing e-commerce in mainland China. Going forward, we attempt to bring online traffic 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 primarily through the use of online marketing methods. 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 37 countries and regions including Thailand, Indonesia and the Philippines during the Track Record Period. During the Track Record Period, revenue generated from overseas distributors accounted for a minimal portion of our total revenue. In 2020, 2021 and 2022 and the four months ended April 30, 2022 and 2023, revenue generated from overseas distributors accounted for 1.7%, 1.9%, 2.4%, 4.0% and 0.5%, respectively, of our revenue from sales of products for the respective periods.

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 upgrading our 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 upgrading our products and developing relevant technologies. Our core technologies cover key components of electric two-wheeled vehicles such as motors, controllers, batteries and chargers. Technological developments 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 focused on areas with strong growth potential such as lithium-ion battery safety and electric two-wheeled vehicles with smart functions. As of the Latest Practicable Date, we held a total of 437 patents in mainland China, of which 46 were invention patents, 251 were utility model patents and 140 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%. Our revenue increased by 42.1% from RMB1,162.0 million for the four months ended April 30, 2022 to RMB1,651.4 million for the same period in 2023. However, the market size of electric two-wheeled vehicles in terms of total sales volume in mainland China is estimated by Frost & Sullivan to increase at a CAGR of 4.6% from 2023 to 2027, contrastingly lower than 17.1% from 2018 to 2022. Given the increasing competition and slower growth in the electric two-wheeled vehicles industry, we may not be successful in maintaining the high historical growth of our business. For a relevant risk factor, see "Risk Factors – Risks Relating to Our Business and Industry – We may not be successful in maintaining the growth and profitability of our business".

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 continuously invest in research and development capabilities in core technologies; (iii) We emphasize product development capabilities and make durable products with both fashion and performance; (iv) We have built a nationwide offline 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 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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Types of products										
Electric bicycles	1,010,096	42.5	1,423,625	41.7	2,232,086	46.7	450,089	38.7	804,532	48.7
Electric mopeds	722,892	30.4	495,043	14.5	258,177	5.4	104,385	9.0	27,241	1.6
Electric motorcycles	244,920	10.3	686,672	20.1	953,887	19.9	265,019	22.8	377,373	22.9
Batteries[1]	306,366	12.9	606,128	17.7	1,052,365	22.0	257,859	22.2	363,116	22.0
Electric two-wheeled vehicle parts[2]	60,220	2.5	147,793	4.3	226,164	4.7	67,952	5.9	57,574	3.5
Others	11,430	0.5	5,446	0.2	5,090	0.1	318	0.0	61	0.0
Subtotal	2,355,924	99.1	3,364,707	98.5	4,727,769	98.8	1,145,622	98.6	1,629,897	98.7
Types of services										
Training services	10,421	0.4	28,081	0.8	36,765	0.8	13,049	1.1	14,425	0.9
Others	11,987	0.5	24,899	0.7	18,489	0.4	3,290	0.3	7,102	0.4
Subtotal	22,408	0.9	52,980	1.5	55,254	1.2	16,339	1.4	21,527	1.3
Total	**2,378,332**	**100.0**	**3,417,687**	**100.0**	**4,783,023**	**100.0**	**1,161,961**	**100.0**	**1,651,424**	**100.0**

Notes:

1. Representing batteries sold together with our electric two-wheeled vehicles.

2. Representing vehicle parts, such as tires and batteries, sold separately to distributors for their provision of after-sales services to end customers.

Revenue from electric bicycles and electric motorcycles increased at a CAGR of 48.7% and 97.3%, respectively, from 2020 to 2022. Revenue from electric bicycles and electric motorcycles further increased by 78.7% and 42.4%, respectively, for the four months ended April 30, 2023 as compared to the corresponding period in 2022. 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, and further decreased from RMB104.4 million for the four months ended April 30, 2022 to RMB27.2 million for the four months ended April 30, 2023, 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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	Sales volume	Average selling price per unit	Sales volume	Average selling price per unit	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*	*unit*	*RMB*	*unit*	*RMB*
Electric bicycles	873,708	1,156	1,218,462	1,168	1,705,300	1,309	361,204	1,246	674,502	1,193
Electric mopeds	451,504	1,601	330,913	1,496	172,467	1,497	68,070	1,533	18,413	1,479
Electric motorcycles	144,874	1,691	398,304	1,724	546,601	1,745	152,593	1,737	230,435	1,638
Others	2,379	4,805	654	8,327	199	25,580	8	39,657	2	30,897
Total	**1,472,465**	**1,351**	**1,948,333**	**1,340**	**2,424,567**	**1,423**	**581,875**	**1,409**	**923,352**	**1,310**

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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(In thousands, except for percentages)									
							(unaudited)			
Electric bicycles	94,710	9.4	101,192	7.1	272,800	12.2	27,623	6.1	83,820	10.4
Electric mopeds	94,495	13.1	39,808	8.0	32,511	12.6	11,974	11.5	4,408	16.2
Electric motorcycles	37,529	15.3	88,247	12.9	142,595	14.9	27,355	10.3	58,095	15.4
Batteries[1]	23,849	7.8	71,473	11.8	15,403	1.5	7,651	3.0	12,115	3.3
Electric two-wheeled vehicle parts[2]	12,540	20.8	32,739	22.2	41,496	18.3	13,430	19.8	10,471	18.2
Others	694	6.1	673	12.4	1,273	25.0	101	31.9	24	38.5
Total	**263,817**	**11.2**	**334,133**	**9.9**	**506,078**	**10.7**	**88,134**	**7.7**	**168,933**	**10.4**

Notes:

1. Representing batteries sold together with our electric two-wheeled vehicles.

2. Representing vehicle parts, such as tires and batteries, sold separately to distributors for their provision of after-sales services to end customers.

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 (typically less than 10% from the recommended retail prices of the respective products) 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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Offline channels	1,664,844	70.7	2,771,684	82.4	4,245,048	89.8	1,057,484	92.3	1,455,681	89.3
– Eastern China	884,198	37.5	1,517,639	45.1	2,508,014	53.0	571,498	49.9	728,768	44.7
– Central and Southern China	463,614	19.7	756,718	22.5	1,090,314	23.1	300,338	26.2	432,091	26.5
– Southwestern China	87,193	3.7	134,292	4.0	250,946	5.3	74,059	6.5	125,391	7.7
– Northern China	117,044	5.0	217,198	6.5	218,029	4.6	58,096	5.1	102,103	6.3
– Other regions	112,795	4.8	145,837	4.3	177,745	3.8	53,493	4.7	67,328	4.1
Online channels	97,550	4.1	108,768	3.2	271,697	5.7	24,333	2.1	72,041	4.4
Corporate and institutional clients	554,037	23.5	421,003	12.5	96,427	2.1	17,897	1.6	94,614	5.8
Overseas distributors	39,493	1.7	63,252	1.9	114,597	2.4	45,908	4.0	7,561	0.5
Total	**2,355,924**	**100.0**	**3,364,707**	**100.0**	**4,727,769**	**100.0**	**1,145,622**	**100.0**	**1,629,897**	**100.0**

Revenue from offline channels increased at a CAGR of 59.7% during the Track Record Period along with the expansion of our retail network, as the number of retail outlets operated by offline distributors or sub-distributors within our distribution network amounted to over 5,400, 7,800, 9,800 and 11,400 as of December 31, 2020, 2021 and 2022 and April 30, 2023, respectively. Sales through retail outlets were accounted for sales to offline distributors, and therefore the expansion of our retail network facilitated the increase in our revenue from offline distributors. Specifically, the expansion of the retail outlet network has enabled offline distributors to target a wider range of consumers, resulting in greater demand for products and driving the increase of our sales to offline distributors. 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. Revenue from corporate and institutional clients fluctuated during the Track Record Period primarily because sales to corporate and institutional clients were largely affected by the cyclical nature of the shared mobility industry and the demand of a few major shared mobility service providers. In addition, sales to corporate and institutional clients usually had a longer payment collection period than sales through other channels, which brought challenges to maintaining a healthy cash flow. Therefore, we were usually cautious about taking orders from corporate and institutional clients and might decline less profitable orders. Considering the shared mobility market being highly competitive and close to saturation, we adjusted our sales and marketing strategy for the purpose of risk control and strove to expand our offline distributor network to promote the sales of our self-developed products. The majority of our revenue from corporate and institutional clients were contributed by two major shared mobility service providers. Since the second half of 2021, these two major shared mobility service providers had reduced their purchases of electric bicycles from suppliers due to adjustments of their business strategy. As a result, orders from corporate and institutional clients decreased in 2022, leading to the significant decrease in revenue from corporate and institutional clients.

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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(In thousands, except for percentages)									
							(unaudited)			
Offline channels	167,489	10.1	261,430	9.4	401,276	9.5	69,048	6.5	137,245	9.4
Online channels	17,913	18.4	18,468	17.0	54,674	20.1	5,508	22.6	20,790	28.9
Corporate and institutional clients	64,539	11.6	35,369	8.4	14,406	14.9	1,402	7.8	9,146	9.7
Overseas distributors	13,875	35.1	18,867	29.8	35,721	31.2	12,176	26.5	1,752	23.2
Total	**263,817**	**11.2**	**334,133**	**9.9**	**506,078**	**10.7**	**88,134**	**7.7**	**168,933**	**10.4**

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 and the four months ended April 30, 2023, the aggregate revenue generated from our top five customers in each period during the Track Record Period accounted for 26.7%, 19.4%, 11.6% and 13.3% of our total revenue for the respective periods. For the same periods, revenue generated from our largest customer in each period during the Track Record Period accounted for 16.4%, 8.4%, 4.0% and 4.7% of our total revenue for the respective periods. 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.

Historical Product-Related Non-Compliance

In 2020 and 2021, Shandong Luyuan received eight administrative penalties issued by Yinan County Market Supervision and Administration which found that certain products produced by Shandong Luyuan were in violation of requirements as specified in the Product Quality Law of the PRC. Such non-compliance incidents occurred primarily due to (i) inconsistencies in the implementation and interpretation of the New National Standards during the transition period from the old national standards and (ii) unstable quality of raw materials such as controllers and lights provided by certain suppliers.

Shandong Luyuan has fully rectified the non-compliance incidents pursuant to requirements of the relevant administrative penalty decisions and have implemented a number of corrective measures to address these incidents of non-compliance. As advised by our PRC Legal Advisors, the relevant administrative penalty decisions have been enforced in full and Shandong Luyuan is not subject to any further penalty with respect to such non-compliance incidents. As such, we are not subject to any further potential administrative, legal operational or financial exposure in relation to these administrative penalties. In addition, in interviews with the Yinan County Market Supervision and Administration, it was confirmed that these eight administrative penalties were not serious and material non-compliances and we are entitled to continue to produce and sell conforming products of the relevant product models.

Based on the above and further considerations discussed in detail in the section headed "Business — Legal Proceedings and Compliance — Compliance — Non-compliance with PRC Law", we believe that these administrative penalties do not pose any material potential impact on our Group.

Distributor Administrative Penalty Decisions

Administrative agencies in mainland China, including local branches of the SAMR, conduct periodic inspections of products in the market, including electric two-wheeled vehicles. During the Track Record Period and up to the Latest Practicable Date, we have noticed that a number of our distributors and their sub-distributors were subject to administrative penalty decisions primarily due to their alteration of our vehicles without our prior approval or authorization. Such unauthorized alterations arise primarily from distributors and sub-distributors following request for alterations from customers for higher speed, enhanced aesthetic appeal and additional features. In the opinion of our Directors, such unauthorized alterations of our vehicles by distributors and sub-distributors and the corresponding administrative penalties did not and will not have any material impact on our financial conditions and results of operations primarily on the basis that (i) all administrative penalty decisions related to unauthorized alterations were issued to the respective distributors or sub-distributors and we were not subject to any administrative penalties due to such administrative penalty decisions, (ii) all relevant products had qualified factory inspection reports when delivered to the distributors, (iii) none of our Directors or employees had knowledge of, authorized, acknowledged or consented to the alterations carried out by distributors or their sub-distributors, (iv) our PRC Legal Advisors are of the view that the likelihood that we will be found legally responsible for such non-compliance incidents caused by such alterations is remote, and (v) to the best of our Directors' knowledge, there were no material accidents, complaints, safety issues, warranty claims and/or litigations against our Group arising from unauthorized alterations of our products during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm, as of the Latest Practicable Date, there are no ongoing investigations by any relevant regulatory authorities against our Group in relation to unauthorized alterations by distributors or sub-distributors. We have also implemented a number of measures and procedures in response to manage associated risks and prevent re-occurrence. For further details, see "Business – Distributor Administrative Penalty Decisions." For a relevant risk factor, see "Risk Factors – Risks Relating to Our Business and Industry – Some of our distributors have been subject to penalties for making unauthorized alterations to our products, which could adversely affect our reputation, business, financial condition, results of operations and prospects."

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. In 2020, 2021 and 2022 and the four months ended April 30, 2023, the utilization rates of our production plants were approximately 78.4%, 88.3%, 74.0% and 79.5%, respectively. We have invested in upgrading our production equipment of our production plants. Our new factory in Zhejiang utilizes unmanned material handling systems and overhead conveyor systems that greatly enhance production efficiency. We implement our 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 and the four months ended April 30, 2022 and 2023, raw materials and consumables used attributable to our cost of sales amounted to RMB1,920.7 million, RMB2,775.3 million, RMB3,883.5 million, RMB968.4 million and RMB1,344.5 million, respectively, representing 91.8%, 91.6%, 92.0%, 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 and the four months ended April 30, 2023, purchase from our five largest suppliers in each period during the Track Record Period accounted for 17.4%, 24.0%, 31.7% and 29.8%, respectively, of our total purchase amount for the respective periods. For the same periods, purchase from our largest supplier in each period during the Track Record Period accounted for 8.1%, 9.8%, 10.4% and 14.4%, respectively, of our total purchase amount for the respective periods.

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,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	2,378,332	100.0	3,417,687	100.0	4,783,023	100.0	1,161,961	100.0	1,651,424	100.0
Cost of Sales	(2,092,108)	(88.0)	(3,030,574)	(88.7)	(4,221,691)	(88.3)	(1,057,487)	(91.0)	(1,460,964)	(88.5)
Gross Profit	**286,224**	**12.0**	**387,113**	**11.3**	**561,332**	**11.7**	**104,474**	**9.0**	**190,460**	**11.5**
Selling and marketing costs	(121,423)	(5.1)	(192,388)	(5.6)	(259,567)	(5.4)	(53,188)	(4.6)	(98,845)	(6.0)
Administrative expenses	(61,420)	(2.6)	(64,444)	(1.9)	(89,059)	(1.9)	(26,665)	(2.3)	(27,031)	(1.6)
Research and development costs	(83,521)	(3.5)	(95,826)	(2.8)	(150,498)	(3.1)	(29,021)	(2.5)	(41,858)	(2.5)
Other income	29,269	1.2	26,816	0.8	37,750	0.8	12,079	1.0	17,964	1.1

	For the year ended December 31,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Income tax (expense)/ credit	(3,036)	(0.1)	(2,331)	(0.1)	(4,218)	(0.1)	6,786	0.6	1,953	0.1
Profit for the year/ period	**40,281**	**1.7**	**59,260**	**1.7**	**118,030**	**2.5**	**16,441**	**1.4**	**41,040**	**2.5**
Attribute to:										
Equity holders of the company	40,293	1.7	59,260	1.7	118,030	2.5	16,441	1.4	41,040	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%. Our net profit increased by 149.6% from RMB16.4 million for the four months ended April 30, 2022 to RMB41.0 million for the four months ended April 30, 2023. Such increases were 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%, and increased by 42.1% from RMB1,162.0 million for the four months ended April 30, 2022 to RMB1,651.4 million for the four months ended April 30, 2023, 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, RMB20.5 million, RMB7.6 million and RMB15.0 million in 2020, 2021 and 2022 and the four months ended April 30, 2022 and 2023, 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." Our other income primarily consists of income of obsolete material and work in progress, income of operating lease, interest income from related and third parties, interest income from time deposits and government grants.

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

	For the year ended December 31,						For the four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Raw materials and consumables used	1,920,690	91.8	2,775,258	91.5	3,883,483	92.0	968,382	91.6	1,344,535	92.0
– Batteries	320,814	15.4	595,017	19.6	1,124,547	26.6	271,648	25.7	391,027	26.8
– Motors	259,927	12.4	404,513	13.3	544,813	12.9	141,418	13.4	181,148	12.4
– Frames and iron spare parts	255,788	12.2	368,548	12.2	375,365	8.9	101,186	9.6	129,000	8.8
– Plastic parts	230,531	11.0	311,854	10.3	395,400	9.4	87,282	8.3	128,475	8.8
– Shock absorbers	131,813	6.3	179,690	5.9	201,254	4.8	54,062	5.1	74,377	5.1
– Tires	90,008	4.3	112,463	3.7	141,438	3.4	37,168	3.5	50,743	3.5
– Others	631,809	30.2	803,173	26.5	1,100,666	26.1	275,618	26.0	389,765	26.6
Employee benefits expenses	44,392	2.1	74,757	2.5	111,432	2.6	34,456	3.3	32,493	2.2
Others[Note]	127,026	6.1	180,559	6.0	226,776	5.4	54,649	5.2	83,936	5.7
Total	**2,092,108**	**100.0**	**3,030,574**	**100.0**	**4,221,691**	**100.0**	**1,057,487**	**100.0**	**1,460,964**	**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,			As of April 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	598,980	960,266	1,086,035	1,131,543
Current assets	969,268	1,705,627	2,097,965	2,408,963
Total assets	**1,568,248**	**2,665,893**	**3,184,000**	**3,540,506**
Non-current liabilities	15,875	165,940	389,024	513,117
Current liabilities	1,050,673	1,939,849	2,115,138	2,306,748
Total liabilities	**1,066,548**	**2,105,789**	**2,504,162**	**2,819,865**
Net current (liabilities)/assets	**(81,405)**	**(234,222)**	**(17,173)**	**102,215**
Net assets	**501,700**	**560,104**	**679,838**	**720,641**

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 new 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 and April 30, 2023, we have successfully obtained nil, RMB143.0 million, RMB369.7 million and RMB493.2 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. We recorded net current liabilities of RMB17.2 million as of December 31, 2022 whereas we recorded net current assets of RMB102.2 million as of April 30, 2023, primarily due to (i) an increase in cash and cash equivalents of RMB88.5 million attributable to our operating cash inflows resulted from our sales growth, (ii) an increase in debt instruments at fair value through other comprehensive income of RMB73.1 million as a result of the increasing use of acceptance bills by our distributors, (iii) an increase in time deposits of RMB64.5 million, and (iv) an increase in financial assets at FVTPL of RMB48.3 million representing our investments in certificate of deposits, wealth management products and structured deposits using idle cash, partially offset by (v) an increase in current borrowings of RMB164.0 million.

Our net assets amounted to RMB501.7 million, RMB560.1 million, RMB679.8 million and RMB720.6 million as of December 31, 2020, 2021 and 2022 and April 30, 2023, primarily due to the increase in profit for the year of RMB59.3 million, RMB118.0 million and RMB41.0 million for the year ended December 31, 2021 and 2022 and the four months ended April 30, 2023, respectively.

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,			For the four months ended April 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(10,371)	144,388	509,892	208,699	2,584
Net cash used in investing activities	(31,062)	(562,522)	(294,096)	(159,118)	(187,038)
Net cash generated from/(used in) from financing activities	8,371	464,851	(44,864)	139,922	273,013
Net (decrease)/increase in cash and cash equivalents	(33,062)	46,717	170,932	189,503	88,559
Cash and cash equivalents at beginning of the year/period	209,504	175,370	222,012	222,012	395,038
Effect of foreign exchange rate changes, net	(1,072)	(75)	2,094	36	(10)
Cash and cash equivalents at end of the year/period	175,370	222,012	395,038	411,551	483,587

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,			For the four months ended/As of April 30,
	2020	2021	2022	2023
Return on equity[1] (%)	8.3%	11.2%	19.0%	17.6%[6]
Return on assets[2] (%)	2.6%	2.8%	4.0%	3.7%[6]
Current ratio[3] (times)	0.92	0.88	0.99	1.04
Quick ratio[4] (times)	0.72	0.68	0.78	0.86
Gearing ratio[5] (%)	32.0%	119.4%	97.3%	131.5%

Notes:

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

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

6. Calculated on an annualized basis.

Return on equity and return on assets increased continuously from 2020 to 2022, primarily due to our profit growth. Return on equity and return on assets decreased for the four months ended April 30, 2023 compared with the same period in 2022, primarily due to the seasonality of our results of operations. See "Financial Information – Significant Factors Affecting Our Results of Operations – Seasonality" for details. 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 and the four months ended April 30, 2023, primarily due to the increase in our cash and cash equivalents attributable to our cash flows generated from operating activities and a slow-down in our long-term investments. Our gearing ratio increased significantly in 2021, primarily due to the increase in our borrowings for the construction of our Guangxi Plant and our new factory in Zhejiang Plant. Our gearing ratio decreased in 2022, primarily due to an increase in retained earnings. Our gearing ratio increased for the four months ended April 30, 2023, primarily because (i) we increased our bank borrowings to ensure liquidity, and (ii) we obtained medium or long-term loans in order to replace our short-term loans which would due in the near future. For details, see "Financial Information – Key Financial Ratios."

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**], 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 meetings 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) 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 administrative penalties and product liability claims; (ii) 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; (iii) 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; (iv) 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; (v) 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; (vi) We may not be successful in maintaining the growth and profitability of our business; (vii) Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases, 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 April 30, 2023.

[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**], RMB[**REDACTED**], 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 and the four months ended April 30, 2022 and 2023, respectively, and RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] was recognized as prepayments in the consolidated balance sheets as of December 31, 2021 and 2022 and April 30, 2023, 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

Our business and financial performance grew stably following the Track Record Period and up to the Latest Practicable Date. The sales volume of our electric two-wheeled vehicles increased by 28.6% from approximately 1.3 million units for the seven months ended July 31, 2022 to approximately 1.7 million units for the seven months ended July 31, 2023 primarily driven by the expansion of our network of offline distributors. As of July 31, 2023, we cooperated with 1,373 offline distributors in mainland China who controlled over 11,900 retail outlets in mainland China. As a result, based on the unaudited consolidated management accounts for the seven months ended July 31, 2023, revenue for the seven months ended July 31, 2023 has exceeded our revenue for the seven months ended July 31, 2022.

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 April 30, 2023, and there is no event since April 30, 2023 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. We have completed the filing procedures with the CSRC in connection with the Listing and the CSRC issued the filing notice on July 5, 2023. See "Regulatory Overview – Regulations Relating to M&A Rules and Overseas Listing" for details.