LUYUAN

绿源

Luyuan Group Holding (Cayman) Limited
綠源集團控股(開曼)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2451)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Luyuan Group Holding (Cayman) Limited (the "**Company**" or "**Luyuan**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023 as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- profit for the year amounted to RMB116.1 million, representing a year-on-year decrease of approximately 20.3%;
- profit for the year excluding the effect of share-based payments expenses amounted to RMB154.0 million, representing a year-on-year decrease of approximately 5.9%; and
- the Company proposed a final dividend of HKD0.15 per ordinary Share for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2024

	Note	**Year ended December 31, 2024** *RMB'000*	2023 *RMB'000*
Revenue	*3*	**5,071,956**	5,082,982
Cost of sales	*6*	**(4,406,943)**	(4,401,743)
Gross profit		**665,013**	681,239
Selling and marketing costs	*6*	**(311,619)**	(316,228)
Administrative expenses	*6*	**(103,844)**	(99,240)
Research and development costs	*6*	**(231,172)**	(189,399)
Reversal/(provision) of impairment on financial assets		**52**	(908)
Other income	*4*	**88,141**	62,720
Other expense	*4*	**(12,282)**	(6,522)
Other gains – net	*5*	**15,882**	8,728
Operating profit		**110,171**	140,390
Finance income	*7*	**38,400**	32,661
Finance costs	*7*	**(21,983)**	(21,984)
Finance income – net		**16,417**	10,677
Share of results of associates		**(1,157)**	73
Profit before income tax		**125,431**	151,140
Income tax expenses	*8*	**(9,363)**	(5,533)
Profit for the year		**116,068**	145,607
Profit attributable to:			
– The equity holders of the Company		**116,757**	145,607
– Non-controlling interests		**(689)**	–
Earnings per share for profit attributable to equity holders of the Company			
– Basic *(RMB per share)*	*9*	**0.30**	0.43
– Diluted *(RMB per share)*	*9*	**0.29**	0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Profit for the year		**116,068**	145,607
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(15,143)**	3,862
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax		**25**	859
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of the Company		**12,792**	(9,306)
Total comprehensive income for the year		**113,742**	141,022
Attributable to the equity holders of the Company		**114,431**	141,022
Non-controlling interests		**(689)**	–

CONSOLIDATED BALANCE SHEET

As at December 31, 2024

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,255,334**	958,641
Right-of-use assets		**145,140**	96,492
Intangible assets		**773**	1,068
Investments in associates	*13*	**23,760**	1,517
Deferred income tax assets		**23,188**	11,836
Other receivables and prepayments	*12*	**177,373**	127,698
Time deposits		**30,000**	30,000
Trade receivables	*11*	**486**	4,543
		1,656,054	1,231,795
Current assets			
Inventories	*10*	**303,068**	254,028
Trade and notes and lease receivables	*11*	**360,302**	218,955
Other receivables and prepayments	*12*	**237,965**	202,992
Financial assets at fair value through profit or loss		**491,659**	545,326
Debt instruments at fair value through other comprehensive income		**42,000**	31,637
Time deposits		**293,850**	213,800
Restricted cash		**384,940**	168,980
Cash and cash equivalents		**554,505**	994,968
		2,668,289	2,630,686
Total assets		**4,324,343**	3,862,481
Net current assets		**151,123**	801,603

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
OWNERS' EQUITY			
Share capital		**305**	305
Share premium		**688,457**	688,457
Other reserves		**148,004**	279,805
Retained earnings		**659,655**	558,998
Capital and reserve attributable to equity holders of the Company		**1,496,421**	1,527,565
Non-controlling interests		**1,311**	–
Total equity		**1,497,732**	1,527,565
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**259,460**	477,319
Provisions		**9,147**	3,395
Lease liabilities		**11,785**	4,061
Deferred income		**26,135**	21,058
Deferred income tax liabilities		**2,918**	–
		309,445	505,833
Current liabilities			
Trade and notes and other payables	*15*	**1,655,711**	1,552,893
Contract liabilities		**91,395**	82,710
Borrowings	*16*	**742,873**	166,027
Provisions		**2,362**	6,560
Lease liabilities		**5,600**	3,308
Income tax liabilities		**19,225**	17,585
		2,517,166	1,829,083
Total liabilities		**2,826,611**	2,334,916
Total equity and liabilities		**4,324,343**	3,862,481

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in Cayman Islands on February 18, 2009 as an exempted company. The address of its registered office is P.O. Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands.

The Group is principally engaged in electric vehicle business in the People's Republic of China (the "**PRC**").

The ultimate holding companies of the Company are Apex Marine Investments Limited, Drago Investments Limited, and Best Expand Holdings Limited, which are incorporated in the British Virgin Islands, and the ultimate controlling shareholders of the Company are Mr. Ni Jie and Ms. Hu Jihong (the "**Controlling Shareholders**").

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on October 12, 2023 (the "**Listing Date**").

The functional currency of the Company is Hong Kong dollar ("**HKD**") which is the currency of the primary environment in which the Company operates. The functional currency of the group entities located in the PRC is Renminbi ("**RMB**") in which most of the transactions are denominated. The consolidated financial statements are presented in RMB, unless otherwise stated.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended December 31, 2024 but are extracted from those financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income, which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management of the Company to exercise its judgement in the process of applying the Group's accounting policies.

New and amended standards of HKFRSs effective from January 1, 2024

A number of new or amended standards became applicable for the current reporting period. The adoption of these new standards and amendments did not have material impact on the Group's financial position or operating result and did not require retrospective adjustment.

		Effective for Accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	January 1, 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	January 1, 2024

Note: As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings: "Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification." This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

New standards, amendments and interpretation of HKFRSs, not yet adopted

Certain new accounting standards, amendments and interpretation have been published that are not mandatory for the year ended December 31, 2024 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position, except HKFRS 18, which may mainly impact the presentation of the consolidated statements of the comprehensive loss and the Group is still in the process of assessing the impact.

		Effective for Accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	January 1, 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3 REVENUE AND SEGMENT REPORTING

3.1 Disaggregation of revenue from contract with customers

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Sales of goods	**5,034,752**	5,017,533
Revenue from services	**37,204**	65,449
	5,071,956	5,082,982
Timing of revenue		
– Recognition at point in time	**5,034,752**	5,017,533
– Over time	**37,204**	65,449
	5,071,956	5,082,982

Information about major customers

In 2023 and 2024, no individual customer's revenue contributed over 10% of the Group's revenue.

3.2 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

For management purposes, the Group is not organized into business units based on their products and services, the Group has only one reportable operating segment which is engaged in the development, manufacture and sale of electric vehicles and related accessories. Accordingly, no segment information is presented.

Geographical information

Since over 90% of the Group's revenue and operating profit were generated from the sales of electric vehicles in the PRC and over 90% of the Group's non-current assets and liabilities were located in the PRC, no geographical information is presented in accordance with HKFRS 8 Operating Segments.

4 OTHER INCOME AND EXPENSE

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Other income –		
Income from obsolete material and work in progress	**8,080**	7,222
Rental income from operating lease	**2,046**	1,810
Interest income from time deposits	**5,039**	2,351
Interest income from financing lease and long-term receivables	**616**	1,141
Government grants *(Note)*	**62,667**	45,318
Others	**9,693**	4,878
	88,141	62,720
Other expense –		
Cost of obsolete material and work in progress	**(6,722)**	(5,131)
Others	**(5,560)**	(1,391)
	(12,282)	(6,522)

Note: The government grants mainly comprised the general support, subsidies for stabilizing employment, tax refunds and other subsidies granted by the local governments.

5 OTHER GAINS – NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Exchange gains	**733**	815
Fair value changes on financial assets at fair value through profit or loss	**20,231**	15,585
Donation	**(300)**	(529)
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets	**198**	(209)
Others – Net	**(4,980)**	(6,934)
	15,882	8,728

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs, administrative expenses and research and development costs are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Raw materials and consumables used	**4,073,292**	4,069,415
Employee benefits expenses	**364,282**	330,078
Advertising expense	**106,276**	110,287
Outsourcing labor fee	**133,115**	147,993
Freight	**31,944**	41,490
Travel expense	**43,968**	43,366
Consulting costs	**18,767**	14,882
Depreciation of property, plant and equipment	**100,036**	85,946
Amortization of intangible assets	**798**	930
Depreciation of right-of-use assets	**6,936**	4,850
Expense relating to short-term leases or low value leases	**4,214**	5,353
Design fee	**64,170**	50,901
Warranty	**5,023**	6,876
Tax and surcharges	**34,416**	19,497
Office expense	**13,341**	19,958
Expense relating to listing	**–**	24,223
Auditors' remuneration		
– Audit services	**2,243**	2,424
– Non-audit services	**657**	350
Other expenses	**50,100**	27,791
Total cost of sales, selling and marketing costs, administrative expenses and research and development costs	**5,053,578**	5,006,610

7 FINANCE INCOME – NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Finance costs		
– Interest on bank loans and other loans	**(21,617)**	(21,729)
– Interests on lease liabilities	**(366)**	(255)
Total finance costs	**(21,983)**	(21,984)
Finance income		
– Interest income on bank deposits	**38,400**	32,661
Net finance income	**16,417**	10,677

8 INCOME TAX EXPENSE

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
PRC corporate income tax	**17,806**	626
Deferred income tax	**(8,443)**	4,907
Total income tax expense	**9,363**	5,533

Under the current laws of the Cayman Islands, the Company is not subject to tax on the Company's income or capital gains. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends.

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share ("**EPS**") is calculated by dividing the profit of the Group attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during each period.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company *(RMB'000)*	**116,757**	145,607
Weighted average number of shares in issue *(in thousand)*	**395,120**	335,859
Basic earnings per share *(RMB)*	**0.30**	0.43

(b) Dilute earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Options granted to employees under the Pre-IPO Share Scheme (as defined in the prospectus of the Company dated September 28, 2023 (the "**Prospectus**")) and awards under the Post-IPO Share Scheme (as defined in the Prospectus) are considered to be potential ordinary shares.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company *(RMB'000)*	**116,757**	145,607
Weighted average number of ordinary shares in issue *(in thousand)*	**395,120**	335,859
Adjustments for share based compensation *(in thousand)*	**7,383**	1,651
Weighted average number of ordinary shares for the calculation of diluted EPS *(in thousand)*	**402,503**	337,510
Diluted earnings per share *(RMB)*	**0.29**	0.43

10 INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Raw materials	**83,885**	61,237
Work in progress	**22,057**	22,365
Finished goods	**196,611**	168,665
Goods in transit	**515**	1,761
	303,068	254,028

No inventory provision was made for the years ended December 31, 2023 and 2024.

During the years ended December 31, 2023 and 2024, inventories recognized as cost of sales amounted to approximately RMB4,068,630,000 and RMB4,076,307,000 respectively.

11 TRADE AND NOTES AND LEASE RECEIVABLES

(a) Trade receivables – current and notes receivables

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables – current	**337,563**	199,565
Less: Provision for impairment of receivables – current	**(25,347)**	(19,727)
	312,216	179,838

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Notes receivables	**48,283**	29,790
Less: Provision for impairment of receivables	**(197)**	(112)
	48,086	29,678
	360,302	209,516

The ageing analysis of trade receivables – current, based on the revenue recognition date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**294,931**	159,912
Between 1 and 2 years	**5,392**	29,745
Between 2 and 3 years	**27,975**	2,327
Over 3 years	**9,265**	7,581
	337,563	199,565

(b) Lease receivables

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Finance lease receivables – current	**–**	9,700
Less: Provision for impairment of receivables – current	**–**	(261)
	–	9,439

The amount of lease receivables to be received is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**–**	9,700

(c) Trade receivables – non-current

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables – non-current	**499**	4,669
Less: Provision for impairment of receivables – non-current	**(13)**	(126)
	486	4,543

The ageing analysis of trade receivables – non-current, based on the revenue recognition date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**–**	4,669
Over 1 year	**499**	–
	499	4,669

Majority of Group's trade and notes and lease receivables were denominated in RMB.

12 OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-current		
Prepayments for land use rights, construction and equipment	**60,120**	20,977
Deposits	**6,294**	1,512
Payment of decoration costs	**111,150**	105,250
Less: Provision for impairment of other receivables	**(191)**	(41)
	177,373	127,698
Current		
Prepayments for raw materials	**24,829**	17,436
Prepaid expenses	**105,974**	64,591
Prepaid taxes and surcharges and input VAT to be deducted	**11,966**	11,327
Receivables from disposal of land use rights	**14,450**	20,000
Loans to third parties	**3,358**	3,358
Deposits	**1,108**	1,320
Payment of decoration costs	**87,554**	104,403
Others	**13,815**	11,099
Less: Provision for impairment of other receivables	**(25,089)**	(30,542)
	237,965	202,992
	415,338	330,690

13 INVESTMENTS IN ASSOCIATES

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Investments in associates		
– Unlisted entities	**23,760**	1,517

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Opening balance	**1,517**	1,444
Acquisition *(a)*	**23,400**	–
Share of results	**(1,157)**	73
Ending balance	**23,760**	1,517

(a) In July 2024, The Group acquired 9% equity interests of Shenzhen Dudu Internet of Things Technology Co., Ltd ("**Shenzhen Dudu**") at a total consideration of RMB23,400,000. Shenzhen Dudu has been accounted for using the equity method since the Group has significant influence over it through its representation on the Board of directors of Shenzhen Dudu.

14 DIVIDENDS

No dividend has been paid or declared by the Company during the years ended December 31, 2023 and 2024.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2024 of HKD0.15 per ordinary share, in an aggregate amount of approximately HKD61.5 million, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting in May 2025.

15 TRADE AND NOTES AND OTHER PAYABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**483,294**	445,558
Notes payable	**929,145**	895,700
Other tax payables	**46,074**	61,577
Payable for land and equipment	**81,461**	32,942
Deposits	**13,138**	12,270
Accrued expenses	**43,604**	38,776
Accrued payroll	**54,527**	63,275
Others	**4,468**	2,795
	1,655,711	1,552,893

The ageing analysis of trade payables based on invoice date as at December 31, 2023 and 2024 are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**463,807**	430,663
Between 1 and 2 years	**6,063**	6,121
Between 2 and 3 years	**5,280**	3,175
Over 3 years	**8,144**	5,599
	483,294	445,558

As at December 31, 2023 and 2024, the fair value of trade and notes and other payables approximate their carrying amounts.

As at December 31, 2023 and 2024, the carrying amounts of trade and notes and other payables are denominated in RMB, USD and HKD.

16 BORROWINGS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
– Bank loans-secured	**376,500**	435,119
– Bank loans-unsecured	**35,000**	48,800
Less: Current portion of long-term borrowings		
– Bank loans-secured	**(152,000)**	(5,400)
– Bank loans-unsecured	**(40)**	(1,200)
Total non-current borrowings	**259,460**	477,319
Borrowings included in current liabilities:		
– Bank loans-secured	**12,287**	10,427
– Bank loans-unsecured	**40,000**	30,000
– Other borrowings	**538,546**	119,000
Add: Current portion of long-term borrowings		
– Banks loans-secured	**152,000**	5,400
– Bank loans-unsecured	**40**	1,200
Total current borrowings	**742,873**	166,027
Total borrowings	**1,002,333**	643,346

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2024, China's macroeconomy maintained stable growth amidst complex conditions, with GDP exceeding RMB134 trillion, marking a year-on-year growth of 5.0%. Domestic consumption contributed 44.5% to economic expansion in China, providing substantial momentum to the electric two-wheeled vehicles market. Under the dual forces of regulatory tightening and market realignment, the industry underwent profound transformation, recording an 11.6% year-on-year decline in 2024. The comprehensive safety enhancement initiative in electric two-wheeled vehicles market has significantly elevated operational standards, accelerated industry consolidation, and improved charging infrastructure networks, collectively laying a robust foundation for sustainable sector development.

The electric two-wheeled vehicle market shows promising growth potential in the long run, driven by factors such as the New National Standard policy, natural replacement cycles, trade-in policies, as well as advancements in smart technologies. The implementation of the New National Standard policy is expected to accelerate brand consolidation, as higher quality requirements now imposed across the industry may prove challenging for smaller brands to meet. As the industry transitions from price-based to quality-focused competition, the Group is well-positioned to capitalize on these trends through its established manufacturing capabilities, robust quality control systems, continuous product innovation, and distinctive designs that collectively enhance brand value. Despite challenging industry-wide market conditions in 2024, the Group demonstrated remarkable resilience and achieved growth in revenue derived from sales of products of the Group. The Group recorded a decrease in net profit by approximately 20.3% from RMB145.6 million for the year ended December 31, 2023 to RMB116.1 million for the year ended December 31, 2024, mainly attributable to (i) the impact of share-based payments as a result of grant of the Post-IPO Share Awards (as defined in the prospectus of the Company dated September 28, 2023 (the "**Prospectus**")) by the Company; (ii) a decrease in gross profit with a decrease in average selling price per unit of the Group's electric vehicles in view of the Group's efforts to support its distributors and refinement of the Group's product composition in response to intensified market competition; and (iii) an increase in research and development costs. Nonetheless, after excluding the effect of share-based payment expenses of approximately RMB37.9 million, profit for the year recorded by the Group for the year ended December 31, 2024 was RMB154.0 million, representing only a slight decrease of approximately 5.9% compared to that of 2023.

Research and Development

The Group remains committed to positioning itself at the forefront of technological advancements in the electric two-wheeled vehicle industry. As of December 31, 2024, the Group held 729 patents, leading the industry in invention patents. The Group's research and development efforts are firmly rooted in addressing the progressive needs of users, focusing on vehicle durability, safety and battery life, and smart features. To meet these needs, the Group has consistently invested in five core systems: the liquid-cooled motor system, solid-state electrical system, digital battery maintenance system, safety driving system, and intelligent connectivity system.

In 2024, the Group continued to invest in research and development across the core systems of electric two-wheeled vehicles, further solidifying its technological barriers in liquid-cooled electric vehicles to enhance durability. Research and development costs of the Group increased by approximately 22.1% from RMB189.4 million for the year ended December 31, 2023 to RMB231.2 million for the year ended December 31, 2024. Notably, in 2024, the Group had 313 new patent applications and received 247 new patent grants.

Products

The Group has consistently strengthened its diversified product portfolio, with a comprehensive product line spanning entry-level, mid-tier, and premium models, strategically emphasizing growth in mid-to-high-end market segments. In 2024, we launched over 30 new models, including industry-leading products such as the S90, Moda8, and Cola10 series. Notably, all of our newly released models incorporated smart battery systems and Traction Control Systems (TCS) for anti-skid safety, innovations that resonated strongly with consumer demand and reinforced our technological leadership.

Production

The Group is committed to enhancing manufacturing and quality control capabilities. During the Reporting Period, we demonstrated proactive participation in the nationwide safety enhancement initiative for electric two-wheeled vehicles through strict compliance with national technical standards and continuous advancement in standardized, automated, and intelligent production systems. All three smart production plants in Zhejiang (Jinhua), Guangxi (Guigang), and Shandong (Linyi) have been included in the Ministry of Industry and Information Technology's (MIIT) Industry Whitelist for compliant electric bike manufacturers. Notably, our Chongqing smart production plant commenced trial operations in November 2024, representing Luyuan's most advanced production facility to date. Featuring the industry's largest single-unit assembly facility, the site is projected to achieve annual production capacity of 2 million units upon full ramp-up of the phase 1 of Chongqing smart production plant.

Customers and Sales Channels of the Group

During the Reporting Period, the Group continued to improve its multi-dimensional channel layout, strengthen online-offline synergy, and enhance end-to-end retail capabilities. Recognizing that offline distribution remains the primary sales channel for electric two-wheeled vehicles in the domestic market at this stage, the Group continued to strengthen its foothold in the PRC market by further expanding its extensive distribution network. As of December 31, 2024, the Group's offline distribution network had covered 328 cities in 31 provincial-level administrative regions across mainland China, comprising over 1,400 distributors and over 12,800 offline retail outlets.

Complementing its offline presence, the Group has established online stores on mainstream e-commerce platforms such as Tmall and JD.com. During the Reporting Period, the Group actively integrated its offline and online channels through its ERP (enterprise resource planning) system, promoting a new retail model where customers can place orders online and test-drive or pick up their vehicles at physical stores. This integration enhances the customer experience by combining the convenience of online shopping with the tangibility of offline services.

The rapid growth of e-commerce, food delivery, and on-demand services has driven strong demand for electric two-wheeled vehicles due to their flexibility and efficiency. Simultaneously, ongoing urbanization has increased the need for last-mile mobility solutions, particularly shared mobility services. This trend aligns with current government policies promoting the use and development of shared mobility as a sustainable and eco-friendly mobility solution. Capitalizing on these trends, the Group has actively engaged various corporate and institutional customers, including shared mobility service providers, on-demand e-commerce companies and logistics companies, resulting in significant partnerships with industry leaders. In 2023, the Group formed a strategic cooperation relationship with Hello Bike (哈囉單車). Subsequently in 2024, the Group became the primary supplier of electric two-wheeled vehicles to DiDi Bike (滴滴青桔) and established a partnership with Meituan (美團). These collaborations position the Group as the only electric two-wheeled vehicle manufacturer collaborating closely with all three leading players in the shared mobility services industry.

During the Reporting Period, the Group expanded its international presence, adding 66 new international clients and entering 7 new countries. To boost brand awareness, the Group actively participated in international exhibitions, including the Indonesia exhibition and the spring Canton Fair. The Group has made significant progress in the Southeast Asian market, advancing battery and vehicle certification processes, initiated operations in South Asian countries along the Belt and Road Initiative, and begun research for potential expansion into European and American markets. These efforts position the Group for continued international growth and revenue diversification.

Marketing

Throughout the Reporting Period, the Group closely adhered to its differentiated marketing campaign title of "*A Ten-Year Ride*" (*一部車騎十年*) and strengthened in-depth interactions with consumers, leveraging a variety of marketing vehicles across traditional and new media channels to enhance visibility and recognition of its "Luyuan" brand. A case in point would be the Group's enhanced focus on variety show entertainment marketing. By partnering with popular shows such as Become a Farmer (《種地吧》), the Group extended its reach through social media engagement and e-commerce platforms, around which the Group has launched and will continue to create and launch various marketing campaigns.

Environmental, social, and governance

The Group endeavour to uphold the concept of green development, continuously optimizes resource utilization efficiency, and actively fulfils its social responsibility for low-carbon environmental protection. During the Reporting Period, the Group conducted a series of "National Safety Public Welfare Campaign" (全國安全公益行) activities in cities including Nanjing, Zhengzhou, Tianshui, Shanghai and Hefei, focusing on promoting knowledge about electric vehicle battery safety and preventive measures, with a view to strengthening public awareness of safe usage. In terms of technological innovation, the Group's independently developed innovative technologies, such as digital batteries, have significantly improved battery safety and service life, with related achievements winning honours such as the "2024 ESG Pioneer Case" (2024 ESG時代先鋒案例). Meanwhile, the Group's newly built Chongqing smart production plant strictly follows "Green Factory" standards, actively exploring carbon neutrality practices throughout the product lifecycle through comprehensive green production processes and all-round energy-saving and carbon-reduction measures.

Outlook

Amidst a rapidly evolving market landscape over the past year, the Group has identified emerging growth opportunities and formulated a comprehensive strategic roadmap. Beyond its core electric two–wheeled vehicle business, the Group plans to prioritize the development of premium electric–assisted bicycle in 2025 while strategically expanding into ecosystem services including battery–swapping infrastructure, shared mobility solutions, and enhanced after–sales services within the electric mobility sector.

In 2025, driven by policies such as trade–in programs and the transition to new national standards, China's electric bicycle market is projected to experience robust growth. Concurrently, as the updated national standards take full effect and industry–wide compliance rectification intensifies, non–compliant manufacturers will be systematically phased out, accelerating market share consolidation among industry leaders. These dynamic positions leading players to capitalize on emerging growth opportunities. With the gradual exit of substandard products, market competition is expected to shift from price–centric rivalry to quality–driven differentiation. The mid–to–high–end market segment will witness accelerated development, fuelled by continuous technological advancements and performance upgrades.

Amid evolving competitive dynamics, the Group will leverage its core technological strengths and product quality excellence to continuously enhance its competitive edge, thereby reinforcing the "*Luyuan*" brand's leadership position in China's electric two–wheeled vehicle market, a dominance sustained for nearly 28 years. Looking ahead, the Group remains committed to further strengthening its core competitiveness through the following growth strategies:

1. Sustained Reinforcement of Technological Barriers

The Group is committed to advancing its core technological capabilities. While continuously solidifying its leadership in proprietary technologies such as liquid-cooled motor systems, the Group plans to further enhance its digital battery management systems with improved thermal regulation and low-temperature performance, thereby extending battery lifespan and addressing critical safety concerns. By architecting an innovation-driven product ecosystem anchored in core technologies, the Group cultivates distinctive competitive advantages through brand-defining product attributes. To accelerate technology commercialization, the Group has established an integrated R&D platform that standardizes modular design protocols and streamlines development workflows. This infrastructure enables rapid market responsiveness and maximizes the deployment efficiency of proprietary technologies across product lines.

2. Strategic Intelligent Manufacturing Transformation

In alignment with the 14th Five-Year Plan, the Group is planning a strategic intelligent manufacturing transformation. This forward-looking initiative outlines the implementation of automation and industrial internet connectivity, the introduction of digital twin technology and AI in manufacturing processes, the development of standardized and modular component systems to reduce complexity, and the construction of demonstration smart factories with the goal of achieving national recognition by 2026. The Group projects that this transformation, once implemented, will significantly enhance quality consistency while reducing production costs, providing investors with a clear technological roadmap for sustainable competitive advantage in the evolving manufacturing landscape.

3. *Proactive Market Demand Cultivation*

The Group will continue to deepen its presence in the mainstream mass market by reinforcing product durability and other competitive strengths, ensuring sustained leadership in core operations. The Group will strategically explore overseas opportunities, targeting premium international markets through a smart, stylish, and low-carbon brand identity that aligns with global sustainability imperatives. According to industry research, the electric-assisted bicycle market has a projected market value growth from USD35 billion in 2024 to USD62 billion by 2030 at a compound annual growth rate of almost 10%. In the global market, Asia-Pacific, North America, and Europe are the main sales territories for electric-assisted bicycles, with the Asia- Pacific region accounting for approximately 63%, followed by Europe (31.4%) and North America (3.9%). Despite North America's relatively low market share at present, the increased awareness of health and environmental concerns, worsening urban traffic congestion, and the expansion of bicycle lane networks would drive the future growth in this region. We believe that there is significant potential for expansion in the global electric-assisted bicycle market, and therefore, the Group will proactively expand into overseas markets to capitalize on international development opportunities, gradually establishing a global brand presence and influence.

The Group has foreseen substantial growth opportunities in the premium electric-assisted bicycle segment, which seamlessly integrates daily transportation convenience with health and wellness advantages. These sophisticated products attract urban consumers who had historically shunned conventional bicycles and electric two-wheelers, creating an entirely new market demographic. In order to secure a first-mover advantage, the Group successfully launched its "***LYVA***" brand with the first self-operated store in the famous cultural landscape, West Lake of Hangzhou for trial operations. As of the date of this announcement, the number of self-operated LYVA stores has reached four, with one in Beijing, two in Hangzhou, and one in Jinhua. The Group maintains an aggressive expansion roadmap for additional strategic locations, demonstrating its confidence in the LYVA brand and its electric-assisted bicycles.

While electric-assisted bicycles have achieved widespread adoption in developed markets such as Europe, their penetration in China has been constrained by premium pricing. As domestic consumption levels steadily rise, demand in the premium segment is poised to accelerate. Leveraging its proprietary mid-drive motor technology and superior manufacturing capabilities, the Group has delivered high-quality products at prices more aligned with Chinese consumers' purchasing power to catalyze market growth. In 2025, the Group will vigorously develop its "***LYVA***" premium electric-assisted bicycle brand, with quality benchmarked against international leaders and fashionable product design, to expand into the high-end electric-assisted bicycle market at the RMB10,000 price tier.

To strengthen its market differentiation and further cement its technological leadership in the industry, the Group is significantly enhancing its technological infrastructure through cutting-edge AI integration in product engineering and advancing its proprietary digital battery management system. Our LYVA's electric-assisted bicycles incorporate a comprehensive suite of advanced sensing technologies, including torque, speed, acceleration, drag, slope, and heart rate monitoring systems, working in tandem with AI algorithms to deliver personalized power assistance that surpasses competitive alternatives. Additionally, the Group has established a research consortium with Beijing University, Beijing Sport University, and other academic institutions to develop personalized "exercise prescriptions" for its electric-assisted products. This initiative is expected to strengthen the Group's position at the intersection of urban transportation and health technology, further differentiating its products in the price-sensitive and utility-focused market.

The Group is also actively developing three complementary business lines under its ecosystem strategy. The first involves battery swapping services, where the Group has made a strategic investment in a start-up company that has secured policy support from local governments, particularly in Shenzhen. Through this strategic partnership, the Group can expand its battery exchange network and secure prime locations for battery exchange parks with regulatory support, creating potential for a steady recurring revenue stream. The second business line focuses on rental services tailored for scenic areas, campus mobility, and urban transportation, with integration into platforms like *Meituan* to facilitate customer acquisition. The third business line comprises aftermarket services, providing smart device retrofitting for existing vehicles to meet new national standards, addressing a market of approximately 400 million electric vehicles currently in circulation.

With its comprehensive strategy spanning product innovation, manufacturing excellence, market expansion, and new business models, the Group is strategically positioned to navigate industry transitions and capitalize on growth opportunities in the evolving electric two-wheeled vehicle industry. The integration of battery swapping infrastructure, versatile rental services, and aftermarket retrofitting creates multiple revenue streams beyond traditional sales while addressing key consumer pain points. As the Group continues to advance its technological capabilities and expand its ecosystem, it is establishing a sustainable competitive advantage that positions it for long-term growth in both domestic and international markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group recorded revenue of RMB5,072.0 million in 2024, representing a decrease of approximately 0.2% from RMB5,083.0 million in 2023, primarily due to a decrease in the average selling price per unit of the Group's electric vehicles in view of the refinement of the Group's product composition in response to intensified market competition.

	For the year ended December 31,			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Types of products				
Electric bicycles	**3,016,537**	**59.5**	2,699,887	53.1
Electric scooters[1]	**711,438**	**14.0**	1,021,390	20.1
Batteries[2]	**1,045,918**	**20.6**	1,093,648	21.5
Electric two-wheeled vehicle parts[3]	**232,854**	**4.6**	201,200	4.0
Others	**28,005**	**0.6**	1,408	0.0
Subtotal	**5,034,752**	**99.3**	5,017, 533	98.7
Types of services				
Training services	**14,460**	**0.3**	26,611	0.5
Others	**22,744**	**0.4**	38,838	0.8
Subtotal	**37,204**	**0.7**	65,449	1.3
Total	**5,071,956**	**100.0**	5,082,982	100.0

Notes:

(1) Representing electric motorcycles and electric mopeds. The revenue and sales volume of electric mopeds represent a relatively small portion of the Group's total revenue and sales volume, thus the revenue of electric mopeds has been grouped together with that of electric motorcycles.

(2) Representing batteries sold together with our electric two-wheeled vehicles.

(3) 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 increased by approximately 11.7% from RMB2,699.9 million in 2023 to RMB3,016.5 million in 2024, primarily due to increase in sales volume of electric bicycles mainly driven by the Group's product reliability, a robust system of services and intelligent manufacturing that ensured large-scale delivery, which were conducive to the Group's expansion into the commercial market while solidifying its position in the consumer market during the Reporting Period, thereby generating strategic synergies and revenue growth.

Revenue from electric scooters decreased by approximately 30.3% from RMB1,021.4 million in 2023 to RMB711.4 million in 2024 and revenue from sales of batteries decreased by approximately 4.4% from RMB1,093.6 million in 2023 to RMB1,045.9 million in 2024, primarily due to a structural change in market demand.

Revenue from electric two-wheeled vehicle parts increased by approximately 15.7% from RMB201.2 million in 2023 to RMB232.9 million in 2024, primarily due to the Group's efforts in strengthening the diversification of product offerings and expanding its sales channels.

Revenue from other products increased significantly by approximately 1,889.0% from RMB1.4 million in 2023 to RMB28.0 million in 2024, primarily due to an increase in the sales of tricycles as a result of the Group's strategic diversification and expansion of its product offerings.

Cost of Sales

Cost of sales of the Group remained relatively stable at RMB4,401.7 million in 2023 and RMB4,406.9 million in 2024, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit for the Group decreased by approximately 2.4% from RMB681.2 million in 2023 to RMB665.0 million in 2024.

The gross profit margin for the Group remained relatively stable at 13.4% in 2023 and 13.1% in 2024, respectively.

Selling and Marketing Costs

Selling and marketing costs decreased by approximately 1.5% from RMB316.2 million in 2023 to RMB311.6 million in 2024, primarily attributable to optimized advertising through precision marketing and digital channels to focus on high-conversion scenarios, which enhanced the synergy between brand building and performance of the Group while achieving a structural reduction in marketing costs.

Administrative Expenses

Administrative expenses of the Group increased by approximately 4.6% from RMB99.2 million in 2023 to RMB103.8 million in 2024, primarily attributable to an increase in share-based payments.

Research and Development Costs

Research and development costs increased by approximately 22.1% from RMB189.4 million in 2023 to RMB231.2 million in 2024, primarily attributable to an increase in (i) share-based payments and (ii) research and development projects, including research and development on mid-drive motor and digital battery management system.

Reversal/(Provision) of Impairment on Financial Assets

The Group recognized a reversal of impairment on financial assets of RMB52,000 in 2024, while it recognized a provision of impairment on financial assets of approximately RMB0.9 million in 2023, primarily attributable to recovery of historical bad debts.

Other Income

Other income of the Group increased by approximately 40.5% from RMB62.7 million in 2023 to RMB88.1 million in 2024, primarily attributable to an increase in government grants.

Other Expense

Other expense of the Group increased by approximately 88.3% from RMB6.5 million in 2023 to RMB12.3 million in 2024, primarily attributable to an increase in the depreciation of the equipment under operating lease of the Group.

Other Gains – Net

Other gains – net of the Group increased by approximately 82.0% from RMB8.7 million in 2023 to RMB15.9 million in 2024, primarily due to net gains on fair value changes on financial assets at fair value through profit or loss, representing gains on the Group's investments in certificate of deposits.

Finance Income – Net

Finance income – net of the Group increased by approximately 53.8% from RMB10.7 million to RMB16.4 million in 2024, primarily due to an increase in interest income on bank deposits.

Share of Results of Associates

The Group's share of results of associates represents the profits attributable to it from its equity interest in several associates. The Group recorded share of results of loss of RMB1.2 million in 2024, while it recorded share of results of profit of to RMB73,000 in 2023, primarily because the associates of the Group recorded net loss for the year ended December 31, 2024.

Income Tax Expenses

Income tax expenses of the Group increased by approximately 69.2% from RMB5.5 million in 2023 to RMB9.4 million in 2024, primarily attributable to an increase in PRC corporate income tax due to distribution of dividends by the subsidiaries of the Company.

Profit for the Year

As a result of the foregoing, profit for the year of the Group decreased by approximately 20.3% from RMB145.6 million in 2023 to RMB116.1 million in 2024.

Inventories

The Group's inventories consist of raw materials, work in progress, finished goods and goods in transit. The Group's inventories increased by approximately 19.3% from RMB254.0 million as of December 31, 2023 to RMB303.1 million as of December 31, 2024, primarily due to an increase in raw materials and goods in transit in preparation for increasing customer orders for the products of the Group.

Trade Receivables

The Group's trade receivables increased by approximately 69.6% from RMB184.4 million as of December 31, 2023 to RMB312.7 million as of December 31, 2024, primarily due to an increase in credit sales to corporate and institutional customers.

Other Receivables and Prepayments

The Group's other receivables and prepayments increased by approximately 25.6% from RMB330.7 million as of December 31, 2023 to RMB415.3 million as of December 31, 2024, primarily due to an increase in prepayments for advertising, design, construction and equipment.

The other receivables and prepayments of the Group include, among others, loans to third parties. Loans to third parties, representing loans to certain distributors to support their normal business operations, amounted to RMB3.4 million as of December 31, 2023 and remained unchanged as of December 31, 2024.

The Directors are of the view that the terms of the relevant loan agreements were of normal commercial terms, fair and reasonable and the granting of these loans was in the interests of the Company and the shareholders of the Company (the "**Shareholders**") as a whole.

Property, Plant and Equipment

The Group's property, plant and equipment consist of buildings, machinery and equipment, office equipment, motor vehicles, construction in progress and decoration and leasehold improvement. Property, plant and equipment of the Group increased by approximately 30.9% from RMB958.6 million as of December 31, 2023 to RMB1,255.3 million as of December 31, 2024, primarily due to capacity expansion of the Group's three production plants located in Zhejiang, Shandong and Guangxi and the ongoing construction of the Chongqing Plant.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

The financial assets at FVTPL held by the Group mainly comprise certificate of deposits. The balance of financial assets at FVTPL decreased by approximately 9.8% from RMB545.3 million as of December 31, 2023 to RMB491.7 million as of December 31, 2024, primarily attributable to the redemption of certain large-sum certificate of deposits upon maturity. For the Reporting Period, the Company recorded gains from fair value changes on financial assets at FVTPL of RMB20.2 million. The Group's investment in wealth management products and structured deposits is for the purpose of improving the return on idle cash and bank balances.

Trade Payables

The Group's trade payables increased by approximately 8.5% from RMB445.6 million as of December 31, 2023 to RMB483.3 million as of December 31, 2024, primarily due to increase in procurement of inventories in preparation for the increasing customer orders for the products of the Group.

Capital Structure

The total assets of the Group increased by approximately 12.0% from RMB3,862.5 million as of December 31, 2023 to RMB4,324.3 million as of December 31, 2024. The total liabilities of the Group increased by approximately 21.1% from RMB2,334.9 million as of December 31, 2023 to RMB2,826.6 million as of December 31, 2024. Liabilities-to-assets ratio increased from 60.5% as of December 31, 2023 to 65.4% as of December 31, 2024. The current ratio of the Group, being current assets divided by current liabilities as of the respective date, decreased from 1.44 times as of December 31, 2023 to 1.06 times as of December 31, 2024.

Liquidity, Financial Resources and Gearing

The Group adopts a stable and prudent funding and treasury policy with a view to optimizing its financial position and mitigating financial risks. The Group examines and monitors its funding requirements on a regular basis to ensure sufficient financial resources to sustain its current business operations and its future investments and expansion plans.

For the Reporting Period, the Group financed its operations primarily through cash and cash equivalents, cash flows from operating activities, available bank loans and banking facilities, and the net proceeds (the "**Net Proceeds**") from the Global Offering (as defined in the Prospectus). The Group's primary uses of cash are to satisfy its working capital and capital expenditure needs. Cash and cash equivalents of the Group decreased by approximately 44.3% from RMB995.0 million as of December 31, 2023 to RMB554.5 million as of December 31, 2024, primarily attributable to the decrease in the balance of Net Proceeds. During the year ended December 31, 2024, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instruments as of December 31, 2024.

Gearing ratio is calculated by total debt, comprising borrowings and lease liabilities, divided by total equity as of the same date and multiplied by 100%. The gearing ratio of the Group increased from 42.6% as of December 31, 2023 to 68.1% as of December 31, 2024, primarily due to an increase in discounted bills.

As of December 31, 2024, the Group had interest-bearing bank and other borrowings of RMB1,002.3 million (as of December 31, 2023: RMB643.3 million), representing 35.5% (as of December 31, 2023: 27.6%) of its total liabilities as of the same date. All of the borrowings of the Group are denominated in Renminbi. There is generally no seasonality of borrowing requirements of the Group. Of all the borrowings of the Group as of December 31, 2024, RMB742.9 million (as of December 31, 2023: RMB166.0 million) were repayable within one year and RMB259.5 million (as of December 31, 2023: RMB477.3 million) were repayable beyond one year. The Group's bank borrowings amounting to RMB298.4 million as of December 31, 2024 (as of December 31, 2023: RMB279.8 million) were borrowings with fixed interest rates.

As of December 31, 2024, banking facilities of the Group totaling RMB2,535.0 million (as of December 31, 2023: RMB1,665.0 million) were utilized to the extent of RMB1,116.4 million (as of December 31, 2023: RMB921.6 million).

Capital Expenditures

The Group's capital expenditures increased by approximately 113.2% from RMB203.3 million in 2023 to RMB433.4 million in 2024. The Group's capital expenditures are primarily used for the expansion of its production capacities, including the construction of additional production facilities and the upgrading of its existing machinery and equipment. The Group finances its capital expenditures through cash generated from operations, bank loans and the Net Proceeds.

Foreign Exchange Risk and Hedging

The Group operates in the PRC with most of the transactions settled in Renminbi. Foreign currency risk arises when commercial transactions or recognized assets or liabilities are denominated in a currency other than the entities' functional currency. The Group is exposed to foreign currency risk primarily with respect to U.S. dollar and Hong Kong dollar.

As at the date of this announcement, the Group has not hedged its foreign currency exchange risks but has closely managed its foreign currency risk by performing regular reviews of its net foreign currency exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure.

Human Resources

As of December 31, 2024, the Group had 3,085 employees, as compared with 2,906 employees as of December 31, 2023. Total staff costs, including employee benefit expenses and outsourcing labor fee and Directors' remuneration, were RMB497.4 million in 2024, representing an increase of approximately 4.0% from RMB478.1 million in 2023, such increase was primarily due to an increase in share-based payments incurred from the operation of the Pre-IPO Share Scheme (as defined in the Prospectus).

The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus, cash awards and share awards based on individual performance. The Group provides training periodically and across operational functions, including introductory training for new employees, technical training, product training, management training and work safety training, with a view to fostering the basic skills of new employees to perform their duties and improving the relevant skills of the existing employees as well.

For the purposes of (i) attracting, remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to qualified employees; (ii) aligning the interests of qualified employees with the Company and Shareholders; and (iii) encouraging qualified employees to contribute to the long-term growth, performance and profits of the Company and enhancing the value of the Company and its shares (the "**Shares**"), the Company adopted the Pre-IPO Share Scheme on July 20, 2023 and conditionally adopted the Post-IPO Share Scheme (as defined in the Prospectus) on August 21, 2023.

As of December 31, 2024, (i) share options which corresponded to an aggregate of 16,736,000 underlying Shares, representing approximately 4.08% of the total issued Shares (excluding treasury Shares) as of December 31, 2024, had been granted to 108 Eligible Participants (as defined in the Prospectus) under the Pre-IPO Share Scheme and, among which, (ii) share options which corresponded to an aggregate of 15,321,275 underlying Shares, representing approximately 3.7% of the total issued Shares (excluding treasury Shares) as of December 31, 2024, remained outstanding under the Pre-IPO Share Scheme. Further details of the Pre-IPO Share Scheme are set out in the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Scheme" in Appendix IV to the Prospectus.

As of December 31, 2024, 3,212,500 Post-IPO Share Awards, involving a total of 3,212,500 Post-IPO Award Shares (as defined in the Prospectus), which represent approximately 0.8% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement, has been granted to 107 eligible participants at nil consideration under the Post-IPO Share Scheme. Further details are set out in the announcement of the Company dated July 3, 2024. Further details of the Post-IPO Share Scheme are set out in the section headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post-IPO Share Scheme" in Appendix IV to the Prospectus.

Details of the Pre-IPO Awards (as defined in the Prospectus) granted under the Pre-IPO Share Scheme during the year ended December 31, 2024 are set out below:

Name/Category of the grantees	Outstanding options as at January 1, 2024 Note 1	Options granted during the Reporting Period Note 2	Date of grant	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of outstanding Shares underlying the options granted as at December 31, 2024	Exercise price Note 3 *(HKD)*	Weighted average closing price of the Shares immediately before the dates on which the options were exercised *(HKD)*	Vesting period	Exercise period
Director											
Chen Guosheng	1,726,600	–	July 20, 2023	–	–	–	1,726,600	–	*See Note 5*	*See Note 4*	From the date that is six months after the Listing Date (as defined below) to July 19, 2033
Subtotal	1,726,600	–		–	–	–	1,726,600				
Five highest paid individuals											
Five highest paid individuals during the Reporting Period in aggregate Note 6	3,129,400	–	July 20, 2023	140,280	–	–	2,989,120	–	*See Note 5*	*See Note 4*	From the date that is six months after the Listing Date to July 19, 2033
Subtotal	3,129,400	–		140,280	–	–	2,989,120				

Name/Category of the grantees	Outstanding options as at January 1, 2024 Note 1	Options granted during the Reporting Period Note 2	Date of grant	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of outstanding Shares underlying the options granted as at December 31, 2024	Exercise price Note 3 *(HKD)*	Weighted average closing price of the Shares immediately before the dates on which the options were exercised *(HKD)*	Vesting period	Exercise period
Other employees of the Group											
Other grantees in aggregate (excluding the five highest paid individuals during the Reporting Period as disclosed above)	13,606,600	–	July 20, 2023	1,162,880	–	111,565	12,332,155	–	*See Note 5*	*See Note 4*	From the date that is six months after the Listing Date to July 19, 2033
Subtotal	13,606,600	–		1,162,880	–	111,565	12,332,155				
Total	16,736,000	–		1,303,160	–	111,565	15,321,275				

Notes:

(1) Representing the number of the underlying Shares corresponding to the share options granted after the Capitalization Issue (as defined in the Prospectus).

(2) As no further options will be granted under the Pre-IPO Share Scheme after October 12, 2023 (the "**Listing Date**"), no options were granted under the Pre-IPO Share Scheme during the Reporting Period. Accordingly, particulars of options granted under the Pre-IPO Share Scheme during the Reporting Period, including (i) the number of such options, (ii) the date of grant, (iii) the vesting period, exercise period, exercise price and performance targets, (iv) the closing price of the Shares immediately before the date on which the options were granted, and (v) the fair value of options at the date of grant and the accounting standard and policy adopted are not available.

(3) To align with the purposes of the Pre-IPO Scheme to remunerate, incentivize, retain, reward, compensate and/or provide benefits to Pre-IPO Eligible Participants, the exercise price of the options under the Pre-IPO Share Scheme has been determined as nil.

(4) The share options granted under the Pre-IPO Share Scheme are to vest in accordance with the following vesting schedule: (a) 10% of the share options are to vest on the first anniversary of the Pre-IPO Scheme Adoption Date (as defined in the Prospectus); (b) 20% of the share options are to vest on the second anniversary of the Pre-IPO Scheme Adoption Date; (c) 30% of the share options are to vest on the third anniversary of the Pre-IPO Scheme Adoption Date; and (d) 40% of the share options are to vest on the fourth anniversary of the Pre-IPO Scheme Adoption Date.

(5) During the Reporting Period, no options were exercised by executive Director, Mr. Chen Guosheng. Accordingly, the weighted average closing price of the Shares immediately before the date on which such options were exercised during the Reporting Period is not available.

During the Reporting Period, 140,280 options were exercised by the five highest paid individuals in the Group. The weighted average closing price of the Shares immediately before the relevant dates on which such options were exercised during the Reporting Period is HKD5.30.

During the Reporting Period, 1,162,880 options were exercised by other employees of the Group. The weighted average closing price of the Shares immediately before the relevant dates on which such options were exercised during the Reporting Period is HKD5.54.

(6) One of the five highest paid individuals in the Group for the year ended December 31, 2024 is Mr. Chen Guosheng, an executive Director. The details regarding the Pre-IPO Award granted to him are disclosed in the above table.

As the Company will not grant further share options and share awards under the Pre-IPO Share Scheme upon or after the Listing Date, the number of options and awards available for grant pursuant to the Pre-IPO Scheme Mandate Limit (as defined in the Prospectus) under the Pre-IPO Share Scheme is nil as of both January 1, 2024 and December 31, 2024.

Details of the Post-IPO Awards (as defined in the Prospectus) granted under the Post-IPO Share Scheme during the year ended December 31, 2024 are set out below:

Name/Category of the grantees	Unvested awards as at January 1, 2024 Note 1	Awards granted during the Reporting Period	Date of grant	Awards vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested awards as at December 31, 2024	Purchase price Note 2 *(HKD)*	Closing price of the Shares on July 2, 2024, being the date immediately before the date of grant of the awards *(HKD)*	Fair value of the awards at the date of grant Note 3 *(HKD)*	Vesting period
Director											
Chen Guosheng	–	170,500	July 3, 2024	–	–	–	170,500	–	6.03	5.88	*See Note 4*
Ni Boyuan	–	128,000	July 3, 2024	–	–	–	128,000		6.03	5.88	*See Note 4*
Subtotal	–	298,500		–	–	–	298,500				
Five highest paid individuals											
Five highest paid individuals during the Reporting Period in aggregate Note 5	–	440,500	July 3, 2024	–	–	–	440,500	–	6.03	5.88	*See Note 4*
Subtotal	–	440,500		–	–	–	440,500				

Name/Category of the grantees	Unvested awards as at January 1, 2024 Note 1	Awards granted during the Reporting Period	Date of grant	Awards vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested awards as at December 31, 2024	Purchase price Note 2 *(HKD)*	Closing price of the Shares on July 2, 2024, being the date immediately before the date of grant of the awards *(HKD)*	Fair value of the awards at the date of grant Note 3 *(HKD)*	Vesting period
Other employees of the Group											
Other grantees in aggregate (excluding the five highest paid individuals during the Reporting Period as disclosed above)	–	2,772,000	July 3, 2024	–	–	–	2,772,000	–	6.03	5.88	*See Note 4*
Subtotal	–	2,772,000		–	–	–	2,772,000				
Total	–	3,212,500		–	–	–	3,212,500				

Notes:

(1) No Post-IPO Share Awards were granted under the Post-IPO Share Scheme since the adoption of the Post-IPO Share Scheme and up to December 31, 2023.

(2) To align with the purposes of the Post-IPO Share Scheme to attract, remunerate, incentivize, retain, reward, compensate and/or provide benefits to Post-IPO Eligible Participants (as defined in the Prospectus), the purchase price of the Post-IPO Share Awards under the Post-IPO Share Scheme has been determined as nil.

(3) The fair value of the Post-IPO Share Awards granted during the Reporting Period was calculated based on the market value of the Shares on the date of grant. Details of the fair value of the Post-IPO Share Awards granted during the Reporting Period and the accounting standard and policy adopted in calculation of such fair value will be set out in the annual report of the Company for the year ended December 31, 2024.

(4) The Post-IPO Share Awards granted under the Post-IPO Share Scheme are to vest in accordance with the following vesting schedule, subject to the terms and conditions as set out in the letter of grant (including the fulfilment of the performance targets): (a) 30% of the Post-IPO Share Awards granted to the respective Grantee will be vested from July 3, 2025; (b) 30% of the Post-IPO Share Awards granted to the respective Grantee will be vested from July 3, 2026; and (c) 40% of the Post-IPO Share Awards granted to the respective Grantee will be vested from July 3, 2027. According to the vesting schedule, no Post-IPO Share Awards were vested during the Reporting Period and therefore the weighted average closing price of the Shares immediately before the date on which the Post-IPO Share Awards were vested under the Post-IPO Share Scheme is not available.

(5) The five highest paid individuals in the Group for the year ended December 31, 2024 include Mr. Chen Guosheng and Ms. Ni Boyuan, each an executive Director. The details regarding the Post-IPO Award granted to them are disclosed in the above table.

(6) The vesting of the Post-IPO Share Awards shall be conditional upon the performance results of the individual Grantee achieving the respective performance targets in the year preceding the vesting date of the Post-IPO Share Awards.

(7) Subsequent to the Reporting Period, 5,104,000 Post-IPO Share Awards, involving a total of 5,104,000 Post-IPO Award Shares, which represent approximately 1.2% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement, were granted to 51 eligible participants (the "**2025 Grantees**") at nil consideration under the Post-IPO Share Scheme. The Post-IPO Share Awards granted to the 2025 Grantees will be satisfied by existing Shares held by the trustee(s) of the Post-IPO Share Scheme (the "**Trustee**"). The Trustee shall continue to hold such Shares underlying the Post-IPO Share Awards on trust for the 2025 Grantees and shall transfer such Shares to the 2025 Grantees upon vesting. As of the date of this announcement, the Trustee holds 14,219,500 Shares under the Post-IPO Share Scheme. Further details are set out in the announcement of the Company dated January 20, 2025.

As no share options or awards had been granted since the adoption of the Post-IPO Share Scheme and up to December 31, 2023, as of January 1, 2024, the Post-IPO Scheme Mandate Limit (as defined in the Prospectus) was 42,666,700 Shares and the Post-IPO Service Provider Sublimit (as defined in the Prospectus) was 4,266,670 Shares, representing 10.40% and 1.04% of the total number of Shares in issue (excluding treasury Shares) as of the date of this announcement respectively.

As no share options had been granted under the Post-IPO Share Scheme during the Reporting Period and all Post-IPO Awards granted under the Post-IPO Share Scheme during the Reporting Period were/will be satisfied by existing Shares held by the Trustee, as of December 31, 2024, (i) the Post-IPO Scheme Mandate Limit (as defined in the Prospectus) was 42,666,700 Shares and the Post-IPO Service Provider Sublimit (as defined in the Prospectus) was 4,266,670 Shares, representing 10.40% and 1.04% of the total number of Shares in issue (excluding treasury Shares) as of the date of this announcement respectively.

All granted options that were exercised under the Pre-IPO Share Scheme during the Reporting Period were settled by Shares held by Yuan V Holdings Limited (a trust company wholly-owned by a trust in which the Company is the settlor, Futu Trustee Limited acts as trustee and the beneficiaries are grantees of the Pre-IPO Share Scheme). No new Shares were/will be issued upon vesting or exercising of the options granted under the Pre-IPO Share Scheme. As no Shares may be issued in respect of options and awards granted under all schemes of the Company (namely the Pre-IPO Share Scheme and the Post-IPO Share Scheme) during the Reporting Period, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) for the Reporting Period is not available.

Contingent liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities.

Pledge of Assets

As of December 31, 2024, the property, plant and equipment and right-of-use assets of the Group with net book values of RMB463.0 million and RMB86.4 million (as of December 31, 2023: RMB495.6 million and RMB88.4 million) respectively were pledged as collateral for the Group's borrowings.

Certificate of deposits of the Group in the amount of RMB467.1 million were pledged as security for the Group's notes payable as of December 31, 2024 while wealth management products and structured deposits and certificate of deposits of the Group in the amount of RMB447.4 million were pledged as security for the Group's notes payable as of December 31, 2023.

As of December 31, 2024, 100% (as of December 31, 2023: 100%) of the Group's equity interest in Guangxi Luyuan Electric Vehicle Co., Ltd., a wholly-owned subsidiary of the Company, and certain patents of the Group were pledged as security for the Group's bank borrowings.

Save as disclosed above, the Group had no other pledged assets as of December 31, 2024.

Significant Investment, Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

As of December 31, 2024, the Group did not hold any significant investment. The Group did not conduct any material acquisition or disposal of any subsidiaries, associates and joint ventures during the Reporting Period. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, during the Reporting Period, there was no specific plan authorized by the Board for other material investments or acquisition of capital assets. However, the Group will continue to identify new opportunities for business development.

USE OF PROCEEDS

The Company was listed on the Stock Exchange on the Listing Date. The Net Proceeds amounted to approximately HKD706.4 million after deduction of the underwriting fees and commissions and other estimated expenses paid and payable by the Company in relation to the Global Offering.

On August 30, 2024, the Board had resolved to reallocate HKD42.0 million of the unutilized Net Proceeds, which was originally intended to be used for the capacity expansion plan of the Group's Shandong Plant, to acquisition of land use rights and production infrastructure construction in relation to the construction of a new production facility in a Southwestern China city with mature supply chains and supporting resources (the "**Reallocation**"). After considering the current regional business environment, market uncertainties and the development needs of the Group, the Group took a cautious approach in implementing the capacity expansion plan (the "**Plan**") of the Shandong Plant and had temporarily suspended certain projects under the Plan. Further, as the Group had successfully acquired the state-owned construction land use rights for a parcel of land in Dazu District, Chongqing City, PRC for the purpose of constructing the Chongqing Plant as disclosed in the Company's announcement dated March 1, 2024, the Board has decided to better allocate the Net Proceeds to meet the construction costs and expenses that may incur from time to time from the construction of the Chongqing Plant, which has commenced and is in steady progress as at the date of this announcement. In particular, considering the existing operational landscape of the Southwestern region of the PRC where the Chongqing Plant is strategically located, the Reallocation would provide the Group with access to efficient regional supply chain networks and supporting resources, thereby allowing the Group to capitalize on the logistical advantages therein and develop a more streamlined process for the manufacturing and production of electric vehicles and accessories of the Chongqing Plant. Further, after the Chongqing Plant is put into operation, it is expected that its production capacity will gradually reach approximately 2.0 million units annually by 2026. Accordingly, the Board considers that the Reallocation would allow the Group to deploy its financial resources more effectively to enhance the Group's production capacity to meet the surging demands of the Group's products, realize its long-term development plan and reinforce its leading market position.

The Board confirms that the Reallocation will not have any material adverse effect on the existing business and operation of the Group and there are no material changes in the nature of the business of the Group as set out in the Prospectus. In view of the above, the Board considers that the Reallocation is fair and reasonable and in the interests of the Group and the Shareholders as a whole. The Board will continue to evaluate the plan for the use of the unutilized Net Proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and enhance the business performance of the Group.

The following table sets forth the status of the use of the Net Proceeds[1]:

Intended use of Net Proceeds	**Intended use of Net Proceeds from the initial public offering** *(In HKD millions)*	**Revised intended use of Net Proceeds from the initial public offering** *(In HKD millions)*	**Unutilized Net Proceeds as of December 31, 2023** *(In HKD millions)*	**(Before Reallocation) Unutilized Net Proceeds as of August 30, 2024** *(In HKD millions)*	**(After Reallocation) Unutilized Net Proceeds as of August 30, 2024** *(In HKD millions)*	**Utilized Net Proceeds as of December 31, 2024** *(In HKD millions)*	**Unutilized Net Proceeds as of December 31, 2024** *(In HKD millions)*	**Timeframe for the unused balance**
Expand research and development capabilities to maintain the Group's technical edge	**211.9**	**211.9**	**184.1**	**85.0**	**85.0**	**170.9**	**41.0**	**By the end of June 2025[2]**
Research and development of new and upgraded products as well as technologies	169.5	169.5	162.8	77.0	77.0	128.5	41.0	By the end of June 2025[2]
Recruitment of additional research and development personnel	21.2	21.2	21.1	8.0	8.0	21.2	–	–

Intended use of Net Proceeds	Intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Revised intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2023 *(In HKD millions)*	(Before Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	(After Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	Utilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Timeframe for the unused balance
Other research and development costs, including purchasing and upgrading research and development equipment	21.2	21.2	0.2	–	–	21.2	–	–
Strengthen sales and distribution channels and raising brand awareness	**211.9**	**211.9**	**143.1**	**17.5**	**17.5**	**205.9**	**6.1**	**By the end of 2025(2)**
Expand and optimize the Group's retail outlets in mainland China	127.2	127.2	97.4	9.7	9.7	127.2	–	–
Branding and marketing activities	63.6	63.6	26.5	0.5	0.5	63.6	–	–
Enhance online channels and bring online traffic to the Group's physical retail outlets	10.6	10.6	8.6	–	–	10.6	–	–(2)
Expand the Group's sales in international markets	10.6	10.6	10.6	7.4	7.4	4.5	6.1	By the end of 2025(2)

Intended use of Net Proceeds	Intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Revised intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2023 *(In HKD millions)*	(Before Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	(After Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	Utilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Timeframe for the unused balance
Strengthen the Group's production capabilities	**211.9**	**211.9**	**205.7**	**69.0**	**69.0**	**202.9**	**9.1**	**By the end of June 2025(2)**
Acquisition of land use rights and production infrastructure construction in relation to the construction of a new production facility in a Southwestern China city with mature supply chains and supporting resources	84.8	126.8	84.8	2.2	44.2	126.8	–	–
Capacity expansion plan of the Group's Shandong Plant	63.6	21.6	59.9	51.5	9.5	21.6	–	–

Intended use of Net Proceeds	Intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Revised intended use of Net Proceeds from the initial public offering *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2023 *(In HKD millions)*	(Before Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	(After Reallocation) Unutilized Net Proceeds as of August 30, 2024 *(In HKD millions)*	Utilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Unutilized Net Proceeds as of December 31, 2024 *(In HKD millions)*	Timeframe for the unused balance
Capacity expansion plan of the Group's Guangxi Plant	63.6	63.6	61.0	15.3	15.3	54.5	9.1	By the end of June 2025(2)
Working capital and other general corporate purposes	**70.6**	**70.6**	**25.2**	**–**	**–**	**70.6**	**–**	**–(2)**
Total	**706.4**	**706.4**	**558.0**	**171.5**	**171.5**	**650.3**	**56.2**	**By the end of 2025**

Notes:

(1) The figures in the table are approximate figures.

(2) Save for the Reallocation, the Net Proceeds have been used according to the intentions previously disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus and in the Company's annual report and announcement of annual results for the year ended December 31, 2023 and interim report and announcement of interim results for the six months ended June 30, 2024. As additional time was required to complete the necessary administrative procedures, the Company experienced delay in using part of the Net Proceeds. Unutilized Net Proceeds of approximately (i) HKD25.2 million for working capital and other general corporate purposes as of December 31, 2023 and (ii) HKD0.9 million for enhancing online channels and bringing online traffic to the Group's physical retail outlets as of June 30, 2024 had only been fully utilized by the end of March 2024 and as of August 30, 2024 respectively. Also, due to delay in completion of project checking administrative procedures, use of HKD9.1 million for capacity expansion of the Group's Guangxi Plant has been delayed and is expected to be fully utilized by

the end of June 2025. Further, in response to the current market uncertainties and business environment, the Company has been cautious and made strategic adjustments in developing its products and technologies and overseas market development. Accordingly, the use of Net Proceeds for (i) the research and development of new and upgraded products as well as technologies has been delayed and unutilized Net Proceeds for this purpose of approximately HKD41.0 million as of December 31, 2024 are expected to be fully utilized by the end of June 2025 and (ii) expanding the Group's sales in international markets had been delayed and unutilized Net Proceeds for this purpose of approximately HKD6.1 million as of December 31, 2024 is expected to be fully utilized by the end of 2025. The Directors considered that such delay in the utilization of the Net Proceeds will not have any material adverse impact on the operation of the Group.

The current expected timeframe for utilizing the remaining unused Net Proceeds in full are based on the best estimation by the Directors barring any unforeseen circumstances, and may be subject to change based on the Group's operating conditions and prevailing and future development of market conditions. The Directors will assess the plans for the use of the unutilized Net Proceeds on an ongoing basis and may revise or modify such plans where necessary to respond to the changing market conditions with a view to promoting a better growth and development of the Group. The Group will continue to evaluate the use of the unutilized Net Proceeds cautiously and monitor the market conditions closely to adjust the use of the unutilized Net Proceeds where necessary for the long-term development of the Group. The Company will make appropriate announcement(s) in due course in accordance with and if required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") should there be any material change in the intended use of the unutilized Net Proceeds.

As at the date of this announcement, save as disclosed in the table above, the Directors are not aware of any material change or delay to the planned use of the Net Proceeds. Further details of the breakdown of the use of the Net Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Trustee purchased 14,219,500 Shares with a total consideration of HKD99.9 million on-market as instructed by the Company for the purpose of satisfying the Post-IPO Share Awards granted under the Post-IPO Share Scheme.

During the Reporting Period, the Company repurchased a total of 16,497,000 Shares on the Stock Exchange at an aggregate consideration of approximately HKD101.0 million. All such repurchased Shares were held by the Company as treasury Shares. The Board believes that the repurchase of Shares was conducted to demonstrate the Company's confidence in its business outlook and long-term development and would create value for the Shareholders as a whole and the benefit the Company in the long run.

The table below sets forth a monthly breakdown of the Company's repurchases of the Shares during the Reporting Period:

Month of repurchase in 2024	Number of Shares purchased	Highest price paid per Share	Lowest price paid per Share	Aggregate price paid
		HKD	*HKD*	*HKD*
July	14,230,000	6.25	5.74	85,272,195
September	1,400,000	7.00	6.71	9,741,640
December	867,000	7.5	6.46	6,018,510
Total	**16,497,000**			**101,032,345**

Save as disclosed above, during the year ended December 31, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury Shares). As of December 31, 2024, the Company held 16,497,000 treasury Shares. All treasury Shares held by the Company are not entitled to receive the Proposed Final Dividend (as defined below).

EVENTS AFTER THE REPORTING PERIOD

Save as set out in note 14 to the historical financial information, the Group has no material events subsequent to December 31, 2024 which could have a material impact on the operating and financial performance of the Group as of the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules and has also adopted certain recommended best practices as set out in the CG Code.

The Company has fully complied with the code provisions set out in the CG Code during the Reporting Period. For the purposes of complying with the CG Code and maintaining a high standard of corporate governance of the Company, the Board will continue to review and monitor the corporate governance status of the Company.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code throughout the Reporting Period.

The Board has also established written guidelines on terms no less exacting than the Model Code (the "**Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HKD0.15 per ordinary Share for the year ended December 31, 2024 (the "**Proposed Final Dividend**") (for the year ended December 31, 2023: nil), being approximately HKD61.5 million in aggregate. The actual total amount of final dividends to be paid will be subject to the total number of issued Shares as at the record date (the "**Record Date**") for determining the entitlement of Shareholders to the Proposed Final Dividend.

The Proposed Final Dividend is declared and will be paid in Hong Kong dollar. Subject to the approval of Shareholders at the annual general meeting to be held on Thursday, May 22, 2025 (the "**AGM**"), the Proposed Final Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Friday, May 30, 2025. The Proposed Final Dividend is expected to be distributed to the Shareholders before Thursday, June 12, 2025. For details, please refer to note 14 to the historical financial information in this announcement.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on May 22, 2025. A notice convening the AGM will be published and sent to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the Company's register of members will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, May 16, 2025.

For determining the entitlement of the Shareholders to receive the Proposed Final Dividend, the register of members of the Company will also be closed from Wednesday, May 28, 2025 to Friday, May 30, 2025 (both dates inclusive). The Record Date is Friday, May 30, 2025. To be eligible to receive the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, May 27, 2025.

AUDIT COMMITTEE

As of the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Wu Xiaoya, Mr. Liu Bobin and Mr. Peng Haitao. Mr. Wu Xiaoya is the chairman of the Audit Committee who possesses appropriate professional qualifications as required by Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting, including a review of the annual results of the Group for the year ended December 31, 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (https://www.luyuan.cn/). The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be sent to the Shareholders and made available for review on the same websites in due course.

* *for identification purpose only*

By order of the Board
Luyuan Group Holding (Cayman) Limited
Mr. Ni Jie
Chairman and Executive Director

Hong Kong, March 28, 2025

As at the date of this announcement, the Board comprises Mr. Ni Jie, Ms. Hu Jihong, Mr. Chen Guosheng and Ms. Ni Boyuan as executive Directors and Mr. Wu Xiaoya, Mr. Peng Haitao, Mr. Liu Bobin and Mr. Chan Chi Fung Leo as independent non-executive Directors.