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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2025

The board (the "**Board**") of directors (the "**Directors**") of Luyuan Group Holding (Cayman) Limited (the "**Company**" or "**Luyuan**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2025 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2024 as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- Revenue for the period was RMB3,095.7 million, representing a period-to-period increase of approximately 22.2%;
- Profit for the period amounted to RMB110.1 million, representing a period-to-period increase of approximately 66.9%;
- Basic earnings per Share for the period were RMB0.29 per Share, representing a period-to-period increase of approximately 81.3%; and
- Gross profit margin for the period was 13.6%, representing a period-to-period increase of 1.6 percentage points.

CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2025

	Note	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	3	**3,095,669**	2,533,904
Cost of sales	6	**(2,675,949)**	(2,230,962)
Gross profit		**419,720**	302,942
Selling and marketing costs	6	**(182,032)**	(150,811)
Administrative expenses	6	**(56,636)**	(52,344)
Research and development costs	6	**(104,213)**	(91,969)
Reversal/(provision) of impairment on financial assets		**5,054**	(474)
Other income	4	**37,150**	38,103
Other expense	4	**(3,591)**	(4,761)
Other gains – net	5	**2,658**	13,676
Operating profit		**118,110**	54,362
Finance income	7	**10,409**	23,932
Finance costs	7	**(10,095)**	(11,412)
Finance income – net	7	**314**	12,520
Share of results of associates		**(1,200)**	(178)
Profit before income tax		**117,224**	66,704
Income tax expenses	8	**(7,108)**	(716)
Profit for the period		**110,116**	65,988
Attributable to the equity holders of the Company		**110,116**	65,988
Earnings per share for profit attributable to equity holders of the Company			
– Basic *(RMB per share)*	9	**0.29**	0.16
– Diluted *(RMB per share)*	9	**0.28**	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**110,116**	65,988
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**7,803**	(4,024)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	**(157)**	–
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of the Company	**(8,471)**	4,912
Other comprehensive (loss)/income for the period, net of tax	**(825)**	888
Total comprehensive income for the period	**109,291**	66,876
Total comprehensive income attributable to:		
– Equity holder of the Company	**109,291**	66,876
– Non-controlling interests	**–**	–
	109,291	66,876

CONSOLIDATED BALANCE SHEET

As at June 30, 2025

	Note	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,273,473**	1,255,334
Right-of-use assets		**171,400**	145,140
Intangible assets		**1,665**	773
Investments in associates		**22,560**	23,760
Deferred income tax assets		**21,113**	23,188
Other receivables and prepayments	*12*	**188,738**	177,373
Time deposits		**–**	30,000
Trade receivables	*11*	**–**	486
		1,678,949	1,656,054
Current assets			
Inventories	*10*	**304,611**	303,068
Trade and notes receivables	*11*	**442,583**	360,302
Other receivables and prepayments	*12*	**284,928**	237,965
Financial assets at fair value through profit or loss		**692,349**	491,659
Debt instruments at fair value through other comprehensive income		**70,427**	42,000
Time deposits		**498,950**	293,850
Restricted cash		**351,000**	384,940
Cash and cash equivalents		**1,060,232**	554,505
		3,705,080	2,668,289
Total assets		**5,384,029**	4,324,343
Net current assets		**302,291**	151,123

	Note	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
OWNERS' EQUITY			
Share capital		**305**	305
Share premium		**688,457**	688,457
Other reserves		**195,515**	148,004
Retained earnings		**695,861**	659,655
Capital and reserve attributable to equity holders of the Company		**1,580,138**	1,496,421
Non-controlling interests		**–**	1,311
Total equity		**1,580,138**	1,497,732
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	**337,700**	259,460
Provisions		**11,051**	9,147
Lease liabilities		**16,017**	11,785
Deferred income		**33,532**	26,135
Deferred income tax liabilities		**2,802**	2,918
		401,102	309,445
Current liabilities			
Trade and notes and other payables	*14*	**2,280,616**	1,655,711
Contract liabilities		**167,763**	91,395
Borrowings	*15*	**924,223**	742,873
Provisions		**3,441**	2,362
Lease liabilities		**9,191**	5,600
Income tax liabilities		**17,555**	19,225
		3,402,789	2,517,166
Total liabilities		**3,803,891**	2,826,611
Total equity and liabilities		**5,384,029**	4,324,343

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 condensed interim consolidated financial statements are presented in RMB (RMB'000), unless otherwise stated, and have been approved for issue by the Board of Directors of the Company on August 27, 2025.

This condensed consolidated interim financial information has not been audited or reviewed.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial statements for the six months ended June 30, 2025 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 – Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.2.

This interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information and disclosures in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2.2 Change in accounting policies and disclosures

New and amended standards of HKFRSs effective from January 1, 2025

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 21	Lack of Exchangeability	January 1, 2025

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 six months ended June 30, 2025 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 income and the Group is still in the process of assessing the impact.

		Effective for accounting periods beginning on or after
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

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of goods	**3,077,791**	2,512,539
Revenue from services	**17,878**	21,365
	3,095,669	2,533,904
Timing of revenue recognition		
At point in time	**3,077,791**	2,512,539
Over time	**17,878**	21,365
	3,095,669	2,533,904

Information about major customers

For the six months ended June 30, 2024 and 2025, 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

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Income from obsolete material and work in progress	**4,100**	4,239
Rental income from operating lease	**641**	1,081
Interest income from time deposits	**4,508**	871
Interest income from financing lease and long-term receivables	**74**	416
Government grants *(Note)*	**23,237**	27,149
Others	**4,590**	4,347
	37,150	38,103
Other expense		
Cost of obsolete material and work in progress	**(2,025)**	(2,461)
Others	**(1,566)**	(2,300)
	(3,591)	(4,761)

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

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange (losses)/gains	**(332)**	5,005
Fair value changes on financial assets at fair value through profit or loss	**8,225**	11,806
Donation	**(300)**	–
Gains on disposal of property, plant and equipment and right-of-use assets	**7**	110
Losses on disposal of financial assets at fair value through other comprehensive income	**(3,706)**	(3,217)
Others – Net	**(1,236)**	(28)
	2,658	13,676

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:

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Raw materials and consumables used	**2,498,573**	2,067,992
Employee benefits expenses	**192,355**	179,455
Advertising expense	**61,613**	51,835
Outsourcing labor fee	**81,430**	65,649
Freight	**10,030**	10,648
Travel expense	**22,028**	19,697
Consulting costs	**14,350**	15,169
Depreciation of property, plant and equipment	**53,536**	49,373
Amortization of intangible assets	**111**	443
Depreciation of right-of-use assets	**6,204**	4,850
Expense relating to short-term leases or low value leases	**2,335**	2,003
Design fee	**24,895**	17,473
Warranty	**2,618**	7,092
Tax and surcharges	**18,550**	15,120
Office expense	**9,122**	7,131
Auditors' remuneration		
– Audit services	**1,155**	1,245
– Non-audit services	**572**	494
Other expenses	**19,353**	10,417
Total cost of sales, selling and marketing costs, administrative expenses and research and development costs	**3,018,830**	2,526,086

7 FINANCE INCOME – NET

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on bank loans and other loans	**(9,650)**	(11,246)
– Interest on lease liabilities	**(445)**	(166)
Total finance costs	**(10,095)**	(11,412)
Finance income		
– Interest income on bank deposits	**10,409**	23,932
Net finance income	**314**	12,520

8 INCOME TAX EXPENSES

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC corporate income tax	**19,272**	11,872
Deferred income tax	**(12,164)**	(11,156)
Total income tax expenses	**7,108**	716

The general PRC corporate income tax (CIT) rate is 25% during the six months ended June 30, 2024 and 2025 except that two subsidiaries apply the income tax rate of 15% pertaining to their high-tech certificate and two subsidiaries enjoy preferential income tax rate for small low-profit enterprises.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding tax rate. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Luyuan International (Hong Kong) Limited applied the 5% benefit treaty rate on the dividend repatriation since the year ended December 31, 2024.

For the six months ended June 30, 2025, deferred tax expenses and a corresponding deferred tax liability of RMB2,344,000 had been recognized in respect of the withholding tax payable on the retained earnings of the Group's PRC subsidiaries generated which the directors expect to distribute outside the PRC in the foreseeable future.

Since the Group can control the quantum and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

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.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**110,116**	65,988
Weighted average number of shares in issue *(in thousand)*	**379,215**	407,352
Basic earnings per share *(RMB per share)*	**0.29**	0.16

(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 to eligible participants under the Post-IPO Share Scheme (as defined in the Prospectus) are considered to be potential ordinary shares.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**110,116**	65,988
Weighted average number of ordinary shares in issue *(in thousand)*	**379,215**	407,352
Adjustments for share-based compensation *(in thousand)*	**14,831**	6,887
Weighted average number of ordinary shares for the calculation of diluted EPS *(in thousand)*	**394,046**	414,239
Diluted earnings per share *(RMB per share)*	**0.28**	0.16

10 INVENTORIES

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**75,840**	83,885
Work in progress	**24,183**	22,057
Finished goods	**203,890**	196,611
Goods in transit	**698**	515
	304,611	303,068

No inventory provision was made for the six months ended June 30, 2024 and 2025.

During the six months ended June 30, 2024 and 2025, inventories recognized as cost of sales amounted to approximately RMB2,067,992,000 and RMB2,498,573,000 respectively.

11 TRADE AND NOTES RECEIVABLES

(a) Trade receivables – current and notes receivables

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables – current	**427,930**	337,563
Less: Provision for impairment of receivables – current	**(31,259)**	(25,347)
	396,671	312,216

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Notes receivables	**46,100**	48,283
Less: Provision for impairment of receivables	**(188)**	(197)
	45,912	48,086
	442,583	360,302

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

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**395,764**	294,930
Between 1 and 2 years	**7,892**	5,392
Between 2 and 3 years	**4,274**	29,196
Over 3 years	**20,000**	8,045
	427,930	337,563

(b) Trade receivables – non-current

	As at June 30, 2025 *RMB'000* **(Unaudited)**	As at December 31, 2024 *RMB'000* (Audited)
Trade receivables non-current	**–**	499
Less: Provision for impairment of receivables – non-current	**–**	(13)
	–	486

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

	As at June 30, 2025 *RMB'000* **(Unaudited)**	As at December 31, 2024 *RMB'000* (Audited)
Less than 1 year	**–**	–
Over 1 year	**–**	499
	–	499

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

12 OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2025	As at December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current		
Prepayments for construction and equipment	**61,365**	60,120
Deposits	**5,647**	6,294
Payment of decoration costs	**121,898**	111,150
Less: Provision for impairment of other receivables	**(172)**	(191)
	188,738	177,373
Current		
Prepayments for raw materials	**90,957**	24,829
Prepaid expenses	**82,479**	105,974
Prepaid taxes and surcharges and input VAT to be deducted	**38,276**	11,966
Receivables from disposal of land use rights	**3,450**	14,450
Loans to third parties	**3,358**	3,358
Deposits	**2,149**	1,108
Payment of decoration costs	**66,200**	87,554
Others	**12,118**	13,815
Less: Provision for impairment of other receivables	**(14,059)**	(25,089)
	284,928	237,965
	473,666	415,338

13 DIVIDENDS

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend for the year ended December 31, 2024 of 15 HK cents per fully paid share	**56,628**	–

14 TRADE AND NOTES AND OTHER PAYABLES

	As at June 30, 2025 *RMB'000* (Unaudited)	As at December 31, 2024 *RMB'000* (Audited)
Trade payables	**901,141**	483,294
Notes payable	**1,204,300**	929,145
Other tax payables	**34,442**	46,074
Payable for equipment	**35,361**	81,462
Deposits	**10,105**	13,138
Accrued expenses	**41,535**	43,604
Accrued payroll	**51,061**	54,527
Others	**2,671**	4,467
	2,280,616	1,655,711

The ageing analysis of trade payables based on invoice date as at December 31, 2024 and June 30, 2025 are as follows:

	As at June 30, 2025 *RMB'000* (Unaudited)	As at December 31, 2024 *RMB'000* (Audited)
Less than 1 year	**883,281**	463,807
Between 1 and 2 years	**5,134**	6,063
Between 2 and 3 years	**3,698**	5,280
Over 3 years	**9,028**	8,144
	901,141	483,294

As at December 31, 2024 and June 30, 2025, the fair value of trade and notes and other payables approximate their carrying amounts.

As at December 31, 2024 and June 30, 2025, the carrying amounts of trade and notes and other payables are denominated in RMB, USD and HKD.

15 BORROWINGS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
– Bank loans-secured	**299,000**	376,500
– Bank loans-unsecured	**134,900**	35,000
Less: Current portion of long-term borrowings		
– Bank loans-secured	**(95,000)**	(152,000)
– Bank loans-unsecured	**(1,200)**	(40)
Total non-current borrowings	**337,700**	259,460
Borrowings included in current liabilities:		
– Bank loans-secured	**53,115**	12,287
– Bank loans-unsecured	**261,000**	40,000
– Other borrowings	**513,908**	538,546
Add: Current portion of long-term borrowings		
– Banks loans-secured	**95,000**	152,000
– Bank loans-unsecured	**1,200**	40
Total current borrowings	**924,223**	742,873
Total borrowings	**1,261,923**	1,002,333

BUSINESS REVIEW AND OUTLOOK

Business Review

As of June 30, 2025, 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. This formidable operational and technological foundation of the Group has enabled it to achieve consistent revenue growth from sales of its products, further reinforcing its market-leading position. Specifically, the Group recorded an increase in net profit by approximately 66.9% from RMB66.0 million for the six months ended June 30, 2024 to RMB110.1 million for the same period in 2025, mainly attributable to increase in (i) gross profit as a result of product upgrades and (ii) sales volume of its products due to channel efficiency improvements. Moreover, after excluding the effect of share-based payment expenses of approximately RMB31.1 million, profit for the period recorded by the Group for the six months ended June 30, 2025 was RMB141.2 million, representing only a increase of approximately 114.0% compared to the same period in 2024.

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 June 30, 2025, the Group held 912 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.

During the first half of 2025, 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 13.3% from RMB92.0 million for the six months ended June 30, 2024 to RMB104.2 million for the same period in 2025. Notably, in the first half of 2025, the Group had 222 new patent applications and received 183 new patent grants.

In addition to the core systems of electric two-wheeled vehicles, the Group is also actively developing key components of robotics and is a co-leader who led the establishment of Jinhua Development Zone Robotics Industry Alliance. Leveraging its deep technical expertise in motor systems and intelligent control technology, the Group directed its focus on accelerating the progress of technological research and development and breakthroughs in the stability, precision, and energy efficiency of robot walking components. It is committed to advancing the key components of robot drive systems to industry-leading standards, thereby exploring new growth opportunities for the Group's business.

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. Leveraging over 20 years of expertise in technological invention, the Group has launched a series of intelligent long-range products covering electric motorcycles and electric bicycles that integrates technologies such as liquid cooling power system and digital battery maintenance system, enhancing both range performance and intelligent experience. As of June 30, 2025, we launched over 20 new models, including industry-leading products such as K50, MS95 and Moda50D models. Further, the Group's products have successfully obtained certificate under the updated "Implementation Rules for the Compulsory Product Certification of Electric Bicycles", becoming one of the first companies in China to obtain this new national standard certification.

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 has commenced official operations since February 2025 with a clear vision to establishing as a leading enterprise in full-chain intelligent manufacturing. Meanwhile, the Group has further reformed its manufacturing capabilities, as evident by accelerated organizational reforms including establishment of the Manufacturing Business Department that promotes sharing of resources in production among different production plants to improve consistency and quality of products. Moreover, with the Engineering Center and Quality Center as the lead, and new product introduction and advance quality planning as the key approaches, the Group aims to enhance the professional level of its production plants, centralize the management of production quality, and enhance the production plants' process level and quality level. In addition, the Group also improved efficiency in production and provision of services by streamlining such progresses, such as integration of the product development chain and upgrading of after-sales service models, etc. The Group also upgraded its manufacturing hardware by increasing its investment and purchase of intelligent equipment and tools, further driving high-quality product development.

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 June 30, 2025, the Group's offline distribution network had covered 336 cities in 31 provincial-level administrative regions across mainland China, comprising over 14,000 offline retail outlets.

Complementing its offline presence, the Group has established online stores on mainstream e-commerce platforms such as Tmall, JD.com, Pinduoduo, Douyin, etc. 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. Over the past year, we successfully created traffics for our stores which drove sales of approximately 300,000 units of electric two-wheeled vehicles, with consumer satisfaction increasing by 20% year-on-year. We effectively utilised innovative livestreaming such as co-hosted livestreams with celebrity concerts and influencer-hosted live sessions and achieved over 1 billion total impressions across all online platforms, setting new standards for industry operational practices.

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) and continues to be the primary supplier of its flagship products since

2024. The Group further cooperated with Hello Bike to jointly engage in the research and development of new national standard products during the Reporting Period. In 2024, the Group became the primary supplier of electric two-wheeled vehicles to DiDi Bike (滴滴青桔) and in 2025, such supply of the Group's electric two-wheeled vehicles to DiDi Bike continued to increase steadily. During the Reporting Period, both parties also reached an intention to develop strategic partnership to deepen collaboration across various aspects in the future. The Group also established a partnership with Meituan (美團) in 2024, which has since become the fastest-growing supplier of the Group in terms of procurement amounts for nearly two consecutive years.

During the Reporting Period, the Group expanded its international presence and entering 3 new countries. The Group has made significant progress in South Asia and Africa, including sharing of modular assembly and intelligent production management experience with South Asian customers, as well as offering iterative support tailored to regional markets for clients, thereby creating a cross-border collaboration ecosystem characterized by technology empowerment, capacity co-construction, and market synergy in North and West Africa. The Group also actively prepared for its entry into the European and American markets and expansion into the sales channels of these new markets. These efforts positioned the Group for continued development this year and for future growth.

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. During the Reporting Period, the Group actively expanded into young female consumers market. In March 2025, actress Liang Jie was invited to serve as the "Spring Cycling Ambassador" (春日騎行大使), effectively boosting terminal sales of the Moda50-Q model. Additionally, a jointly developed co-branded product line was launched in partnership with the renowned IP "ZANMANG LOOPY", enhancing market penetration within anime culture. Furthermore, the Group promoted community interaction among young users via the "Slow Life Festival" (慢人節) initiative on Xiaohongshu, creating a closed-circuit integrated "Online Transaction – Offline Service – Instant Delivery" operational model to increase product sales. Also, the Group's vehicle model's endurance test livestream garnered over 1 million exposures. In a multi-host joint livestreaming project with Wuyou Media, the Group's content impressions surpassed 1 billion, and its online sales exceeded RMB500 million, with a total sales growth of 72.7% on Douyin platform. These strategies further consolidated Luyuan's market leadership in the electric two-wheeler industry, and the Group was recognized as one of the "Top 500 Most Valuable Brands in China" by the World Brand Lab during the Reporting Period.

Environmental, social, and governance

The Group endeavours 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 two-wheeled vehicle battery safety and preventive measures, with a view to strengthening public awareness of safe usage. In particular, the Group launched educational campaigns on battery usage, battery charging and emergency response to accidents relating to battery safety, coupled with on-site professional guidance and interactions, to enhance the public's awareness of safe usage of batteries and risk prevention. Meanwhile, the Group actively collaborated with local governments, industry associations, and public welfare organizations to jointly promote the educational campaigns, aiming at establishing a social governance cooperation platform and mobilizing multiple parties to jointly advance the standardization of industry safety. Through this National Safety Public Welfare Campaign, the Group successfully increased public awareness of electric two-wheeled vehicles' safety and environmental issues, demonstrating its corporate responsibility in practicing ESG principles, promoting green transportation, and ensuring public safety, thereby further enhancing the Group's social image and influence.

The Group is also committed to achieving reduction of carbon and emission reduction through continuous technological developments. Leveraging its three core technologies, namely the liquid-cooled motors, digital battery systems and solid-state electrical systems, the Group continuously enhances product energy efficiency and operational safety, while promoting resource conservation and recycling. Liquid-cooled motors improve heat dissipation efficiency and operational stability, extending the service life of the entire vehicle, reducing the frequency of core component replacements, and minimizing the consumption of critical metal materials and other resources from the source. Digital battery systems enable intelligent management of the entire battery lifecycle, enhancing battery utilization efficiency, supporting tiered utilization and recycling, thereby reducing environmental impact. Solid-state electrical systems reduce electrical faults and maintenance frequencies through high integration and safety design, effectively lowering the frequency of component replacements and generation of electronic waste, thereby improving resource utilization efficiency. The accelerated application of these three core technologies in diverse scenarios such as urban commuting and logistics distribution effectively promotes industry-wide carbon and emissions reduction and lowers consumption of society resources, achieving synergistic development in environmental protection, social responsibility and corporate governance. 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 six months, the Group has identified emerging growth opportunities and formulated a comprehensive strategic roadmap. Beyond its core electric two – wheeled vehicle business, the Group prioritizes 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 29 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 is appealing to urban consumers seeking a combination of daily convenience and health benefits. 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. 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.

To further enhance the social influence and market recognition of the "LYVA" brand, the Group has been continuously promoting the brand in various dimensions. Our "LYVA" brand continues to showcase its advanced AI riding algorithms and mid-drive motor systems at global events and collaborates with top universities such as Beijing University and Beijing Sport University to develop personalized "exercise prescriptions" for its electric-assisted products, blending health management with mobility. Culturally, it operates flagship experience stores in key locations including Sanlitun in Beijing and hosted signature events such as the "LYVA Brand Day" (LYVA品牌日) and "Smart Cycling Future Design Exhibition" (智騎未來設計展) to establish a brand identity that combines technology and design aesthetics. LYVA also leads marketing initiatives to raise awareness of social responsibilities to reduce carbon emission, including the nationwide "Carbon Path Pioneer Initiative" (碳路者先鋒行動) which allows users participate in a carbon credit system to exchange green benefits with credit points, thus encouraging low-carbon riding across cities. During the Reporting Period, Mr. Juan Antonio Samaranch Jr., Vice President of the International Olympic Committee, had given high recognitions of our LYVA brand's philosophy and products during his visits to the Group's Beijing store, thereby significantly enhancing LYVA brand's visibility in the international 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 implementation of the new national standards in 2025 will regulate non-compliant electric vehicles, further driving replacement demand for compliant, flexible, on-demand mobility solutions and rental models like "rent-to-own" and "rental-sales integration" in short-distance, high-frequency scenarios such as campus commuting and scenic travel. Such policy support further accelerated the Group's development of its rental solutions line of business. Remarkably, relying on the "car rental + battery swapping" ecosystem, the Group's "Yuan Xing Zhe" (源行者) platform project has won the "Gelonghui Jin Ge Award • ESG Excellence Project" (格隆匯金格獎•ESG卓越項目). 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.

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 RMB3,095.7 million for the six months ended June 30, 2025, representing an increase of approximately 22.2% from RMB2,533.9 million for the same period in 2024, primarily due to technology-driven product upgrades, innovation in new retail models, steady progress in plans to improve single-store efficiency, and further expansion of store numbers.

	For the six months ended June 30,			
	2025		2024	
	RMB'000	*%*	*RMB'000*	*%*
Types of products				
Electric bicycles	**1,996,788**	**64.5**	1,545,677	61.0
Electric scooters[1]	**354,128**	**11.4**	345,017	13.6
Batteries[2]	**596,523**	**19.3**	512,052	20.2
Electric two-wheeled vehicle parts[3]	**106,815**	**3.5**	103,955	4.1
Others	**23,537**	**0.8**	5,838	0.2
Subtotal	**3,077,791**	**99.4**	2,512,539	99.2
Types of services				
Training services	**9,438**	**0.3**	9,813	0.4
Others	**8,440**	**0.3**	11,552	0.5
Subtotal	**17,878**	**0.6**	21,365	0.8
Total	**3,095,669**	**100.0**	2,533,904	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 the Group's 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 sales of electric bicycles increased by approximately 29.2% from RMB1,545.7 million for the six months ended June 30, 2024 to RMB1,996.8 million for the same period in 2025, primarily due to product upgrades under a widely integrated intelligent system have greatly met consumer needs and continuously increased market share in the commercial market.

Revenue from sales of electric scooters remains stable at RMB345.0 million for the six months ended June 30, 2024 and at RMB354.1 million for the same period in 2025. Revenue from sales of batteries increased by approximately 16.5% from RMB512.1 million for the six months ended June 30, 2024 to RMB596.5 million for the same period in 2025, primarily due to product upgrades under a widely integrated intelligent system have greatly met consumer needs and continuously increased market share in the commercial market.

Revenue from sales of electric two-wheeled vehicle parts remains stable at RMB104.0 million for the six months ended June 30, 2024 and at RMB106.8 million for the same period in 2025.

Revenue from sales of other products increased by approximately 303.2% from RMB5.8 million for the six months ended June 30, 2024 to RMB23.5 million for the same period in 2025, primarily due to the Group's strategic product diversification and expansion of its product offering, which led to an increase in tricycle sales volume.

Cost of Sales

Cost of sales of the Group increased by approximately 19.9% from RMB2,231.0 million for the six months ended June 30, 2024 to RMB2,675.9 million for the same period in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit for the Group increased by approximately 38.5% from RMB302.9 million for the six months ended June 30, 2024 to RMB419.7 million for the same period in 2025. The gross profit margin for the Group increased by approximately 1.6% from 12.0% for the six months ended June 30, 2024 to 13.6% for the same period in 2025.

Selling and Marketing Costs

Selling and marketing costs increased by approximately 20.7% from RMB150.8 million for the six months ended June 30, 2024 to RMB182.0 million for the same period in 2025, primarily attributable to the expansion of brand-building activities targeting specific groups, including cross-media cooperation projects, which enhanced the effectiveness of social media operations, upgrades to the new retail system, and increase in share-based payments.

Administrative Expenses

Administrative expenses of the Group increased by approximately 8.2% from RMB52.3 million for the six months ended June 30, 2024 to RMB56.6 million for the same period in 2025, primarily attributable to an increase in year-end bonuses to the employees of the Group.

Research and Development Costs

Research and development costs increased by approximately 13.3% from RMB92.0 million for the six months ended June 30, 2024 to RMB104.2 million for the same period in 2025, primarily attributable to an increase in investment in new product development.

Reversal/(Provision) of Impairment on Financial Assets

The Group recognized a reversal of impairment on financial assets of RMB5.1 million for the Reporting Period, while it recognized a provision of impairment on financial assets of approximately RMB0.5 million for the six months ended June 30, 2024, primarily attributable to recovery of historical bad debts.

Other Income

Other income of the Group remained relatively stable at RMB38.1 million for the six months ended June 30, 2024 and at RMB37.2 million for the same period in 2025.

Other Expense

Other expense of the Group decreased by approximately 24.6% from RMB4.8 million for the six months ended June 30, 2024 to RMB3.6 million for the same period in 2025, primarily attributable to a decrease in electricity expenses and depreciation expenses as a result of a decrease in the scale of the leased assets of the Group.

Other Gains – Net

Other gains – net of the Group decreased by approximately 80.6% from RMB13.7 million for the six months ended June 30, 2024 to RMB2.7 million for the same period in 2025, primarily due to (i) a decrease in fair value changes on financial assets at fair value through profit or loss for the period as a result of a decrease in the Group's investment in large-denomination certificates of deposit; and (ii) a decrease in exchange gains of the Group.

Finance Income – Net

Finance income – net of the Group decreased by approximately 97.5% from RMB12.5 million for the six months ended June 30, 2024 to RMB0.3 million for the same period in 2025, primarily due to the decrease in interest income on bank deposits following the use of proceeds from the Global Offering (as defined in the Prospectus).

Income Tax Expenses

Income tax expenses of the Group increased by approximately 892.7% from RMB0.7 million for the six months ended June 30, 2024 to RMB7.1 million for the same period in 2025, which is in line with the increase in the profit for the period of the Group.

Profit for the Period

As a result of the foregoing, profit for the period of the Group increased by approximately 66.9% from RMB66.0 million for the six months ended June 30, 2024 to RMB110.1 million for the same period in 2025.

Inventories

The Group's inventories consist of raw materials, work in progress, finished goods and goods in transit. The Group's inventories remained relatively stable at RMB303.1 million as of December 31, 2024 and RMB304.6 million as of June 30, 2025.

Trade Receivables

As of June 30, 2025, trade receivables of the Group amounted to RMB396.7 million, representing an increase of approximately 26.9% from RMB312.7 million as of December 31, 2024, which was primarily due to the increase in credit sales resulting from synchronized orders from corporate and institutional customers.

Other Receivables and Prepayments

The Group's other receivables and prepayments increased by approximately 14.0% from RMB415.3 million as of December 31, 2024 to RMB473.7 million as of June 30, 2025, primarily due to an increase in advance payments for raw materials resulting from strategic stockpiling.

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 June 30, 2024 and remained unchanged as of June 30, 2025.

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 1.4% from RMB1,255.3 million as of December 31, 2024 to RMB1,273.5 million as of June 30, 2025, primarily due to the increase in machinery and equipment at the new production base.

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 increased by approximately 40.8% from RMB491.7 million as of December 31, 2024 to RMB692.3 million as of June 30, 2025, primarily attributable to an increase in large-denomination certificates of deposit. For the Reporting Period, the Company recorded gains from fair value changes on financial assets at FVTPL of RMB8.2 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

As of June 30, 2025, trade payables of the Group amounted to RMB901.1 million, representing an increase of approximately 86.5% from RMB483.3 million as of December 31, 2024, which was primarily due to the increase in procurement volume in line with sales growth.

Capital Structure

The total assets of the Group increased by approximately 24.5% from RMB4,324.3 million as of December 31, 2024 to RMB5,384.0 million as of June 30, 2025. The total liabilities of the Group increased by approximately 34.6% from RMB2,826.6 million as of December 31, 2024 to RMB3,803.9 million as of June 30, 2025. Total liabilities-to-assets ratio increased from 65.4% as of December 31, 2024 to 70.7% as of June 30, 2025. The current ratio of the Group, being current assets divided by current liabilities as of the respective date, increased from 1.06 times as of December 31, 2024 to 1.09 times as of June 30, 2025.

Liquidity, Financial Resources and Gearing Ratio

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. The Group's primary uses of cash are to satisfy its working capital and capital expenditure needs. Cash and cash equivalents of the Group increased by approximately 91.2% from RMB554.5 million as of December 31, 2024 to RMB1,060.2 million as of June 30, 2025, primarily attributable to the sales growth during the Reporting Period that drove an increase in net cash flow from operating activities. During the Reporting Period, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instruments as of June 30, 2025.

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 by approximately 13.4% from 68.1% as of December 31, 2024 to 81.5% as of June 30, 2025, primarily due to the need to build new production bases and an increase in bank loans.

As of June 30, 2025, the Group had interest-bearing bank and other borrowings of RMB1,261.9 million (as of December 31, 2024: RMB1,002.3 million), representing 33.2% (as of December 31, 2024: 35.5%) 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 June 30, 2025, RMB924.2 million (as of December 31, 2024: RMB742.9 million) were repayable within one year and RMB337.7 million (as of December 31, 2024: RMB259.5 million) were repayable beyond one year. The Group's bank borrowings amounting to RMB437.9 million as of June 30, 2025 (as of December 31, 2024: RMB298.4 million) were borrowings with fixed interest rates.

As of June 30, 2025, banking facilities of the Group totaling RMB3,736.0 million (as of December 31, 2024: RMB2,535.0 million) were utilized to the extent of RMB2,485.9 million (as of December 31, 2024: RMB1,116.4 million).

Capital Expenditures

The Group's capital expenditures increased by approximately 7.6% from RMB139.6 million for the six months ended June 30, 2024 to RMB150.3 million for the same period in 2025. 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 June 30, 2025, the Group had 2,986 employees. Total staff costs, including employee benefit expenses and outsourcing labor fee and Directors' remuneration, were RMB273.8 million for the Reporting Period, representing an increase of approximately 11.7% from RMB245.1 million for the six months ended June 30, 2024. Such increase was primarily due to an increase in share-based payments and impact of business growth.

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 (as defined in the Prospectus) on July 20, 2023 and conditionally adopted the Post-IPO Share Scheme (as defined in the Prospectus) on August 21, 2023.

As of June 30, 2025, (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 June 30, 2025, 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 15,073,035 underlying Shares, representing approximately 3.67% of the total issued Shares (excluding treasury Shares) as of June 30, 2025, 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 June 30, 2025, 8,316,500 Post-IPO Share Awards, involving a total of 8,316,500 Post-IPO Award Shares (as defined in the Prospectus), which represent approximately 2.03% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement, has been granted to 158 eligible participants at nil consideration under the Post-IPO Share Scheme. Further details are set out in the announcements of the Company dated July 3, 2024 and January 20, 2025. 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 Reporting Period are set out below:

Name/Category of the grantees	Outstanding options as at January 1, 2025 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 June 30, 2025	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	5,167,556	–	July 20, 2023	–	–	–	5,167,556	–	*See Note 5*	*See Note 4*	From the date that is six months after the Listing Date to July 19, 2033
Subtotal	5,167,556	–		–	–	–	5,167,556				
Other employees of the Group											
Other grantees in aggregate (excluding the five highest paid individuals during the Reporting Period as disclosed above)	10,153,719	–	July 20, 2023	20,000	228,240	–	9,905,479	–	*See Note 5*	*See Note 4*	From the date that is six months after the Listing Date to July 19, 2033
Subtotal	10,153,719	–		20,000	228,240	–	9,905,479				
Total	15,321,275	–		20,000	228,240	–	15,073,035				

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 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, no options were exercised by the five highest paid individuals in the Group. 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, 20,000 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 HKD6.975.

(6) One of the five highest paid individuals in the Group during the Reporting Period 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, 2025 and June 30, 2025.

Details of the Post-IPO Awards (as defined in the Prospectus) granted under the Post-IPO Share Scheme during the Reporting Period are set out below:

Name/Category of the grantees	Unvested awards as at January 1, 2025	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 June 30, 2025	Purchase price [Note 1] *(HKD)*	Closing price of the Shares on the day immediately before the date of grant of the awards *(HKD)*	Fair value of the awards at the date of grant [Note 2] *(HKD)*	Vesting period
Directors											
Chen Guosheng	170,500	–	July 3, 2024	–	–	–	170,500	–	6.03	5.88	*See Note 3*
Ni Boyuan	128,000	–	July 3, 2024	–	–	–	128,000	–	6.03	5.88	*See Note 3*
Subtotal	298,500	–	–	–	–	–	298,500				
Five highest paid individuals											
Five highest paid individuals during the Reporting Period in aggregate [Note 4]	574,000	–	July 3, 2024	–	–	–	574,000	–	6.03	5.88	*See Note 3*
Subtotal	574,000	–		–	–	–	574,000				
Other employees of the Group											
Other grantees in aggregate (excluding the five highest paid individuals during the Reporting Period as disclosed above)	2,510,500	–	July 3, 2024	–	25,500	–	2,485,000	–	6.03	5.88	*See Note 3*
Subtotal	2,510,500	–		–	25,500	–	2,485,000				
Service providers to the Group											
Marketing consultants of the Group	5,104,000 [Note 5]	–	January 20, 2025	–	–	–	5,104,000	–	6.20	6.01	*See Note 3*
Subtotal	5,104,000	–		–	–	–	5,104,000				
Total	8,316,500	–		–	25,500	–	8,291,000				

Notes:

(1) 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 granted under the Post-IPO Share Scheme has been determined as nil.

(2) 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 interim report of the Company for the six months ended June 30, 2025.

(3) For the 3,212,500 Post-IPO Share Awards granted to 107 eligible participants under the Post-IPO Share Scheme on July 3, 2024, they shall be vested 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.

For the 5,104,000 Post-IPO Share Awards granted to 51 eligible participants under the Post-IPO Share Scheme during the Reporting Period, they shall be vested in full on January 20, 2026 subject to the terms and conditions as set out in the letter of grant (including the fulfilment of the performance targets).

As 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.

(4) The five highest paid individuals in the Group for the six months ended June 30, 2025 include Mr. Chen Guosheng, an executive Director. The details regarding the Post-IPO Award granted to him are disclosed in the above table.

(5) No Post-IPO Share Awards were granted to Post-IPO Service Provider Participants (as defined in the Prospectus) under the Post-IPO Share Scheme since the adoption of the Post-IPO Share Scheme and up to December 31, 2024.

(6) The vesting of the 3,212,500 Post-IPO Share Awards granted to 107 eligible participants on July 3, 2024 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.

The vesting of the 5,104,000 Post-IPO Share Awards granted to 51 eligible participants during the Reporting Period shall be conditional upon the performance results of the individual grantee achieving the respective performance targets in 2025.

(7) Subsequent to the Reporting Period, 6,348,000 Post-IPO Share Options (as defined in the Prospectus), involving a total of 6,348,000 Post-IPO Award Shares, which represent approximately 1.55% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement, were granted to 102 eligible participants (the "**2025 Grantees**") at nil consideration under the Post-IPO Share Scheme. The Post-IPO Share Options granted to the 2025 Grantees will be satisfied by existing Shares held by the trustees of the Post-IPO Share Scheme (the "**Trustees**"). The Trustees shall continue to hold such Shares underlying the Post-IPO Share Options on trust for the 2025 Grantees and shall transfer such Shares to the 2025 Grantees upon exercise. As of the date of this announcement, the Trustees held 14,219,500 Shares under the Post-IPO Share Scheme. Further details are set out in the announcement of the Company dated July 3, 2025.

As no share options had been granted since the adoption of the Post-IPO Share Scheme and up to December 31, 2024 and all Post-IPO Awards that were granted since the adoption of the Post-IPO Share Scheme and up to December 31, 2024 were/will be satisfied by existing Shares held by the Trustees, as of January 1, 2025, 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 approximately 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 that were granted under the Post-IPO Share Scheme during the Reporting Period were/will be satisfied by existing Shares held by the Trustees, as of June 30, 2025, 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 approximately 10.40% and 1.04% of the total number of Shares in issue (excluding treasury Shares) as of the date of this announcement respectively.

No options were granted under the Pre-IPO Share Scheme during the Reporting Period and all awards granted under the Post-IPO Share Scheme during the Reporting Period were/will be settled by Shares held by the Trustees. Thus, no new Shares will be issued in respect of any options or awards granted under the Pre-IPO Share Scheme and the Post-IPO Share Scheme during the Reporting Period. As no Shares were 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 June 30, 2025, the Group did not have any material contingent liabilities.

Pledge of Assets

As of June 30, 2025, the property, plant and equipment and right-of-use assets of the Group with net book values of RMB383.6 million and RMB46.1 million (as of December 31, 2024: RMB463.0 million and RMB86.4 million) respectively were pledged as collateral for the Group's borrowings.

As of June 30, 2025, certificate of deposits of the Group in the amount of RMB635.0 million (as of December 31, 2024: RMB467.1 million) were pledged as security for the Group's notes payable.

As of June 30, 2025, 100% (as of December 31, 2024: 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 June 30, 2025.

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

As of June 30, 2025, 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 of Hong Kong Limited (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 report. 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 January 1, 2025 *(In HKD millions)*	Utilized Net Proceeds as of June 30, 2025 *(In HKD millions)*	Unutilized Net Proceeds as of June 30, 2025 *(In HKD millions)*	Timeframe for the unused balance
Expand research and development capabilities to maintain the Group's technical edge	**211.9**	**211.9**	**41.0**	**197.6**	**14.3**	**By the end of 2025[2]**
Research and development of new and upgraded products as well as technologies	169.5	169.5	41.0	155.2	14.3	By the end of 2025[2]
Recruitment of additional research and development personnel	21.2	21.2	–	21.2	–	–
Other research and development costs, including purchasing and upgrading research and development equipment	21.2	21.2	–	21.2	–	–
Strengthen sales and distribution channels and raising brand awareness	**211.9**	**211.9**	**6.1**	**209.5**	**2.5**	**By the end of 2025[2]**
Expand and optimize the Group's retail outlets in mainland China	127.2	127.2	–	127.2	–	–
Branding and marketing activities	63.6	63.6	–	63.6	–	–
Enhance online channels and bring online traffic to the Group's physical retail outlets	10.6	10.6	–	10.6	–	–
Expand the Group's sales in international markets	10.6	10.6	6.1	8.1	2.5	By the end of 2025[2]
Strengthen the Group's production capabilities	**211.9**	**211.9**	**9.1**	**211.9**	**–**	**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	–	126.8	–	–
Capacity expansion plan of the Group's Shandong Plant	63.6	21.6	–	21.6	–	–
Capacity expansion plan of the Group's Guangxi Plant	63.6	63.6	9.1	63.6	–	By the end of June 2025[2]
Working capital and other general corporate purposes	**70.6**	**70.6**	**–**	**70.6**	**–**	**–**
Total	**706.4**	**706.4**	**56.2**	**689.7**	**16.7**	**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 announcements of annual results for the years ended December 31, 2023 and 2024, and interim report and announcement of interim results for the six months ended June 30, 2024. Due to delay in completion of project checking administrative procedures, use of HKD9.1 million for capacity expansion of the Group's Guangxi Plant had been delayed and 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 further delayed and unutilized Net Proceeds for this purpose of approximately HKD41.0 million as of December 31, 2024 is expected to be fully utilized by the end of 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 (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, 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 June 30, 2025, the Company held 16,497,000 treasury Shares. Subject to compliance with the Listing Rules, the Company may consider applying such treasury Shares for resale, consideration of future acquisitions, or funding existing share schemes of the Company.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events subsequent to June 30, 2025 which could have a material impact on the operating and financial performance of the Group as of the date of this announcement.

NO MATERIAL CHANGE

Since the publication of the Group's annual report for the year ended December 31, 2024 on April 23, 2025, there has been no material change to the Group's business.

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.

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.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended June 30, 2025 (for the six months ended June 30, 2024: nil).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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 interim results of the Group for the six months ended June 30, 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.luyuan.cn/). The interim report of the Company for the six months ended June 30, 2025 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.

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

Hong Kong, August 27, 2025

As of 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.

* *for identification purpose only*