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LUYUAN

绿源

Luyuan Group Holding (Cayman) Limited

綠源集團控股(開曼)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2451)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED
DECEMBER 31, 2025 AND PROPOSED AMENDMENTS TO THE
ARTICLES OF ASSOCIATION OF THE COMPANY**

The board (the “**Board**”) of directors (the “**Directors**”) of Luyuan Group Holding (Cayman) Limited (the “**Company**” or “**Luyuan**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”, “**our Group**”, “**we**” or “**us**”) for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2024 as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- revenue for the year amounted to RMB5,906.8 million, representing a year-on-year increase of approximately 16.5%;
- profit for the year amounted to RMB175.1 million, representing a year-on-year increase of approximately 50.9%;
- basic and diluted earnings per share attributable to equity holders of the Company for the year were RMB46.0 cents and RMB44.0 cents, respectively, representing a year-on-year increase of approximately 53.3% and 51.7%.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

		Year ended December 31,	
		2025	2024
	Note	RMB'000	RMB'000
Revenue	3	5,906,847	5,071,956
Cost of sales	6	(5,093,270)	(4,406,943)
Gross profit		813,577	665,013
Selling and marketing costs	6	(349,950)	(311,619)
Administrative expenses	6	(122,914)	(103,844)
Research and development costs	6	(240,215)	(231,172)
Reversal of impairment on financial assets		3,978	52
Other income	4	78,882	88,141
Other expense	4	(10,616)	(12,282)
Other gains – net	5	6,182	15,882
Operating profit		178,924	110,171
Finance income	7	30,297	38,400
Finance costs	7	(20,563)	(21,983)
Finance income – net		9,734	16,417
Share of results of associates		(1,760)	(1,157)
Profit before income tax		186,898	125,431
Income tax expenses	8	(11,797)	(9,363)
Profit for the year		175,101	116,068
Profit attributable to:			
– the equity holders of the Company		175,101	116,757
– Non-controlling interests		–	(689)
Earnings per share for profit attributable to equity holders of the Company			
– Basic (RMB per share)	9	0.46	0.30
– Diluted (RMB per share)	9	0.44	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Year ended December 31,	
	2025	2024
Note	RMB'000	RMB'000
Profit for the year	175,101	116,068
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	12,054	(15,143)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	(40)	25
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of the Company	(13,707)	12,792
Total comprehensive income for the year	173,408	113,742
Attributable to:		
– The equity holders of the Company	173,408	114,431
– Non-controlling interests	–	(689)

CONSOLIDATED BALANCE SHEET

As at December 31, 2025

		As at December 31,	
		2025	2024
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,312,395	1,255,334
Right-of-use assets		166,279	145,140
Intangible assets		2,136	773
Financial assets at fair value through profit or loss		3,300	–
Investments in associates	13	22,000	23,760
Deferred income tax assets		26,061	23,188
Other receivables and prepayments	12	187,231	177,373
Time deposits		50,000	30,000
Trade and lease receivables	11	2,745	486
		<u>1,772,147</u>	<u>1,656,054</u>
Current assets			
Inventories	10	334,387	303,068
Trade and notes and lease receivables	11	388,103	360,302
Other receivables and prepayments	12	354,906	237,965
Financial assets at fair value through profit or loss		997,528	491,659
Debt instruments at fair value through other comprehensive income		64,904	42,000
Time deposits		342,550	293,850
Restricted cash		362,460	384,940
Cash and cash equivalents		474,779	554,505
		<u>3,319,617</u>	<u>2,668,289</u>
Total assets		<u>5,091,764</u>	<u>4,324,343</u>
Net current assets		<u>310,416</u>	<u>151,123</u>

		As at December 31,	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
OWNERS' EQUITY			
Share capital		305	305
Share premium		717,979	688,457
Other reserves		219,988	148,004
Retained earnings		737,839	659,655
		<hr/>	<hr/>
Capital and reserve attributable to equity holders of the Company		1,676,111	1,496,421
		<hr/>	<hr/>
Non-controlling interests		–	1,311
		<hr/>	<hr/>
Total equity		1,676,111	1,497,732
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>16</i>	342,080	259,460
Provisions		11,844	9,147
Lease liabilities		12,210	11,785
Deferred income		37,545	26,135
Deferred income tax liabilities		2,773	2,918
		<hr/>	<hr/>
		406,452	309,445
		<hr/>	<hr/>
Current liabilities			
Trade and notes and other payables	<i>15</i>	1,940,681	1,655,711
Contract liabilities		90,169	91,395
Borrowings	<i>16</i>	944,348	742,873
Provisions		3,345	2,362
Lease liabilities		9,420	5,600
Income tax liabilities		21,238	19,225
		<hr/>	<hr/>
		3,009,201	2,517,166
		<hr/>	<hr/>
Total liabilities		3,415,653	2,826,611
		<hr/>	<hr/>
Total equity and liabilities		5,091,764	4,324,343
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(1) GENERAL INFORMATION

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

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

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

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

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

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended December 31, 2025 but are extracted from those financial statements.

(2) BASIS OF PREPARATION

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

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

Amendments to standards and interpretation of HKFRSs effective from January 1, 2025

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

Standards and amendments	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 year ended December 31, 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.

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7	January 1, 2026
Contracts Referencing Nature-dependent Electricity – Amendments to HKFRS 9 and HKFRS 7	January 1, 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
HKFRS 19 Subsidiaries without Public Accountability – Disclosures	January 1, 2027
Amendments to HKAS 21 on Translation to a Hyperinflationary Presentation Currency	January 1, 2027
HKFRS 10 and HKAS 28 (Amendment) – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for HKFRS 18 which will mainly impact the presentation of the consolidated statements of comprehensive loss.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Impact on consolidated statements of comprehensive loss:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

Foreign exchange differences

Foreign exchange differences currently aggregated in the line item “other gains/(losses) – net” in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item “other gains/(losses) – net” in operating profit and will be presented below operating profit.

Impact on consolidated balance sheets:

- The line items presented on the primary financial statements might change as a result of the application of the concept of “useful structured summary” and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

Impact on disclosures:

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with HKFRS 18.

3 REVENUE AND SEGMENT REPORTING

3.1 Disaggregation of revenue from contract with customers

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Sales of goods	5,871,921	5,034,752
Revenue from services	34,926	37,204
	<u>5,906,847</u>	<u>5,071,956</u>
Timing of revenue recognition		
– At point in time	5,871,921	5,034,752
– Over time	34,926	37,204
	<u>5,906,847</u>	<u>5,071,956</u>

Information about major customers

In 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

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other income –		
Income from obsolete material and work in progress	9,263	8,080
Rental income from operating lease	8,818	2,046
Interest income from loans to a third party	1,347	–
Interest income from time deposits	3,885	5,039
Interest income from long-term receivables	151	616
Government grants (<i>Note</i>)	45,376	62,667
Others	10,042	9,693
	<u>78,882</u>	<u>88,141</u>
Other expense –		
Cost of obsolete material and work in progress	(4,086)	(6,722)
Others	(6,530)	(5,560)
	<u>(10,616)</u>	<u>(12,282)</u>

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

5. OTHER GAINS – NET

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Exchange (losses)/gains	(367)	733
Fair value changes on financial assets at fair value through profit or loss	18,891	20,231
Donation	(600)	(300)
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(879)	198
Losses on disposal of financial assets at fair value through other comprehensive income	(8,001)	(5,204)
Others – Net	(2,862)	224
	<u>6,182</u>	<u>15,882</u>

6. EXPENSES BY NATURE

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Raw materials and consumables used	4,752,107	4,073,292
Employee benefits expenses	416,872	364,282
Advertising expense	98,478	106,276
Outsourcing labor fee	146,921	133,115
Freight	18,984	31,944
Travel expense	43,761	43,968
Consulting costs	32,142	18,767
Depreciation of property, plant and equipment	114,857	100,036
Amortization of intangible assets	352	798
Depreciation of right-of-use assets	10,979	6,936
Expense relating to short-term leases or low value leases	5,449	4,214
Design fee	60,610	64,170
Warranty	3,223	5,023
Tax and surcharges	36,533	34,416
Office expense	18,071	13,341
Auditors' remuneration		
– Audit services	2,348	2,243
– Non-audit services	713	657
Other expenses	43,949	50,100
	<u>5,806,349</u>	<u>5,053,578</u>
Total cost of sales, selling and marketing costs, administrative expenses and research and development costs	<u>5,806,349</u>	<u>5,053,578</u>

7. FINANCE INCOME – NET

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Finance costs		
– Interest on bank loans and other loans	(19,718)	(21,617)
– Interests on lease liabilities	(845)	(366)
	<u>(20,563)</u>	<u>(21,983)</u>
Total finance costs	<u>(20,563)</u>	<u>(21,983)</u>
Finance income		
– Interest income on bank deposits	30,297	38,400
	<u>30,297</u>	<u>38,400</u>
Net finance income	<u>9,734</u>	<u>16,417</u>

8 INCOME TAX EXPENSES

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax	14,802	17,806
Deferred income tax	(3,005)	(8,443)
	<u>11,797</u>	<u>9,363</u>
Total income tax expenses	<u>11,797</u>	<u>9,363</u>

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

9 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended December 31,	
	2025	2024
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>175,101</u>	<u>116,757</u>
Weighted average number of shares in issue excluding treasury shares (<i>in thousand</i>)	<u>380,947</u>	<u>395,120</u>
Basic earnings per share (<i>RMB</i>)	<u>0.46</u>	<u>0.30</u>

(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 and shares granted to employees are considered to be potential ordinary shares.

	Year ended December 31,	
	2025	2024
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>175,101</u>	<u>116,757</u>
Weighted average number of ordinary shares in issue excluding treasury shares (<i>in thousand</i>)	380,947	395,120
Adjustments for share based compensation (<i>in thousand</i>)	<u>16,650</u>	<u>7,383</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (<i>in thousand</i>)	397,597	402,503
Diluted earnings per share (<i>RMB</i>)	<u><u>0.44</u></u>	<u><u>0.29</u></u>

10. INVENTORIES

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	50,417	83,885
Work in progress	15,902	22,057
Finished goods	267,448	196,611
Goods in transit	<u>620</u>	<u>515</u>
	<u><u>334,387</u></u>	<u><u>303,068</u></u>

No inventory provision was made for the years ended December 31, 2024 and 2025.

During the years ended December 31, 2024 and 2025, inventories recognized as cost of sales amounted to approximately RMB4,073,292,000 and RMB4,752,107,000 respectively.

11. TRADE AND NOTES AND LEASE RECEIVABLES

(a) Trade receivables – current and notes receivables

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables – current	304,674	337,563
Less: Provision for impairment of receivables – current	<u>(35,381)</u>	<u>(25,347)</u>
	<u>269,293</u>	<u>312,216</u>
Notes receivables	119,275	48,283
Less: Provision for impairment of receivables	<u>(465)</u>	<u>(197)</u>
	<u>118,810</u>	<u>48,086</u>
	<u>388,103</u>	<u>360,302</u>

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

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	275,554	294,931
Between 1 and 2 years	12,671	5,392
Between 2 and 3 years	2,170	27,975
Over 3 years	<u>14,279</u>	<u>9,265</u>
	<u>304,674</u>	<u>337,563</u>

(b) Trade receivables – non-current

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables non-current	2,876	499
Less: Provision for impairment of receivables – non-current	<u>(131)</u>	<u>(13)</u>
	<u>2,745</u>	<u>486</u>

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

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	2,876	–
Over 1 year	–	499
	<u>2,876</u>	<u>499</u>

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

12 OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Prepayments for land use rights, construction and equipment	70,952	60,120
Deposits	4,563	6,294
Payment of decoration costs	111,839	111,150
Less: Provision for impairment of other receivables	(123)	(191)
	<u>187,231</u>	<u>177,373</u>
Current		
Prepayments for raw materials	71,457	24,829
Prepaid expenses	95,646	105,974
Prepaid taxes and surcharges and input VAT to be deducted	65,858	11,966
Receivables from disposal of land use rights	–	14,450
Loans to third parties	53,358	3,358
Deposits	536	1,108
Payment of decoration costs	61,620	87,554
Others	17,093	13,815
Less: Provision for impairment of other receivables	(10,662)	(25,089)
	<u>354,906</u>	<u>237,965</u>
	<u>542,137</u>	<u>415,338</u>

13 INVESTMENTS IN ASSOCIATES

	Year Ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in associates		
– Unlisted entities	<u>22,000</u>	<u>23,760</u>
Opening balance	23,760	1,517
Acquisition (a)	–	23,400
Share of results	<u>(1,760)</u>	<u>(1,157)</u>
Ending balance	<u>22,000</u>	<u>23,760</u>

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

14 DIVIDENDS

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend for the year ended December 31, 2024 of HKD15 cents per fully paid share	<u>56,308</u>	<u>–</u>

During the year ended December 31, 2025, a final dividend of HKD0.15 per share was paid in cash.

15 TRADE AND NOTES AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	567,890	483,294
Notes payable	1,189,412	929,145
Other tax payables	37,015	46,074
Payable for equipment	37,602	81,461
Deposits	23,697	13,138
Accrued expenses	24,502	43,604
Accrued payroll	56,624	54,527
Others	<u>3,939</u>	<u>4,468</u>
	<u>1,940,681</u>	<u>1,655,711</u>

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	525,707	463,807
Between 1 and 2 years	31,892	6,063
Between 2 and 3 years	3,377	5,280
Over 3 years	6,914	8,144
	<u>567,890</u>	<u>483,294</u>

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

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

16 BORROWINGS

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
– Bank loans-secured	322,500	376,500
– Bank loans-unsecured	35,000	35,000
	<u>357,500</u>	<u>411,500</u>
Less: Current portion of long-term borrowings		
– Bank loans-secured	(14,220)	(152,000)
– Bank loans-unsecured	(1,200)	(40)
	<u>(15,420)</u>	<u>(152,040)</u>
Total non-current borrowings	<u>342,080</u>	<u>259,460</u>
Borrowings included in current liabilities:		
– Bank loans-secured	83,325	12,287
– Bank loans-unsecured	146,000	40,000
– Other borrowings	699,603	538,546
	<u>928,928</u>	<u>590,833</u>
Add: Current portion of long-term borrowings		
– Banks loans-secured	14,220	152,000
– Bank loans-unsecured	1,200	40
	<u>15,420</u>	<u>152,040</u>
Total current borrowings	<u>944,348</u>	<u>742,873</u>
Total borrowings	<u>1,286,428</u>	<u>1,002,333</u>

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2025, against the backdrop of the ongoing trade-in policy for electric bicycles, the implementation of new national standards driving further enhancement of industry standards, and the continuous upgrading of consumer demand for safety, quality, and intelligent products, the electric two-wheeler industry overall maintained steady development while evolving further toward standardization, quality, and intelligence. As regulatory requirements continued to tighten and consumers' expectation on product standards continue to rise, industry competition is gradually shifting from a price-oriented focus to a comprehensive competition based on product strength, brand strength, channel strength, and quality control capabilities. Market resources are expected to further concentrate on companies with advantages in compliant operations, R&D manufacturing, and brand management.

During the Reporting Period, the Group proposed the “One Body, Two Wings” (一體兩翼) strategy and continued to promote its implementation, focusing on enhancing quality and efficiency in its main business, steadily advancing product upgrades, optimizing channels, and cultivating new growth curves. With continuous accumulation in manufacturing capacity, quality control, technology R&D, and brand building, the Group achieved sustained growth in product sales revenue, further improving overall operational quality.

In 2025, the Group recorded revenue of RMB5,906.8 million, representing an increase of approximately 16.5% compared to the year of 2024; the profit attributable to owners of the Company was RMB175.1 million, representing an increase of approximately 50.0% compared to the year of 2024. These increases in revenue and profit attributable to owners of the Company were primarily due to: (i) the continuous optimization of the Group's product structure and product upgrades leading to an increase in overall gross margin; (ii) enhanced channel operational efficiency and improvement in terminal sales driving sales growth, with total product sales reaching over 3.5 million units, representing an increase of approximately 13.8% compared to the sales volume of over 3.1 million units in 2024; and (iii) ongoing promotion of refined operations to further enhance profitability. Excluding the impact of share-based payment expenses of approximately RMB62.6 million, the Group recorded adjusted profits of RMB237.7 million for the year ended December 31, 2025, representing an increase of approximately 54.4% compared to the same period in 2024.

Research and Development

In 2025, the Group's R&D expenditure amounted to RMB240.2 million, which remained relatively stable compared to RMB231.2 million in 2024. In addition to sustaining R&D investment in the Group's electric bicycle business, the Group also directed R&D resources toward core technology areas in 2025, aiming to advance and support the Group's overall R&D and market strategy. During the Reporting Period, the Group entered into a micro-mobility technology licensing agreement with the BMW Group. The relevant technologies have since been applied to the development of lightweight mobility products tailored for diverse urban scenarios. This collaboration has enriched the Group's technological capabilities in the lightweight mobility segment and is expected to support future product upgrades and overseas market expansion.

The Group's R&D efforts remain consistently driven by user needs, with a focus on vehicle durability, safety, battery life, and intelligent interaction. Technological upgrades and product iterations have been steadily advanced across five core systems: the liquid-cooled intelligent powertrain system, solid-state electrical system, battery maintenance system, safety driving system, and intelligent interaction system. As of December 31, 2025, the Group held 1,124 patents. During the Reporting Period, the Group filed 419 new patent applications and was granted 406 patents, further solidifying its intellectual property foundation in core technology areas.

While continuing to deepen its expertise in core electric bicycles technologies, the Group has actively explored new business directions that align with its existing technological strengths. During the Reporting Period, the Group strategically advanced the development of key components for embodied robots. Leveraging its deep expertise in motor systems, motion control, and intelligent control technologies, the Group drove technological breakthroughs in robotic walking components – targeting improvements in motion stability, control precision, and energy efficiency – striving to achieve industry-leading engineering capabilities and technical standards in critical drive system components for robotics applications.

Products

The Group continuously improves its product layout to meet the diverse light mobility needs of users and, combined with brand and product strategy upgrades, further promotes the extension of its product system from traditional electric two-wheelers to “all-scenario light mobility” (全場景輕出行). According to the Group’s existing product architecture, the product portfolio now covers electric motorcycles, electric bicycles, electric-assist e-bikes, leisure tricycles, scooters, commercial products, and related accessories, with a layered layout tailored for different usage scenarios, including daily commuting, family outings, service delivery, and leisure activities.

As of December 31, 2025, the Group has launched over 30 new models and introduced new generation for several existing products. Among these, products such as the S70 Pro and Moda60 in the electric motorcycle sector, as well as the X30 and Neo series in the electric bicycle sector, further enrich the Group’s product offerings across various price ranges and segmented scenarios. The Group continues to expand its layout in new categories like electric-assist e-bikes and leisure tricycles to enhance coverage of diverse consumer demands. In the high-end electric-assist bicycle sector, the Group has launched the “LYVA” brand which product lineup is centered on high quality, stylish design, and smart features to further expand our product boundaries in the high-end light mobility market.

The Group continues to integrate core technologies such as liquid-cooled motors, digital battery maintenance, and intelligent interaction into its main products, continually optimizing durability, safety, range performance, and smart experiences. Related products and systems now cover functions such as intelligent power control, speed cruise, steep slope assistance, vehicle moving assistance, OTA upgrades, 4G remote unlocking, and Bluetooth contactless unlocking. Furthermore, advancements in battery management have enabled real-time battery level display, anomaly warnings, and intelligent temperature control, enhanced competitiveness through product differentiation and improved user’s riding experience.

In addition, the Group’s products have successfully obtained certification under the new “Mandatory Product Certification Implementation Rules for Electric Bicycles,” becoming one of the first companies in China to receive this new national standard certification.

Production

The Group is continuously committed to enhancing its manufacturing and quality control capabilities. During the Reporting Period, the Group strictly adhered to national technical standards and continuously advanced the standardization, automation, and intelligence of its production systems while actively participating in the national electric two-wheeler safety improvement initiative. Three smart production factories located in Zhejiang (Jinhua), Guangxi (Guigang), and Shandong (Linyi) have all been included in the industrial whitelist by the Ministry of Industry and Information Technology, becoming compliant manufacturers of electric bicycles. Meanwhile, the Chongqing smart production plant officially began operations in February 2025, marking the official launch of the Group's fourth smart manufacturing base in the country and further improving its regional capacity layout, providing support for the Group to enhance its intelligent manufacturing level and regional collaboration capabilities. The Chongqing base is oriented towards greening and intelligence, aiming to build a comprehensive intelligent manufacturing system that further strengthens the Group's manufacturing foundation.

During the Reporting Period, the Group continued to optimize its manufacturing system and build organizational capabilities. By integrating resources from different production bases, the Group enhanced production collaboration efficiency, product consistency, and quality stability. Simultaneously, focusing on engineering and quality capability development, the Group continually improved the specialization levels of its production bases by centering on new product introduction, advance quality planning, and centralized management of process quality. In addition to continuous optimization on the production side, the Group also enhanced production and service processes by promoting collaboration in product development chains, upgrading after-sales service models, and increasing investments in intelligent tools, thereby improving overall operational efficiency and quality control capabilities.

At the end of the Reporting Period, the Group further extended quality management to the level of supply chain collaboration by launching the “2026 New Wave Plan” (2026新浪潮計劃). By collaborating with 135 core suppliers to deepens coordination around R&D, planning, and quality, promoting an upgrade of supply chain management from traditional procurement support to a value-sharing system. This plan helps to advance quality control further upstream into research and development, production scheduling, and supply chain collaboration, enhancing operational resilience and laying a solid foundation for quality management and manufacturing efficiency throughout the entire product lifecycle.

Customers and Sales Channels of the Group

During the Reporting Period, the Group continuously improved its multi-dimensional channel layout, strengthened online-offline collaboration, and enhanced end-to-end retail capabilities. While the Group noted that offline distribution remains the primary sales channel for electric two-wheelers in the current domestic market, and it continued to consolidate its position in the Chinese market by further expanding its extensive distribution network. As of December 31, 2025, the Group's offline distribution network covered 339 cities across 30 provincial-level administrative regions in mainland China, with nearly 14,000 offline retail outlets.

To complement its offline business, the Group has opened online stores on mainstream e-commerce platforms such as Tmall (天貓), JD.com (京東), Pinduoduo (拼多多), and Douyin (抖音). By 2025, e-commerce had fully implemented the “online ordering, in-store pickup” (線上下單, 門店自提) model, bringing in orders for over three hundred fifty thousand complete vehicles to offline stores through new retail operations, aiding 7,600 stores in joining various online platforms and co-building over 50 regional livestream channels together with regions. We effectively utilized innovative livestreaming modes, such as co-creating livestreams with celebrity concerts and influencer drop-in sessions, achieving over 1 billion in total impressions across all online platforms and setting a new benchmark for industry operations.

The rapid growth of e-commerce, food delivery, and on-demand services has driven strong demand for electric two-wheelers due to their flexibility and efficiency. At the same time, ongoing urbanization has increased the need for “last-mile” (最後一公里) transportation solutions, particularly in shared mobility services. This trend aligns with current government policies promoting the use and development of shared mobility as a sustainable and environmentally friendly transportation solution.

Through these trends, the Group actively engaged with various enterprises and institutional clients. After establishing a strategic partnership with Hello Bike (哈囉單車) in 2023, the Group has been its main supplier for flagship products since 2024 and has jointly developed new products compliant with national standards. Additionally, in 2024, the Group became a key supplier of Didi Bike (滴滴青桔) electric two-wheelers and continued to expand supply in 2025, collaborating on a joint factory project in Jiangxi to enhance support and delivery capabilities, earning the title of Didi's Gold Supplier for 2025. Furthermore, since 2024, the Group established cooperation with Meituan and has become one of the fastest-growing suppliers of electric two-wheelers to Meituan (美團), based on the procurement amount over nearly two consecutive years.

During the Reporting Period, the Group actively expanded its international operations, entering seven new countries. The Company focused on localized brand penetration and significantly enhanced regional brand recognition through digital marketing. The expansion of channels in emerging markets and deeper cooperation with existing channels together drove the growth of the sales network. On the product front, two innovative products targeting overseas battery swapping needs were launched, initiating consumer segments entry. A pilot “Service + Subscription” (服務+訂閱) business model was also introduced to enhance customer stickiness and long-term value. Overall, overseas revenue grew by 38.6% year-on-year.

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 (小紅書), creating a closed-circuit integrated “Online Transaction – Offline Service – Instant Delivery” operational model to increase product sales. In terms of digital marketing, the Group continues to enhance its capabilities in content distribution and live-streaming conversion. During the Reporting Period, 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. The Group was recognized as one of the “Top 500 Most Valuable Brands in China” by the World Brand Lab during the Reporting Period, further reflecting the Group’s continued growth in brand influence.

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 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

Looking back at industry development, China's electric two-wheeler sector has gradually transitioned from incremental expansion to a stage of competitive market share, where growth solely driven by increased investment is experiencing diminishing marginal returns. In 2025, based on our advantages and long-term development perspective, the Group has identified new strategic opportunities: on one hand, the overseas electric two-wheeler market is still in a continuous growth phase, presenting a vast market space that is expected to provide new momentum for industry participants; on the other hand, with the ongoing advancements in artificial intelligence and robotics, continuous improvement in product capabilities, and the gradual expansion of application scenarios, the embodied robots industry is in a critical stage of accelerated development, with market potential continuously being released and promising future prospects.

Based on a prudent assessment of industry trends, as well as a comprehensive consideration of the Group’s resource endowments, core technology accumulation, and manufacturing capabilities, the Group proposes and is actively advancing the “One Body, Two Wings” development strategy. This strategy positions the domestic electric two-wheeler business as the “One Body” (一體), while overseas business and the embodied robots business serve as the “Two Wings” (兩翼), consolidating the core business while actively nurturing new growth points.

In the face of a continuously evolving market environment and competitive landscape, the Group will continue to focus on technological research and development, manufacturing, and brand building as key initiatives, steadily advancing the implementation of the “One Body, Two Wings” strategy, continuously solidifying core competitive advantages, optimizing business layout, and further enhancing D’s overall risk resistance and sustainable development capabilities.

- ***Deepen Core Technology Strengths; Drive Intelligent Upgrading:***

The Group will continue to increase R&D investment in core technology areas, continually solidifying its competitive advantages in proprietary technology fields such as liquid-cooled motor systems. Additionally, the Group will further enhance core technology barriers by continuously upgrading core systems and iterating technologies. While reinforcing fundamental capabilities such as product safety, durability, and range, it will also intensify R&D efforts in the field of intelligence, evolving product intelligence capabilities from basic connectivity to higher levels of perception and collaboration. This will support the ongoing optimization of product structures and steady improvement of overall competitiveness. Building on its core technological advantages, the Group will also increase R&D investment in high-end product-related technologies, focusing on high-performance products in power systems, battery technology, and charging technology to continuously enhance the performance and market competitiveness of high-end products. At the same time, to accelerate the transformation of technological achievements and improve R&D efficiency, the Group will continue to enhance the construction of a unified R&D platform, promote modular design, optimize development processes, and apply technological collaborations to improve the efficiency of core technologies across different product lines, enabling more effective responses to market demands.

- ***Boost Intelligent Manufacturing Efficiency and Collaboration; Solidify High-Quality Delivery Capability:***

The Group will continue to advance the upgrades and renovations of its smart manufacturing factories, further optimizing capacity layout and enhancing the automation, intelligence, and collaboration levels of its production system to strengthen capacity assurance and delivery efficiency, supporting continued business development and product structure upgrades. Additionally, the Group will continue to promote specialized capability enhancement projects, improving the manufacturing management system, strengthening cross-base collaboration, and optimizing operational processes to continually enhance overall manufacturing efficiency, product consistency, and quality stability. In terms of supply chain management, the Group will participate in the “New Wave Plan” (新浪潮計劃) to continuously promote the “Three Collaborations” (三協同) mechanism with suppliers, deepening collaboration with core suppliers in development, planning, and quality to further enhance supply chain responsiveness, support efficiency, and operational resilience, thereby laying a firmer manufacturing foundation for the Group’s future stable development.

- ***Enhance Brand Recognition to Shape Tech Perception; Expand the Ecosystem to Unlock Global Opportunities:***

The Group will closely align with its vision of “all-scenario light mobility” to promote “One Body, Two Wings” brand building, continuously enhancing brand recognition and influence. Around the theme of brand connotation upgrade, the Group will solidify the differentiated advantages of “liquid cooling technology” (液冷科技) in durability and performance, creating a “liquid cooling smart power technology platform” (液冷智慧動力技術平台) that covers both two-wheelers and embodied robots, while promoting deep integration of smart technology with product experience and youthful expression of technology to strengthen perceptions of innovation and quality. In marketing system upgrades, the Group will continue to leverage strengths in entertainment marketing and content dissemination, deepening digital marketing capabilities to enhance brand reach and conversion efficiency, further shaping a youthful and dynamic brand image. In the field of embodied robots, the Group will leverage its core technological strengths to actively integrate into the embodied robots ecosystem, telling compelling stories of technology empowerment through strategic cooperation and scenario co-creation, promoting the brand towards a technology platform-oriented manufacturing industry. Regarding international expansion, the Group will actively seize opportunities in international markets by participating in key international exhibitions, deepening cooperation with well-known international brands, and enhancing overseas market promotion to continuously increase global market influence. At the same time, the Group will adhere to a long-term perspective, promoting cross-border cooperation and ESG-related brand building by integrating green, low-carbon, quality mobility, and social responsibility concepts into brand narratives, further enhancing brand credibility and long-term value.

- ***Build an Integrated Foundation with Two Powered Wings; Open New Depths for Long-Term Growth:***

Looking ahead to 2026, the Group will continue to expand new businesses and cultivate new growth momentum around the “One Body, Two Wings” strategy. While consolidating the domestic electric two-wheeler core business, the Group will steadily advance its overseas operations and explore new directions such as embodied robots. In terms of overseas business, the Group will leverage its cooperation with BMW Group and other outstanding enterprises in technology, channels, markets, brands, and R&D to continuously refine its product matrix in key markets. It will orderly promote localized certification, localized production, and channel development, gradually enhancing the systematic capabilities for expanding its overseas business. Regarding embodied robots, the Group will adhere to the principles of cautious advancement and collaborative development, further clarifying its strategic positioning as one of the “wings.” Utilizing the Group’s core technological advantages and scaled manufacturing capabilities in areas such as motors and reduction components, it will facilitate the transformation and application of core technologies highly related to embodied robots joint technology in new application scenarios, enhancing industrial synergies and resource allocation efficiency. Based on the Group’s participation in building a robotics industry alliance and preliminary achievements in collaboration with embodied robots companies like Udeer (有鹿) and Dobot (越疆) in areas such as component supply, joint R&D design, and complete machine manufacturing, the Group will continue to steadily advance the development of related businesses, focusing on adapting to scenarios, partners, and commercialization pathways, and gradually form new sources of growth to support the Group’s long-term expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group recorded revenue of RMB5,906.8 million in 2025, representing an increase of approximately 16.5% from RMB5,072.0 million in 2024, primarily due to increase in revenue from electric bicycles and electric two-wheeled vehicle parts.

	For the year ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
Types of products				
Electric bicycles	3,605,796	61.0	3,016,537	59.5
Electric scooters ⁽¹⁾	706,182	12.0	711,438	14.0
Batteries ⁽²⁾	1,139,583	19.3	1,045,918	20.6
Electric two-wheeled vehicle parts ⁽³⁾	338,539	5.7	232,854	4.6
Others	81,821	1.4	28,005	0.6
<i>Subtotal</i>	<u>5,871,921</u>	<u>99.4</u>	<u>5,034,752</u>	<u>99.3</u>
Types of services				
Training services	13,288	0.2	14,460	0.3
Others	21,638	0.4	22,744	0.4
<i>Subtotal</i>	<u>34,926</u>	<u>0.6</u>	<u>37,204</u>	<u>0.7</u>
Total	<u>5,906,847</u>	<u>100.0</u>	<u>5,071,956</u>	<u>100.0</u>

Notes:

- (1) Representing electric motorcycles and electric mopeds. The revenue and sales volume of electric mopeds represent a relatively small portion of the Group's total revenue and sales volume, thus the revenue of electric mopeds has been grouped together with that of electric motorcycles.
- (2) Representing batteries sold together with our electric two-wheeled vehicles.
- (3) Representing vehicle parts, such as tires and batteries, sold separately to distributors for their provision of after-sales services to end customers.

Revenue from electric bicycles increased by approximately 19.5% from RMB3,016.5 million in 2024 to RMB3,605.8 million in 2025 mainly attributable by the Group's efforts to improve its channel efficiency and product diversification and enhancement which led to an increase in sales volume and per unit price of electric bicycles. Revenue from sales of batteries increased by approximately 9.0% from RMB1,045.9 million in 2024 to RMB1,139.6 million in 2025, mainly attributable to product upgrade which led to an increase in sales volume of batteries.

Revenue from electric scooters decreased by approximately 0.7% from RMB711.4 million in 2024 to RMB706.2 million in 2025, attributed to the impact of structural changes related to market demand.

Revenue from electric two-wheeled vehicle parts increased by approximately 45.4% from RMB232.9 million in 2024 to RMB338.5 million in 2025, primarily due to the Group's efforts in strengthening the diversification of product offerings and expanding its sales channels.

Revenue from sales of other products increased significantly by approximately 192.2% from RMB28.0 million in 2024 to RMB81.8 million 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 15.6% from RMB4,406.9 million in 2024 to RMB5,093.3 million in 2025, which is in line with the Group's revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit for the Group increased by approximately 22.3% from RMB665.0 million in 2024 to RMB813.6 million in 2025.

The gross profit margin for the Group increased from 13.1% in 2024 to 13.8% in 2025.

Selling and Marketing Costs

Selling and marketing costs increased by approximately 12.3% from RMB311.6 million in 2024 to RMB350.0 million in 2025, primarily attributable to an increase in share-based payments and brand consulting services.

Administrative Expenses

Administrative expenses of the Group increased by approximately 18.4% from RMB103.8 million in 2024 to RMB122.9 million in 2025, primarily attributable to an increase in share-based payments and SAP system fee.

Research and Development Costs

Research and development costs increased by approximately 3.9% from RMB231.2 million in 2024 to RMB240.2 million in 2025, primarily attributable to the increases in share-based payments, related machinery and equipment, and R&D projects related to overseas and embodied robots.

Reversal of Impairment on Financial Assets

The Group recognized a reversal of impairment on financial assets of RMB0.05 million in 2024 and RMB4.0 million in 2025. Such increase is primarily attributable to write-off of trade and other receivables which had been outstanding for a prolonged period and showed no prospect of recovery after the Group's continuous collection effort.

Other Income

Other income of the Group decreased by approximately 10.5% from RMB88.1 million in 2024 to RMB78.9 million in 2025, primarily attributable to a decrease in government grants.

Other Expense

Other expense of the Group decreased by approximately 13.6% from RMB12.3 million in 2024 to RMB10.6 million in 2025, primarily attributable to a decrease in scrap costs.

Other Gains – Net

Other gains – net of the Group decreased by approximately 61.1% from RMB15.9 million in 2024 to RMB6.2 million in 2025, primarily due to 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.

Finance Income – Net

Finance income – net of the Group decreased by approximately 40.7% from RMB16.4 million in 2024 to RMB9.7 million 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 of the Company dated September 28, 2023 (the “**Prospectus**”)).

Share of Results of Associates

The Group's share of results of associates represents the profits attributable to it from its equity interest in several associates. The Group recorded share of results of loss of RMB1.2 million and RMB1.8 million in 2024 and 2025, respectively, primarily because the associates of the Group recorded net loss for the year.

Income Tax Expenses

Income tax expenses of the Group increased by approximately 26.0% from RMB9.4 million in 2024 to RMB11.8 million in 2025, which is in line with the increase in the profit for the period of the Group.

Profit for the Year

As a result of the foregoing, profit for the year of the Group increased by approximately 50.9% from RMB116.1 million in 2024 to RMB175.1 million in 2025.

Inventories

The Group's inventories consist of raw materials, work in progress, finished goods and goods in transit. The Group's inventories increased by approximately 10.3% from RMB303.1 million as of December 31, 2024 to RMB334.4 million as of December 31, 2025, primarily due to an increase in raw materials and goods in transit in preparation for increasing customer orders for the products of the Group.

Trade Receivables

The Group's trade receivables decreased by approximately 13.0% from RMB312.7 million as of December 31, 2024 to RMB272.0 million as of December 31, 2025, primarily due to the increase in collection of credit sales from corporate and institutional clients.

Other Receivables and Prepayments

The Group's other receivables and prepayments increased by approximately 30.5% from RMB415.3 million as of December 31, 2024 to RMB542.1 million as of December 31, 2025, primarily due to an increase in advance payments for construction and equipment.

The other receivables and prepayments of the Group include, among others, loans to third parties. Loans to third parties, representing loans to certain distributors to support their normal business operations in prior years and entrusted loans extended to an independent third party through financial institutions acting on the Group's behalf. Loans to certain distributors remained at RMB3.4 million as of December 31, 2024 and 2025; while entrusted loans increased from RMB0 million to RMB50 million as of December 31, 2024 and 2025, respectively.

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 4.5% from RMB1,255.3 million as of December 31, 2024 to RMB1,312.4 million as of December 31, 2025, primarily due to the increase in machinery and equipment at the new production base, which aligns with our business expansion.

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 103.6% from RMB491.7 million as of December 31, 2024 to RMB1,000.8 million as of December 31, 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 RMB18.9 million. The Group's investment in financial instruments such as certificates of deposits is for the purpose of improving the return on idle cash and bank balances.

Trade Payables

The Group's trade payables increased by approximately 17.5% from RMB483.3 million as of December 31, 2024 to RMB567.9 million as of December 31, 2025, primarily due to increase in procurement volume in line with sales growth.

Capital Structure

The total assets of the Group increased by approximately 17.7% from RMB4,324.3 million as of December 31, 2024 to RMB5,091.7 million as of December 31, 2025. The total liabilities of the Group increased by approximately 20.8% from RMB2,826.6 million as of December 31, 2024 to RMB3,415.7 million as of December 31, 2025. Total liabilities-to-

assets ratio increased from 65.4% as of December 31, 2024 to 67.1% as of December 31, 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 1.10 times as of December 31, 2025.

Liquidity, Financial Resources and Gearing

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

For the Reporting Period, the Group financed its operations primarily through cash and cash equivalents, cash flows from operating activities, available bank loans and banking facilities, and the net proceeds (the “**Net Proceeds**”) from the Global Offering (as defined in the Prospectus). The Group’s primary uses of cash are to satisfy its working capital and capital expenditure needs. The Group mainly used Renminbi to hold cash and cash equivalents. Cash and cash equivalents of the Group decreased by approximately 14.4% from RMB554.5 million as of December 31, 2024 to RMB474.8 million as of December 31, 2025, primarily attributable to the purchase of large-denomination time deposits during the Reporting Period that drove an increase in cash outflows from investing activities. During the year ended December 31, 2025, the Group did not use any financial instrument for hedging purpose and did not have any outstanding hedging instruments as of December 31, 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%. Apart from bank loans, our borrowings also include other borrowings representing discounted bank notes. The gearing ratio of the Group increased from 68.1% as of December 31, 2024 to 78.0% as of December 31, 2025, primarily due to the increase in discounted bank notes recognised as other borrowings. Excluding the impact of the other borrowings which represent discounted bank notes, the ratio calculated by total debt divided by total equity as of same date and multiplied by 100% increased from 32.1% as of December 31, 2024 to 36.3% as of December 31, 2025.

As of December 31, 2025, the Group had interest-bearing bank and other borrowings of RMB1,286.4 million (as of December 31, 2024: RMB1,002.3 million), representing 37.7% (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 December 31, 2025, RMB944.3 million (as of December 31, 2024: RMB742.9 million) were repayable within one year and RMB342.1 million (as of December 31, 2024: RMB259.5 million) were repayable beyond one year. The Group’s bank borrowings amounting to RMB436.5 million as of December 31, 2025 (as of December 31, 2024: RMB298.4 million) were borrowings with fixed interest rates.

As of December 31, 2025, banking facilities of the Group totaling RMB3,220.0 million (as of December 31, 2024: RMB2,535.0 million) were utilized to the extent of RMB1,835.6 million (as of December 31, 2024: RMB1,116.4 million).

Capital Expenditures

The Group's capital expenditures decreased by approximately 46.8% from RMB433.4 million in 2024 to RMB230.5 million 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 December 31, 2025, the Group had 2,897 employees, as compared with 3,085 employees as of December 31, 2024. Total staff costs, including employee benefit expenses and outsourcing labor fee and Directors' remuneration, were RMB563.8 million in 2025, representing an increase of approximately 13.3% from RMB497.4 million in 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 on July 20, 2023 and conditionally adopted the Post-IPO Share Scheme (as defined in the Prospectus) on August 21, 2023.

As of December 31, 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 December 31, 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 12,023,439 underlying Shares, representing approximately 2.9% of the total issued Shares (excluding treasury Shares) as of December 31, 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 December 31, 2025, 14,664,500 Post-IPO Share Awards, involving a total of 14,664,500 Post-IPO Award Shares (as defined in the Prospectus), which represent approximately 3.6% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement. Further details are set out in the announcement of the Company dated July 3, 2024, January 20, 2025, and July 3, 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 year ended December 31, 2025 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 December 31, 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	417,500	-	-	1,309,100	-	See Note 5	See Note 4	From the date that is six months after the Listing Date (as defined below) to July 19, 2033
Five highest paid individuals											
Five highest paid individuals during the Reporting Period in aggregate ^{Note 6}	5,167,556	-	July 20, 2023	923,703	140,280	-	4,103,573	-	See Note 5	See Note 4	From the date that is six months after the Listing Date to July 19, 2033
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	1,833,383	400,470	-	7,919,866	-	See Note 5	See Note 4	From the date that is six months after the Listing Date to July 19, 2033
Total	15,321,275	-		2,757,086	540,750	-	12,023,439				

Notes:

- (1) Representing the number of the underlying Shares corresponding to the share options granted after the Capitalization Issue (as defined in the Prospectus).
- (2) As no further options will be granted under the Pre-IPO Share Scheme after October 12, 2023 (the “**Listing Date**”), no options were granted under the Pre-IPO Share Scheme during the Reporting Period. Accordingly, particulars of options granted under the Pre-IPO Share Scheme during the Reporting Period, including (i) the number of such options, (ii) the date of grant, (iii) the vesting period, exercise period, exercise price and performance targets, (iv) the closing price of the Shares immediately before the date on which the options were granted, and (v) the fair value of options at the date of grant and the accounting standard and policy adopted are not available.
- (3) To align with the purposes of the Pre-IPO Scheme to remunerate, incentivize, retain, reward, compensate and/or provide benefits to Pre-IPO Eligible Participants, the exercise price of the options under the Pre-IPO Share Scheme has been determined as nil.
- (4) The share options granted under the Pre-IPO Share Scheme are to vest in accordance with the following vesting schedule: (a) 10% of the share options are to vest on the first anniversary of the Pre-IPO Scheme Adoption Date (as defined in the Prospectus); (b) 20% of the share options are to vest on the second anniversary of the Pre-IPO Scheme Adoption Date; (c) 30% of the share options are to vest on the third anniversary of the Pre-IPO Scheme Adoption Date; and (d) 40% of the share options are to vest on the fourth anniversary of the Pre-IPO Scheme Adoption Date.
- (5) During the Reporting Period, 417,500 options were exercised by executive Director, Mr. Chen Guosheng. The weighted average closing price of the Shares immediately before the date on which such options were exercised during the Reporting Period is HKD8.76.

During the Reporting Period, 923,703 options were exercised by the five highest paid individuals in the Group. The weighted average closing price of the Shares immediately before the relevant dates on which such options were exercised during the Reporting Period is HKD8.95.

During the Reporting Period, 1,833,383 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 HKD8.17.

- (6) One of the five highest paid individuals in the Group for the year ended December 31, 2025 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 December 31, 2025.

Details of the Post-IPO Awards (as defined in the Prospectus) granted under the Post-IPO Share Scheme during the year ended December 31, 2025 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 exercised/ during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested/unexercised awards as at December 31, 2025	Purchase price ^{Note 1} (HKD)	Closing price/ Average 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	51,150	–	–	119,350	–	6.03	5.88	See Note 3
	–	162,500	July 3, 2025	–	–	–	162,500	–	7.978	7.93	See Note 3
Ni Boyuan	128,000	–	July 3, 2024	38,400	–	–	89,600	–	6.03	5.88	See Note 3
	–	177,000	July 3, 2025	–	–	–	177,000	–	7.978	7.93	See Note 3
Subtotal	298,500	339,500		89,550	–	–	548,450				
Five highest paid Individuals											
Five highest paid individuals during the Reporting Period in aggregate ^{Note 4}	574,000	–	July 3, 2024	150,900	21,300	–	401,800	–	6.03	5.88	See Note 3
	–	716,500	July 3, 2025	–	–	–	716,500	–	7.978	7.93	See Note 3
Subtotal	574,000	716,500		150,900	21,300	–	1,118,300				
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	709,200	80,350	–	1,720,950	–	6.03	5.88	See Note 3
	–	5,454,500	July 3, 2025	–	–	–	5,454,500	–	7.978	7.93	See Note 3
Subtotal	2,510,500	5,454,500		709,200	80,350	–	7,175,450				
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	3,212,500	11,452,000		898,500	101,650	–	13,664,350				

- (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 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 annual report of the Company for the year ended December 31, 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).

For the 6,348,000 Post-IPO Share Options granted to 102 eligible participants under the Post-IPO Share Scheme during the Reporting Period, 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 Options granted to the respective Grantee will be vested from July 3, 2026; (b) 30% of the Post-IPO Share Options granted to the respective Grantee will be vested from July 3, 2027; and (c) 40% of the Post-IPO Share Options granted to the respective Grantee will be vested from July 3, 2028.

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 year ended December 31, 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) 5,104,000 Post-IPO Share Awards were granted to Post-IPO Service Provider Participants (as defined in the Prospectus) under the Post-IPO Share Scheme Further details are set out in the announcement of the Company dated January 20, 2025.
- (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 on January 20, 2025 shall be conditional upon the performance results of the individual grantee achieving the respective performance targets in 2025.

The vesting of the 6,348,000 Post-IPO Share Options granted to 102 eligible participants on July 3, 2025 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 Options.

- (7) Subsequent to the Reporting Period, 28,685,500 Post-IPO Share Awards in the form of restricted share units, involving a total of 28,685,500 Post-IPO Award Shares, which represent approximately 6.99% of the total Shares in issue (excluding treasury Shares) as of the date of this announcement, were granted to 252 eligible participants (the “**2026 Grantees**”). The Grant to Employees shall only be satisfied by allotment and issuance of new Shares by the Company to the trust(s) of the Post-IPO Share Scheme (the “**Trustee**”) in accordance with the terms of the Post-IPO Share Scheme. The Grant to Service Providers shall first be satisfied by allotment and issuance of new Shares by the Company to the trust(s) of the Post-IPO Share Scheme in accordance with the terms of the Post-IPO Share Scheme, and the remaining portion will be satisfied by acquisition of existing Shares by the Trustee pursuant to the Post-IPO Share Scheme. The Trustee shall continue to hold such Shares underlying the Post-IPO Share Awards on trust for the 2026 Grantees and shall transfer such Shares to the 2026 Grantees upon vesting. As of the date of this announcement, the Trustee holds 10,650,000 Shares under the Post-IPO Share Scheme. Further details are set out in the announcement of the Company dated January 5, 2026.

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 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 of December 31, 2025, (i) the Post-IPO Scheme Mandate Limit (as defined in the Prospectus) was 42,666,700 Shares and the Post-IPO Service Provider Sublimit (as defined in the Prospectus) was 4,266,670 Shares, representing 10.40% and 1.04% of the total number of Shares in issue (excluding treasury Shares) as of the date of this announcement respectively.

As no Shares may be issued in respect of options and awards granted under all schemes of the Company (namely the Pre-IPO Share Scheme and the Post-IPO Share Scheme) during the Reporting Period, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) for the Reporting Period is not available.

Contingent liabilities

As of December 31, 2025, the Group did not have any material contingent liabilities.

Pledge of Assets

As of December 31, 2025, the property, plant and equipment and right-of-use assets of the Group with net book values of RMB504.7 million and RMB124.4 million (as of December 31, 2024: RMB463.0 million and RMB86.4 million) respectively were pledged as collateral for the Group's borrowings.

Financial instruments primarily consist of certificate of deposits of the Group in the amount of RMB761.3 million were pledged as security for the Group's notes payable as of December 31, 2025 (as of December 31, 2024: RMB467.1 million).

As of December 31, 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 December 31, 2025.

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

As of December 31, 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. As of the date of this announcement, there is no specific plan authorized by the Board for other material investments or acquisition of capital assets. However, the Group will continue to identify new opportunities for business development.

USE OF PROCEEDS

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

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

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

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

Intended use of Net Proceeds	Intended use of Net Proceeds from the initial public offering <i>(In HKD millions)</i>	Revised intended use of Net Proceeds from the initial public offering <i>(In HKD millions)</i>	Unutilized Net Proceeds as of January 1, 2025 <i>(In HKD millions)</i>	Utilized Net Proceeds as of December 31, 2025 <i>(In HKD millions)</i>	Unutilized Net Proceeds as of December 31, 2025 <i>(In HKD millions)</i>
Expand research and development capabilities to maintain the Group's technical edge	211.9	211.9	41.0	211.9	-
Research and development of new and upgraded products as well as technologies	169.5	169.5	41.0	169.5	-
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	211.9	-
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	10.6	-
Strengthen the Group's production capabilities	211.9	211.9	9.1	211.9	-
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	-
Working capital and other general corporate purpose	70.6	70.6	-	70.6	-
Total	706.4	706.4	56.2	706.4	-

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 and 2025. 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 had been further delayed and unutilized Net Proceeds for this purpose of approximately HKD41.0 million as of December 31, 2024, which had been 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 which had been fully utilized by the end of 2025. The Directors considered that such delay in the utilization of the Net Proceeds have no material adverse impact on the operation of the Group.

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 year ended December 31, 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury Shares).

As of December 31, 2025, the Company held 16,497,000 treasury Shares. Subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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. All treasury Shares held by the Company are not entitled to receive any proposed final dividend (if any).

EVENTS AFTER THE REPORTING PERIOD

28,685,500 Post-IPO Share Awards in the form of restricted share units were granted by the Company in January 5, 2026, further details are set out in the announcement of the Company dated January 5, 2026. Save as aforesaid, the Group has no material events subsequent to December 31, 2025 which could have a material impact on the operating and financial performance of the Group as of the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: HKD0.15 per ordinary Share).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**AGM**”) will be held on June 17, 2026. A notice convening the AGM will be published and sent to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the Company’s register of members will be closed from Friday, June 12, 2026 to Wednesday, June 17, 2026, both dates inclusive, during which period no transfer of share will be registered. Shareholders whose names appear on the register of members on Wednesday, June 17, 2026 (i.e. the record date) will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, June 11, 2026.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained to comply with the minimum public float percentage requirement under the Listing Rules at any time during the Reporting Period.

AUDIT COMMITTEE

As of the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Wu Xiaoya, Mr. Liu Bobin and Mr. Peng Haitao. Mr. Wu Xiaoya is the chairman of the Audit Committee who possesses appropriate professional qualifications as required by Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee and the Company’s management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting, including a review of the annual results of the Group for the year ended December 31, 2025.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the Reporting Period as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

This announcement is also made by the Company pursuant to Rule 13.51(1) of the Listing Rules. The Board, through resolution passed on 30 March 2026, proposed to amend the existing amended and restated articles of association of the Company (the “**Existing Articles**”) to reflect (among others): online participation at general meetings and voting by Shareholders by electronic means other housekeeping amendments and (collectively, the “**Proposed Amendments**”).

The adoption of the second amended and restated articles of association incorporating the Proposed Amendments in substitution for and to the exclusion of the Existing Articles is subject to the approval of the Shareholders by way of a special resolution at the upcoming AGM to become effective. A circular containing, among others, details of the Proposed Amendments, together with a notice of the AGM, will be made available to the Shareholders in due course.

* *for identification purpose only*

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

Hong Kong, March 30, 2026

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