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**LUYUAN**

**綠源**

**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)**

## **VOLUNTARY ANNOUNCEMENT IN RELATION TO ACQUISITION OF LAND USE RIGHTS IN CHONGQING CITY, THE PRC**

This announcement is made by Luyuan Group Holding (Cayman) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders and potential investors of the Company about its latest business development.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Chongqing Luyuan Electric Vehicle Co., Ltd. (“**Chongqing Luyuan**”), an indirect wholly-owned subsidiary of the Company, had successfully won the bid for the grant of state-owned construction land use rights of a parcel of land located in Dazu District, Chongqing City, the People’s Republic of China (the “**PRC**”) (the “**Land**”) in the listing-for-sale process from Chongqing City Dazu District Planning and Natural Resources Bureau\* (重慶市大足區規劃和自然資源局) (the “**Vendor**”) for a total consideration of RMB40,495,500. The contract for the grant of the state-owned construction land use rights\* (國有建設用地使用權出讓合同) in relation to the acquisition of the land use rights of the Land (the “**Acquisition**”) had been entered into between the Vendor and Chongqing Luyuan recently. The Group will finance the Acquisition with the net proceeds from the Global Offering (as defined in the prospectus of the Company dated September 28, 2023) for such purpose.

The Land is situated at Wangu Town, Dazu Gaoxin District\* (大足高新區萬古鎮), Chongqing City, the PRC with a total site area of approximately 179,983 square meters and plot ratio of not less than 1. The Land is designated for industrial usage with the term of use of 50 years.

## **INFORMATION ON THE PARTIES TO THE ACQUISITION**

The principal business activity of the Group is design, research and development, manufacturing and selling of electric two-wheeled vehicles. Chongqing Luyuan is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in manufacturing of electric vehicles and accessories.

The Vendor is a local government body of the PRC and is responsible for, among other things, overseeing and administering the assignment and transfer of the land use rights of state-owned land in Dazu District, Chongqing City, the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (having the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **REASON FOR THE ACQUISITION**

The Group intends to use the Land to construct a new production facility focusing on the manufacturing of electric vehicles and accessories (the "**Factory**"). The Board expects that the Factory, after put into operation, will gradually enhance the production capacity up to approximately 2.0 million units annually by 2026, which is conducive to meeting the surging demands of the products of the Group, realising the Group's long-term development plans and maintaining its leading market position. Besides, the Factory is strategically located in Chongqing City, the Group considers that it will enable the Group to effectively utilize supply chains and supporting resources in the Southwestern part of the PRC. Having considered the aforesaid, the Board is of the view that the Acquisition is in line with the business strategies and long-term development objectives of the Group, and is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATION OF THE LISTING RULES**

As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition do not exceed 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the matters referred to above will be made by the Company as and when required in accordance with the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, March 1, 2024

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

*\* For identification purposes only.*