Upon [**REDACTED**], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the [**REDACTED**]:

Connected persons	Connected Relationship
Shandong Heavy Industry and its associates (excluding our Group) ("**Shandong Heavy Industry Connected Persons**")	Shandong Heavy Industry is one of our Controlling Shareholders. Accordingly, Shandong Heavy Industry and its associates constitute connected persons of our Company under the Listing Rules.
Shandong Heavy Industry Finance Company	Shandong Heavy Industry Finance Company is a subsidiary of Shandong Heavy Industry, which was owned as to (i) 37.5% by Sinotruk (Hong Kong) Limited, a subsidiary of Shandong Heavy Industry; (ii) approximately 23.44% by Shandong Heavy Industry; (iii) approximately 19.53% by Weichai Power; (iv) approximately 7.81% by Weichai Heavy Machinery Co., Ltd.; (v) approximately 7.81% by our Company; and (vi) approximately 3.91% by Shaanxi Fast Gear as of the Latest Practicable Date. Accordingly, Shandong Heavy Industry Finance Company is an associate of Shandong Heavy Industry and constitutes a connected person of our Company under the Listing Rules.
Shanzhong Finance Leasing Co., Ltd. (山重融資租賃有限公司) ("**Shanzhong Finance Leasing Company**")	Shanzhong Finance Leasing Company is a subsidiary of Shandong Heavy Industry, which was owned as to (i) approximately 56.74% by China National Heavy Duty Truck Group Co., Ltd. (中國重型汽車集團有限公司), a subsidiary of Shandong Heavy Industry, (ii) 32.50% by Shandong Heavy Industry, and (iii) approximately 10.76% by Weichai Heavy Machinery as of the Latest Practicable Date. Accordingly, Shanzhong Finance Leasing Company is an associate of Shandong Heavy Industry and constitutes a connected person of our Company under the Listing Rules.
Weichai Holdings, Weichai Power, Weichai Lovol, Lovol Heavy Industry and Weichai Qingdao	Weichai Holdings, Weichai Power, Weichai Lovol, Lovol Heavy Industry and Weichai Qingdao are subsidiaries of Shandong Heavy Industry. Accordingly, each of Weichai Holdings, Weichai Power, Weichai Lovol, Lovol Heavy Industry and Weichai Qingdao is an associate of Shandong Heavy Industry and constitutes a connected person of our Company under the Listing Rules

OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Applicable Listing Rule	Waiver sought
Fully-exempt continuing connected transactions			
Provision of IT support services by connected persons	Shandong Heavy Industry Connected Persons	Rule 14A.76(1)	N/A
Lovol Heavy Industry Entrusted Management Agreement	Weichai Holdings and Lovol Heavy Industry	Rule 14A.76(1)	N/A
Weichai Qingdao Entrusted Management Agreement	Weichai Lovol, Weichai Holdings, Weichai Power and Weichai Qingdao	Rule 14A.76(1)	N/A
Loan services and miscellaneous financial services under the Financial Services Agreement. . . .	Shandong Heavy Industry Finance Company	Rules 14A.76(1) and 14A.90	N/A
Non-exempt continuing connected transactions			
Comprehensive Products Procurement Framework Agreement	Shandong Heavy Industry	Rules 14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval
Comprehensive Products Supply Framework Agreement	Shandong Heavy Industry	Rules 14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval
Finance Lease Business Cooperation Framework Agreement	Shanzhong Finance Leasing Company	Rules 14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval
Deposit Services under the Financial Services Agreement	Shandong Heavy Industry Finance Company	Rules 14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following types of transactions with our connected persons which will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements:

1. provision of IT support services including, but not limited to, software subscription, IT system maintenance and integrated software platform development projects, from Shandong Heavy Industry Connected Persons. The pricing shall be determined after an arm's length negotiations with reference to the type and specification of the required IT support services, and is to be no less favorable to our Group than the prevailing market price offered by Independent Third Party providers of similar services.

2. Lovol Heavy Industry Entrusted Management Agreement

   We entered into an entrusted management agreement with Weichai Holdings and Lovol Heavy Industry on April 29, 2026 (the "**Lovol Heavy Industry Entrusted Management Agreement**"), pursuant to which we will provide Weichai Holdings with certain entrusted management services and can exercise various management operation rights over Lovol Heavy Industry and its subsidiaries including, but not limited to, procurement, production, sales, finance, human resources, investment, equipment and technological upgrades, warehousing, logistics, and other operational management matters of Lovol Heavy Industry and its subsidiaries. In addition, we have also been granted the right of first refusal under the Lovol Heavy Industry Entrusted Management

Agreement to acquire the equity interests in Lovol Heavy Industry, and during the term of the Lovol Heavy Industry Entrusted Management Agreement, Weichao Holdings cannot transfer the equity interests in Lovol Heavy Industry without prior written consent of our Company.

The Lovol Heavy Industry Entrusted Management Agreement is valid for a term of three years commencing from the date thereof. The annual service fee payable to our Group for provision of the entrusted management services shall be RMB300,000 per annum. Our Directors are of the view that the annual service fee is at normal commercial terms as it is determined based on arm's-length negotiations between our Company and Weichai Holdings taking into account factors including (i) the estimated labour cost and management expenses to be incurred by our Company per year; and (ii) the complexity and difficulty in the operation and management of the entrusted target companies.

Reasons for the transaction: our Controlling Shareholders (including Lovol Heavy Industry) retains certain excavator, loader and wide-body mining truck related business. For details, see "Relationship with our Controlling Shareholder". In order to avoid potential competition from our Controlling Shareholders and safeguard the interests of our Group and our Shareholders, our Group would be placed in a better position to monitor the operation and management of Lovol Heavy Industry and its subsidiaries through the entrusted management arrangement and the exercise of the rights and powers associated therewith. In addition, our Group has been granted the right of first refusal over Lovol Heavy Industry to better safeguard the interests of our Group. Therefore, our Directors are of the view that the entrusted management arrangement would provide our Group with a sound opportunity to integrate the businesses of Lovol Heavy Industry and our Group, and facilitate a smooth integration of equity interests in Lovol Heavy Industry to our Group when an appropriate opportunity emerges.

Historical amounts: There was no historical custodian service provided by our Group to Weichai Holdings.

3. Weichai Qingdao Entrusted Management Agreement

We entered into an entrusted management agreement with Weichai Lovol, Weichai Holdings, Weichai Power, being the shareholders of Weichai Qingdao, and Weichai Qingdao on April 29, 2026 (the "**Weichai Qingdao Entrusted Management Agreement**"), pursuant to which we will provide the shareholders of Weichai Qingdao with certain entrusted management services and can exercise various management operation rights over Weichai Qingdao and its subsidiaries (if any) including, but not limited to, procurement, production, sales, finance, human resources, investment, equipment and technological upgrades, warehousing, logistics, and other operational management matters of Weichai Qingdao. In addition, we have also been granted the right of first refusal under Weichai Qingdao Entrusted Management Agreements to acquire the equity interests in Weichai Qingdao, and during the term of the Weichai Qingdao Entrusted Management Agreement, none of the shareholders of Weichai Qingdao can transfer the equity interests therein without prior written consent of our Company.

The Weichai Qingdao Entrusted Management Agreement is valid for a term of three years commencing from the date thereof. The annual service fee payable to our Group for provision of the entrusted management services shall be RMB200,000 per annum. Our Directors are of the view that the annual service fee is at normal commercial terms as it is determined based on arm's-length negotiations between our Company and Weichai Holdings taking into account factors including (i) the estimated labour cost and management expenses to be incurred by our Company per year; and (ii) the complexity and difficulty in the operation and management of the entrusted target companies.

Reasons for the transaction: our Controlling Shareholders (including Weichai Qingdao) retains certain excavator related business. For details, see "Relationship with our Controlling Shareholder". In order to avoid potential competition from our Controlling Shareholders and safeguard the interests of our Group and our Shareholders, our Group would be placed in a better position to monitor the operation and management of Weichai Qingdao through the entrusted management arrangement and the exercise of the rights and powers associated therewith. In addition, our Group has been granted the right of first refusal over Weichai Qingdao to better safeguard the interests of our Group. Therefore, our Directors are of the view that the entrusted management arrangement would provide our Group with a sound opportunity to integrate the businesses of Weichai Qingdao and our Group, and facilitate a smooth integration of equity interests in Weichai Qingdao to our Group when an appropriate opportunity emerges.

Historical amounts: There was no historical custodian service provided by our Group to the shareholders of Weichai Qingdao.

As the highest applicable percentage ratios for the abovementioned transactions for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis, each of such transactions will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(1) of the Listing Rules that will be fully exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Loan services and miscellaneous financial services under the Financial Services Agreement, detail of which are set out in the sub-paragraph headed "—Non-exempt Continuing Connected Transactions—Deposit Services under the Financial Services Agreement—Other services" in this section.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Comprehensive Products Procurement Framework Agreement

On [●], 2026, our Company entered into a framework agreement (the "**Comprehensive Products Procurement Framework Agreement**") with Shandong Heavy Industry, pursuant to which, our Group will procure from Shandong Heavy Industry Connected Persons certain types of products as we may require from time to time, including but not limited to engines, engine parts, transmissions, power battery systems, hydraulic products and related products.

The initial term of the Comprehensive Products Procurement Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2028. Both parties or their respective associates will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of products according to the principles provided in the Comprehensive Products Procurement Framework Agreement.

Reasons for and benefit of the transaction

We have been procuring relevant products from Shandong Heavy Industry Connected Persons for many years. Considering our long-standing and stable business relationship, Shandong Heavy Industry Connected Persons have developed a deep understanding of our business needs and quality standards. Leveraging the leading advantages of Shandong Heavy Industry Group's "Golden Industrial Chain," our Group is able to capitalize on the in-depth cooperation with Shandong Heavy Industry Group to realize synergistic effects across the entire industry value chain. We consider it beneficial to our Group to continue to conduct such transactions in order to ensure and maximize operating efficiency and stability of the operations of our Group.

Pricing policy

The price for the procurement of the relevant products shall be determined based on arm's length negotiations between the parties, primarily taking into account the prices of products of similar natures that our Group procures from the Independent Third Parties in the market, transaction volumes and production/labor costs.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the procurement of products from Shandong Heavy Industry Connected Persons by our Group were as follows:

	For the year ended December 31,		
	2023	2024	2025
	(approx. RMB in million)		
Procurement of products	1,360.94	2,137.39	2,481.70

Annual caps

For the years ending December 31, 2026, 2027 and 2028, the proposed annual caps for the aggregate transaction amounts to be paid by us for the procurement of products from Shandong Heavy Industry Connected Persons are as follows:

	For the year ending December 31,		
	2026	2027	2028
	(RMB in million)		
Procurement of products	3,710	4,050	4,170

The proposed annual caps are determined based on:

(i) the historical transaction amounts with respect to the procurement of products from Shandong Heavy Industry Connected Persons by our Group during the Track Record Period;

(ii) our estimate of the demand of the said purchases in view of the implementation of our sales plan for the three years ending December 31, 2028 taking into account (a) the anticipated growth in both domestic and overseas markets, as well as the potential launch of new product models; (b) the procurement amount reached RMB2,481.70 million for 2025, representing an approximately 16.11% increase compared to 2024; (d) a reasonable buffer to accommodate unforeseen increases in demand or price volatility; and (e) the prevailing market prices and transaction terms with Independent Third Parties to ensure the fairness and reasonableness of the caps; and

(iii) other factors including but not limited to the expected prices of products, taking into account the costs and expenses relating to raw materials, labor, production and prevailing market price.

Listing Rules implications

As the highest applicable percentage ratio in respect of the annual caps of the Comprehensive Products Procurement Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is higher than 5%, the transactions contemplated under the Comprehensive Products Procurement Framework Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Comprehensive Products Supply Framework Agreement

On [●], 2026, our Company entered into a framework agreement (the "**Comprehensive Products Supply Framework Agreement**") with Shandong Heavy Industry, pursuant to which, our Group will provide Shandong Heavy Industry Connected Persons certain types of products as they may require from time to time, including but not limited to various types of construction machinery products, such as dozers, excavators, loaders, road machinery, mining trucks, and concrete equipment, as well as spare parts.

Pursuant to the Comprehensive Products Supply Framework Agreement, our Group will, based on the actual needs of Shandong Heavy Industry Connected Persons, supply various types of construction machinery products and related accessories, including but not limited to dozers, excavators, loaders, road machinery, mining trucks, and concrete equipment. The procurement of our products by Shandong Heavy Industry Connected Persons is primarily driven by their respective operational and production needs and constitutes normal business cooperation along the industry value chain. Although Shandong Heavy Industry Group is also engaged in the production of certain construction machinery products, its procurement from our Group is intended to supplement and enhance its product portfolio, rather than to compete directly with our Group in the same market segments. Furthermore, the pricing of relevant products will be determined based on market prices for independent third parties and through arm's length negotiations, ensuring fairness and independence of the transactions. Therefore, the procurement of our products by Shandong Heavy Industry Group does not and will not give rise to any actual or potential competition between the two parties.

The initial term of the Comprehensive Products Supply Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2028. Both parties or their respective associates will enter into separate underlying agreements which will set out the specific terms and conditions for the products provision according to the principles provided in the Comprehensive Products Supply Framework Agreement.

Reasons for and benefits of the transaction

In light of our leading position in both China's dozer industry and the global the construction machinery industry, and our ability to collaborate with Shandong Heavy Industry Group in leveraging its vertically integrated full-industry-chain strengths, Shandong Heavy Industry Connected Persons have been procuring relevant products from us for their production needs. These collaborations offer mutual benefits to both us and Shandong Heavy Industry Connected Persons, thereby fostering business growth. Besides, we consider such transactions provide a secure source of revenue for our Group.

Pricing policy

The price for the supply of the relevant products shall be determined based on arm's length negotiations between the parties, primarily taking into account the prices of products of similar natures that our Group provides to the Independent Third Parties in the market, transaction volumes and production costs.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the products supplied to Shandong Heavy Industry Connected Persons by our Group were as follows:

	For the year ended December 31,		
	2023	**2024**	**2025**
	(approx. RMB in million)		
Supply of products	502.32	876.59	1,068.02

In 2024, the transaction amount increased, mainly driven by growth in the overseas construction machinery market, an increase in collaborative sales between our Group and Shandong Heavy Industry Connected Persons, and higher sales of supporting spare parts to Shandong Heavy Industry Connected Persons.

Annual caps

For the years ending December 31, 2026, 2027 and 2028, the proposed annual caps for the aggregate transaction amounts to be received by us for the products supplied to Shandong Heavy Industry Connected Persons are as follows:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB in million)	
Supply of products	1,900	1,940	2,530

The proposed annual caps are determined based on:

(i) the historical transaction amounts with respect to the supply of products to Shandong Heavy Industry Connected Persons by our Group during the Track Record Period;

(ii) the estimated commercial demands from Shandong Heavy Industry Connected Persons for the three years ending December 31, 2028 based on their business expansion plans and anticipated market growth taking into account (a) a notable rebound in 2024 driven by the recovery of overseas markets and increased collaborative sales; (b) a reasonable buffer to accommodate unforeseen increases in demand or price volatility; (c) the supply amount reached RMB1,068.02 million for 2025, representing an approximately 21.84% increase compared to 2024; and (d) the prevailing market prices and transaction terms with Independent Third Parties to ensure the fairness and reasonableness of the caps; and

(iii) other factors including but not limited to the expected prices of products, taking into account the costs and expenses relating to raw materials, labor, production and prevailing market price.

Listing Rules implications

As the highest applicable percentage ratio in respect of the annual caps of the Comprehensive Products Supply Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is higher than 5%, the transactions contemplated under the Comprehensive Products Supply Framework Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Finance Lease Business Cooperation Framework Agreement

We and Shanzhong Finance Leasing Company have established a business cooperation in terms of the finance lease arrangement. As part of this cooperation, we may refer certain customers with financing needs to Shanzhong Finance Leasing Company to support their purchases of our construction machinery products and accessories provided, including but not limited to dozers, road construction machineries, loaders, concrete machineries, excavators, mining trucks and other construction machineries products and accessories. Shanzhong Finance Leasing Company, having considered the credibility of the relevant end customers, may grant financing to such end customers through a finance lease arrangement. Under direct-leasing model, we (and/or our dealers), as the provider of underlying products, sell the underlying products as selected by the end customer to Shanzhong Finance Leasing Company, and Shanzhong Finance Leasing Company will lease such underlying products to the end customers and collect lease payment and other costs from the end customers. Under sale-leaseback model, the end customers have owned the underlying products provided by us (and/or our dealers), then the end customers will sell the underlying products to Shanzhong Finance Leasing Company for a negotiated price and Shanzhong Finance Leasing Company will lease the underling products back to the end customers in return for lease payments and other costs. The end customers will have the option to purchase and/or buyback the underlying assets at the end of lease term.

On [●], 2026, our Company entered into a framework agreement (the "**Finance Lease Business Cooperation Framework Agreement**") with Shanzhong Finance Leasing Company, pursuant to which, our Group and Shanzhong Finance Leasing Company will collaborate in providing finance lease services to end customers. Under this arrangement, we will provide guarantees to Shanzhong Finance Leasing Company, being the maximum daily guarantee balance of the total outstanding amount of finance lease transactions of the end customers, to guarantee the performance of the end customers' obligations under relevant finance lease transactions.

The initial term of the Finance Lease Business Cooperation Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2028. Both parties or their respective associates will enter into separate underlying agreements which will set out the specific terms and conditions for the finance lease business according to the principles provided in the Finance Lease Business Cooperation Framework Agreement.

Reasons for and benefits of the transaction

We are principally engaged in the design, development, manufacture and sale of construction machinery and parts, and the provision of smart construction solutions, with the main products being a broad range of construction machinery, including dozers, road rollers, excavators, loaders, mining trucks, motor graders, pavers, milling machines, concrete machinery, and core components such as undercarriage assemblies and transmission systems. It is in line with the market practice for us to cooperate with the finance lease companies to meet our customers' financing need.

Shanzhong Finance Leasing Company has extensive industry experience in the finance lease business and maintained a long-term business relationship with us and accumulated in-depth understanding of our business operations. Partnering with Shanzhong Finance Leasing Company allows us to offer bundled equipment and financing solutions, creating a clear competitive edge. It enhances customer loyalty, accelerates sales, and expands access to new markets. This collaboration also improves risk control and cash flow security.

Pricing policy

Pursuant to the Finance Lease Business Cooperation Framework Agreement, the guarantee to be provided by us is based on the maximum daily guarantee balance of the total outstanding amount of finance lease transactions of end customers, and is agreed upon by both parties after arm's length negotiation on normal commercial terms.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the finance lease arrangements with Shanzhong Finance Leasing Company were as follows:

	For the year ended December 31,		
	2023	**2024**	**2025**
	(approx. RMB in million)		
Guarantee provided by us to Shanzhong Finance Leasing Company (being the maximum day-end guarantee balance of the total outstanding amount)	1,090.65	765.53	765.11

The decline in historical transaction amounts during the Track Record Period was mainly due to (i) the impact of fluctuations in domestic market demand for construction machinery, which led to a fluctuation in our product sales in the domestic market from 2023 to 2025; and (ii) our cooperation with multiple financial companies in financial leasing business — in order to reduce the buyback guarantee scale of our Company, we shifted part of the financial leasing business to financial companies that do not require buyback guarantees, such as Minsheng Financial Leasing Co., Ltd. and JFL BNP Paribas Agriculture and Technology Financial Leasing Co., Ltd.

Caps

For each of the years ending December 31, 2026, 2027 and 2028, the proposed caps for the aggregate transaction amounts with respect to the finance lease arrangements with Shanzhong Finance Leasing Company are as follows:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB in million)	
Guarantee provided by us to Shanzhong Finance Leasing Company (being the maximum day-end guarantee balance of the total outstanding amount)	2,300	2,300	2,300

The proposed caps are determined based on:

(i) the commercial rationale underlying the finance lease arrangements, i.e. the financing needs of our end customers who obtain funding through Shanzhong Finance Leasing Company from time to time. Accordingly, the proposed caps on the guarantee balance are determined with reference to the potential funding demand from our existing and potential end customers and the credit facilities extended by Shanzhong Finance Leasing Company, after taking into account the convenience and efficiency of securing financing under the Finance Lease Business Cooperation Framework Agreement, as well as other relevant factors that contribute to our Group's operational effectiveness, including historical transaction amounts; and

(ii) the projected financing needs of end customers, based on the Group's sales targets, anticipated market recovery, and the expansion of customer base.

Listing Rules implications

As the highest applicable percentage ratio in respect of the caps of the Finance Lease Business Cooperation Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is higher than 5%, the transactions contemplated under the Finance Lease Business Cooperation Framework Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Deposit Services under the Financial Services Agreement

On April 23, 2025, our Company renewed the financial services agreement (the "**Financial Services Agreement**") with Shandong Heavy Industry Finance Company, pursuant to which, Shandong Heavy Industry Finance Company would provide financial services to our Group, including but not limited to deposits services, loan services, settlement services and other financial services. The Financial Services Agreement was approved by our Board on April 22, 2025 and by our independent Shareholders on May 16, 2025, respectively. Under the Financial Services Agreement, the term of which shall be three years, and both parties can extend or renew the term by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.

Reasons for and benefit of the transaction

Shandong Heavy Industry Finance Company is a non-banking financial institution incorporated in the PRC in June 2012, and is currently subject to the relevant regulations promulgated by the NFRA. At present, the establishment of such non-banking financial institution is subject to approval by the NFRA and its operation is subject to the ongoing supervision of the NFRA. In the PRC, financial companies within group enterprises are only permitted under applicable PRC laws and regulations to provide financial services to enterprises within the same parent group. Therefore, Shandong Heavy Industry Finance Company only provides financial services to members of the group of Shandong Heavy Industry, including us. Shandong Heavy Industry Finance Company has established a sound organizational structure and a comprehensive risk management and governance system.

Since July 2012, Shandong Heavy Industry Finance Company has been providing financial services to us. We have formulated risk disposal plan for the transactions under Financial Services Agreement with Shandong Heavy Industry Finance Company, and established a financial risk prevention and disposal group. Our Group is expected to benefit from Shandong Heavy Industry Finance Company's familiarity of the industry and the operation of our Group. Through years of cooperation, Shandong Heavy Industry Finance Company has become familiar with our Group's capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial management system, which may enable Shandong Heavy Industry Finance Company to render more expedient, efficient and flexible deposit, loan and other financial services and feedback to our Group than other commercial banks and independent financial institutions in the PRC.

For the avoidance of doubt, our Group is not prohibited or restricted in any way to use financial services provided by other commercial banks or independent financial institutions in the open market, and we retain discretion to make our selection according to business needs as well as the fees and quality of such financial services. Our Group may (but is not obligated to) utilize the financial services provided by Shandong Heavy Industry Finance Company so as to deploy and manage our financial resources flexibly and efficiently.

Pricing policy

Shandong Heavy Industry Finance Company shall provide deposit services to our Group at interest rates not lower than the prevailing rates offered by other domestic financial institutions for deposits of the same type and term, subject to the compliance of the relevant requirements of the PBOC.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the maximum daily balances of deposits (including interests) placed with Shandong Heavy Industry Finance Company are as follows:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(approx. RMB in million)	
Maximum daily deposit balance (including interests)	1,715.06	2,755.60	1,455.78

The elevated maximum daily deposit balance in 2024 was attributable to our Company's accumulation and earmarking of funds in contemplation of its acquisition of Strong Construction Machinery.

Caps

The proposed caps for the maximum daily balance of deposits (including interests) placed with Shandong Heavy Industry Finance Company are as follows:

	June 30, 2025 to June 29, 2026	**Juen 30, 2026 to June 29, 2027**	**June 30, 2027 to June 29, 2028**
		(RMB in million)	
Maximum daily balance of deposits (including interests)	3,000.00	3,200.00	3,500.00

The proposed caps are determined based on:

(i) the historical transaction amounts and the historical cash position of our Group, where for the year 2024 and 2025, the maximum daily balance reached RMB2,755.60 and RMB1,455.78 million, respectively, representing a stable cash position;

(ii) the expected growth of the Group's business operations, capital expenditure plans, and anticipated cash flow patterns over the next three years; and

(iii) the expected amount of interest income from Shandong Heavy Industry Finance Company, and taking into account the prevailing terms and interest rates offered by other domestic financial institutions to ensure the fairness and competitiveness of the deposit services.

Listing Rules implications

As the highest applicable percentage ratio in respect of the maximum daily balance of the deposits (including interests) under the Financial Services Agreement calculated for the purpose of Chapter 14A of the Listing Rules is higher than 5%, the deposit services contemplated under the Financial Services Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other services

For the sake of completeness, Shandong Heavy Industry Finance Company also provides the following services to us under the Financial Services Agreement, which are expected to continue after [**REDACTED**]:

(i) Shandong Heavy Industry Finance Company shall provide loan services to our Group at credit interest rates not higher than the lowest level permitted among comparable credit interest rates and prevailing rates offered by the major domestic commercial banks for loan services of the same type and term, subject to the compliance of the relevant requirements of the PBOC. Such loan services was not secured by the assets of our Group. In this regard, the loan services to be provided by Shandong Heavy Industry Finance Company to our Group under the Financial Services Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.90 of the Listing Rule; and

(ii) Shandong Heavy Industry Finance Company shall provide settlement services and other financial services to us at rates not higher than prevailing rates offered by other domestic financial institutions for services of the same type. We expect that all the percentage ratios (if applicable) of the annual miscellaneous financial fees payable by our Group to Shandong Heavy Industry Finance Company in aggregate will be below 0.1%, the provision of such financial services will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.76(1) of the Listing Rule.

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR GROUP IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the aforementioned continuing connected transaction framework agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

(i) we have adopted a related parties/connected transaction management policy for the purpose of ensuring that related parties/connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

(ii) prior to the execution of the underlying transactions under the aforementioned continuing connected transaction framework agreements, the operation department of the relevant business sector of our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to Independent Third Parties (as the case may be) to ensure that the transactions shall be on terms no less favorable to our Group than those offered by our Group to Independent Third Parties;

(iii) we will regularly examine the pricing of the transactions under the aforementioned continuing connected transaction framework agreements to ensure that those transactions are conducted in accordance with the pricing terms therein; besides, we will periodically review the pricing of the those transactions against the prices negotiated between our Group and Independent Third Parties for similar products or services, to ensure that the terms of the underlying transactions are not less favorable to our Group than terms between our Group and the Independent Third Parties;

(iv) we will periodically monitor the transaction amounts under the aforementioned continuing connected transaction framework agreements and, when it is expected that the transaction amounts might exceed the annual caps, promptly report in accordance with our Group's related parties/connected transactions management policy to ensure that we comply with all the applicable requirements under the Listing Rules, including to revise the relevant annual caps when appropriate; and

(v) our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

WAIVER APPLICATION

The transaction described under the paragraph headed "—Non-exempt Continuing Connected Transactions" in this section (except for the other services under Financial Services Agreement) will constitute our continuing connected transactions under the Listing Rules upon [**REDACTED**], which will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions described under the paragraph headed "—Non-exempt Continuing Connected Transactions" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps/caps as stated above. Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

OUR DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions as disclosed under the paragraph headed "—Non-exempt Continuing Connected Transactions" have been and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps/caps of the continuing connected transactions as disclosed under the paragraph headed "—Non-exempt Continuing Connected Transactions" in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S VIEW

Having taken into account the view of our Directors and the Sole Sponsor's participation in due diligence, the Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable in the interests of our Company and the Shareholders as a whole, and (ii) the proposed annual caps for such non-exempt continuing connected transactions are fair and reasonable and in the interest of our Company and the Shareholders as a whole.