

INDUSTRY OVERVIEW

*The information and statistics set out in this section and other sections of this document were extracted from the **F&S Report**, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the F&S Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by any of [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. For discussion of risks related to the Group’s industry, see “Risk Factors — Risks Relating to Our Business and the Industry in which we operate” in this document.*

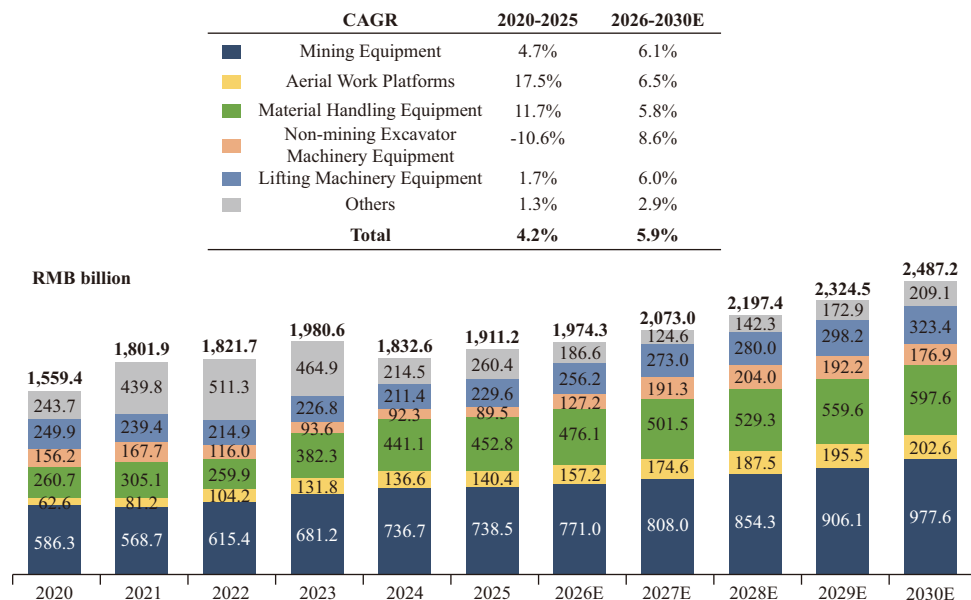
OVERVIEW OF THE ENGINEERING MACHINERY EQUIPMENT MARKET

Engineering machinery equipment plays a crucial role across various industries, driving productivity and efficiency in sectors such as mining, construction, agricultural and logistics. Supported by sustained infrastructure investment, manufacturing upgrades and the adoption of low-emission and intelligent equipment, the global engineering machinery equipment market reached RMB1,911.2 billion in 2025, representing a CAGR of approximately 4.2% from 2020; it is expected to further increase to RMB2,487.2 billion by 2030, implying a CAGR of about 5.9% over 2026 to 2030.

Among the diverse types of equipment, mining equipment, aerial work platforms and material handling equipment are particularly significant. These categories of machinery are essential in their respective fields, supporting a wide range of operations and contributing to the advancement of industrial processes.

The following chart presents the actual and projected market size of the global engineering machinery equipment market by revenue, broken down by category, for the years indicated.

Market Size of Global Engineering Machinery Equipment Industry, by Category, 2020-2030E



Source: T50 Summit, China Machinery Industry Federation, Frost & Sullivan report

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OVERVIEW OF GLOBAL MINING EQUIPMENT MARKET

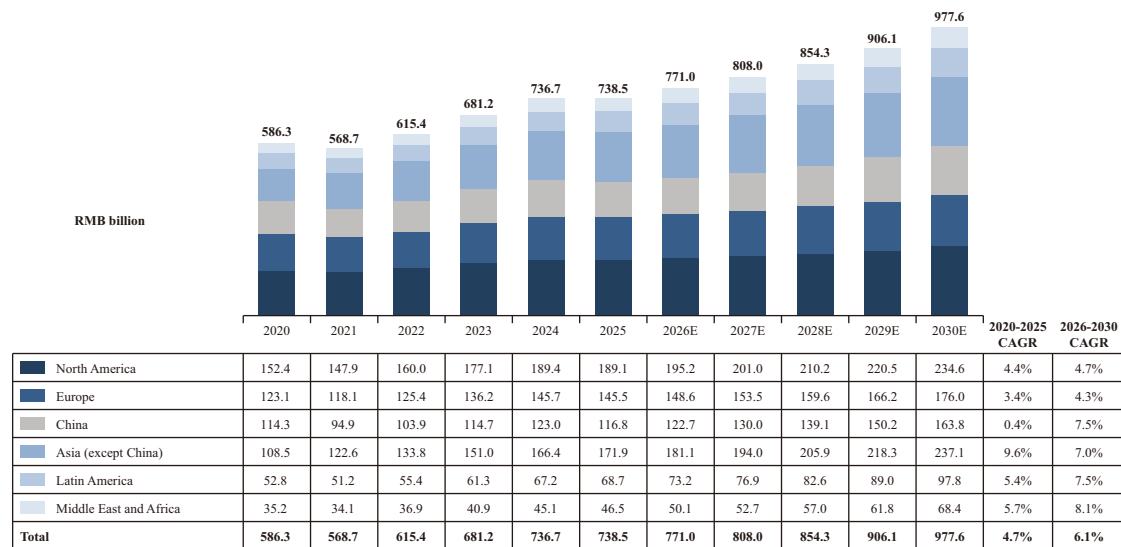
The primary categories of mining equipment, including transportation vehicles, excavators, drills, and crushing machines, are designed for the extraction, transport, and processing of minerals. These machines are characterized by their high load capacity and durability to withstand harsh conditions at a large operational scale. Measured by revenue, the global mining industry has grown from RMB4,153.8 billion in 2020 to RMB5,200.9 billion in 2025, with a CAGR of 4.6% from 2020 to 2025. It is projected to reach RMB5,751.2 billion by 2030, with a CAGR of 2.0% from 2025 to 2030. In this context, the demand for mining equipment will increase in tandem with the intensity of material extraction and transport turnover.

The global mining equipment market has experienced steady growth, driven by increasing demand for both precious and base metals, alongside rising mining activities in emerging markets.

Among global markets, China and North America are the two largest in terms of mining equipment demand. In China, the demand for mining equipment is largely driven by the country’s vast mineral resources, including coal, rare earth metals and non-ferrous metals.

The following chart presents the actual and projected market size of the global mining equipment market by revenue, broken down by region, for the years indicated.

Market Size of Global Mining Equipment Industry, by Region, 2020-2030E



Source: World Bank Group, Statista, literature research, expert interview, Frost & Sullivan report

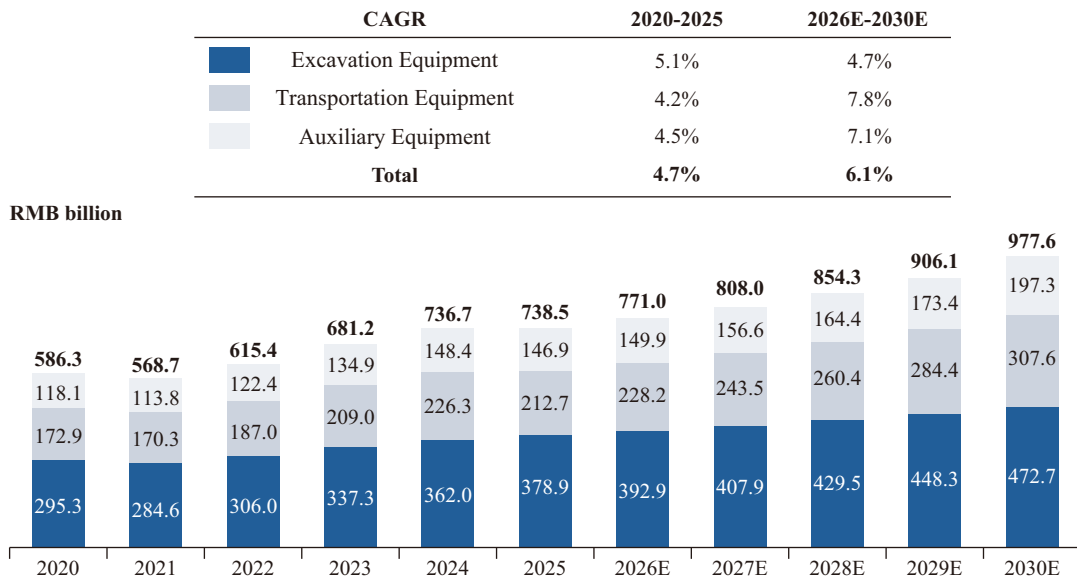
Classified by different categories, excavation equipment — including mining excavators and drills — is expected to remain the largest segment, driven by the continued demand for materials such as coal, metals and industrial minerals.

Transportation equipment, which includes mining transportation equipment such as mining dump trucks, off-highway wide-body dump trucks and articulated trucks, as well as continuous systems such as belt conveyors and in-pit crushing and conveying solutions for longer-distance or high-throughput transport, is another major segment within the mining industry.

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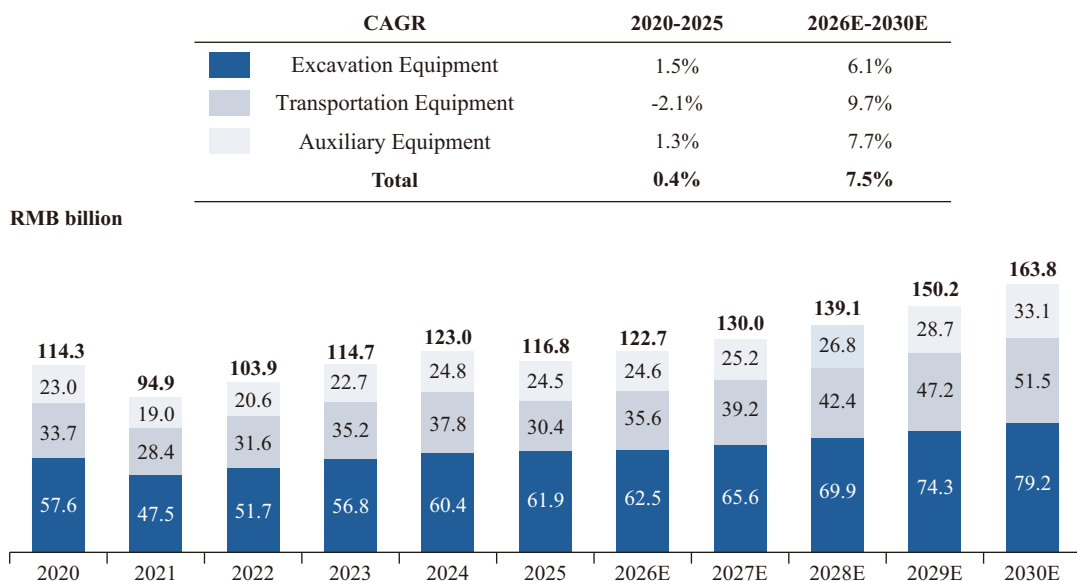
The following chart sets forth the actual and estimated market size of the global mining equipment market by revenue, categorized by equipment type, for the years indicated.

Market Size of Global Mining Equipment Industry, by Category, 2020-2030E



Source: Statista, literature research, expert interview, Frost & Sullivan report

Market Size of China Mining Equipment Industry, by Category, 2020-2030E



Source: Statista, literature research, expert interview, Frost & Sullivan report

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Growth Drivers and Market Trends

Global Infrastructure and Regulatory-Driven Demand: Driven by the energy transition’s demand for lithium, copper, and cobalt and infrastructure booms in Southeast Asia, Central Asia, and Africa, mining activities are surging. Concurrently, tightening global safety and carbon emission regulations are forcing equipment upgrades. This creates high demand for specialized procurement, particularly off-highway wide-body dump trucks and electric mining vehicles, to meet both capacity needs and modern compliance standards.

Accelerated Adoption of New Energy and Smart Mining Solutions: Driven by global decarbonization and the commercialization of smart technologies, the new energy mining equipment market is projected to grow from RMB40.3 billion in 2025 to RMB145.6 billion in 2030 with a CAGR of 29.3%. This trend is amplified by the large-scale deployment of autonomous fleets, which optimize safety and efficiency through integrated solutions, driving the autonomous equipment market from RMB33.4 billion to RMB119.0 billion over the same period with a CAGR of 28.9%. This market backdrop underscores the Company’s early entry and product iteration capabilities in hybrid mining equipment. On November 4, 2020, the Company’s first hybrid off-highway wide-body dump truck, the MTE108 prototype with S/N: LWJMT50AL0721176, completed assembly. This was followed by the production of 16 prototypes in July 2021. The model was finalized in August 2023, with annual production exceeding 500 units. In July 2024, the Company introduced the second-generation upgrade, with production exceeding 2,000 units. Among companies with principal businesses similar to the Company, a company established in 2005 and headquartered in Shaanxi developed the TLH130 methanol hybrid off-highway wide-body dump truck in 2022, which officially rolled off the production line in January 2023. A company established in 1989 and headquartered in Hunan officially launched the SKT130HD hybrid wide-body dump truck in 2024 and delivered the SKT130S hybrid wide-body mining truck to customers in Vietnam. In the same year, a company established in 1950 and headquartered Shanxi officially delivered the TZK160H hybrid wide-body dump truck. The above comparable products launched by industry peers were all later than the rollout of the Company’s hybrid off-highway wide-body dump truck.

Shift Toward High-Spec, Large-Scale Fleets: Surface mining is transitioning to high-tonnage equipment — including 60-150 ton dump trucks and 100+ ton excavators — to optimize cycle times and reduce unit costs. This shift moves the industry focus from initial purchase price to total life-cycle value, driving the adoption of high-end, intelligent units that are better suited for autonomous haulage and hybrid/electric powertrains.

Expansion of Lifecycle and After-sales Services: As equipment complexity rises, the industry is shifting focus from upfront costs to total lifecycle value. By expanding services like predictive maintenance, telematics, and remanufacturing, manufacturers are reducing unplanned downtime and lowering TCO. This transition secures recurring revenue streams and enhances industry resilience through high-margin aftermarket services.

OVERVIEW OF GLOBAL AERIAL WORK PLATFORM MARKET

Aerial work platforms, or AWP, comprise of scissor lifts, boom lifts and others (primarily vertical mast lifts) and are widely deployed across building construction, industrial installation and maintenance and the upkeep of municipal and utility infrastructure. Compared with traditional scaffolding and suspended baskets, AWP provide higher safety, greater productivity and enhanced operational flexibility by enabling rapid set-up and repositioning, precise access to required working heights, compact site footprints and lower labor intensity, and have become the preferred solution for a broad range of work at height activities.

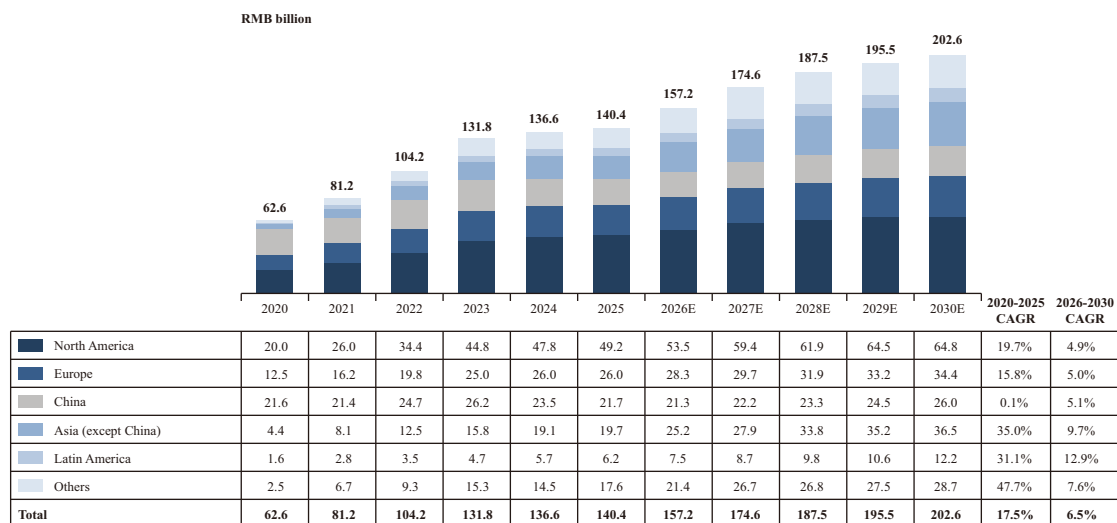
Regionally, demand is concentrated in developed markets with safety enforcement and mature rental ecosystems, while large emerging markets continue to scale rapidly as construction, industrial maintenance and logistics investment expand.

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North America is the most mature and predictable demand pool for aerial work platforms. Structural replacement of scaffolding with AWP continues under strict safety enforcement and elevated labor costs, while the long-life-cycle maintenance of existing infrastructure and energy facilities provides a stable installed base. High rental penetration with global leaders, rising fleet electrification and a mix shift toward boom lifts support steady expansion with low volatility.

China, meanwhile, is one of the dynamic emerging AWP markets. Market development is supported by tighter work-at-height regulation, rapid urban renewal, expansion of manufacturing and logistics facilities and the continued build-out of city-level public infrastructure. Rental penetration is increasing as national and regional lessors scale fleets and improve service density, while electrification is already standard in scissor lifts and is accelerating in boom lifts to meet zero-emission and low-noise requirements. “Others” under the global AWP market mainly include the markets in Africa and Oceania. The following chart sets forth the actual and projected market size of the global aerial work platforms market by revenue, segmented by region, for the years indicated. The global AWP market has faced intensified competition, particularly in China. After years of rapid fleet expansion, the Chinese market has accumulated relatively large installed capacity, leading to oversupply, declining rental rates and lower utilisation. As a result, rental companies have become more cautious in expanding fleets and procuring new equipment, resulting in reduced procurement activities across the industry. These factors indicate that China’s AWP market has gradually shifted from a high-growth stage to a more saturated and competitive phase, while the global market remains subject to regional demand divergence and pricing pressure.

Market Size of Global Aerial Work Platforms Market, by revenue, by region, 2020-2030E

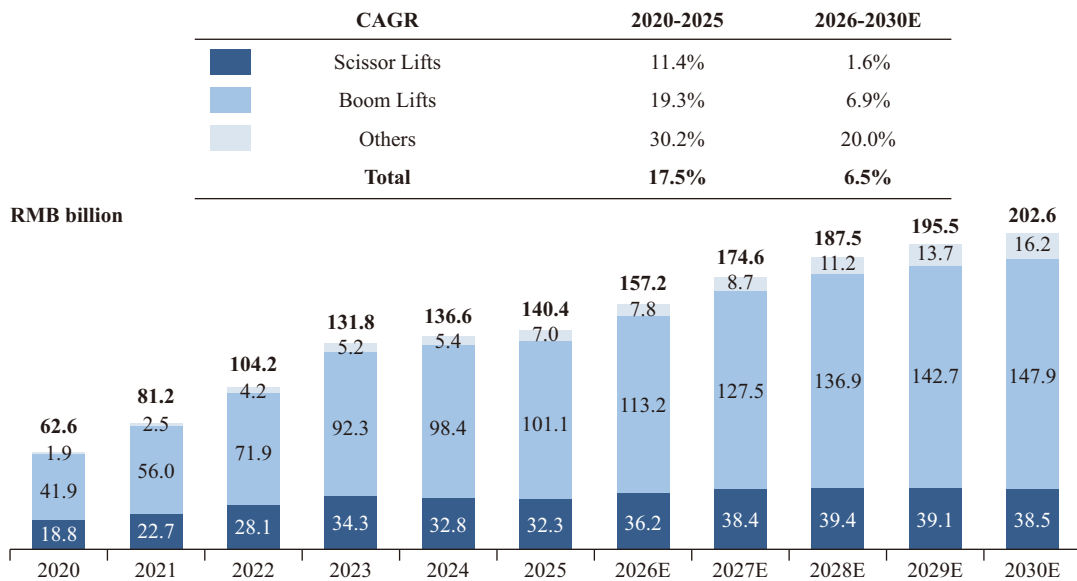


Source: China Construction Machinery Association (CCMA), International Powered Access Federation (IPAF), expert interview, Frost & Sullivan report

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The following chart sets forth the actual and estimated market size of the global mining equipment market by revenue, categorized by equipment type, for the years indicated.

Market Size of Global Aerial Work Platforms Market, by revenue, by category, 2020-2030E



Source: CCMA, IPAF, expert interview, Frost & Sullivan report

Growth Drivers and Market Trends

Tightening safety regulation and standardisation accelerate AWP substitution. Stricter work-at-height rules, mandatory training/inspection regimes and insurer/corporate EHS requirements are accelerating the replacement of scaffolding and suspended baskets with AWP. This pattern, long established in North America, Europe, Japan and Korea, is increasingly replicated in China and other emerging markets. In China, the JGJ 80-2016 technical code mandates rigorous safety standards for high-altitude work and requires standardized work platforms for specified high-risk tasks, supporting broader adoption across construction, industrial maintenance and municipal services.

Labour cost inflation and skill shortages drive mechanisation and productivity-led adoption. Wage inflation, tighter labour supply and stronger scheduling discipline are pushing contractors to mechanise high-risk and repetitive tasks. In the United States, construction salaries are rising at approximately 4% to 4.5% per annum. AWP increase output per worker, shorten programme durations, reduce rework and improve quality consistency, making equipment substitution a direct lever for cost control and on-site safety.

Industrialised/prefabricated construction broadens use cases, including large-format facilities. Growth in prefabrication, steel-structure installation and large-format facilities (e.g., logistics parks, factories and data centres) favours equipment that enables precise positioning, repeatable operations and indoor low-emission performance. With global data-centre capacity demand projected to grow by 19% to 22% annually from 2023 to 2030, demand for specialised access is rising, extending AWP applications beyond traditional building sites into ongoing industrial maintenance and utilities.

Electrification and intelligent connectivity become mainstream, shifting value toward software-enabled performance. Urban/indoor zero-emission and low-noise requirements, together with battery cost declines and improved energy density/charging, are lifting electrification across categories. Scissor lifts are near fully electric in most markets, while boom-lift electrification is accelerating; global electric AWP share is estimated at 58.0% (2020), 71.6% (2025) and is expected to reach 80.0% (2030). In parallel, telematics, remote diagnostics, electronic envelope control, anti-tilt protection, geofencing and OTA updates are moving toward standard fit; global penetration of intelligent and connected AWP increased

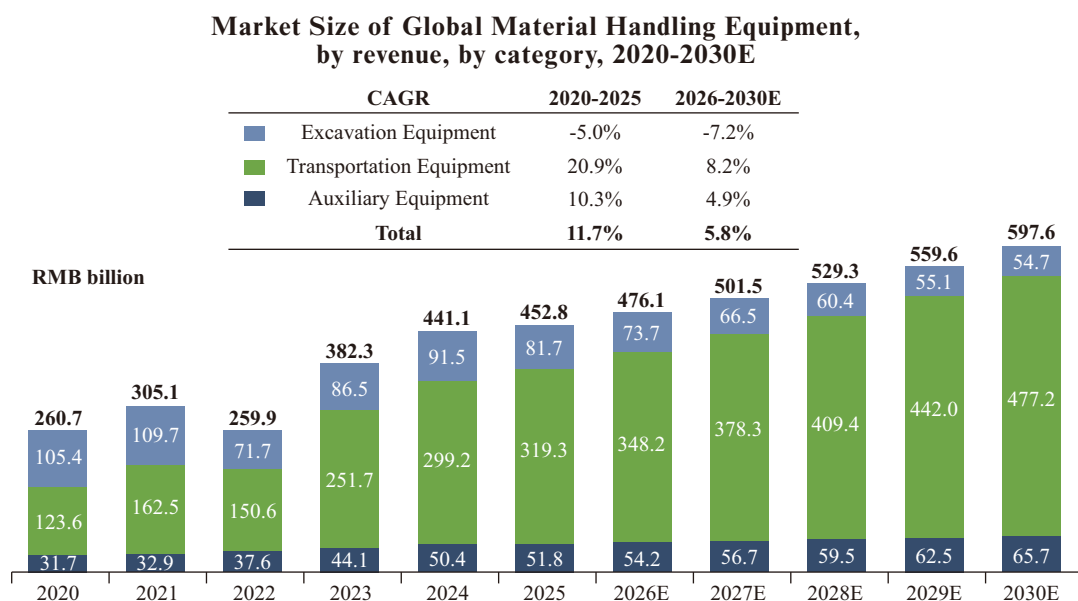
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from 30% (2020) to 67% (2025) and is expected to reach 75% (2030), supporting higher availability, safer compliance and predictive maintenance/fleet optimisation.

OVERVIEW OF GLOBAL MATERIAL HANDLING EQUIPMENT MARKET

Material handling equipment, including forklifts and telehandlers, is used to lift, move and position materials across warehousing and logistics facilities, manufacturing plants, construction sites, agricultural operations and mining and resource projects. Forklifts support high-throughput, palletized flows and indoor or mixed-use operations, while telehandlers provide rough-terrain capability, extended reach and attachment versatility for bulk and irregular loads. Together these machines enhance productivity, improve handling safety and enable precise placement across both indoor and outdoor environments.

The following chart sets forth the actual and estimated market size of the global material handling equipment market by revenue, categorized by equipment type, for the years indicated.



Source: World Industrial Truck Statistics (WITS), Industrial Truck Association (ITA), Committee for European Construction Equipment (CECE), China Construction Machinery Industry Association (CCMA), Frost & Sullivan report

Growth Drivers and Market Trends

E-commerce expansion and warehouse automation increase demand for material handling equipment. The expansion of e-commerce fulfilment networks and omni-channel distribution centres increases demand for high-throughput logistics operations, automated pallet handling and high-density storage systems. Material handling equipment remains essential infrastructure in modern warehouses. Policy initiatives promoting logistics modernization and infrastructure efficiency — including China’s 14th Five-Year Plan for Modern Logistics (2021–2025) and the U.S. Department of Transportation’s National Freight Strategic Plan (NFSP) — support continued investment in advanced warehousing and logistics infrastructure, reinforcing demand for MHE.

Electrification and lithium-ion battery adoption accelerate fleet renewal. Improvements in lithium-ion battery performance, charging efficiency and lifecycle cost accelerate the replacement of internal combustion equipment. The penetration rate of electric forklifts increased from 51.6% in 2020 to 78.7% in 2025 and is expected to reach 90.2% by 2030, reflecting electrification across the MHE market. Stricter emission requirements for non-road mobile machinery — including EU Regulation (EU) 2016/1628 and China’s HJ 1014-2020 Technical Requirements for Pollution Control of Non-road Diesel Mobile Machinery — further support the transition toward lower-emission and electrified equipment.

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Automation, connectivity and mobile robot integration enhance operational efficiency. As autonomous mobile robots (AMRs) and automated guided vehicles (AGVs) are increasingly deployed in warehouses and manufacturing facilities, MHE is integrated into connected fleets through telematics, remote monitoring, task scheduling and data sharing. Intelligent functions such as access control, collision-avoidance sensors, geofencing and remote diagnostics are becoming standard features, enabling predictive maintenance and fleet-level optimisation while improving safety compliance and equipment utilisation.

Industry consolidation and localized supply chains strengthen service capabilities and market competitiveness. Leading manufacturers expand R&D capabilities, battery partnerships and after-sales service networks to support electrification and digitalization. Localized sourcing and regional service networks shorten lead times, enhance supply-chain resilience and support more predictable fleet replacement cycles. Chinese manufacturers gain share in value-for-money segments globally, while international brands maintain advantages in high-end and technologically advanced equipment.

COMPETITIVE LANDSCAPE ANALYSIS

There are approximately 200–250 global construction machinery original equipment manufacturers (OEMs), including large global players and regional small manufacturers. Among them, around 50 large-scale manufacturers possess global market competitiveness. In 2025, the market size of global engineering machinery equipment market reached RMB1,911.2 billion, we ranked 31st in the global engineering construction machinery enterprises with the market share of 0.5%.

Ranking of Global Engineering Machinery Equipment Market, 2025, by Revenue

Ranking	Company	Revenue (RMB in billions)	Market Share
1	Company N	262.6	13.7%
2	Company O	179.1	9.4%
3	Company A	100.8	5.3%
4	Company B	87.3	4.6%
5	Company P	80.8	4.2%
.....			
31	The Company	10.1	0.5%

Source: T50 Summit, China Machinery Industry Federation, Frost & Sullivan report

Notes:

- (1) Company N, established in 1925, is a company listed on NYSE and headquartered in Texas, USA. It mainly engaged in the production and sales of construction machinery, mining equipment, diesel engines, power generation equipment and related spare parts.
- (2) Company O, established in 1921, is a company listed on TSE and headquartered in Tokyo, Japan. It specializes in manufacturing construction, mining and utility equipment, including excavators, bulldozers, dump trucks and forklifts, alongside industrial machinery.
- (3) Company A, established in 1989, is a company listed on SZSE and headquartered in Jiangsu, China, and its main products include lifting machinery and earthmoving machinery.
- (4) Company B, established in 1994, is a company listed on SSE and HKEX and headquartered in Beijing, China, and its main products include lifting machinery and earthmoving machinery.
- (5) Company P, established in 1837, is a company listed on NYSE and headquartered in Illinois, USA. It manufactures agricultural, construction and forestry machinery as well as related engines and service solutions worldwide.

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Competitive Landscape of Global Mining Equipment Market

The global number of mining equipment OEMs stands at about 120–150, of which 30–50 are large-scale manufacturers with global market competitiveness. In 2025, we ranked 16th globally in the global mining equipment enterprises with the market share of 0.9%.

Ranking of Global Mining Equipment Market, 2025, by Revenue

Ranking	Company	Revenue (RMB in billions)	Market Share
1	Company N	91.1	12.7%
2	Company O	88.0	11.9%
3	Company Q	49.5	6.7%
4	Company R	42.4	5.7%
5	Company S	37.2	5.0%
.....			
16	The Company	6.8	0.9%

Source: China Machinery Industry Federation, expert interview, Frost & Sullivan report

Notes:

- (6) Company Q, established in 1862, is a company listed on Nasdaq Stockholm and headquartered in Sandviken, Sweden. It mainly produces mining equipment, construction tools, metal cutting tools and stainless steel materials globally.
- (7) Company R, established in 2017, is a company listed on Nasdaq Stockholm and headquartered in Stockholm, Sweden, and its main products include drilling rigs, loaders, trucks, and rock excavation tools alongside service and automation solutions.
- (8) Company S, established in 2020, is a company listed on HEX and headquartered in Espoo, Finland. It mainly provides sustainable technology, solutions and services for aggregates, minerals processing and metal refining.

The mining transportation equipment market is a market sub-segment of mining equipment market with a proportion of 28.8% in 2025. There are roughly 50–60 mining transportation equipment OEMs worldwide, and only 10–20 of them are large-scale manufacturers with global market competitiveness. We ranked 5th in global mining transportation equipment enterprises in 2025 with the market share of 2.4%.

Ranking of Global Mining Transportation Equipment Market, 2025, by Revenue

Ranking	Company	Revenue (RMB in billions)	Market Share
1	Company N	56.4	26.5%
2	Company O	24.7	11.6%
3	Company T	7.0	3.3%
4	Company G	5.9	2.8%
5	The Company	5.2	2.4%

Source: China Machinery Industry Federation, expert interview, Frost & Sullivan report

Note:

- (9) Company T, established in 1970, is a company listed on TSE and headquartered in Tokyo, Japan. It develops and sells excavators, cranes and other construction machinery, and provides related engineering services worldwide.
- (10) Company G, established in 2005, is a company listed on BSE and headquartered in Shaanxi, China, and its main products are off-highway wide-body dump trucks for mining and large-scale projects.

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Competitive Landscape of Global AWP Market

In 2025, the global AWP market had a large and fragmented participant base, with over 1,000 market participants worldwide. In 2025, we ranked ninth among all participants in the global AWP market with a market share of 1.9%. The achievement demonstrates our solid market presence and highlights our growing recognition in international markets, laying a foundation for further expansion and competitiveness. The following table sets forth the ranking of China’s aerial work platforms enterprises in 2025 by revenue.

Ranking of Global Aerial Work Platform Market, 2025, by Revenue

Ranking	Company	Revenue (RMB in billions)	Market Share
1	Company U	17.5	12.4%
2	Company V	14.3	10.2%
3	Company I	7.8	5.6%
4	Company A	7.2	5.1%
5	Company W	6.2	4.4%
.....			
9	The Company	2.7	1.9%

Source: Annual Report, Expert Interview, Frost & Sullivan report

Notes:

- (11) Company I, established in 2005, is a company listed on SSE and headquartered in Zhejiang, China, and its main products include aerial work platforms and power maintenance platforms.
- (12) Company U, established in 1969, is a company listed on NYSE, and headquartered in Pennsylvania, United States, and its main products include aerial work platforms, telehandlers, vertical lifts and low-level access equipment.
- (13) Company V, established in 1966 and headquartered in Washington, United States, is the aerial work platforms business of a company listed on NYSE, and its main products include aerial work platforms, utility equipment and telehandlers.
- (14) Company W, established in 1985 and headquartered in Ontario, Canada, is an access equipment business of a company listed on TSX, and its main products include scissor lifts, boom lifts, vertical mast lifts and telehandlers.

Competitive Landscape of Global MHE Market

The global MHE market offers substantial growth potential and is served by a broad range of players with diversified product portfolios. At the same time, market share remains meaningfully concentrated among leading OEMs, with the top five players accounting for over 50.0% of global market. With the accelerating adoption of new energy technologies and intelligent equipment, the industry landscape is expected to undergo further structural transformation. The Company accounted for approximately 0.08% of the global MHE market. Positioned at a relatively early stage of development within the global MHE market, the Company is expected to benefit from ongoing industry upgrading trends and the continued expansion of application scenarios.

THREATS AND CHALLENGES

Energy transition and tightening ESG regulation raise technology and compliance hurdles: Decarbonization targets and stricter environmental/safety rules are accelerating the shift from diesel to electrified or alternative-power equipment across mining, AWP and MHE. However, battery durability, charging efficiency and site-level energy infrastructure can constrain large-scale deployment. Compliance with evolving emissions, safety, and environmental requirements also increases redesign, certification and R&D burden.

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Geopolitics and global trade friction increase market access and supply-chain uncertainty:

Resource nationalism, geopolitical tension and trade remedies can raise cross-border entry barriers and weaken export economics. Cross-border supply networks also exposes manufacturers to export controls, logistics disruptions and input-cost volatility, which can pressure margins and cash flow stability.

Competitive intensity shifts from product specs to end-to-end capabilities, compressing pricing power: As performance parameters become more comparable in many segments, competition increasingly centers on delivery capability, reliability, application fit, after-sales support and full-lifecycle service. In AWP, the preference for rental and the growing bargaining power of large rental fleets can further constrain OEM pricing in direct sales, pushing manufacturers to strengthen service, parts and aftermarket value creation.

Intelligent technology adoption raises software, integration and talent requirements:

Automation, connectivity, remote diagnostics and autonomous operations are becoming core differentiators, increasing requirements for platform upgrades, systems integration and software/service capabilities. Interoperability issues across brands, as protocols and data formats are often not fully compatible, rapid iteration cycles, and shortages of technicians who can maintain automated systems, manage data, and support battery and energy systems can raise execution risk and total operating complexity.

COST ANALYSIS

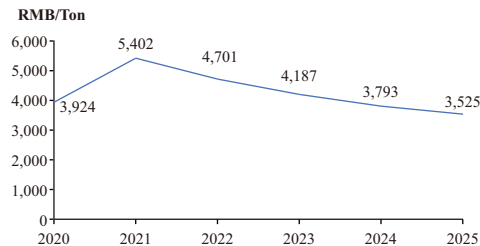
Steel is the most critical raw material for mining equipment, widely used in chassis, frames, booms and dump bodies. Depending on equipment type, steel generally accounts for 20.0% to 30.0% of total manufacturing costs, making it a major driver of cost fluctuations and gross margin performance. Medium and thick plates are primarily applied in structural components, wear-resistant steel in dump bodies and buckets exposed to high abrasion, high-strength steel in load-bearing parts requiring both durability and weight reduction, and low-carbon steel in enclosures and auxiliary parts. Looking ahead, prices of key steel materials are expected to remain broadly stable with mild fluctuations. This is mainly supported by relatively weak steel demand in China, limited global demand recovery, continued excess capacity in the steel industry, and generally stable or declining costs of major steelmaking inputs. Therefore, the average market prices of medium and thick plate, low-carbon steel, high-strength steel and wear-resistant steel are expected to remain stable in the near term, barring any major disruption in macroeconomic conditions, energy prices or supply chains.

Coal prices in China do not have a significant direct impact on the average selling price of engineering machinery equipment. The key cost driver for engineering machinery manufacturers is steel, rather than coal, as steel is widely used in chassis, frames, booms, buckets and other structural components. Coal may affect the industry only indirectly through two channels: upstream steelmaking costs, especially where coking coal is used, and downstream capital expenditure by coal mining customers. On the demand side, lower coal prices may compress the profitability and cash flow of coal mining enterprises, thereby delaying mine expansion, equipment replacement and procurement of mining machinery. However, this effect is more likely to affect order volume, delivery schedules and customer purchasing willingness, rather than the unit selling price of engineering machinery equipment. Equipment pricing is primarily determined by product specifications, payload capacity, technical configuration, steel and component costs, after-sales service terms, competitive positioning and tender conditions. As engineering machinery products are capital goods with relatively standardised technical parameters, coal-price-driven demand fluctuations typically translate into changes in utilisation, demand for new energy equipment, and defers of purchase demand, rather than a direct and proportional change in equipment average selling price.

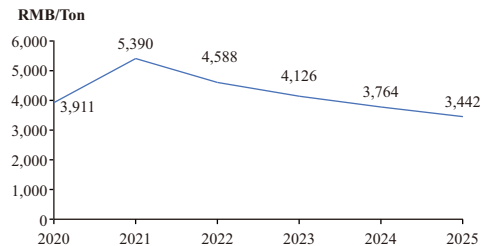
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The following charts set forth the average market prices of key steel products in China, including medium and thick plate, low-carbon steel, high-strength steel, and wear-resistant steel, for the years 2020 to 2025.

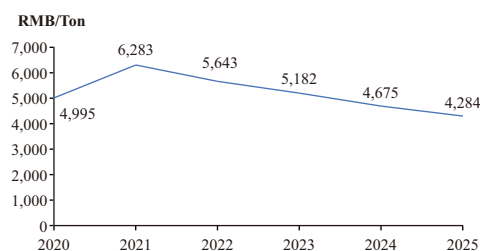
**Average Market Price of Medium and Thick Plate,
China, 2020-2025**



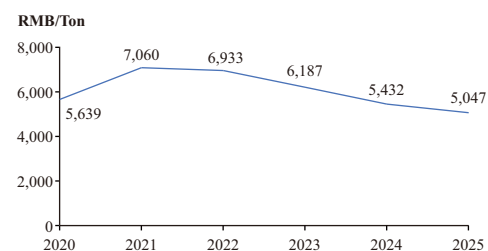
**Average Market Price of Low-carbon Steel,
China, 2020-2025**



**Average Market Price of High-strength Steel,
China, 2020-2025**



**Average Market Price of Wear-resistant Steel,
China, 2020-2025**



Source: Frost & Sullivan report

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [REDACTED]. We expect to pay Frost & Sullivan a total fee of RMB420,000 for the Frost & Sullivan report and our use of the report. Frost & Sullivan is a consulting company that provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan report. We have extracted certain information from the Frost & Sullivan report in this section, as well as in the sections headed “Summary”, “Risk Factors”, “Business”, “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industry in which we operate.