OVERVIEW

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**]. Such transactions will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The following entities will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**] and have entered into certain transactions with us which will constitute continuing connected transactions under Chapter 14A of the Listing Rules:

Connected Persons	Connected Relationship
Lingong Group	Lingong Group is one of the Controlling Shareholders of our Company
Mr. Zhang Shanrui (together with its associates, "**Zhang Shanrui Connected Persons**"), which are principally engaged in the software development and the manufacturing of intelligent components	Mr. Zhang Shanrui is our executive Director and chief executive officer
Mengyin Qicheng Machinery Co., Ltd. (蒙陰齊宬機械有限公司) ("**Mengyin Qicheng**"), which is principally engaged in the manufacturing and sale of parts and components for construction machinery, agricultural machinery and automobiles	Mengyin Qicheng is owned as to over 50% by Mr. Wen Shihai (文士海), the brother-in-law of Mr. Yu Mengsheng, our executive Director and chairman of the Board, and therefore constitutes a deemed connected person of our Company under Rule 14A.21 of the Listing Rules

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transactions	Counterparties	Applicable Listing Rules	Waiver Sought
Non-exempt continuing connected transactions			
1. Procurement of materials	Mengyin Qicheng	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
2. Procurement of products and services	Lingong Group and its associates	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
3. Provision of products	Lingong Group and its associates	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
4. Procurement of materials and services	Zhang Shanrui Connected Persons	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
5. Guarantee under the finance lease and procurement of finance lease management services	Lingong Group and its subsidiaries	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement and independent Shareholders' approval requirements

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS

We have entered into following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, the transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Procurement of materials from Mengyin Qicheng

Parties

Mengyin Qicheng (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of materials framework agreement with Mengyin Qicheng (for itself and on behalf of its associates) on [●] (the "**Mengyin Qicheng Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure certain materials, such as plate welded parts and small structural components for the production of aerial work platforms and mining equipment, as well as ancillary services such as components maintenance services from Mengyin Qicheng. The initial term of the Mengyin Qicheng Procurement Framework Agreement shall commence on the [**REDACTED**] until [December 31, 2028], subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the relevant materials shall be determined through market-oriented methods, including a comparison of quotations obtained from potential suppliers and commercial negotiations, with reference to prevailing market conditions, with reference to the type and specification of materials required, the relevant labour costs, raw material costs after obtaining the price quotations and comparing the fee quotes with other Independent Third Parties in the market for comparable materials, and production costs, and shall not be less favourable than those for transactions between our Group and Independent Third Parties under the same conditions. We will regularly review the prices charged by Mengyin Qicheng with reference to prevailing market prices of similar products to ensure they are on normal commercial terms and are fair and reasonable.

Reasons for the transactions

We have been historically procuring the relevant materials from Mengyin Qicheng from time to time, which allows both of our Group and Mengyin Qicheng to leverage the enhanced economies of scale and hence increased cost efficiency. Through the long-standing and stable business relationship, Mengyin Qicheng have gained a comprehensive understanding of our business needs, quality standards and operational requirements, and we consider that Mengyin Qicheng are capable of effectively and stably satisfying our demand for the relevant materials.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Procurement of materials from Mengyin Qicheng . . .	30.3	32.5	42.2

The fluctuations in transaction amounts during the Track Record Period were mainly due to the following reasons: (a) continuous changes in the types, prices, and quantities of materials supplied; (b) the fluctuation in the output of mining equipment and aerial work platform; and (c) the ongoing optimization of production processes, cost optimization, and cost reduction initiatives.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Mengyin Qicheng Procurement Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Procurement of materials from Mengyin Qicheng . . .	50.7	58.4	67.2

The above proposed annual caps of procurements of materials by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period and the historical average growth rate during the Track Record Period;

(b) the estimated demands for the materials supplied by Mengyin Qicheng for the three years ending [December 31, 2028], which are expected to increase taking into account the existing contracts or arrangements between our Group and Mengyin Qicheng and development plans of both groups and our growing sales of battery electric and hybrid vehicles, leading to the increasing demands for the new energy-related components such as battery boxes, battery trays, and electronic control brackets to be applied for production of our products. Based on the latest management accounts for the three months ended March 31, 2026, the transaction amounts for procurement of materials of Mengyin Qicheng have already accounted for approximately 38% of our annual caps for the year ending December 31, 2026; and

(c) the estimated materials fees, primarily consisting of costs of raw materials (such as steel plates and steel pipes) and auxiliary materials (such as welding wires, gases and coatings) used in the process of production, to be charged by Mengyin Qicheng, with reference to the price level during the Track Record Period and the potential price fluctuation of the raw materials, which represent an approximately 3% to 5% historical fluctuation rate, taking into account of the relevant cost.

2. Procurement of products and services from Lingong Group and/or its associates

Parties

Lingong Group (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of products and services framework agreement with Lingong Group on [●] (the "**Lingong Group Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure certain (i) products, such as automated guided vehicles manufactured by Lingong Group and/or its associates conducting transportation functions and lithium battery and ancillary services such as product maintenance services to support our operation needs; and (ii) products under bidding cooperation arrangement, pursuant to which the parties agree to cooperate with each other to bid for certain projects owned or initiated by Independent Third Parties, and for our Group to bid for the projects which comprise the parts of the projects related to the principal business of Lingong Group and/or its associates, Lingong Group and/or its associates and our Group cooperate for the procurement of relevant products by our Group from Lingong Group under the projects. The initial term of the Lingong Group Procurement Framework Agreement shall commence on the [**REDACTED**] until [December 31, 2028], subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the relevant products and services shall be determined through market-oriented with reference to prevailing market conditions, the type and specification of products/service required, the relevant labour costs, raw material costs and production costs after obtaining the price quotations and comparing the fee quotes with other Independent Third Parties in the market for comparable product and service, and shall not be less favourable than those for transactions between our Group and Independent Third Parties under the same conditions. In respect of the procurement of products under bidding cooperation arrangement, the bidding quotation will be determined taking into consideration product scale, complexity, delivery time required and estimated costs and expense and is generally in line with the products sold by Lingong Group to Independent Third Parties. We will regularly review the prices charged by Lingong Group with reference to prevailing market prices of similar products to ensure they are on normal commercial terms and are fair and reasonable.

Reasons for the transactions

We have been historically procuring the relevant products and services from Lingong Group and/or its associates from time to time, which allows both of our Group and Lingong Group and/or its associates to leverage the enhanced economies of scale and hence increased cost efficiency. Through the long-standing and stable business relationship, Lingong Group and/or its associates has gained a comprehensive understanding of our business needs, quality standards and operational requirements, and we consider that Lingong Group and/or its associates is capable of effectively and stably satisfying our demand for the relevant products and services.

In addition, while each of our Group and Lingong Group typically undertake projects on our own, projects initiated by Independent Third Parties such as government departments or their respective controlled enterprises may impose some specific requirements for the projects such as requiring bidders to provide a wide spectrum of integrated products as a package, part of which may be beyond the business scope of our Group. Therefore, Lingong Group will cooperate with our Group to participate in the projects, which would be more time-efficient and cost-efficient. Such cooperations provide mutual benefits to our Group and Lingong Group, which in turn enhance business growth.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Procurement of products and services from Lingong Group and/or its associates	24.1	9.5	23.3

The fluctuation in transaction amounts during the Track Record Period was primarily due to variation of the end-customers' demand in procurement under bidding cooperation.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Lingong Group Procurement Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Procurement of products and services from Lingong Group and/or its associates	37.1	42.3	49.2

The above proposed annual caps of procurements of products and services by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period. It is noted that the procurement amount significantly increased for the year ended December 31, 2025 compared to the transaction amounts in 2024;

(b) the estimated demands for the products and services supplied by Lingong Group and/or its associates for the three years ending [December 31, 2028], which are expected to increase taking into account the existing contracts or arrangements between our Group and Lingong Group and/or its associates and development plans of both groups, especially our expected increase of demand in automated guided vehicles and lithium battery taking into account of our Group's electrification process, as well as the expected projects for which our Group and Lingong Group may cooperate to bid from time to time. Considering that our extensive customers base and global sales channels, we are well-positioned to offer customers a one-stop product solution. Therefore, in addition to our own manufactured mining equipment, we can also cooperate with Lingong Group to supply one-stop solutions such as mining loaders, graders, and other equipment manufactured by Lingong Group to satisfy the needs by the mining customers. Based on the latest management accounts for the three months ended March 31, 2026, the transaction amounts for procurement of materials of Lingong Group have already accounted for approximately 22% of our annual caps for the year ending December 31, 2026; and

(c) the estimated products and service fees to be charged by Lingong Group and/or its associates, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

3. Provision of products to Lingong Group and/or its associates

Parties

Lingong Group (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of products framework agreement with Lingong Group on [●] (the "**Lingong Group Provision Framework Agreement**"), pursuant to which our Group may from time to time provide our products such as off-highway dump trucks to certain subsidiaries of Lingong Group which are principally engaged in equipment leasing for its lease to its customers.

Pricing terms

The prices for the products we offered to Lingong Group and/or its associates shall be determined between Lingong Group and/or its associates and us after arm's length negotiations, with reference to the prevailing market conditions, the cost of relevant products and the prices we offer to other Independent Third Parties in the ordinary and usual course of business, and are generally in line with the prices as we offer to other Independent Third Parties in the ordinary and usual course of business.

Reasons for the transactions

Certain subsidiaries of Lingong Group are engaged in the leasing of complete equipment to their customers. We have historically been supplying our complete equipment to such subsidiaries of Lingong Group for their subsequent operating lease. We are able to provide the required equipment at high quality and competitive price, which may improve their operation efficiency and in turn facilitate our sales.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Provision of products to Lingong Group and/or its associates	63.4	47.2	35.6

The fluctuation in transaction amounts was mainly due to the fluctuation of the the demand of Lingong Group's customers for equipment leasing during the Track Record Period.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Lingong Group Provision Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
		(RMB million)	
Provision of products to Lingong Group and/or its associates	60.8	70.0	80.6

The above proposed annual caps of provision of products provided by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Lingong Group and/or its associates. Based on the latest management accounts for the three months ended March 31, 2026, the transaction amounts for procurement of materials of Lingong Group and/or its associates accounted for approximately 12% of our annual caps for the year ending December 31, 2026. We typically experience lower sales in the first quarter compared to the second and third quarters of each year. As such, we expect that our sales of products to Lingong Group will further increase in the second and third quarters accordingly. In addition, we have also received orders for 27 sets of our equipment from Lingong Group and/or its associates, which are expected to generate revenue of approximately RMB18 million; and

(c) the estimated demands for our products from Lingong Group and/or its associates for the three years ending [December 31, 2028], taking into account of the average growth rate of our Group's sales during the Track Record Period and the increasing popularity of our products, which lead to the increasing demand by the customers of Lingong Group in the equipment leasing segment, thus requiring procurement by Lingong Group from our Company for its operating leasing business.

4. Procurement of materials and services from Zhang Shanrui Connected Persons

Parties

Zhang Shanrui (for itself and on behalf of Zhang Shanrui Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of materials and services framework agreement with Mr. Zhang Shanrui on [●] (the "**Zhang Shanrui Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure certain materials and services from Zhang Shanrui Connected Persons. Such materials and services include, among others, (i) platform controllers, electronic control units and lower control box assemblies, which are primarily applied in the power electronic control systems of aerial work platforms; and (ii) GPS systems to enable intelligent remote monitoring, inspection, and location tracking of the equipment. The initial term of the Zhang Shanrui Procurement Framework Agreement shall commence on the [**REDACTED**] until [December 31, 2028], subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the relevant materials and services shall be determined through market-oriented methods, including a comparison of quotations obtained from potential suppliers and commercial negotiations, with reference to prevailing market conditions, with reference to the type and specification of materials/services required, the relevant labour costs, raw material costs and production costs after obtaining the price quotations and comparing the fee quotes with other Independent Third Parties in the market for comparable materials and service, and shall not be less favourable than those for transactions between our Group and Independent Third Parties under the same conditions. We will regularly review the prices charged by Zhang Shanrui Connected Persons with reference to prevailing market prices of similar products to ensure they are on normal commercial terms and are fair and reasonable.

Reasons for the transactions

We have been historically procuring the relevant materials and services from Zhang Shanrui Connected Persons from time to time, which allows both of our Group and Zhang Shanrui Connected Persons to leverage the enhanced economies of scale and hence increased cost efficiency. Through the long-standing and stable business relationship, Zhang Shanrui Connected Persons have gained a comprehensive understanding of our business needs, quality standards and operational requirements, and we consider that Zhang Shanrui Connected Persons are capable of effectively and stably satisfying our demand for the relevant materials and services.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Procurement of materials and services from Zhang Shanrui Connected Persons	84.9	63.7	46.7

The fluctuations in transaction amounts during the Track Record Period were mainly due to the following reasons: (a) continuous changes in the types, prices, and quantities of materials supplied; (b) the fluctuation in the output of mining equipment and aerial work platform, especially the decreasing production in the aerial work platform, especially scissor lifts, during the Track Record Period; and (c) the ongoing optimization of production processes, cost optimization, and cost reduction initiatives.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Zhang Shanrui Procurement Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Procurement of materials and services from Zhang Shanrui Connected Persons	109.1	125.6	144.7

The above proposed annual caps of procurements of materials and services by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period. Despite the decrease in transaction amounts during the Track Record Period, demand is expected to rebound considering Zhang Shanrui Connected Persons' supply of components for mining machinery and forklifts, which is procured by us to support by our continued sales growth in those segments;

(b) the estimated demands for the materials and services supplied by Zhang Shanrui Connected Persons for the three years ending [December 31, 2028], which are expected to increase taking into account the existing contracts or arrangements between our Group and Zhang Shanrui Connected Persons and development plans of both parties considering that our Group has entered into the electric forklift segment for material handling since 2025, and the sales of electric forklifts are expected to significant grow in the future. Therefore, apart from the materials manufactured by Zhang Shanrui Connected Persons which are applied in the power electronic control systems of aerial work platforms, Zhang Shanrui Connected Persons will further expand their productions of materials for mining equipment, which will be applied in our mining equipment and forklifts. Additionally, Zhang Shanrui Connected Persons will further offer a more diversified range of materials such as high-altitude working platform control boxes, integrated controllers, wiring harnesses and chargers to be equipped in our mining equipment and aerial work platform for the years ending [December 31, 2028]. Based on the latest management accounts for the three months ended March 31, 2026, the transaction amounts have already accounted for approximately 23% of our annual caps for the year ending December 31, 2026; and

(c) the estimated materials and services fees to be charged by Zhang Shanrui Connected Persons, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

In our ordinary and usual course of business, we have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Guarantee under the finance lease and procurement of finance lease management services

Parties

Lingong Group (for itself and on behalf of its subsidiaries)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

As part of its ordinary course of business, Lingong Group has provided finance lease services through its subsidiary, Chentai Finance Lease, which is principally engaged in the financial leasing to our end customers by way of (i) direct lease, under which our Group sell the underlying products as selected by the end customer to the Chentai Finance Lease, and it will lease such underlying products to and collect lease payment and other costs from the end customers, and (ii) sale and leaseback, under which the end customers purchase equipment from our Group, financed and directly paid by the Chentai Finance Lease, and sell and transfer the ownership of the relevant equipment to it. Chentai Finance Lease then lease such equipment back to the relevant end customers as lessees for lease payments. Pursuant to the finance lease arrangement, we will provide guarantee to the Chentai Finance Lease for the benefit of our end customers to guarantee the performance of the obligations under the individual finance lease agreements.

In addition, Lingong Group, and/or its subsidiaries may also from time to time provide us finance lease management services, pursuant to which Lingong Group (for itself and on behalf of its subsidiaries) will from time to time assume our repurchase obligations to undertake our end-customers' payment obligations under the finance lease arrangements (the "**Guarantees from Controlling Shareholders**"). We have no current plan to release all the outstanding Guarantees from Controlling Shareholders prior to completion of the [**REDACTED**] as our Directors believe that the early discharge of the Guarantees from Controlling Shareholders is not in the best interests of our Group and Shareholders as a whole. For more details, see "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence and Financial Independence" in this document, and (ii) other ancillary services such as credit review, contract management, and disbursement management of lessees under the relevant finance lease arrangements.

The Guarantees from Controlling Shareholders constitutes financial assistance received by our Group from our connected persons for the benefit of our Group under Rule 14A.90 of the Listing Rules. Since the provision of Guarantees from Controlling Shareholders are on normal commercial terms or better to our Group and are not secured by the assets of our Group, the provision of Guarantees from Controlling Shareholders is fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For illustration purposes, during the Track Record Period, period-end balance of the total outstanding amount of Guarantees from Controlling Shareholders amounted to approximately RMB2,893.5 million, RMB4,800.1 million and RMB3,975.7 million, respectively, and based on the current terms, the remaining guarantee balances provided by Lingong Group will amount to RMB1,826.2 million, RMB897.4 million and RMB349.2 million for the three years ending December 31, 2028.

For details, please refer to "Finance lease arrangements" of Business section.

We entered into a finance lease framework agreement with Lingong Group (for itself and on behalf of its subsidiaries) on [●] (the "**Finance Lease Framework Agreement**"), pursuant to which (i) we will provide repurchase guarantees to Lingong Group and/or subsidiaries in favor of our end-customers to guarantee the performance of the lessees' obligations under the relevant finance lease agreements; and (ii) we will pay the finance lease management fees for finance lease management services, which primarily include risk compensation fees for providing repurchase guarantees by Lingong Group and the service fees for ancillary services such as credit review. The initial term of the Financial Lease Framework Agreement shall commence on the [**REDACTED**] until [December 31, 2028], subject to renewal by mutual consent.

Pricing terms

The pricing terms of the guarantee under the finance lease arrangements shall be agreed between the parties after arm's length negotiations on normal commercial terms. The pricing terms of finance lease management fees payable by our Group to Lingong Group and/or subsidiaries under the finance lease arrangements shall be determined will be agreed upon through arm's length commercial negotiations on terms no less favourable to our Group than those available from Independent Third Parties principally with reference to the finance lease amounts disbursed by finance lease companies in respect of which Lingong Group provides repurchase obligations or our Group is exempted from, multiplied by a fee rate ranging from 0.5% to 2%, depending on the lease terms, which are comparable to the market rate of other A share listed engineering machinery companies.

Reasons for the transactions

We are principally engaged in manufacture and sale of mining equipment and aerial work platforms, and it is in line with the market practice for us to cooperate with the finance lease companies and provide financial guarantees in respect of the products sold to our end customers. The finance lease arrangements are intended to provide financing channels to our end-customers with funding needs when purchasing our products, thereby facilitating sales of our products and supporting the expansion of our customer base. Lingong Group and/or its subsidiaries has maintained a long-term business relationship with us and accumulated understanding of our business operations. In addition, our Group procures finance lease management services from Lingong Group and/or its subsidiaries, which is in the best interests of our Group and Shareholders as a whole. The payment of such finance lease management fees reflects prevailing industry practice and represents fair commercial consideration for the management services provided, while enabling our Group to mitigate credit risk exposure, ensure the smooth implementation of the finance lease arrangements and enhance our ability to promote product sales.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Guarantees by us to Lingong Group and/or its subsidiaries (being the maximum day-end guarantee balance of the total outstanding amount)	1,020.9	748.8	421.7
Finance lease management fees paid by our Group to Lingong Group and/or its subsidiaries	27.7	40.2	18.0

Among the finance lease management fees, during the Track Record Period, the amounts attributable to the risk compensation fee for providing repurchase guarantee were RMB27.5 million, RMB39.5 million and RMB17.7 million, respectively, and the amounts attributable to the fee for ancillary services were RMB0.2 million, RMB0.7 million and RMB0.3 million, respectively.

The fluctuation in the transaction amounts during the Track Record Period was primarily due to our procurement of finance lease management services, where Lingong Group have assumed our repurchase obligations through providing repurchase guarantees in favour of our Group to undertake our end-customers' payment obligations under the finance lease arrangements, leading to the decrease in the guarantees by us to Lingong Group and/or its associates under the finance lease arrangements.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Finance Lease Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
		(RMB million)	
Guarantees by us to Lingong Group and/or its subsidiaries (being the maximum day-end guarantee balance of the total outstanding amount)	1,200	2,000	2,600
Finance lease management fees payable by our Group to Lingong Group and/or its subsidiaries	10	nil	nil

The above proposed annual caps are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated outstanding balances with respect to the current financing arrangements. We have been in the transition process to undertake the repurchase guarantees by our own with respect to all newly-entered finance lease arrangements, and such transition process will complete prior to the [**REDACTED**]. Therefore, the amount of guarantees provided by our Company will increase significantly compared to the Track Record Period; and

(c) the expected increase in sales of products by our Group, considering our sales plan. Accordingly, more end customers may require finance lease arrangement to facilitate their procurement.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions subject to the reporting, annual review and announcement requirements" and "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement and independent Shareholders' approval requirements" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules (as the case may be).

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to the reporting, annual review and announcement requirements" in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement and independent Shareholders" 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 (as stated above). We will comply with Chapter 14A (apart from the requirements for which a waiver is sought) in respect of the non-exempt continuing connected transactions after [**REDACTED**].

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that 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 and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the documents and information provided by the Company and due diligence conducted, the Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions described above in this section have been entered into and will be carried out in the ordinary and usual course of business of our Group, on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for the non-exempt continuing connected transactions disclosed above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

(a) Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules. In particular, the pricing of any proposed connected transaction will be subject to our standard process by requesting and comparing quotations, conducting bidding or evaluating the materials, manufacturing and labour costs. We will have an overall assessment of the capabilities and terms (including the prices) offered to make appropriate selections. Such measures will ensure that the prices charged by connected persons reflect the prevailing market price and are fair and reasonable on normal commercial terms; and

(b) Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.