The following discussion and analysis should be read in conjunction with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors", "Forward-Looking Statements" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a mining equipment and aerial work platform company with international operations, supported by our R&D centers located in China, Japan and Mexico, as well as our manufacturing facilities in China and Mexico. Our products and solutions include:

- *Mining Equipment:* comprising (i) mining transportation equipment; (ii) mining excavators; and (iii) other auxiliary mining machinery. These products cover the entire mining value chain from transportation to extraction, and auxiliary operations, delivering comprehensive solutions for open-pit mining scenarios;
- *Aerial Work Platforms:* comprising boom lifts and scissor lifts that provide complete equipment solutions for construction, renovation and industrial maintenance projects; and
- *Material Handling Equipment:* comprising telescopic handlers and forklifts, delivering low-carbon and high-efficiency solutions for industrial logistics and material handling.
- *Aftermarket Services and Others:* comprising spare parts supply, product maintenance, repair, leasing and construction support.

Our revenue increased from RMB9,897.1 million in 2023 to RMB10,148.1 million in 2025, representing a CAGR of 1.3%. Our net profit increased from RMB973.8 million in 2023 to RMB1,040.4 million in 2025.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on January 1, 2023 throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at FVTOCI, financial assets at FVTPL and derivative financial instruments which have been measured at fair value.

We have not applied new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information. See Note 3 of the Accountants' Report in Appendix I to this Document. We intend to apply these revised and new IFRSs, if applicable, when they become effective.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors, including macroeconomic environment in Chinese Mainland and globally, technological development and competition in the industry, relevant policies and regulations, and changes in global trade environments. In addition, our business and results of operations have been and will continue to be affected by company-specific factors, which primarily include the following:

Ability to Continuously Develop New Products and Attract Customer Orders

We serve one of the most extensive customer and end-user bases globally, and have established long-term, strategic partnerships with many mining equipment, aerial work platform and other industrial customers. We are able to meet diverse market demands through technological progress and product development. Our ability to consistently develop and launch new products and secure customer orders is critical to expanding our market share and driving revenue growth.

Diversified Product Portfolio Driven by Scenario-Based Innovation

Our products vary in terms of selling prices and gross profit margins. As different product categories are driven by distinct growth dynamics and exhibit varying growth rates, changes in our product mix may have a material impact on our overall gross profit margin and, consequently, our business performance. In terms of product type, our aerial work platforms have generally maintained high gross profit margins. In terms of geographical region, our gross profit margins from overseas sales are generally higher than our gross profit margins from domestic sales.

To support long-term growth, we have built a diversified, scenario-driven product portfolio that covers a wide range of operational environments, including mining, construction, logistics and industrial maintenance. By offering full-process equipment solutions and continuously expanding into electric and intelligent product lines, we are able to address evolving customer needs across multiple scenarios. Our ability to develop and refine a comprehensive product matrix tailored to specific application scenarios is one of the key factors driving our future revenue growth and profitability.

Cost Control and Operational Efficiency

Our profitability has benefitted from our ability to effectively control costs and expenses. We established a fully localized operational framework encompassing research and development, production, sales and after-sales services. In addition, we are actively advancing our digital factory initiatives to upgrade our manufacturing facilities through intelligent technologies, thereby enhancing overall operational efficiency.

During the Track Period Record, our cost of sales primarily consisted of direct material costs. Our gross profit margin and overall profitability may be influenced by a range of external factors, including fluctuations in raw material commodity prices, variations in freight and logistics costs, and changes in foreign exchange rates. We improve our production efficiency and reduce manufacturing costs through ongoing technological innovation and effective supply chain management. Our operating expenses include research and development expenses, administrative and general expenses, and selling and distribution expenses. Our ability to enhance operational efficiency and maintain robust cost control measures will continue to be a key factor influencing our financial performance.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. When reviewing our financial statements, you should consider the selection of our accounting policies, the judgments applied in their implementation and the sensitivity of reported results to changes in assumptions and conditions. Our material accounting policies, estimates, assumptions and judgments, which are important for an understanding of our financial condition and results of operations, are fully disclosed in detail in the Accountants' Report in Appendix I to this Document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations in absolute amounts and as percentages of our revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Revenue	9,897,120	100.0	12,028,252	100.0	10,148,085	100.0
Cost of sales	(8,040,260)	(81.2)	(9,609,596)	(79.9)	(7,758,231)	(76.5)
Gross profit	**1,856,860**	**18.8**	**2,418,656**	**20.1**	**2,389,854**	**23.5**
Other income and gains, net	179,647	1.8	138,608	1.2	171,813	1.7
Selling and marketing expenses	(373,586)	(3.8)	(561,733)	(4.7)	(685,636)	(6.8)
Administrative expenses	(240,395)	(2.4)	(298,314)	(2.5)	(303,435)	(3.0)
Research and development costs	(320,018)	(3.2)	(414,613)	(3.4)	(337,280)	(3.3)
Impairment losses (including reversal of impairment losses) on financial assets and financial guarantee	(27,305)	(0.3)	(154,341)	(1.3)	(42,363)	(0.4)
Share of results of associates	16,267	0.2	1,586	0.0	7,160	0.1
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(13,099)	(0.1)	(26,268)	(0.2)	(37,662)	(0.4)
Profit before tax	1,078,371	10.9	1,103,581	9.2	1,146,959	11.3
Income tax expense	(104,606)	(1.1)	(103,580)	(0.9)	(106,601)	(1.0)
Profit for the year	**973,765**	**9.8**	**1,000,001**	**8.3**	**1,040,358**	**10.3**
Profit for the year attributable to:						
Owners of the Company	969,294	9.8	994,502	8.3	1,037,212	10.3
Non-controlling interests	4,471	0.0	5,499	0.0	3,146	0.0

Revenue

In 2023, 2024 and 2025, our total revenue amounted to RMB9,897.1 million, RMB12,028.3 million and RMB10,148.1 million, respectively.

Revenue by Business Segment

During the Track Record Period, we derived our revenue primarily from sales of mining equipment, aerial work platforms, material handling equipment and others. The following table sets forth a breakdown of our revenue by business segment both in absolute amounts and as percentages of total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Mining equipment						
Mining transportation equipment	4,584,008	46.3	6,236,093	51.8	5,031,702	49.6
Mining excavators	332,155	3.4	891,802	7.4	847,811	8.3
Other auxiliary mining machinery	31,912	0.3	44,656	0.4	122,856	1.2
Subtotal	**4,948,075**	**50.0**	**7,172,551**	**59.6**	**6,002,369**	**59.1**
Aerial work platforms						
Boom lifts	2,191,968	22.1	2,405,526	20.0	1,734,302	17.1
Scissor lifts	1,737,451	17.6	1,387,292	11.6	955,311	9.4
Subtotal	**3,929,419**	**39.7**	**3,792,818**	**31.6**	**2,689,613**	**26.5**
Material handling equipment	**140,430**	**1.4**	**231,274**	**1.9**	**342,748**	**3.4**
Aftermarket service and others[(1)]	**879,196**	**8.9**	**831,609**	**6.9**	**1,113,355**	**11.0**
Total	**9,897,120**	**100.0**	**12,028,252**	**100.0**	**10,148,085**	**100.0**

Note:

(1) Aftermarket service and others consist of aftermarket service and spare parts sales.

Revenue by Geographical Region

During the Track Record Period, we generated revenue from both Chinese Mainland and overseas markets. The following table sets forth a breakdown of our revenue by geographical region, both in absolute amounts and as percentages of total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese Mainland	6,709,558	67.8	7,629,713	63.4	4,938,619	48.7
Overseas	3,187,562	32.2	4,398,539	36.6	5,209,466	51.3
Asia (ex-Chinese Mainland)(1)	993,120	10.0	1,658,685	13.8	1,664,620	16.4
Europe(2)	1,165,154	11.8	1,667,590	13.8	1,037,620	10.2
Africa(3)	478,348	4.8	463,759	3.9	1,257,986	12.4
the Americas(4)	470,062	4.8	432,371	3.6	1,073,294	10.6
Oceania(5)	80,878	0.8	176,134	1.5	175,946	1.7
Total	**9,897,120**	**100.0**	**12,028,252**	**100.0**	**10,148,085**	**100.0**

Notes:

(1) Our sales to Asia (ex-Chinese Mainland) include, among others, sales to Indonesia, Vietnam and Hong Kong.

(2) Our sales to Europe include, among others, sales to Russia, Spain and United Kingdom.

(3) Our sales to Africa, include, among others, sales to the Republic of the Congo, South Africa and Zambia.

(4) Our sales to the Americas include, among others, sales to the United States, Mexico and Canada.

(5) Our sales to Oceania include, among others, sales to Australia.

Cost of Sales

Cost of Sales by Nature

Our cost of sales consisted of (i) raw materials; (ii) manufacturing costs; (iii) direct labor; (iv) freight; and (v) others. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Raw materials	7,333,940	91.2	8,622,854	89.7	6,747,812	87.0
Manufacturing costs	122,754	1.5	152,913	1.6	154,134	2.0
Direct labor	86,088	1.1	83,676	0.9	115,416	1.5
Freight	206,929	2.6	327,848	3.4	245,457	3.1
Others(1)	290,549	3.6	422,305	4.4	495,412	6.4
Total	**8,040,260**	**100**	**9,609,596**	**100**	**7,758,231**	**100.0**

Note:

(1) Others consist of warranty provisions.

As set out in the above table, our raw materials costs were the largest components of our cost of sales during the Track Record Period, among which the cost of transmission parts contributed to most of our raw materials costs. The following sets forth a breakdown of our raw materials costs by nature for the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Transmission parts	2,902,539	39.6	3,890,064	45.1	2,831,227	42.0
Structural parts	2,275,330	31.0	2,416,341	28.0	1,788,270	26.5
Electrical parts	955,169	13.0	942,236	10.9	927,865	13.7
Hydraulic parts	813,917	11.1	870,280	10.1	730,187	10.8
Standard parts	52,170	0.7	58,297	0.7	41,468	0.6
Others(1)	334,815	4.6	445,636	5.2	428,795	6.4
Total	**7,333,940**	**100.0**	**8,622,854**	**100.0**	**6,747,812**	**100.0**

Note:

(1) Others consist of oil products, rubber and plastic nylon components.

Our raw material costs increased by 17.6% from RMB7,333.9 million in 2023 to RMB8,622.9 million in 2024, primarily due to an increased procurement of transmission parts, driven by an increase in our product volume and changes in the product mix to large-tonnage such as large-tonnage mining machinery and excavators with a higher purchase price of engines. Our raw material costs decreased by 21.7% from RMB8,622.9 million in 2024 to RMB6,747.8 million in 2025, primarily due to the decreased procurement of transmission parts, driven by a decrease in production volume and a shift in the product mix from fuel-powered vehicles to new energy products.

Cost of Sales by Business Segment

The following table sets forth a breakdown of our cost of sales by business segment in absolute amounts and as percentages of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Mining equipment	4,122,875	51.3	5,924,073	61.6	4,677,443	60.3
Aerial work platforms	3,036,318	37.8	2,836,919	29.5	1,991,667	25.7
Material handling equipment	115,637	1.4	179,805	1.9	252,226	3.2
Aftermarket service and others(1)	765,430	9.5	668,799	7.0	836,895	10.8
Total	**8,040,260**	**100.0**	**9,609,596**	**100.0**	**7,758,231**	**100.0**

Note:

(1) Aftermarket service and others consist of aftermarket service and spare parts sales.

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Business Segment

Gross profit margins vary across product categories due to differences in market dynamics, cost structures and competitive positioning. Changes in product mix may result in fluctuation in our overall profit margin and our profitability. The following table sets forth a breakdown of gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB in thousands, except for percentages)					
Mining equipment	825,200	16.7	1,248,478	17.4	1,324,926	22.1
Aerial work platforms	893,101	22.7	955,899	25.2	697,946	25.9
Material handling equipment	24,793	17.7	51,469	22.3	90,522	26.4
Aftermarket service and others(1)	113,766	12.9	162,810	19.6	276,460	24.8
Total gross profit/overall gross profit margin	**1,856,860**	**18.8**	**2,418,656**	**20.1**	**2,389,854**	**23.5**

Note:

(1) Aftermarket service and others consist of aftermarket service and spare parts sales.

Gross Profit and Gross Profit Margin by Geographical Region

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical region for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB in thousands, except for percentages)					
Chinese Mainland	936,949	14.0	1,153,032	15.1	841,818	17.0
Overseas(1)	919,911	28.9	1,265,624	28.8	1,548,036	29.7
Total gross profit/overall gross profit margin	**1,856,860**	**18.8**	**2,418,656**	**20.1**	**2,389,854**	**23.5**

Note:

(1) Overseas refers to Asia (ex-Chinese Mainland), Europe, Africa, the Americas and Oceania.

Other Income and Gains, Net

Our other income and gains consisted of (i) government grants, which mainly represented government subsidies and incentives to support our advanced manufacturing projects and technological development; (ii) interest income; (iii) foreign exchange differences, net; (iv) fair value changes of financial instruments at FVTPL; (v) VAT super deduction; and (vi) others. The following table sets forth a breakdown of our other income and gains, both in absolute amounts and as percentages of total other income and gains for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Other income and gains, net						
Interest income	75,413	42.0	67,564	48.7	85,401	49.7
Government grants						
– Related to assets	12,069	6.7	12,091	8.7	13,843	8.1
– Related to income	44,554	24.8	56,342	40.6	62,470	36.4
VAT super deduction	36,738	20.5	23,533	17.0	26,585	15.5
Foreign exchange differences, net	61,409	34.2	(10,750)	(7.8)	(9,204)	(5.4)
Fair value changes of financial instruments at FVTPL	(53,022)	(29.5)	(2,404)	(1.7)	4,401	2.6
Others[(1)]	2,486	1.3	(7,768)	(5.5)	(11,683)	(6.9)
Total other income and gains, net	**179,647**	**100.0**	**138,608**	**100.0**	**171,813**	**100.0**

Note:

(1) Others consist of impairment loss recognised in respect of property, plant and equipment, gains/(losses) on disposal of items of property, plant and equipment, net, gains on disposal of right-of-use assets, net, dividends from financial assets at FVTOCI, realised fair value changes of financial assets at FVTOCI at disposal and losses from debt restructuring.

Government grants represented government subsidies and incentives to help us expand production, upgrade manufacturing lines, and develop new technologies. These grants are generally awarded by various government authorities in Chinese Mainland, particularly in Jinan. To qualify for these grants, we must align with industrial policy priorities, undertake projects involving technological innovation or production line upgrades, and meet prescribed benchmarks for output or tax revenue growth, with applications submitted in accordance with relevant regulatory guidelines. As of the Latest Practicable Date, there are no unfulfilled conditions or contingencies associated with these government grants.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) salaries and benefits; (ii) business promotion expenses; (iii) advertising expenses; (iv) travel expenses; (v) insurance fees; (vi) depreciation and amortization; (vii) share-based payments; (viii) rental and property management fees; and (ix) others. In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB373.6 million, RMB561.7 million and RMB685.6 million, respectively, which accounted for 3.8%, 4.7% and 6.8% of our total revenue for the same years. The following table sets forth a breakdown of our selling and marketing expenses by nature, both in absolute amounts and as percentages of total selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Salaries and benefits	131,799	35.3	222,573	39.6	286,046	41.7
Business promotion expenses	95,475	25.6	127,920	22.8	100,954	14.7
Advertising expenses	37,581	10.1	60,001	10.7	80,984	11.8
Travel expenses	34,688	9.3	57,979	10.3	70,030	10.2
Insurance fees	14,037	3.8	16,008	2.8	29,034	4.2
Depreciation and amortization	14,673	3.9	21,889	3.9	27,621	4.0
Share-based payments	12,349	3.3	15,294	2.7	13,684	2.0
Rental and property management fees	9,682	2.6	11,691	2.1	20,975	3.1
Others[(1)]	23,302	6.1	28,378	5.1	56,308	8.2
Total	**373,586**	**100.0**	**561,733**	**100.0**	**685,636**	**100.0**

Note:

(1) Others consist of miscellaneous office expenses.

Administrative Expenses

Our administrative expenses consisted of (i) salaries and benefits; (ii) consulting service expenses in relations to financial audit and compliance advisory services in connection with our business operations; (iii) depreciation and amortization; (iv) maintenance and logistic expenses; (v) office and travel expenses; (vi) share-based payments; and (vii) others. In 2023, 2024 and 2025, our administrative expenses amounted to RMB240.4 million, RMB298.3 million and RMB303.4 million, respectively, which accounted for 2.4%, 2.5% and 3.0% of our total revenue for the same years. The following table sets forth a breakdown of our administrative expenses by nature, both in absolute amounts and as percentages of total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Salaries and benefits	111,135	46.2	160,647	53.9	140,707	46.4
Consulting service expenses	32,021	13.3	25,178	8.4	40,125	13.2
Depreciation and amortization	18,159	7.6	29,563	9.9	30,394	10.0
Maintenance and logistic expenses	29,192	12.1	27,601	9.3	26,608	8.8
Office and travel expenses	18,064	7.5	28,539	9.6	32,460	10.7
Share-based payments	16,653	6.9	19,450	6.5	20,244	6.7
Others[1]	15,171	6.4	7,336	2.4	12,897	4.3
Total	**240,395**	**100.0**	**298,314**	**100.0**	**303,435**	**100.0**

Note:

(1) Others consist of business entertainment, and rental expenses.

Research and Development Expenses

Our research and development expenses consisted of (i) salaries and benefits; (ii) testing materials; (iii) outsourced research and development; (iv) share-based payments; (v) depreciation and amortization; and (vi) others. In 2023, 2024 and 2025, our research and development expenses amounted to RMB320.0 million, RMB414.6 million and RMB337.3 million, respectively, which accounted for 3.2%, 3.4% and 3.3% of our total revenue for the same years. The following table sets forth a breakdown of our research and development expenses by nature both in absolute amounts and as percentages of total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Salaries and benefits	98,826	30.9	120,689	29.1	135,901	40.3
Testing materials	198,751	62.1	246,610	59.5	145,812	43.2
Outsourced research and development	2,446	0.8	29,348	7.1	37,678	11.2
Share-based payments	11,268	3.5	8,454	2.0	7,827	2.3
Depreciation expense	4,571	1.4	4,716	1.1	5,559	1.6
Others[1]	4,156	1.3	4,796	1.2	4,503	1.3
Total	**320,018**	**100.0**	**414,613**	**100.0**	**337,280**	**100.0**

Note:

(1) Others consist of miscellaneous expenses.

Impairment losses (including reversal of impairment losses) on financial assets and financial guarantee

Our impairment losses (including reversals of impairment losses) on financial assets and financial guarantee are related to bills receivables, trade receivables, other receivables and obligation of guarantee for finance lease. In 2023, 2024 and 2025, our impairment losses (including reversals of impairment losses) on financial assets and financial guarantee amounted to RMB27.3 million, RMB154.3 million and RMB42.4 million, respectively.

Finance Costs

Our finance costs consisted of interest on bank loans and other borrowings, interest on lease liabilities and interest on long-term payables. In 2023, 2024 and 2025, our finance costs amounted to RMB13.1 million, RMB26.3 million and RMB37.7 million, respectively.

Share of Profits and Losses of Associates

Our share of profits or losses of associates primarily represented profits and losses we recognized in proportion to our equity interests from investments in associates and deemed disposal gain. Share of profits and losses of associates amounted to profits of RMB16.3 million, RMB1.6 million and RMB7.2 million in 2023, 2024 and 2025, respectively.

Income Tax Expense

Our income tax expenses mainly represented profit before tax paid in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or domicile. In 2023, 2024 and 2025, our income tax expenses amounted to RMB104.6 million, RMB103.6 million and RMB106.6 million, respectively.

Chinese Mainland

Pursuant to the PRC EIT Law and the relevant regulations, as High and New Technologies Enterprises or HNTEs, we and our qualified subsidiary which operate in Chinese Mainland are subject to an EIT rate of 15% on taxable income. This qualification is subject to triennial review by the Chinese tax authorities every three years. Other subsidiaries which operate in Chinese Mainland are subject to an EIT rate of 25%.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a progressive rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Other countries

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions ranging from 9% to 30%. See Note 11 of the Accountants' Report in Appendix I to this Document for more information. As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared with Year ended December 31, 2024

Revenue

Our revenue decreased by 15.6% from RMB12,028.3 million in 2024 to RMB10,148.1 million in 2025.

Revenue by Business Segment

Revenue from mining equipment decreased by 16.3% from RMB7,172.6 million in 2024 to RMB6,002.4 million in 2025, primarily due to a decrease in its sales volume from 7,745 units to 5,179 units, mainly driven by reduced downstream demand from the coal mining sector as a result of the declining coal prices in China. For details of the impact of coal prices, see "Industry Overview — Cost Analysis."

Revenue from aerial work platforms decreased by 29.1% from RMB3,792.8 million in 2024 to RMB2,689.6 million in 2025, primarily due to a decrease in sales volume from 24,002 units in 2024 to 16,780 units in 2025, as a result of (i) intensified market competition and reduced procurement activities across the industry in China, against a backdrop of an overall contraction in market size of approximately 7.7% during the same period; and (ii) our domestic customers' procurement plan adjustment by major domestic rental companies, following several years of large-scale expansion and market saturation. Our revenue decrease from aerial platform exceeded the industry average, primarily due to (i) a decrease in sales as customers restructured their asset portfolios and competitive pressure intensified; and (ii) our decision not to engage in aggressive price competition to maintain our product quality. For details of market competition, see "Industry Overview — Overview of Global Aerial Work Platform Market."

Revenue from material handling equipment increased by 48.2% from RMB231.3 million in 2024 to RMB324.7 million in 2025, primarily due to an increase in sales volume from 515 units in 2024 to 856 units in 2025, driven by (i) our expansion into more overseas markets such as the Americas and Europe in 2025; and (ii) the launch of newer models of our telescopic handlers and forklifts.

Revenue from aftermarket service and others increased by 33.9% from RMB831.6 million in 2024 to RMB1,113.4 million in 2025, primarily due to an increase in aftermarket services and component sales, especially in overseas markets.

Revenue by Geographical Region

Revenue from Chinese Mainland decreased by 35.3% from RMB7,628.2 million in 2024 to RMB4,938.6 million in 2025, primarily due to (i) reduced downstream demand from the coal mining sector as a result of the declining coal prices in China; and (ii) intensified market competition and reduced procurement activities across the aerial work platforms industry in China and our domestic customers' procurement plan adjustment by major domestic rental companies, following several years of large-scale expansion and market saturation.

Revenue from overseas markets increased by 18.4% from RMB4,400.0 million in 2024 to RMB5,209.5 million in 2025, primarily due to an increase in sales volume of mining equipment from overseas customers, driven by our continued efforts to explore overseas markets and offer more products and services, which gained increasing recognition because of the high quality and functionality of our products and our dedicated local sales support teams. We also established new sales channels in South America, the Middle East, Africa and Southeast Asia, which contributed to our sales expansions in those markets.

Cost of Sales

Our cost of sales decreased by 19.3% from RMB9,609.6 million in 2024 to RMB7,758.2 million in 2025, primarily due to a decrease in the cost of raw materials in line with the revenue decrease.

Gross Profit and Gross Profit Margin

Our gross profit remained stable at RMB2,418.7 million in 2024 and RMB2,384.8 million in 2025, and our gross profit margin increased from 20.1% to 23.5% over the same years.

Gross Profit and Gross Profit Margin by Business Segment

Our gross profit margin from mining equipment increased from 17.4% in 2024 to 22.1% in 2025, primarily due to (i) an increase in sales of mining equipment in overseas markets where our selling prices are generally higher; and (ii) an increase in sales of new energy mining equipment which typically has higher selling prices compared to other mining equipment. For details of our new energy mining equipment price range, please see "Business — Our Products and Solutions — Mining Equipment."

Our gross profit margin from aerial work platforms remained stable at 25.2% in 2024 and 25.9% in 2025.

Our gross profit margin from material handling equipment increased from 22.3% in 2024 to 26.4% in 2025, primarily due to our expansion into more overseas markets such as the Americas and Europe where sales prices are generally higher as well as the launch of newer models of our telescopic handlers.

Our gross profit margin from aftermarket services and others increased from 19.6% in 2024 to 24.5% in 2025, primarily due to (i) an increase in sales of spare parts in overseas markets where the gross profit margin is typically higher, which is in line with an increase in our overseas revenue during the same periods; and (ii) an increase in the proportion of spare parts that were manufactured in-house which typically bear lower costs than those purchased from third parties.

Other Income and Gains

Our other income and gains increased from RMB138.6 million in 2024 to RMB171.8 million in 2025, primarily due to (i) an increase in interest income resulting from an increase in foreign currency deposit balances; and (ii) an increase in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 22.1% from RMB561.7 million in 2024 to RMB685.6 million in 2025, primarily due to (i) an increase in salaries and benefits driven by the expansion of our sales team; and (ii) higher travel and advertising expenses resulting from the expansion of our overseas markets and brand building.

Administrative Expenses

Our administrative expenses remained stable at RMB298.3 million in 2024 and RMB303.4 million in 2025.

Research and Development Expenses

Our research and development expenses decreased by 18.6% from RMB414.6 million in 2024 to RMB337.3 million in 2025, primarily because a larger proportion of costs relating to R&D prototypes were capitalized as inventories and sold in 2025.

Impairment Losses (Including Reversal of Impairment Losses) on Financial Assets and Financial Guarantee

Our impairment losses (including reversal of impairment losses or impairment gains) on financial assets decreased by 72.6% from RMB154.3 million in 2024 to RMB42.4 million in 2025, primarily due to lower incremental changes in trade receivables in 2025 compared to 2024, which resulted in a lower expected credit loss provision.

Finance Costs

Our finance costs increased by 43.3% from RMB26.3 million in 2024 to RMB37.7 million in 2025, primarily due to an increase in interest expenses on long-term payables arising from new financing lease arrangements, coupled with an increase in interest on bank loans and lease liabilities.

Income Tax Expense

Our income tax expense remained relatively stable at RMB103.6 million in 2024 and RMB106.6 million in 2025.

Profit for the Year

Our profit for the year remained stable at RMB1,000.0 million in 2024 and RMB1,040.4 million in 2025.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 21.5% from RMB9,897.1 million in 2023 to RMB12,028.3 million in 2024.

Revenue by Business Segment

Revenue from mining equipment increased by 45.0% from RMB4,948.1 million in 2023 to RMB7,172.6 million in 2024, primarily due to (i) an increase in sales volume of mining transportation equipment as well as an increase in its average selling price driven by the sales of more new energy models and large-sized mining transportation equipment models; (ii) an increase in sales volume of mining excavators as well as an increase in their average selling price driven by the sales of more large-sized mining excavator models. For details of our product price range, please see "Business — Our Products and Solutions — Mining Equipment."

Revenue from aerial work platforms decreased from RMB3,929.4 million in 2023 to RMB3,792.8 million in 2024, primarily due to a decrease in revenue from scissor lifts driven by shifts in customers' preference from scissor lifts into boom lifts.

Revenue from material handling equipment increased significantly from RMB140.4 million in 2023 to RMB231.3 million in 2024, primarily due to an increase in sales volume from 302 units to 515 units as we established new sales channels and invested more resources in the promotion and sales of our material handling equipment in 2024.

Revenue from aftermarket services and others decreased from RMB879.2 million in 2023 to RMB831.6 million in 2024, primarily because we strategically placed more spare parts inventory in overseas markets to improve the responsiveness of our aftermarket services which reduced the customers' needs to bulk purchase our spare parts in advance.

Revenue by Geographical Region

Revenue from Chinese Mainland increased by 13.7% from RMB6,709.6 million in 2023 to RMB7,629.7 million in 2024, primarily due to an increase in the average selling price and sales volume of mining equipment in Chinese Mainland.

Revenue from overseas markets increased by 38.0% from RMB3,187.6 million in 2023 to RMB4,398.5 million in 2024, primarily due to an increase in sales volume from overseas customers. This increase was driven by our continued efforts to explore overseas markets across Asia, Europe and Oceania through establishing new overseas sales channels, particularly the business and local team expansion of our established local subsidiaries, as well as our local distributorship arrangements.

Cost of Sales

Our cost of sales increased by 19.5% from RMB8,040.3 million in 2023 to RMB9,609.6 million in 2024, primarily due to an increase in the cost of raw materials in line with the revenue increase.

Gross Profit and Gross Profit Margin

Our gross profit increased by 30.3% from RMB1,856.9 million in 2023 to RMB2,418.7 million in 2024. Our gross profit margin increased from 18.8% to 20.1% over the same years.

Gross Profit Margin by Business Segment

Our gross profit margin from mining equipment increased from 16.7% in 2023 to 17.4% in 2024, primarily due to (i) an increase in sales of new energy mining equipment in 2024 driven by production ramp-up and the resulting decrease in unit cost and economies of scale. For details of our revenue from new energy equipment, please see "Business — Our Products and Solutions;" and (ii) an increase in sales of mining excavators, which had a high gross profit margin of 22.9% in 2024.

Our gross profit margin from aerial work platforms increased from 22.7% in 2023 to 25.2% in 2024, primarily due to an increase in sales volume in overseas markets where our selling prices and product gross profit margin are usually higher.

Our gross profit margin from material handling equipment increased from 17.7% in 2023 to 22.3% in 2024, primarily due to (i) a decrease in unit costs of our telescopic handlers, driven by economies of scale and a reduction in raw material prices; and (ii) a decrease in procurement expenses.

Our gross profit margin from aftermarket services and others increased from 12.9% in 2023 to 19.6% in 2024, primarily due to (i) an increase in sales of spare parts in overseas markets where the gross profit margin is typically higher; and (ii) an increase in the proportion of spare parts that were manufactured in-house which typically bear lower costs.

Gross Profit Margin by Geographical Region

Our gross profit margin from sales in Chinese Mainland increased from 14.0% in 2023 to 15.1% in 2024, respectively, primarily due to (i) an increase in sales of new energy mining equipment; and (ii) an increase in revenue contribution from mining excavators. Our gross profit margin from sales in overseas markets also remained stable at 28.9% and 28.8% in 2023 and 2024, respectively.

Other Income and Gains

Our other income and gains decreased by 22.8% from RMB179.6 million in 2023 to RMB138.6 million in 2024, primarily due to (i) a change in foreign exchange differences, net from a net gain of RMB61.4 million in 2023 to a net loss of RMB10.8 million in 2024, and (ii) a decrease in VAT super deduction.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 50.3% from RMB373.6 million in 2023 to RMB561.7 million in 2024, primarily due to (i) an increase in salaries and benefits driven by the expansion of our sales team to explore new markets and establish new sales channels; and (ii) higher travel, advertising and business promotion expenses resulting from the expansion of our overseas markets and brand building.

Administrative Expenses

Our administrative expenses increased by 24.1% from RMB240.4 million in 2023 to RMB298.3 million in 2024, primary due to an increase in salaries and benefits driven by an increase in administrative staff to support our overall growth.

Research and Development Expenses

Our research and development expenses increased by 29.6% from RMB320.0 million in 2023 to RMB414.6 million in 2024, primarily due to (i) an increase in salaries and benefits driven by an increase in R&D headcount to support our new product and technology development; and (ii) an increase in testing materials.

Impairment Losses (Including Reversal of Impairment Losses) on Financial Assets and Financial Guarantee

Our impairment losses (including reversal of impairment losses or impairment gains) on financial assets increased significantly from RMB27.3 million in 2023 to RMB154.3 million in 2024, primarily due to an increase in provisions for impairment of trade receivables and other receivables driven by (i) an increase in trade receivable balance; and (ii) the long credit periods to certain customers which triggered impairment.

Finance Costs

Our finance costs increased significantly from RMB13.1 million in 2023 to RMB26.3 million in 2024, primarily due to an increase in interest on bank loans and other borrowings resulting from an increase in bank borrowing balances.

Income Tax Expense

Our income tax expense remained relatively stable at RMB104.6 million in 2023 and RMB103.6 million in 2024. Our effective tax rate decreased from 9.7% in 2023 to 9.4% in 2024 primarily due to an increase in deferred tax in 2024.

Profit for the Year

Our profit for the year increased by 2.7% from RMB973.8 million in 2023 to RMB1,000.0 million in 2024, which was in line with the revenue increase.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Non-Current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	1,352,145	1,414,000	2,218,070
Investment properties	22,773	21,622	20,468
Right-of-use assets	328,757	340,216	480,686
Other intangible assets	17,378	18,074	12,833
Investments in associates	19,878	21,464	28,654
Financial assets at fair value through other comprehensive income	244,579	75,122	62,093
Prepayments, other receivables and other assets	217,628	201,316	52,085
Trade receivables	360,056	675,652	1,005,312
Deferred tax assets	241,121	375,574	553,726
Restricted deposits	1,070	12,040	17,787
Total non-current assets	2,805,385	3,155,080	4,451,714
Non-current liabilities			
Interest-bearing bank and other borrowings	141,610	207,320	359,384
Bonds Payable	–	–	200,544
Lease liabilities	42,880	54,304	60,325
Deferred income	101,209	90,118	138,690
Deferred tax liabilities	24	417	–
Provisions	34,255	30,584	50,503
Long term payables	1,728	69,335	59,544
Total non-current liabilities	**321,706**	**452,078**	**868,990**

Current Assets and Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	2,816,648	3,415,379	3,890,754	4,464,108
Trade and bills receivables	5,461,251	5,978,391	5,618,356	5,796,007
Prepaid income tax	2,694	2,988	12,271	194,778
Financial assets at fair value through other comprehensive income	402,727	410,656	83,955	73,466
Financial assets at fair value through profit or loss	945	103,598	207,308	350,655
Prepayments, other receivables and other assets	545,042	868,852	695,585	718,970
Term deposits	2,000	–	–	–
Restricted deposits	382,093	557,832	328,697	76,341
Cash and cash equivalents	1,427,594	2,752,920	2,898,065	2,329,547
Total current assets	**11,040,994**	**14,090,616**	**13,734,991**	**14,003,872**
Current liabilities				
Trade and bills payables	5,970,788	7,634,503	6,891,856	7,403,673
Other payables and accruals	816,579	842,682	994,317	818,783
Contract liabilities	294,483	387,614	425,619	509,627
Derivative financial instruments	11,218	12,368	1,077	1,619
Interest-bearing bank and other borrowings	212,565	552,408	443,142	386,170
Lease liabilities	11,818	21,551	31,217	31,533
Provisions	322,807	329,615	391,410	501,761
Income tax payable	72,363	102,314	120,519	35,671
Total current liabilities	**7,712,621**	**9,883,055**	**9,299,157**	**9,688,837**
Net current assets	**3,328,373**	**4,207,561**	**4,435,834**	**4,315,035**

Net Current Assets and Liabilities

Our net current assets remained stable at RMB4,435.8 million as of December 31, 2025 and RMB4,315.0 million as of January 31, 2026.

Our net current assets increased from RMB4,207.6 million as of December 31, 2024 to RMB4,435.8 million as of December 31, 2025, primarily due to (i) a decrease in trade and bills payables of RMB742.6 million, primarily due to a decrease in procurement amount in line with a decrease in revenue; (ii) an increase in inventories of RMB475.4 million, primarily due to an increase in finished goods. For details, see "— Current Assets and Liabilities — Inventories;" and (iii) an increase in cash and cash equivalents of RMB145.1 million; (iv) a decrease in interest-bearing bank and other borrowings of RMB109.3 million. This was partially offset by (i) a decrease in trade and bills receivables of RMB360.0 million; and (ii) a decrease in financial assets at FVTOCI of RMB326.7 million.

Our net current assets increased from RMB3,328.4 million as of December 31, 2023 to RMB4,207.6 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents of RMB1,325.3 million; (ii) an increase in inventories of RMB598.7 million, primarily due to an increase in finished goods. For details, see "— Current Assets and Liabilities — Inventories."; and (iii) an increase in trade and bills receivables of RMB517.1 million,which was generally in line with the increase in revenue. This was partially offset by an increase in trade and bills payables of RMB1,663.7 million.

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings; (ii) machinery equipment and leasing out equipment under operating leases; (iii) transportation equipment; (iv) electronic equipment; (v) land; and (vi) construction in progress.

The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Buildings	775,704	738,876	903,269
Machinery equipment and leasing out equipment under operating leases	496,436	589,754	1,083,300
Transportation equipment	7,811	10,781	9,157
Electronic equipment	20,989	24,338	31,883
Land	43,759	44,412	43,426
Construction in progress	7,446	5,839	147,035
Total	**1,352,145**	**1,414,000**	**2,218,070**

Our property, plant and equipment increased by 4.6% from RMB1,352.1 million as of December 31, 2023 to RMB1,414.0 million as of December 31, 2024, primarily due to an increase in machinery equipment as we optimized existing production lines. Our property, plant and equipment increased by 56.9% from RMB1,414.0 million as of December 31, 2024 to RMB2,218.1 million as of December 31, 2025, primarily due to (i) an increase in buildings in relation to our new office and manufacturing facilities; and (ii) an increase in machinery equipment as we completed several manufacturing projects, and leasing out equipment under operating leases.

Right-of-use Assets

Our right-of-use assets comprised leased assets including buildings, transportation equipment and leasehold land. Our right-of-use assets increased from RMB328.8 million as of December 31, 2023 to RMB340.2 million as of December 31, 2024 and further increased to RMB480.7 million as of December 31, 2025, primarily due to the leasing of warehouses and offices in overseas markets.

Other Intangible Assets

Our other intangible assets, which primarily include software, increased from RMB17.4 million as of December 31, 2023 to RMB18.1 million as of December 31, 2024, primarily due to an increase in purchased software. Our other intangible assets decreased by 29.0% from RMB18.1 million as of December 31, 2024 to RMB12.8 million as of December 31, 2025, primarily due to depreciation and amortization of software.

Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")

Our non-current portion of financial assets at FVTOCI comprised our equity investments at fair value. Our non-current portion of financial assets at FVTOCI decreased by 69.3% from RMB244.6 million as of December 31, 2023 to RMB75.1 million as of December 31, 2024, and further decreased by 17.3% to RMB62.1 million as of December 31, 2025, primarily due to changes in the fair value of our listed equity investment.

Our current portion of financial assets at FVTOCI represent bills receivables and negotiable large-denomination certificates of deposit which were held by us to maturity or to discount, endorse or transfer to other parties before maturity when needed. Our current portion of financial assets at FVTOCI increased from RMB402.7 million as of December 31, 2023 to RMB410.7 million as of December 31, 2024, primarily due to (i) an increase in bills from reputable banks as a result of an improvement in note structure; and (ii) an increase in negotiable large-denomination certificates of deposit. Our current portion of financial assets at FVTOCI decreased by 79.5% from RMB410.7 million as of December 31, 2024 to RMB84.0 million as of December 31, 2025, primarily due to faster turnover of our bills.

We invest in structured deposits and certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We believe that making such investments is in the best interest of our Company, in a way to enhance our income without interference with our business operations or capital expenditures. The purchases of structured deposits and wealth management products are carefully reviewed and assessed by the staff in our finance department, and subject to the approval of from the authorized bodies of the shareholders' meeting and the Board. Additionally, we have implemented a series of risk management and capital preservation investment policy, as well as internal control measures regarding our investment in structured deposits and wealth management products. These policies and measures include:

(i) the scale and term of each investment must align with our cash budget, and the term generally does not exceed three months;

(ii) we only purchase low-risk structured deposits and wealth management products;

(iii) the finance department determines the investment amount and term based on monthly and quarterly cash budgets and monitors the entire process;

(iv) we have established a rigorous investment approval mechanism. Investments are generally approved by the Board or by management-level personnel authorized by the Board. Material investments are reviewed and approved by the Board before being submitted to the shareholders' meeting for final approval; and

(v) we only purchase low-risk structured deposits and wealth management products such as large-denomination certificates of deposit.

In the future, we may continue to purchase low-risk structured deposits and wealth management products with a short maturity period based on surplus cash situation to maximize our capital utilization efficiency. Our investments in structured deposits and wealth management products will comply with the requirements under Chapter 14 of the Listing Rules.

Deferred Tax Assets

The following table sets forth a breakdown of our deferred tax assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Provision for impairment under ECL model and write-down of inventories	50,789	96,107	109,070
Changes in fair value of financial instruments	1,683	1,855	31,835
Unrealised profit on inventories	63,195	105,297	148,061
Deferred income	722	553	10,599
Tax losses	24,067	62,751	125,245
Accruals	100,407	108,978	129,579
Lease liabilities	9,066	8,315	19,640
Total	**249,929**	**383,856**	**574,029**

Our deferred tax assets increased by 53.6% from RMB249.9 million as of December 31, 2023 to RMB383.9 million as of December 31, 2024, primarily due to an increase in provision for impairment under ECL model and write-down of inventories and unrealised profit on inventories. Our deferred tax assets increased by 49.5% from RMB383.9 million as of December 31, 2024 to RMB574.0 million as of December 31, 2025, primarily due to an increase in accruals and unrealised profit on inventories.

Inventories

Our inventories consisted of raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	562,809	805,424	732,619
Work in progress	671	14,531	18,767
Finished goods	2,285,640	2,648,481	3,226,217
	2,849,120	**3,468,436**	**3,977,603**
Less: Provision for impairment loss	(32,472)	(53,057)	(86,849)
Total	**2,816,648**	**3,415,379**	**3,890,754**

Our inventories significantly increased from RMB2,816.6 million as of December 31, 2023 to RMB3,415.4 million as of December 31, 2024 and to RMB3,890.8 million as of December 31, 2025. This was attributable to an increase in finished goods, as (a) we strategically stocked up our inventory level of finished goods in Europe in anticipation of adverse tariff impacts in 2024 and 2025. See "Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — Our international business is subject to risks arising from cross-border operations, including operational complexities, regulatory compliance, tariffs and trade policy uncertainties"; For details of tariffs, please see "Business — Impact of Recent Tariffs Policies." (b) our new overseas manufacturing facilities commenced operations, such as our facility in Mexico which began production in 2023 and required certain inventory stocking level; See "Business — Manufacturing — Manufacturing Facilities." and (c) our strategic decision to increase the availability of local inventories by increasing shipment to overseas locations to improve the promptness of our product delivery, improve our customer service capabilities and gain competitive advantages in these markets.

As of March 31, 2026, RMB1,370.5 million, or 34.5% of our inventories as of December 31, 2025, had been used, consumed or sold subsequent to December 31, 2025.

The following table sets forth an aging analysis of the inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within six months	1,982,240	2,017,170	1,982,796
After six months but within one year	585,651	852,427	1,019,372
Over one year	281,229	598,839	975,435
Less: write down of inventories	(32,472)	(53,057)	(86,849)
Total	**2,816,648**	**3,415,379**	**3,890,754**

Our inventories are primarily aged within one year, a majority of which are finished goods, accounting for 90.1%, 82.7% and 75.5% of our total inventories, respectively. This was primarily because revenue from contracts with customers is recognized when we have fulfilled our performance obligations in the contracts. See "— Material Accounting Policies and Estimates". We have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We conduct regular reviews to detect items with low sales or usage value for which impairment provisions are made. Inventories are measured at the lower of cost and net realizable value. For inventories with impairment indicators, we have recognized adequate provisions in accordance with our accounting policies, and such provisions have been audited by our reporting accountants to ensure adequacy and compliance. We believe that there are no impairment issues for our inventories and we have made sufficient provisions for our inventories, considering that (i) the majority of our inventories was aged within one year; (ii) our inventories are in good condition and suitable for sales; (iii) we did not experience any impairment issues for inventories during the Track Record Period; (iv) we have made the best estimate on the net realizable value and the corresponding impairment of inventory.

Our inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days for whole years. Our inventory turnover days increased from 103 days in 2023 to 118 days in 2024 and to 172 days in 2025, primarily due to (i) our establishment of overseas manufacturing facility which resulted in a temporary build-up of finished goods during the ramp-up period; and (ii) our strategic decision to increase the availability of local inventories as we expand our overseas sales and establish self-operated sales channels to improve the promptness of our product delivery, improve our customer service capabilities and gain competitive advantages in overseas markets.

We maintain a comprehensive inventory management framework. In addition to standard inventory management policies, we have established dedicated inventory assessment mechanisms and implemented a centralized, digitalized global inventory management system, which enables real-time monitoring and management of inventory across our domestic and overseas operations through our business systems. As part of our ongoing inventory management procedures, we conduct monthly reviews of long-aging inventory for monitoring and follow-up actions.

Trade and bills Receivables

Our trade and bills receivables primarily represented receivables from our customers for the sales of our products. We had trade and bills receivables of RMB5,461.3 million, RMB5,978.4 million and RMB5,618.4 million as of December 31, 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables	5,529,982	6,688,277	6,938,345
Bills receivables, at amortized cost	561,746	393,965	142,929
Less: allowance for credit losses	(270,421)	(428,199)	(457,606)
Net carrying amount	5,821,307	6,654,043	6,623,668
Analyzed into:			
Non-current portion	360,056	675,652	1,005,312
Current portion	5,461,251	5,978,391	5,618,356

We implemented prudent receivables management policies to mitigate credit risks and enhance cash flow stability. Our trade and bills receivables increased by 9.5% from RMB5,461.3 million as of December 31, 2023 to RMB5,978.4 million as of December 31, 2024, which was generally in line with the increase in revenue. Our trade and bills receivables remained relatively stable at RMB5,978.4 million as of December 31, 2024 and RMB5,618.4 million as of December 31, 2025.

The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within six months	3,972,209	4,251,360	3,585,050
After six months but within one year	1,763,249	1,644,142	2,071,630
After one year but within two years	298,829	1,052,631	1,009,440
After two years but within three years	24,125	88,811	328,088
After three years but within four years	12,349	19,228	50,686
After four years but within five years	5,384	5,103	10,309
After five years	15,583	20,967	26,071
Impairment	(270,421)	(428,199)	(457,606)
Less: non-current portion	360,056	675,652	1,005,312
Total	**5,461,251**	**5,978,391**	**5,618,356**

Our trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 365 days. Our trade and bills receivables turnover days decreased from 228 days in 2023 to 189 days in 2024, primarily due to an increase in our revenue. Our trade and bills receivables turnover days increased to 239 days in 2025, primarily due to (i) an increase in credit terms we granted to customers with good creditworthiness; and (ii) an increase in overseas sales where we granted longer credit terms. We grant longer credit terms to customers with good creditworthiness, as well as to overseas customers, in a manner consistent with prevailing industry practices in the sectors in which we operate, according to Frost & Sullivan. At the same time, we closely monitor our trade and bills receivables under a comprehensive and structured internal control framework. In particular, we have established dedicated internal policies governing receivables and credit management, which clearly allocate responsibilities among relevant departments and provide for the systematic management of receivables. Such policies cover, among others, (i) regular reconciliation of receivables balances with customers; (ii) monthly aging analysis of trade and bills receivables; (iii) internal monitoring and alert mechanisms for overdue or near-due receivables; and (iv) follow-up actions and collection measures in accordance with internal procedures. In addition, we have also implemented a credit management framework under which customers' credit profiles and receivables exposures are periodically reviewed, and credit matters are discussed at regular internal credit meetings as appropriate.

As of March 31, 2026, RMB1,504.8 million, or 21.3% of our trade and bills receivables as of December 31, 2025, had been settled subsequent to December 31, 2025.

Our Directors are of the view that there are no material recoverability issues with these trade receivables as of the Latest Practicable for the following reasons: (i) we have implemented stringent credit risk management measures, including comprehensive credit assessments during customer onboarding, insurance coverage for overseas receivables where practicable, and, for domestic transactions, requiring customers to either enter into guarantee agreements or make full payment through financing arrangements such as financial leasing, in order to mitigate potential bad debt risks; (ii) we regularly assess the recoverability of trade receivables, taking into account customer credit profiles, historical repayment patterns, aging analysis and subsequent settlement; (iii) impairment provisions have been fully recognized in accordance with the expected credit loss model under IFRS 9 and audited by our reporting accountants; (iv) during the Track Record Period, the majority of our trade receivables are aged within one year, representing 94.2%, 83.2% and 79.9% of our total trade and bills receivables, respectively, of which those aged within six months represented 65.2%, 60.0% and 50.6%, respectively; and (v) our customers are mainly large enterprises in the industry and we generally have established long and stable track records of business relationships. For example, most of our major customers have maintained over five years of partnership with us. See "— Business Our Customers" for further details of the year of commencement business relationship. We had impairment in trade and bills receivables during the Track Record Period. In particular, we have performed impairment assessment under expected credit loss ("**ECL**") model on trade and bills receivables which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The ECL on trade and bills receivables are assessed individually for credit-impaired debtors and collectively for the remaining debtors using a provision matrix with appropriate groupings. Based on our assessment, the allowances for credit losses on our trade and bills receivables were RMB270.4 million, RMB428.2 million and RMB457.6 million as of December 31, 2023, 2024 and 2025, respectively. Our Directors are of the view that the provision for the impairment in trade and bills receivables is sufficient as (i) we have compared our ECL provision rate with our historical actual credit loss. Our historical actual credit loss is significantly below the ECL provision rate; and (ii) we have compared our ECL provision ratio for accounts receivable with those of listed peer companies and there is no indication that our ECL ratio is far below the industry level.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consisted of deposits and other receivables, deductible value-added tax, prepayments for suppliers, prepayments for property, plant and equipment, prepaid expenses and deferred share issue costs. See Note 26 of the Accountants' Report in Appendix I to this Document for details of a breakdown of our prepayments, other receivables and other assets.

Our non-current prepayments, other receivables and other assets decreased by 7.5% from RMB217.6 million as of December 31, 2023 to RMB201.3 million as of December 31, 2024, decreased further to RMB52.1 million as of December 31, 2025, primarily in relation to our prepayments for construction and machinery, which were recognized as property, plant and equipment in 2025.

Our current prepayments, other receivables and other assets increased by 59.4% from RMB545.0 million as of December 31, 2023 to RMB868.9 million as of December 31, 2024, primarily due to growth in value-added tax recoverable and other receivables driven by our payment to the finance lease company when our customer experience delays in payment under the relevant finance lease arrangement. Our current prepayments, other receivables and other assets decreased by 16.3% from RMB868.9 million as of December 31, 2024, to RMB695.6 million as of December 31, 2025, primarily due to a decrease in other receivables and prepayments for equipment driven by partial recovery from the abovementioned customer who experience delays in payment under the relevant finance lease arrangement.

As of March 31, 2026, RMB169.2 million, representing 20.2% of our prepayments, other receivables and other assets as of December 31, 2025, were subsequently settled.

Trade and bills payables

Our trade and bills payables increased by 27.9% from RMB5,970.8 million as of December 31, 2023 to RMB7,634.5 million as of December 31, 2024, primarily due to (i) an increase in revenue which led to an increase in procurement; and (ii) an increase in bargaining power which led to an increase in credit term we received from suppliers driven by the increase in purchasing volume; and (iii) purchases by our Mexico business where the credit term is typically longer. Our trade and bills payables decreased by 9.7% from RMB7,634.5 million as of December 31, 2024 to RMB6,891.9 million as of December 31, 2025, primarily due to a decrease in procurement amount in line with a decrease in revenue.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within six months	5,649,144	6,811,928	5,494,813
After six months but within one year	286,917	706,693	1,291,585
Over one year	34,727	115,882	105,458
Total	**5,970,788**	**7,634,503**	**6,891,856**

Our trade and bills payables turnover days are calculated using the average of opening balance and closing balance of trade and bills payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days for whole years. Our trade and bills payables turnover days decreased from 283 days in 2023 to 258 days in 2024, primarily due to an increase in our cost of sales. Our trade and bills payables turnover days increased from 258 days in 2024 to 342 days in 2025, primarily due to increased bargaining power with regards to certain raw materials.

As of March 31, 2026, RMB3,383.6 million, or 49.1% of our trade and bills payables as of December 31, 2025, had been settled subsequent to December 31, 2025.

Other payables and accruals

Our other payables and accruals primarily represented long-term payable, payables for purchases of equipment, accrued payroll and welfare, other tax payables, other payables and long-term payables. See Note 29 of the Accountants' Report in Appendix I to this Document for details of a breakdown of our other payables and accruals.

Our other payables and accruals increased by 11.5% from RMB818.3 million as of December 31, 2023 to RMB912.0 million as of December 31, 2024, primarily due to an increase in long-term payables in relations to the acquisition of assets to improve our service capabilities. Our other payables and accruals increased by 15.6% from RMB912.0 million as of December 31, 2024 to RMB1,053.9 million as of December 31, 2025, primarily due to an increase in deposits and other tax payables.

As of March 31, 2026, RMB271.1 million, representing 25.7% of our other payables and accruals as of December 31, 2025 were subsequently settled.

Contract Liabilities

Our contract liabilities, which primarily represent product prepayments received from our customers. Our contract liabilities increased from RMB294.5 million as of December 31, 2023 to RMB387.6 million as of December 31, 2024 and RMB425.6 million as of December 31, 2025, primarily due to an increase in our prepayments received in line with the growth of our overseas revenue.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements principally from cash generated from operations, bank borrowings and financing activities. After the [**REDACTED**], we intend to finance our future capital requirements through proceeds from our business operations, bank borrowings and the net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB1,427.6 million, RMB2,752.9 million and RMB2,898.1 million, respectively. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flow

The following table sets forth a summary of our cash flow for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows from operating activities	34,194	947,456	375,657
Net cash flows used in investing activities	(331,135)	(316,331)	(382,946)
Net cash flows generated from financing activities	89,433	703,509	157,056
Net increase/(decrease) in cash and cash equivalents	(207,508)	1,334,634	149,767
Cash and cash equivalents at the beginning of the year	1,636,314	1,427,594	2,752,920
Effect of foreign exchange rate changes, net	(1,212)	(9,308)	(4,622)
Cash and cash equivalents at the end of the year	**1,427,594**	**2,752,920**	**2,898,065**

Net Cash Flows from Operating Activities

In 2025, our net cash flows from operating activities was RMB375.7 million, reflecting our profit for the year of RMB1,040.4 million, as negatively adjusted by (i) an increase in inventories of RMB1,036.1 million primarily due to our strategic stock-up in new manufacturing facilities overseas and our strategic decision to increase the availability of local inventories by increasing shipment to overseas locations to improve the promptness of our product delivery, improve our customer service capabilities, and gain competitive advantages in these market; and (ii) a decrease in trade and other payables of RMB492.2 million, primarily due to a decrease in procurement amount in line with a decrease in revenue. This was partially offset by (i) a decrease in financial assets at FVTOCI of RMB296.7 million; (ii) a decrease in prepayments and other receivables of RMB179.2 million; (iii) an increase in provisions of RMB82.2 million; (iv) depreciation of property, plant and equipment of RMB208.0 million; and (v) adjustments for income tax of RMB106.6 million.

In 2024, our net cash flows from operating activities was RMB947.5 million, which primarily reflects our profit for the year of RMB1,000.0 million as adjusted by of non-cash and non-operating items, movements in working capital and income taxes paid.

In 2023, our net cash flows from operating activities of was RMB34.2 million, reflecting our profit for the year of RMB973.8 million, as negatively adjusted by (i) an increase in inventories of RMB1,074.8 million due to our strategic stock-up in new manufacturing facilities overseas and our strategic decision to increase the availability of local inventories by increasing shipment to overseas locations to improve the promptness of our product delivery, improve our customer service capabilities, and gain competitive advantages in these markets; (ii) a decrease in trade and other payables of RMB388.6 million, primarily due to a decrease in procurement amount in line with a decrease in revenue; (iii) an increase in prepayments and other receivables of RMB173.2 million, primarily due to an increase in prepayments for equipment and deposit in relations to our operations in Chinese Mainland; and (iv) a decrease in contract liabilities of RMB69.3 million, primarily due to a decrease in short-term advances received from customers. This was partially offset by (i) a decrease in trade and bills receivables of RMB679.4 million; and (ii) an increase in provisions of RMB53.0 million.

Net Cash Flows Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB382.9 million, which was primarily attributable to (i) purchases of property, plant and equipment of RMB470.4 million and (ii) purchases of financial assets at fair value through profit or loss of RMB750.0 million, partially offset by withdrawal of restricted bank deposits of RMB888.2 million.

In 2024, our net cash flows used in investing activities was RMB316.3 million, which was primarily attributable to (i) placement of restricted bank deposits of RMB905.9 million and (ii) purchases of financial assets at fair value through profit or loss of RMB169.0 million, partially offset by withdrawal of restricted bank deposits of RMB719.2 million.

In 2023, our net cash flows used in investing activities was RMB331.1 million, primarily attributable to (i) placement of restricted bank deposits of RMB1,389.3 million and (ii) purchases of items of property, plant and equipment of RMB737.7 million, partially offset by withdrawal of restricted bank deposits of RMB1,587.6 million.

Net Cash Flows Generated from Financing Activities

In 2025, our net cash flows generated from financing activities was RMB157.1 million, which was primarily attributable to new bank loans raised of RMB974.3 million and proceeds from issue of bond of RMB200.0 million, partially offset by repayments of borrowings of RMB928.0 million.

In 2024, our net cash flows generated from financing activities was RMB703.5 million, which was primarily attributable to new bank loans raised of RMB666.1 million, partially offset by repayments of borrowings of RMB265.1 million.

In 2023, our net cash flows generated from financing activities was RMB89.4 million, which was primarily attributable to new bank loans raised of RMB315.5 million, partially offset by repayments of borrowings of RMB207.5 million.

INDEBTEDNESS

The following table sets forth a breakdown of our borrowings, lease liabilities, long-term payables and provisions by type as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Current				
Interest-bearing bank and other borrowings	212,565	552,408	443,142	446,488
– Guaranteed and unsecured	212,565	125,653	12,900	12,900
– Unguaranteed and unsecured	–	426,755	430,242	433,588
Lease liabilities	11,818	21,551	31,217	27,858
Long-term payables	1,589	36,419	52,586	47,714
Provisions for our obligation of guarantee for finance lease	96,957	12,096	11,669	11,435
Subtotal	**322,929**	**622,474**	**538,614**	**533,495**

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Non-current				
Interest-bearing bank and other borrowings	141,610	207,320	359,384	483,842
– Guaranteed and unsecured	141,610	207,320	90,300	90,300
– Unguaranteed and unsecured	–	–	269,084	393,542
Lease liabilities	42,880	54,304	60,325	52,804
Long-term payables	1,728	69,335	59,544	55,177
Provisions for our obligation of guarantee for finance lease	12,296	5,942	5,933	4,386
Subtotal	**198,514**	**336,901**	**485,186**	**596,209**
Total	**521,443**	**959,375**	**1,023,800**	**1,129,704**

Our interest-bearing bank and other borrowings comprise both credit-guaranteed and unguaranteed borrowings. Our interest-bearing bank and other borrowings increased from RMB354.2 million as of December 31, 2023 to RMB759.7 million as of December 31, 2024 and RMB802.5 million as of December 31, 2025, primarily due to the expansion of our operation. As of March 31, 2026, our interest-bearing bank and other borrowings were RMB930.3 million.

Our lease liabilities comprise our lease of office space warehouse and leasehold land. Our lease liabilities were RMB54.7 million, RMB75.9 million, RMB91.5 million and RMB80.7 million as of December 31, 2023, 2024, 2025, and March 31, 2026, respectively. Certain of our lease liabilities were secured by the rental deposits and all of them were unguaranteed.

Our long-term payables represent the obligations arising from finance lease arrangements. Our long-term payable increased significantly from RMB3.3 million as of December 31, 2023, to RMB105.8 million as of December 31, 2024, primarily due to an increase in finance lease by our subsidiaries to support their operations. Our long-term payables remained relatively stable at RMB105.8 million as of December 31, 2024, RMB112.1 million as of December 31, 2025 and RMB102.9 million as of March 31, 2026. All of these long-term payables are unsecured.

Provisions for our obligation of guarantee for finance lease decreased from RMB109.3 million as of December 31, 2023 to RMB18.0 million as of December 31, 2024, primarily due to utilisation of provision. Provisions for our obligation of guarantee for finance lease remained relatively stable at RMB18.0 million as of December 31, 2024 and RMB17.6 million as of December 31, 2025 and RMB15.8 million as of March 31, 2026. All of these provisions for our obligation of guarantee for finance lease are unsecured and unguaranteed.

Interest-Bearing Bank and Other Borrowings

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had interest-bearing bank and other borrowings of RMB354.2 million, RMB759.7 million, RMB802.5 million and RMB930.3 million, respectively. Our interest-bearing bank and other borrowings are mainly denominated in Renminbi and USD. The interest rate on our fixed-rate bank borrowings ranges from 2.6% to 5.4%. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB6,897.1 million. For the guarantees of our borrowings provided by our related parties, please see Note 34 of Appendix I to this Document. Our Directors confirm that, all these guarantees have been released.

Our Directors confirm that there was no default in payments of our liabilities and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had lease liabilities RMB54.7 million, RMB75.9 million, RMB91.5 million and RMB80.7 million, respectively, mainly representing outstanding payments for our leased assets.

Our lease liabilities increased from RMB54.7 million as of December 31, 2023 to RMB75.9 million as of December 31, 2024, and RMB91.5 million as of December 31, 2025, primarily due to the leasing of warehouses in overseas markets.

Provisions for our obligation of guarantee for finance lease

The following table sets forth provisions for our obligation of guarantee for finance lease recognized as liabilities in the consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Provisions for our obligation of guarantee for finance lease	**109,253**	**18,038**	**17,602**	**15,821**

The provisions for our obligation of guarantee for finance lease arise from repurchase guarantees we provide for our customers in respect of finance lease. The provision was measured initially at fair value and subsequently measured at the higher of the initial recognized amount and the expected credit loss allowance, which is estimated with reference to historical and estimated future default rate by customers, historical loss rate given default and forward-looking factors. The provisions for our obligation of guarantee for finance lease decreased from RMB109.3 million as of December 31, 2023 to RMB18.0 million as of December 31, 2024, primarily due to (i) the derecognition of provision amounting to RMB80.4 million, which was recognized in 2022 resulting from customer default, due to the actual loss from the default customer in 2024; and (ii) a larger portion of the repurchase guarantee provided by Lingong Group. The outstanding repurchase guarantee provided by us decreased by 37.6% as of December 31, 2024, which also contributed to the decrease in the provisions for our obligation of guarantee for finance lease. The provisions for our obligation of guarantee for finance lease slightly decreased from RMB17.6 million as of December 31, 2025 to RMB15.8 million as of March 31, 2026. Furthermore, Chentai Finance Lease, a subsidiary of Lingong Group and our related party, also provided finance lease for our customers during the Track Record Period. For details of our finance lease and repurchase guarantees, please see "Business — Sales and Marketing — Payment — Finance Lease Arrangements." We do not expect the guarantees to be released prior to the [**REDACTED**].

No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of March 31, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since March 31, 2026.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years indicated:

	As of December 31,		
	2023	2024	2025
Gross profit margin (%)(1)	18.8	20.1	23.5
Net profit margin (%)(2)	9.8	8.3	10.3
Return on equity (%)(3)	18.4	15.7	13.9
Current ratio(4)	1.4	1.4	1.5
Quick ratio(5)	1.1	1.1	1.1
Debt-to-asset ratio (%)(6)	58.0	59.9	55.9

Notes:

(1) Gross margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year divided by revenue and multiplied by 100%.

(3) Return on equity equals profit for the year divided by the average of the beginning and ending total equity multiplied by 100%.

(4) Current ratio is calculated by dividing current assets by current liabilities.

(5) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

(6) Debt-to-asset ratio equals total liabilities divided by total assets multiplied by 100%.

Analysis of Key Financial Ratio

Return on Equity

Our return on equity was 18.4%, 15.7% and 13.9% as of December 31, 2023, 2024 and 2025. The decrease was primarily reflecting a larger increase in total equity compared to an increase in our profit.

Current ratio

Our current ratio remained relatively stable at 1.4 as of December 31, 2023, 1.4 as of December 31, 2024, and 1.5 as of December 31, 2025.

Quick ratio

Our quick ratio remained relatively stable at 1.1 as of December 31, 2023, 1.1 as of December 31, 2024, and 1.1 as of December 31, 2025.

Debt-to-asset ratio

Our debt-to-asset ratio increased from 58.0% as of December 31, 2023 to 59.9% as of December 31, 2024, primarily due to an increase in our current liabilities, which was attributable to (i) an increase in trade and bills payables of RMB1,663.7 million and (ii) an increase in interest-bearing bank and other borrowings of RMB339.8 million.

Our debt-to-asset ratio decreased from 59.9% as of December 31, 2024 to 55.9% as of December 31, 2025, primarily due to an increase in non-current assets, which was attributable to (i) an increase in property, plant and equipment of RMB804.1 million; (ii) an increase in trade receivables of RMB329.7 million and (iii) an increase in right-of-use assets of RMB140.5 million.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

COMMITMENTS

During the Track Record Period, our capital commitments were mainly construction in progress. As of December 31, 2023, 2024 and 2025, the total amount of our capital commitments was RMB271.4 million, RMB281.4 million and RMB352.0 million, respectively.

CAPITAL EXPENDITURES

Our capital expenditures consisted of purchases of items of property, plant and equipment, purchases of other intangible assets and payments for right-of-use assets. Our capital expenditures in 2023, 2024 and 2025 were RMB754.5 million, RMB166.4 million and RMB615.2 million, respectively.

The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Purchases of items of property, plant and equipment	737,743	151,889	470,405
Payments for right-for-use assets	1,690	495	136,800
Purchases of other intangible assets	15,022	13,968	7,995
Total	**754,455**	**166,352**	**615,200**

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities, equity and debt financing. We intend to fund our future capital expenditures with a combination of operating cashflow, equity and debt financing and net [**REDACTED**] received from the [**REDACTED**].

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 47 of Appendix I to this Document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

The main risks arising from our financial instruments are foreign currency risk, credit risk, liquidity risk and financial guarantee contracts. Our Board reviews and agrees policies for managing each of these risks. See Note 44 of the Accountants' Report in Appendix I to this Document for discussion of material financial risks.

With respect to currency risk, we currently do not have a foreign exchange hedging policy and a fixed percentage of foreign exchange exposure to be hedged. However, the management of our Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. The currencies giving rise to foreign exchange risk are primarily the United States Dollar, Euro, British Pound Sterling, Japanese Yen and Australian Dollar. We generally use derivative financial instruments to hedge foreign exchange exposure arising from United States Dollar and Euro. Pursuant to the key terms of the hedging contracts, (i) such arrangements have the effect of converting our foreign currency at a fixed rate on a specific date so that we are not exposed to changes in foreign currency rates during a specific period of time; and (ii) the contract terms typically range from one to 12 months. As of December 31, 2025, the percentage of unhedged foreign exchange exposure accounted for approximately 85.6%. We enter into such arrangements for hedging purposes only and not for speculative purposes. As of December 31, 2025, our unhedged foreign exchange exposure arising from United States Dollar and Euro were RMB4,046.5 million.

DIVIDENDS

We declared a dividend in an aggregate amount of RMB380.0 million to Lingong Group in 2021. RMB345.6 million was paid in 2021 and RMB34.4 million was paid in 2022. Except for the above, no dividend was declared or paid by us during the Track Record Period. We currently do not have any dividend pay-out ratio or a formal dividend policy. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Pursuant to the Articles of Association, any future determination of dividends distribution, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitution documents, as well as applicable laws and regulations. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB3,674.5 million.

[REDACTED] EXPENSE

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] stated in this document), the aggregate [**REDACTED**] and fees, together with the Stock Exchange [**REDACTED**] fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [**REDACTED**], which are payable by us, are estimated to amount in aggregate to be approximately RMB[**REDACTED**] million, accounting for [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], RMB[**REDACTED**] million of which had been charged to our consolidated statements of profit or loss during the Track Record Period, approximately RMB[**REDACTED**] million is expected to be charged to profit or loss after the Track Record Period, and approximately RMB[**REDACTED**] million is directly attributable to the [**REDACTED**] and [**REDACTED**] of our [**REDACTED**] and will be deducted from equity upon the [**REDACTED**]. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**] million, and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] million and other fees and expenses of approximately RMB[**REDACTED**] million.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix IIA — Unaudited [**REDACTED**] Financial Information."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest audited financial statements and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.