The following is the text of a report set out on pages I-1 to I-137, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LINGONG HEAVY MACHINERY CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CHINA INDUSTRIAL SECURITIES INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Lingong Heavy Machinery Co., Ltd. (臨工重機股份有限公司, the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-137, which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-137 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the initial **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "**Directors**") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2023, 2024 and 2025, of the Company's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants

Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries in Chinese Mainland, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*7*	9,897,120	12,028,252	10,148,085
Cost of sales		(8,040,260)	(9,609,596)	(7,758,231)
Gross profit		1,856,860	2,418,656	2,389,854
Other income and gains, net	*8*	179,647	138,608	171,813
Selling and marketing expenses		(373,586)	(561,733)	(685,636)
Administrative expenses		(240,395)	(298,314)	(303,435)
Research and development costs		(320,018)	(414,613)	(337,280)
Impairment losses (including reversal of impairment Losses) on financial assets and financial guarantee	*10*	(27,305)	(154,341)	(42,363)
Share of results of associates		16,267	1,586	7,160
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Finance costs	*9*	(13,099)	(26,268)	(37,662)
PROFIT BEFORE TAX	*12*	1,078,371	1,103,581	1,146,959
Income tax expense	*11*	(104,606)	(103,580)	(106,601)
PROFIT FOR THE YEAR		973,765	1,000,001	1,040,358
Profit for the year attributable to:				
Owners of the Company		969,294	994,502	1,037,212
Non-controlling interests		4,471	5,499	3,146
		973,765	1,000,001	1,040,358

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Other comprehensive income/(expense) that will not be subsequently reclassified to profit or loss:				
Changes in fair value of equity investments at fair value through other comprehensive income ("**FVTOCI**"), net of related income tax.		41,131	(169,457)	15,760
Other comprehensive (expense)/income that may be subsequently reclassified to profit or loss:				
Changes in fair value of debt instruments measured at FVTOCI, net of related income tax.		(245)	(201)	(150)
Exchange differences on translation of foreign operations net of related income tax.		(8,322)	(13,915)	7,341
OTHER COMPREHENSIVE INCOME /(EXPENSE) FOR THE YEAR, NET OF TAX . .		32,564	(183,573)	22,951
TOTAL COMPREHENSIVE INCOME FOR THE YEAR . .		1,006,329	816,428	1,063,309

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income attributable to:				
Owners of the Company		1,001,914	810,890	1,060,746
Non-controlling interests		4,415	5,538	2,563
		1,006,329	816,428	1,063,309
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted *(RMB)*	*16*	1.79	1.83	1.87

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*17*	1,352,145	1,414,000	2,218,070
Investment properties	*19*	22,773	21,622	20,468
Right-of-use assets	*18*	328,757	340,216	480,686
Other intangible assets	*20*	17,378	18,074	12,833
Investments in associates	*21*	19,878	21,464	28,654
Financial assets at FVTOCI	*23*	244,579	75,122	62,093
Prepayments, other receivables and other assets	*26*	217,628	201,316	52,085
Trade receivables	*24*	360,056	675,652	1,005,312
Deferred tax assets	*33*	241,121	375,574	553,726
Restricted deposits	*27*	1,070	12,040	17,787
Total non-current assets		2,805,385	3,155,080	4,451,714
CURRENT ASSETS				
Inventories	*25*	2,816,648	3,415,379	3,890,754
Trade and bills receivables	*24*	5,461,251	5,978,391	5,618,356
Prepaid income tax		2,694	2,988	12,271
Financial assets at FVTOCI	*23*	402,727	410,656	83,955
Financial assets at fair value through profit or loss ("**FVTPL**")	*22*	945	103,598	207,308
Prepayments, other receivables and other assets	*26*	545,042	868,852	695,585
Term deposits	*27*	2,000	–	–
Restricted deposits	*27*	382,093	557,832	328,697
Cash and cash equivalents	*27*	1,427,594	2,752,920	2,898,065
Total current assets		11,040,994	14,090,616	13,734,991

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade and bills payables	28	5,970,788	7,634,503	6,891,856
Other payables and accruals	29	816,579	842,682	994,317
Contract liabilities	30	294,483	387,614	425,619
Derivative financial instruments		11,218	12,368	1,077
Interest-bearing bank and other borrowings	34	212,565	552,408	443,142
Lease liabilities	36	11,818	21,551	31,217
Provisions	37	322,807	329,615	391,410
Income tax payable		72,363	102,314	120,519
Total current liabilities		7,712,621	9,883,055	9,299,157
NET CURRENT ASSETS		3,328,373	4,207,561	4,435,834
TOTAL ASSETS LESS CURRENT LIABILITIES		6,133,758	7,362,641	8,887,548
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	34	141,610	207,320	359,384
Bonds payable	35	-	-	200,544
Lease liabilities	36	42,880	54,304	60,325
Deferred income	40	101,209	90,118	138,690
Deferred tax liabilities	33	24	417	–
Provisions	37	34,255	30,584	50,503
Long-term payables	29	1,728	69,335	59,544
Total non-current liabilities		321,706	452,078	868,990
Net assets		5,812,052	6,910,563	8,018,558

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Equity attributable to owners of the Company				
Share capital	*31*	542,740	554,043	554,043
Reserves	*32*	5,256,320	6,337,990	7,443,367
Equity attributable to owners of the Company		5,799,060	6,892,033	7,997,410
Non-controlling interests		12,992	18,530	21,148
Total equity		5,812,052	6,910,563	8,018,558

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*17*	634,384	597,375	1,022,550
Investment properties	*19*	22,773	21,622	20,468
Right-of-use assets	*18*	241,717	235,210	363,699
Other intangible assets	*20*	11,448	12,564	7,899
Investments in subsidiaries	*47*	272,586	286,228	581,722
Investments in associates		19,878	21,464	24,025
Financial assets at FVTOCI	*23*	1,245	1,446	5,556
Prepayments, other receivables and other assets	*26*	211,672	193,970	31,907
Deferred tax assets	*33*	128,744	163,581	169,508
Restricted deposits		–	10,500	15,991
Trade receivables	*24*	333,927	592,555	776,193
Total non-current assets		1,878,374	2,136,515	3,019,518
CURRENT ASSETS				
Inventories	*25*	2,019,828	1,777,275	1,930,886
Trade and bills receivables	*24*	6,741,583	7,922,593	8,520,400
Prepayments, other receivables and other assets	*26*	1,004,389	1,832,806	1,492,075
Financial assets at FVTOCI	*23*	398,727	409,240	80,261
Financial assets at FVTPL	*22*	-	102,654	206,386
Restricted deposits		366,247	557,832	316,828
Term deposits		2,000	-	-
Cash and cash equivalents		1,257,833	2,395,856	2,508,939
Total current assets		11,790,607	14,998,256	15,055,775

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade and bills payables	*28*	5,836,687	7,293,124	6,521,643
Other payables and accruals	*29*	617,107	639,952	752,495
Contract liabilities	*30*	264,660	311,338	333,074
Derivative financial instruments		11,218	12,368	1,077
Interest-bearing bank and other borrowings	*34*	212,565	552,408	284,838
Lease liabilities		430	481	455
Provisions	*37*	313,522	328,271	372,121
Tax payable		59,108	86,752	87,920
Total current liabilities		7,315,297	9,224,694	8,353,623
NET CURRENT ASSETS		4,475,310	5,773,562	6,702,152
TOTAL ASSETS LESS CURRENT LIABILITIES		6,353,684	7,910,077	9,721,670
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*34*	141,610	207,320	310,884
Bonds payable	*35*	–	–	200,544
Lease liabilities		1,538	448	–
Deferred income	*40*	98,321	86,429	134,788
Deferred tax liabilities	*33*	24	417	–
Provisions	*37*	34,255	30,584	72,024
Total non-current liabilities		275,748	325,198	718,240
Net assets		6,077,936	7,584,879	9,003,430
EQUITY				
Share capital	*31*	542,740	554,043	554,043
Reserves		5,535,196	7,030,836	8,449,387
Total equity		6,077,936	7,584,879	9,003,430

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company									
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Translation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	542,740	3,275,176	15,585	(34,288)	(3,643)	95,639	862,471	4,753,680	3,486	4,757,166
Profit for the year	–	–	–	–	–	–	969,294	969,294	4,471	973,765
Other comprehensive income/(expense) for the year	–	–	–	40,886	(8,266)	–	–	32,620	(56)	32,564
Total comprehensive income/(expense) for the year	–	–	–	40,886	(8,266)	–	969,294	1,001,914	4,415	1,006,329
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	5,091	5,091
Recognition of share-based payment expenses	–	–	43,466	–	–	–	–	43,466	–	43,466
Transfer from retained profits	–	–	–	–	–	96,929	(96,929)	–	–	–
At 31 December 2023	542,740	3,275,176	59,051	6,598	(11,909)	192,568	1,734,836	5,799,060	12,992	5,812,052

Year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Translation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	542,740	3,275,176	59,051	6,598	(11,909)	192,568	1,734,836	5,799,060	12,992	5,812,052
Profit for the year	–	–	–	–	–	–	994,502	994,502	5,499	1,000,001
Other comprehensive (expense)/income for the year	–	–	–	(169,658)	(13,954)	–	–	(183,612)	39	(183,573)
Total comprehensive (expense)/income for the year	–	–	–	(169,658)	(13,954)	–	994,502	810,890	5,538	816,428
Capital injection from shareholders	11,303	224,697	–	–	–	–	–	236,000	–	236,000
Recognition of share-based payment expenses	–	–	46,083	–	–	–	–	46,083	–	46,083
Transfer from retained profits	–	–	–	–	–	84,454	(84,454)	–	–	–
At 31 December 2024	554,043	3,499,873	105,134	(163,060)	(25,863)	277,022	2,644,884	6,892,033	18,530	6,910,563

Year ended 31 December 2025

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Translation reserve	Statutory surplus reserve	Retained profits	Total		
	RMB'000 *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	554,043	3,499,873	105,134	(163,060)	(25,863)	277,022	2,644,884	6,892,033	18,530	6,910,563
Profit for the year	–	–	–	–	–	–	1,037,212	1,037,212	3,146	1,040,358
Other comprehensive income/(expense) for the year	-	–	–	15,610	7,924	–	–	23,534	(583)	22,951
Total comprehensive income for the year	–	–	–	15,610	7,924	–	1,037,212	1,060,746	2,563	1,063,309
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	55	55
Recognition of share-based payment expenses	-	–	44,631	–	–	–	–	44,631	–	44,631
At 31 December 2025	554,043	3,499,873	149,765	(147,450)	(17,939)	277,022	3,682,096	7,997,410	21,148	8,018,558

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year		973,765	1,000,001	1,040,358
Adjustments for:				
Income tax		104,606	103,580	106,601
Finance costs		13,099	26,268	37,662
Interest income		(75,413)	(67,564)	(85,401)
Dividends from equity investments		–	(2,664)	(2,407)
Share of results of associates		(16,267)	(1,586)	(7,160)
Depreciation of property, plant and equipment	*17*	110,727	146,496	208,045
Depreciation of right-of-use assets	*18*	17,349	23,213	35,866
Amortisation of other intangible assets	*20*	5,611	13,355	13,117
Depreciation of investment properties	*19*	1,211	1,151	1,154
(Gain)/loss on disposal of property, plant and equipment		(634)	1,433	(5,042)
Gain on disposal of right-of-use assets		(743)	(114)	–
Loss/(gain) on fair value changes of financial instruments at FVTPL		8,994	(1,504)	(1,290)
Impairment losses (including reversals of impairment losses) on financial assets and financial guarantee		27,305	154,341	42,363
Impairment loss recognised in respect of property, plant and equipment		–	–	22,698
Write-down of inventories		21,085	20,585	33,792
Share-based payments expenses		43,466	46,083	44,631
Other income of government grants related to assets		(12,069)	(12,091)	(13,843)
Foreign exchange differences, net		5,767	6,951	4,682
Operating cash flows before movements in working capital		1,227,859	1,457,934	1,475,826

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Increase in inventories	(1,074,784)	(712,643)	(1,036,066)
Decrease/(increase) in trade and bills receivables	679,376	(993,315)	3,064
(Increase)/decrease in prepayments and other receivables	(173,214)	(336,138)	179,231
Increase in provisions	52,969	13,953	82,150
(Decrease)/increase in trade and other payables	(388,569)	1,702,859	(492,168)
(Decrease)/increase in contract liabilities	(69,342)	93,131	38,005
(Increase)/decrease in financial assets at FVTOCI	(118,306)	(137,927)	296,701
Increase in deferred income	–	–	3,111
Increase/(decrease) in derivative financial instruments	2,420	23	(15,024)
Cash generated from operations	138,409	1,087,877	534,830
Income taxes paid	(179,073)	(207,983)	(244,574)
Interest received	74,858	67,562	85,401
Net cash flows from operating activities	34,194	947,456	375,657

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	9,891	1,586	24,783
Acquisition of investment in an associate	–	–	(1,030)
Dividends received from equity investment	–	2,664	2,407
Proceeds from disposal of financial assets at FVTPL	854,007	69,000	651,290
Purchases of financial assets at FVTPL	(450,000)	(169,000)	(750,000)
Purchases of equity instruments at FVTOCI	(109,401)	–	(4,000)
Purchases 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)
Payments for rental deposits	(734)	(609)	(4,279)
Refund of rental deposits	–	89	391
Withdrawal of restricted bank deposits	1,587,621	719,218	888,168
Placement of restricted bank deposits	(1,389,275)	(905,927)	(664,780)
Withdrawal of term deposits over three months	33,880	17,195	–
Placement of term deposits over three months	(22,880)	(15,195)	–
Withdrawal of negotiable large-denomination certificates of deposit	150,000	160,000	30,000
Placement of negotiable large-denomination certificates of deposit	(310,000)	(30,000)	–
Receipt of government grants related to assets	70,211	1,000	59,304
Net cash flows used in investing activities	(331,135)	(316,331)	(382,946)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(13,099)	(22,611)	(37,118)
New bank loans raised	315,529	666,086	974,342
Repayments of borrowings	(207,493)	(265,148)	(927,960)
Repayments of lease liabilities	(9,391)	(13,255)	(24,307)
New long-term payables raised	–	108,960	25,046
Repayments of long-term payables	(1,204)	(6,523)	(45,931)
Receipts from related parties	–	4,746	–
Repayments to related parties	–	(4,746)	–
Capital injection from non-controlling interests	5,091	–	55
Capital injection from shareholders	–	236,000	–
Proceeds from issue of bond	–	–	200,000
Payment of share issue costs	–	–	(7,071)
Net cash flows generated from financing activities	89,433	703,509	157,056
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(207,508)	1,334,634	149,767
Cash and cash equivalents at beginning of 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 END OF YEAR	1,427,594	2,752,920	2,898,065

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Shandong Linwo Heavy Machinery Co., Ltd. (山東臨沃重機有限公司), was a limited liability company established in the People's Republic of China (the "**PRC**") on 2 February 2012. On 27 May 2022, the Company was converted from a limited liability company to a joint stock limited liability company. The addresses of the registered office and principal place of business of the Company are the same as set of in the section headed "Corporate Information" to the Document.

The Group is principally engaged in the businesses of the production, sale and maintenance of (i) mining equipment, which primarily includes (i) mining transportation equipment; (ii) mining excavators; and (iii) other auxiliary mining machinery; (ii) aerial work platforms, which primarily include boom lifts and scissor lifts; (iii) material handling equipment, which primary includes telescopic handlers and forklift throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 48.

Linyi Lingong Machinery Group Co., Ltd. (臨沂臨工機械集團有限公司) is the ultimate holding company of the Company and owned by Mr. Wang Zhizhong, who is the Company's ultimate controlling person, the details of which are set out in the section headed "History, Development and Corporate Structures" to the Document.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its subsidiaries in Chinese Mainland.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards set out in Note 4. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by Grant Thornton Certified Public Accountants LLP (致同會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards Volume 11*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The Group does not plan to early adopt IFRS 18. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements. The Group currently presents interest received in operating activities, they will be classified in the investing activities, respectively, on the consolidated statement of cash flows.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

(a) has power over the investee;

(b) is exposed, or has rights, to variable returns from its investment with the investee; and

(c) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent the present ownership interests entitling the non-controlling interest to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 7.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statements of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Group as a lessor

Classification and measurement of leases

All leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate). On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share awards granted to employees

Equity-settled share-based payments to employees providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital reserve.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to lease liabilities and the related assets separately.

The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings, machinery and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property, plant and equipment, right-of-use assets, investment property and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment property and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, investment property and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of equipment are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bills receivables at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and gains, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9 "Financial Instruments"

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, other receivables and other assets, term deposits, restricted deposits, cash and cash equivalents and financial guarantee contracts) 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.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for credit-impaired debtors and collectively for the remaining debtors using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group considers that there has been no significant increase in credit risk when contractual payments are more than 30 days past due because most of the payments delay are due to administrative oversight instead of resulting from financial difficulty of debtors.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Credit-impaired trade receivables of the Group are assessed for ECL individually. The Group uses a practical expedient in estimating ECL on trade receivables, which are not assessed individually, using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Credit-impaired trade receivables of the Group are assessed for ECL individually. Except as those trade receivables, lifetime ECL for trade receivables are considered on a collective basis taking into consideration aging information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Aging;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account. For bills receivables are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these bills receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, other payables and accruals, bonds payable and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 33 to the Historical Financial Information.

Provision for ECL on financial instruments

The Group uses the ECL model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future. The information about the ECLs on the Group's financial instruments is disclosed in Note 24 and Note 44 to the Historical Financial Information.

Inventory provision determined on net realisable value

According to the inventory accounting policy, the Group measures the inventory at the lower of cost and net realisable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realisable value. At the end of each reporting period, the Group reviews whether individual inventory items are obsolete or stagnant and whether their net realisable value is lower than their cost. The impairment of inventory is based on the assessment of the inventory's merchantability and its net realizable value. Identification of inventory impairment requires management to make judgements and estimates based on solid evidence and factors such as the purpose of holding the inventory and the impact of events after the end of each reporting period. The difference between the actual result and the original estimate will affect the carrying amount of inventories and the accrual or reversal of inventory provision during the period in which the estimate is changed. The Group reassesses the estimation at the end of each reporting period. The information about impairment loss is detailed in Note 12 and Note 25.

Provisions

Based on the terms of the contracts, existing knowledge and historical experience, the Group estimates and makes provision for product quality assurance. Where a contingent event has formed a current obligation and the performance of such a current obligation is likely to result in an outflow of economic benefits from the Group, the Group recognises the contingent event as an anticipated liability in accordance with the best estimate of the expenditure required to fulfil the relevant current obligation. The recognition and measurement of the estimated liabilities depend largely on the judgement of the management. In making the judgement, the Group shall assess the risk, uncertainty and time value of the currency associated with such contingencies.

The Group provides after-sales quality maintenance commitment for the selling, repairing and renovating of goods to the customers, and recognises the estimated liabilities for the commitment. The Company's recent maintenance experience data has been taken into account in the estimated liabilities, and the risks and uncertainties related to the maintenance matters have been comprehensively considered. Any increase or decrease in this provision may affect profits or losses in the future.

The Company provides financing guarantees to financing institutions for customers with financing needs, and makes estimated liabilities based on the losses that may occur in the guarantee obligations. The estimated liabilities have taken into account data such as the proportion of the guarantee obligation actually performed and the proportion of actual losses incurred after performing the guarantee obligation, as well as factors such as risks, uncertainties and time value of money related to the guarantee obligation. Any increase or decrease in this provision may affect profits or losses in the future.

6. OPERATING SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

(a) Mining equipment: Research, development, production and sale of mining transportation equipment, mining excavators and other auxiliary mining machinery and so on;

(b) Aerial work platforms: Research, development, production and sale of boom lifts and scissor lifts and so on;

(c) Material handling equipment: Research, development, production and sale of telescopic handler and forklift and so on; and

(d) Aftermarket service and others: Mainly represent aftermarket service and spare parts sales.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

Year ended 31 December 2023	**Mining equipment**	**Aerial work platforms**	**Materials handling equipment**	**Aftermarket service and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	4,948,075	3,929,419	140,430	879,196	9,897,120
Segment cost					
Sales to external customers	(4,122,875)	(3,036,318)	(115,637)	(765,430)	(8,040,260)
Segment results	825,200	893,101	24,793	113,766	1,856,860
Reconciliation:					
Other income and gains, net					179,647
Selling and marketing expenses					(373,586)
Administrative expenses					(240,395)
Research and development costs					(320,018)
Impairment losses (including reversal of impairment losses) on financial assets and financial guarantee					(27,305)
Share of results of associates					16,267
Finance costs					(13,099)
Profit before tax					1,078,371

Year ended 31 December 2024	Mining equipment	Aerial work platforms	Materials handling equipment	Aftermarket service and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	7,172,551	3,792,818	231,274	831,609	12,028,252
Segment cost					
Sales to external customers	(5,924,073)	(2,836,919)	(179,805)	(668,799)	(9,609,596)
Segment results	1,248,478	955,899	51,469	162,810	2,418,656
Reconciliation:					
Other income and gains, net					138,608
Selling and marketing expenses					(561,733)
Administrative expenses					(298,314)
Research and development costs					(414,613)
Impairment losses (including reversal of impairment losses) on financial assets and financial guarantee					(154,341)
Share of results of associates					1,586
Finance costs					(26,268)
Profit before tax					1,103,581

Year ended 31 December 2025	Mining equipment	Aerial work platforms	Materials handling equipment	Aftermarket service and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	6,002,369	2,689,613	342,748	1,113,355	10,148,085
Segment cost					
Sales to external customers	(4,677,443)	(1,991,667)	(252,226)	(836,895)	(7,758,231)
Segment results	1,324,926	697,946	90,522	276,460	2,389,854
Reconciliation:					
Other income and gains, net					171,813
Selling and marketing expenses					(685,636)
Administrative expenses					(303,435)
Research and development costs					(337,280)
Impairment losses (including reversal of impairment losses) on financial assets and financial guarantee					(42,363)
Share of results of associates					7,160
[REDACTED]					[REDACTED]
Finance costs					(37,662)
Profit before tax					1,146,959

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represents the profit earned by each segment without allocation of other income and gains, net, selling and marketing expense, administration expenses, research and development costs, impairment losses (including reversal of impairment losses) on financial assets and financial guarantee, share of results of associates, finance costs and **[REDACTED]**. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

The Group's operations are located on Chinese Mainland and several other countries and jurisdictions. Information about the Group's non-current assets is presented based on the geographical location of the assets. Non-current assets excluded financial instruments and deferred tax assets.

Non-current assets

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	1,295,237	1,311,434	1,920,275
Outside Chinese Mainland	663,322	705,258	892,521
Including:			
Mexico	579,810	619,787	570,963
	1,958,559	2,016,692	2,812,796

Information about major customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A[1]	N/A[2]	1,647,863	N/A[2]

[1] Revenue from Aerial work platforms;

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2023 or 2025.

7. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	9,835,407	11,957,636	9,930,748
Revenue from operating leases	61,713	70,616	217,337
Total	9,897,120	12,028,252	10,148,085

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of products and services			
Mining equipment	4,948,075	7,172,551	6,002,369
Aerial work platforms	3,929,419	3,792,818	2,689,613
Material handling equipment	140,430	231,274	342,748
Aftermarket service and others	817,483	760,993	896,018
Total	9,835,407	11,957,636	9,930,748
Geographical markets			
Chinese Mainland	6,653,019	7,577,011	4,830,414
Outside Chinese Mainland	3,182,388	4,380,625	5,100,334
Total	9,835,407	11,957,636	9,930,748

The Group's operations are located in Chinese Mainland and several other countries and jurisdictions. Information about the Group's revenue from external customers is presented based on the location of the external customers.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition			
A point in time	9,835,407	11,957,636	9,930,748

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of products, and three main payment methods are available to customers:

- full payment: customers pay the purchase price before the product delivery.
- credit/installment payment: payment terms are within 36 months. Shipments are generally dispatched once the customer has provided a down payment equal to a fixed percentage of the product's price.
- financing payment: shipments are generally dispatched once the customer has provided a down payment equal to a fixed percentage of the product's price. Customers have the option to finance their purchase through loan agreements or finance lease arrangements provided by finance lease companies.

All the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year. As permitted, under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(c) Accounting policies of revenue recognition

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods or the provision of the services and obtain substantially all of the remaining benefits from the goods or services.

Sale of products

A contract for the sale of products between the Group and the customer usually only includes the performance obligation to transfer the products, with no continued management and effective control of the products associated with ownership. The Group generally recognises the revenue when the relevant products are delivered to customer and confirmed as accepted by the customer.

Some contracts for the sale of products provide customers with volume rebates, giving rise to variable consideration.

Volume rebates

The Group's contracts with certain customers include sales rebate arrangements, resulting in variable consideration. The Group determines the best estimate of variable consideration using either the expected value or the most likely amount method, provided that the transaction price inclusive of variable consideration does not exceed the amount for which it is highly probable that cumulative recognised revenue will not be subject to significant reversal when the related uncertainty is resolved.

Significant financing components

When the contract contains a significant financing component, the Group determines the transaction price based on an amount that reflects the price that a customer would have paid for the goods or services in cash at the time of obtaining control of the goods or services, and amortises the difference between the transaction price and the consideration promised in the contract under the effective interest method within the contract period using the discount rate that discounts the nominal amount of the contract consideration to the current selling price of the goods or services. The Group does not consider the effects of a significant financing component in the contract if it is expected that the period between when the customer obtains control of the goods or services and when the customer pays for such goods or services will be one year or less.

Warranties

The Group provides warranties in connection with the sale of machinery and equipment in accordance with the contract and the relevant laws and regulations, etc., which are assurance-type warranties that provides the customer with the assurance that the goods comply with agreed-upon specifications. In assessing whether quality assurance is provided as a separate service other than providing guarantee to the customers that the goods sold meet the established quality standards, the Group considers factors such as whether the quality assurance is a statutory requirement, the term of quality assurance and nature of the Group's commitment to perform its obligations.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the relevant products. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the relevant products to the customer).

Put options

When the Group has an obligation to repurchase the asset at the customer's request (a put option) at a price that is lower than the original selling price of the asset, the Group considers at inception of the contract whether the customer has a significant economic incentive to exercise that right. If the customer has a significant economic incentive to exercise the put option, the agreement is accounted for as a lease in accordance with IFRS 16 *Leases*.

8. OTHER INCOME AND GAINS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income and gains, net			
Interest income	75,413	67,564	85,401
Government grants			
– Related to assets	12,069	12,091	13,843
– Related to income	44,554	56,342	62,470
VAT super deduction	36,738	23,533	26,585
Impairment loss recognised in respect of property, plant and equipment	–	–	(22,698)
Gains/(losses) on disposal of items of property, plant and equipment, net	634	(1,433)	5,042
Gains on disposal of right-of-use assets, net	743	114	–
Foreign exchange differences, net	61,409	(10,750)	(9,204)
Dividends from financial assets at FVTOCI	–	2,664	2,407
Realised fair value changes of financial assets at FVTOCI at disposal	–	(1,324)	(1,040)
Losses from debt restructuring *(Note)*	–	(8,479)	–
Fair value changes of financial instruments at FVTPL	(53,022)	(2,404)	4,401
Others	1,109	690	4,606
Total	179,647	138,608	171,813

Note:

The Company has signed debt restructuring agreements with certain customers, waiving partial trade receivables due from these customers in order to accelerate the settlement of the remaining trade receivables.

9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans and other borrowings	10,033	21,887	25,961
Interest on bonds payable	–	–	544
Interest on lease liabilities	2,699	3,326	4,975
Interest on long-term payables	367	1,055	6,182
Total	13,099	26,268	37,662

10. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses (reversed)/recognised on:			
– Bills receivables	(295)	356	(216)
– Trade receivables	51,993	152,250	46,972
– Long term trade receivables	(5,780)	842	(2,336)
– Other receivables	1,697	11,708	(1,621)
– Obligation of guarantee for finance lease	(20,310)	(10,815)	(436)
Total	27,305	154,341	42,363

Details of impairment assessment are set out in Note 44.

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	186,133	237,640	254,887
Deferred income tax	(81,527)	(134,060)	(148,286)
Total	104,606	103,580	106,601

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The EIT Law and its implementation rules permit High and New Technologies Enterprises, or HNTEs, to enjoy a reduced 15% enterprise income tax rate subject to these HNTEs meeting certain qualification criteria. The Company is qualified as HNTEs for the Track Record Period, and Lingong Industrial Vehicles (Shandong) Co., Ltd (臨工工業車輛(山東)有限公司), a subsidiary of the Company, is qualified as HNTEs since December 2024, and accordingly are subject to a preferential income tax rate of 15% since 1 January 2024.

The Company and Lingong Industrial Vehicles (Shandong) Co., Ltd (臨工工業車輛(山東)有限公司), a subsidiary of the Company, is entitled to claim 200% of qualified research and development expenses so incurred as tax deductible expenses when determining its assessable profits for that year ("**Super Deduction**") during the Track Record Period, pursuant to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC.

Other overseas areas

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions ranging from 9% to 30%.

Global Anti-base Erosion Rules ("GloBE Rules"or "Pillar Two Rules")

The Group is subject to the global minimum top-up tax Pillar Two Rules. Among the jurisdictions in which the subsidiaries of the Company are incorporated, Pillar Two Rules has became effective in several jurisdictions and been enacted or substantively enacted but not yet effective in several other jurisdictions. Based on the management's calculation and best estimation, the Group is not liable to top-up tax under the Pillar Two Rules for the Track Record Period. The effective of Pillar Two Rules in additional jurisdictions in which the subsidiaries of the Company operates would not have a material impact to the Group's overall exposure to Pillar Two income taxes. The Group has applied the temporary mandatory exception from recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	1,078,371	1,103,581	1,146,959
Tax at income tax rate of 15%	161,756	165,537	172,044
Effect of different tax rates	(21,925)	(35,317)	(44,615)
Income not subject to tax	(178)	(238)	(1,534)
Expenses not deductible for tax	5,176	7,361	7,444
Tax losses/deductible temporary differences not recognised	5,091	19,307	17,642
Super-deduction of research and development expenses	(46,004)	(53,622)	(43,753)
Others	690	552	(627)
Tax charge at the Group's effective tax rate	104,606	103,580	106,601

12. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Depreciation and amortization:				
Depreciation of property, plant and equipment	*17*	110,727	146,496	208,045
Depreciation of investment properties	*19*	1,211	1,151	1,154
Depreciation of right-of-use assets	*18*	17,349	23,213	35,866
Amortisation of other intangible assets	*20*	5,611	13,355	13,117
Total depreciation and amortization		134,898	184,215	258,182
Capitalised in inventories		(5,915)	(18,958)	(24,354)
		128,983	165,257	233,828
Auditor's remuneration		2,148	1,547	1,321
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Research and development costs		320,018	414,613	337,280
Gross rental income from investment properties		4,755	4,935	4,813
Employee benefit expenses (including Directors' emoluments as set out in *Note 13*)				
Short-term employee benefits		289,603	440,141	567,850
Share-based payments		43,466	46,083	44,631
Retirement benefits cost		18,612	19,547	23,774
Capitalised in inventories		(32,066)	(41,312)	(51,215)
		319,615	464,459	585,040
Cost of inventories recognised as an expense		7,694,010	9,162,540	7,269,531
Including: write-down of inventories to net realisable value		32,472	53,057	86,849

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments paid or payable to the Directors and chief executive of the Company by entities comprising the Group during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Year ended 31 December 2023						
	Fees	Salaries and allowances	Performance related bonuses	Share-based payments	Retirement benefits	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director *(Note i)*:							
Mr. Yu Mengsheng *(Note ii)*	–	2,040	–	6,258	–	–	8,298
Non-executive directors *(Note i)*:							
Mr. Wang Zhizhong *(Note ii)*	–	–	–	–	–	–	–
Mr. Zhi Kaiyin *(Note ii)*	–	2,145	1,050	5,101	53	24	8,373
Independent non-executive director *(Note i)*:							
Mr. Su Zimeng *(Note ii)*	120	–	–	–	–	–	120
Total	**120**	**4,185**	**1,050**	**11,359**	**53**	**24**	**16,791**

	Year ended 31 December 2024						
	Fees	Salaries and allowances	Performance related bonuses	Share-based payments	Retirement benefits	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director *(Note i)*:							
Mr. Yu Mengsheng *(Note ii)*	–	2,240	–	6,258	–	–	8,498
Non-executive directors *(Note i)*:							
Mr. Wang Zhizhong *(Note ii)*	–	–	–	–	–	–	–
Mr. Zhi Kaiyin *(Note ii)*	–	2,344	1,050	5,101	13	7	8,515
Independent non-executive director *(Note i)*:							
Mr. Su Zimeng *(Note ii)*	120	–	–	–	–	–	120
Total	**120**	**4,584**	**1,050**	**11,359**	**13**	**7**	**17,133**

	Year ended 31 December 2025						
	Fees	Salaries and allowances	Performance related bonuses	Share-based payments	Retirement benefits	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:							
Mr. Yu Mengsheng *(Note ii)*	–	2,584	750	6,961	43	29	10,367
Mr. ZhangShanrui *(Note iv)*	–	1,791	625	–	48	32	2,496
Non-executive directors *(Note i)*:							
Mr. Wang Zhizhong *(Note ii)*	–	–	–	–	–	–	–
Mr. Zhi Kaiyin *(Note ii)*	–	2,164	1,050	5,101	–	1	8,316
Mr. WangYinshu *(Note iii)*	–	1,358	1,143	382	53	27	2,963
Mr. LiuHongmin *(Note iii)*	–	147	30	–	6	15	198
Independent non-executive directors *(Note i)*:							
Mr. Su Zimeng *(Note ii)*	120	–	–	–	–	–	120
Mr. LiHonghui *(Note iii)*	70	–	–	–	–	–	70
Mr. JiangXinglu *(Note iii)*	70	–	–	–	–	–	70
Ms. Zhou Yan *(Note v)*	30	–	–	–	–	–	30
Total	**290**	**8,044**	**3,598**	**12,444**	**150**	**104**	**24,630**

Notes:

i. The remunerations of the executive directors disclosed above were mainly for their management services and director services rendered to the Company and the Group. The non-executive and independent non-executive directors' remunerations disclosed above were mainly for their services as directors of the Company. The performance related bonus is determined with reference to the operating results and the individual's performance in each year.

ii. These executive directors, non-executive and independent non-executive directors have been appointed since 9 February 2012 except for Mr. Su Zimeng who joined the Group since May 2022 and has been appointed as an independent non-executive director since 27 May 2022.

iii. These non-executive and independent non-executive directors have been appointed since 28 May 2025.

iv. Mr. Zhang Shanrui has been appointed as an executive director since 28 May 2025.

v. Ms. Zhou Yan has been appointed as an independent non-executive director since 10 October 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included two, two, and three directors of the Company during the Track Record Period, details of whose remuneration are set out in Note 13 above. Details of the remuneration of the remaining three, three, and two highest paid employees who are not directors are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and allowances	3,892	7,247	5,114
Performance related bonuses	1,000	700	350
Share-based payment expenses	3,826	2,550	1,275
Retirement benefits	159	106	53
Welfare, medical and other benefits	73	51	27
Total	**8,950**	**10,654**	**6,819**

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
HK$3,000,001 to HK$3,500,000	3	2	–
HK$3,500,001 to HK$4,000,000	–	–	1
HK$4,000,001 to HK$4,500,000	–	–	1
HK$4,500,001 to HK$5,000,000	–	1	–
	3	3	2

15. DIVIDENDS

No dividend was paid or proposed by the Company and its subsidiaries for the Track Report Period, nor has any dividend been proposed since the end of the Track Report Period.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings:			
Profit for the year attributable to owners of the Company, for the purpose of the basic and diluted earnings per share	969,294	994,502	1,037,212
Number of shares:			
Weighted average number of ordinary shares outstanding during the year for the purpose of the basic and diluted earnings per share	542,740	543,143	554,043

The weighted average number of ordinary shares for the purpose of the basic earnings per share has been adjusted for the number of ordinary shares issued during the Track Record Period.

No diluted earnings per share was presented as there were no potential ordinary shares in issue for the Track Record Period.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Electronic equipment	Land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost								
At 1 January 2023	281,851	142,686	8,354	423,716	20,446	41,485	124,785	1,043,323
Additions	20,320	59,658	5,057	99,780	12,973	1,571	650,557	849,916
Transfers	571,587	191,825	–	–	4,574	–	(767,986)	–
Disposals and transfer to inventories	(2,071)	(6,273)	(1,834)	(194,222)	(1,354)	–	–	(205,754)
Exchange realignment	(21)	271	(139)	312	68	703	90	1,284
At 31 December 2023	871,666	388,167	11,438	329,586	36,707	43,759	7,446	1,688,769
Additions	1,493	126,284	6,081	130,337	9,549	–	160	273,904
Transfers	–	–	–	–	1,775	–	(1,775)	–
Disposals and transfer to inventories	–	(1,626)	(589)	(164,590)	(919)	–	–	(167,724)
Exchange realignment	4,822	1,662	1	(1,081)	127	653	8	6,192
At 31 December 2024	877,981	514,487	16,931	294,252	47,239	44,412	5,839	1,801,141

	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Electronic equipment	Land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions	643	134,182	2,190	576,600	10,748	–	366,482	1,090,845
Transfers	218,151	–	–	–	7,111	–	(225,262)	–
Disposals and transfer to inventories	(2,915)	(3,363)	(1,234)	(79,883)	(1,046)	–	–	(88,441)
Exchange realignment	(6,781)	(6,697)	(130)	(367)	(403)	(986)	(24)	(15,388)
At 31 December 2025	1,087,079	638,609	17,757	790,602	63,649	43,426	147,035	2,788,157
Depreciation and impairment								
At 1 January 2023	76,415	50,690	3,050	116,540	12,382	–	–	259,077
Provided for the year	20,037	14,157	1,712	70,445	4,376	–	–	110,727
Disposals and transfer to inventories	(492)	(2,254)	(1,052)	(28,433)	(1,067)	–	–	(33,298)
Exchange realignment	2	154	(83)	18	27	–	–	118
At 31 December 2023	95,962	62,747	3,627	158,570	15,718	–	–	336,624
Provided for the year	42,917	37,438	3,082	55,218	7,841	–	–	146,496
Disposals and transfer to inventories	–	(781)	(552)	(94,348)	(665)	–	–	(96,346)
Exchange realignment	226	148	(7)	(7)	7	–	–	367
At 31 December 2024	139,105	99,552	6,150	119,433	22,901	–	–	387,141
Provided for the year	45,158	48,581	3,697	101,007	9,602	–	–	208,045
Impairment	–	–	–	22,698	–	–	–	22,698
Disposals and transfer to inventories	–	(497)	(1,181)	(43,834)	(580)	–	–	(46,092)
Exchange realignment	(453)	(844)	(66)	(185)	(157)	–	–	(1,705)
At 31 December 2025	183,810	146,792	8,600	199,119	31,766	–	–	570,087
Carrying values								
At 31 December 2023	775,704	325,420	7,811	171,016	20,989	43,759	7,446	1,352,145
At 31 December 2024	738,876	414,935	10,781	174,819	24,338	44,412	5,839	1,414,000
At 31 December 2025	903,269	491,817	9,157	591,483	31,883	43,426	147,035	2,218,070

The Company

	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Electronic equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2023	280,169	134,236	3,786	375,102	18,154	57,988	869,435
Additions	19,772	47,833	888	60,215	5,619	130,616	264,943
Transfers	181,213	–	–	–	676	(181,889)	–
Disposals and transfer to inventories	(406)	(5,716)	–	(187,528)	(761)	–	(194,411)
At 31 December 2023	480,748	176,353	4,674	247,789	23,688	6,715	939,967
Additions	–	57,102	988	27,627	5,388	435	91,540
Transfers	–	–	–	–	1,775	(1,775)	–
Disposals and transfer to inventories	–	(1,252)	(567)	(135,823)	(660)	–	(138,302)
At 31 December 2024	480,748	232,203	5,095	139,593	30,191	5,375	893,205
Additions	–	22,776	479	131,876	5,007	365,559	525,697
Transfers	218,151	–	–	–	7,111	(225,262)	–
Disposals and transfer to inventories	(2,915)	(1,758)	(1,234)	(39,134)	(594)	–	(45,635)
At 31 December 2025	695,984	253,221	4,340	232,335	41,715	145,672	1,373,267

	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Electronic equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation							
At 1 January 2023	76,073	49,033	1,948	96,258	11,188	–	234,500
Provided for the year	17,785	12,188	642	63,948	3,530	–	98,093
Disposals and transfer to inventories	(126)	(1,956)	–	(24,329)	(599)	–	(27,010)
At 31 December 2023	93,732	59,265	2,590	135,877	14,119	–	305,583
Provided for the year	23,351	19,359	813	34,599	4,557	–	82,679
Disposals and transfer to inventories	–	(759)	(550)	(90,496)	(627)	–	(92,432)
At 31 December 2024	117,083	77,865	2,853	79,980	18,049	–	295,830
Provided for the year	26,000	21,891	932	22,510	5,574	–	76,907
Disposals and transfer to inventories	–	(430)	(1,180)	(19,927)	(483)	–	(22,020)
At 31 December 2025	143,083	99,326	2,605	82,563	23,140	–	350,717
Carrying values							
At 31 December 2023	387,016	117,088	2,084	111,912	9,569	6,715	634,384
At 31 December 2024	363,665	154,338	2,242	59,613	12,142	5,375	597,375
At 31 December 2025	552,901	153,895	1,735	149,772	18,575	145,672	1,022,550

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

Buildings	20 – 30 years
Machinery equipment	5 – 10 years
Transportation equipment	4 – 5 years
Leasing out equipment under operating leases	3 – 10 years
Electronic equipment	3 – 5 years
Land	Freehold

Certificates of ownership in respect of certain buildings of the Group with a total net carrying amount of approximately RMB332 million, RMB305 million and RMB272 million, respectively, at 31 December 2023, 2024 and 2025 have not yet been issued by the relevant authorities. The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

Certificates of ownership in respect of certain buildings of the Company with a total net carrying amount of approximately RMB23 million, RMB22 million and RMB234 million, respectively, at 31 December 2023, 2024 and 2025 have not yet been issued by the relevant authorities. The Directors are of the opinion that the Company is entitled to lawfully and validly occupy or use these properties.

The Group has pledged owned properties with carrying amounts of RMB263,579,000 and the corresponding leasehold land as at 31 December 2025 to secure general banking facilities granted to the Group.

The Group and the Company has leased out certain equipment under operating leases. The leases have an initial period of 1 to 12 months, 4 to 36 months and 4 to 44 months during the Track Record Period, respectively. None of the leases includes variable lease payments.

Impairment assessment

Due to a significant decline in budgeted net cash flows flowing from certain leasing out equipment under operating leases, the management of the Group concluded there was indication for impairment and conducted impairment assessment on these leasing out equipment under operating leases with carrying amounts of RMB135,044,000 for the year ended 31 December 2025. The recoverable amount of leasing out equipment under operating leases, within the segment Aftermarket service and others are estimated individually.

The recoverable amounts of the leasing out equipment under operating leases have been determined based on their value in use. The Group estimates the value in use of the leasing out equipment under operating leases using a discount rate of 3.50% for the year ended 31 December 2025. The relevant assets were impaired to their recoverable amount of RMB112,346,000, which is their carrying values at year end and the impairment of RMB22,698,000 has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

18. RIGHT-OF-USE ASSETS

The Group

	Buildings	Transportation equipment	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	30,384	146	282,576	313,106
Additions	46,398	–	–	46,398
Disposals	(10,657)	–	–	(10,657)
Depreciation provided during the year	(11,145)	(36)	(6,168)	(17,349)
Transfer to investment properties	–	–	(2,466)	(2,466)
Exchange realignment	(269)	(6)	–	(275)
As at 31 December 2023	54,711	104	273,942	328,757
Additions	38,944	–	–	38,944
Disposals	(3,578)	–	–	(3,578)
Depreciation provided during the year	(17,024)	(34)	(6,155)	(23,213)
Exchange realignment	(687)	(7)	–	(694)
As at 31 December 2024	72,366	63	267,787	340,216
Additions	39,947	–	136,382	176,329
Disposals	–	–	–	–
Depreciation provided during the year	(27,659)	(34)	(8,173)	(35,866)
Exchange realignment	7	–	–	7
As at 31 December 2025	84,661	29	395,996	480,686

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	717	–	879
Total cash outflow for leases	15,231	17,596	170,849

The Group leases various office space warehouse and leasehold land for its operations. During the years ended 31 December 2023, 2024 and 2025, lease contracts were newly entered into for a fixed term of 2 to 50 years, 2 to 50 years, and 2 to 50 years, respectively, but may have extension and termination options. Lease terms were negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings, where its manufacturing facilities are primarily located, and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for vehicles and office space. As at 31 December 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Company

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	–	247,509	247,509
Additions	2,347	–	2,347
Depreciation provided during the year	(222)	(5,451)	(5,673)
Transfer to investment properties	–	(2,466)	(2,466)
As at 31 December 2023	2,125	239,592	241,717
Additions	3,669	–	3,669
Disposals	(3,578)	–	(3,578)
Depreciation provided during the year	(1,160)	(5,438)	(6,598)
As at 31 December 2024	1,056	234,154	235,210
Additions	–	136,382	136,382
Depreciation provided during the year	(437)	(7,456)	(7,893)
As at 31 December 2025	619	363,080	363,699

The Company leases various office space warehouse and leasehold land for its operations. During the years ended 31 December 2023, 2024 and 2025, lease contracts were newly entered into for a fixed term of 3 to 50 years, 3 to 50 years, and 3 to 50 years, respectively, but may have extension and termination options. Lease terms were negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Company applies the definition of a contract and determines the period for which the contract is enforceable.

19. INVESTMENT PROPERTIES

The Group leases out buildings and leasehold land under operating leases with rentals payable quarterly. The leases have an initial period of 1 to 2 years during Track Record Period, with rights to extend the lease 1 year beyond initial period by mutual agreement. None of the leases includes variable lease payments.

The Group and the Company

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2023	18,152	10,326	28,478
Transfer from right-of-use assets	–	3,013	3,013
At 31 December 2023, 2024 and 2025	18,152	13,339	31,491
Depreciation			
At 1 January 2023	5,205	1,755	6,960
Provided for the year	979	232	1,211
Transfer from right-of-use assets	–	547	547
At 31 December 2023	6,184	2,534	8,718
Provided for the year	881	270	1,151
At 31 December 2024	7,065	2,804	9,869
Provided for the year	880	274	1,154
At 31 December 2025	7,945	3,078	11,023
Carrying values			
At 31 December 2023	11,968	10,805	22,773
At 31 December 2024	11,087	10,535	21,622
At 31 December 2025	10,207	10,261	20,468

The fair value of the Group's investment properties at 31 December 2023, 2024 and 2025 were RMB58,720,000, RMB58,220,000 and RMB57,400,000, respectively. The fair value has been arrived at based on a valuation carried out by Yinxin Appraisal Co., ltd., ("**Yinxin**") independent valuers not connected with the Group. The address of Yinxin is 9th floor, No. 99 Hankou Road, Shanghai, the PRC.

The fair value was determined based on the income approach by taking into account the net rental income of the properties derived from the existing and potential leases, which are discounted at the market yield expected by investors for this type of properties. Potential lease rentals are assessed by reference to the current rentals, expected rental growth rate as well as market rental of similar properties in the neighborhood. The discount rate is determined by the market expectation from property investors to reflect factors specific to the Group's investment properties. The fair value falls into the category of fair value measurements using significant unobservable inputs (Level 3), including future rental cash inflows and discount rate.

There has been no change from the valuation technique used during the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis on the following bases:

Leasehold land	50 years
Leased buildings	20 years

As at 31 December 2025, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

20. OTHER INTANGIBLE ASSETS

The Group

	Softwares	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2023	13,869	-	13,869
Additions	13,104	1,918	15,022
Exchange realignment	20	10	30
At 31 December 2023	26,993	1,928	28,921
Additions	13,968	-	13,968
Exchange realignment	66	29	95
At 31 December 2024	41,027	1,957	42,984
Additions	7,995	-	7,995
Exchange realignment	(118)	(44)	(162)
At 31 December 2025	48,904	1,913	50,817

	Softwares	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Amortisation			
At 1 January 2023	(5,932)	–	(5,932)
Provided for the year	(5,595)	(16)	(5,611)
At 31 December 2023	(11,527)	(16)	(11,543)
Provided for the year	(13,161)	(194)	(13,355)
Exchange realignment	(10)	(2)	(12)
At 31 December 2024	(24,698)	(212)	(24,910)
Provided for the year	(12,926)	(191)	(13,117)
Exchange realignment	39	4	43
At 31 December 2025	(37,585)	(399)	(37,984)
Carrying values			
At 31 December 2023	15,466	1,912	17,378
At 31 December 2024	16,329	1,745	18,074
At 31 December 2025	11,319	1,514	12,833

The Company

	Softwares
	RMB'000
Cost	
At 1 January 2023	13,869
Additions	9,038
At 31 December 2023	22,907
Additions	13,445
At 31 December 2024	36,352
Additions	7,101
At 31 December 2025	43,453
Amortisation	
At 1 January 2023	(5,932)
Provided for the year	(5,527)
At 31 December 2023	(11,459)
Provided for the year	(12,329)
At 31 December 2024	(23,788)
Provided for the year	(11,766)
At 31 December 2025	(35,554)
Carrying values	
At 31 December 2023	11,448
At 31 December 2024	12,564
At 31 December 2025	7,899

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Softwares	2 – 5 years
Others	10 years

21. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in associates under equity method	19,878	21,464	28,654

Details of the Group's associates during the Track Record Period are as follows:

Name of entities	Place of establishment and principal place of business	Proportion of ownership interest and voting rights held by the Group: 31 December 2023	31 December 2024	31 December 2025	Principal activities
Jinan Lingong Mining Equipment Technology Co., Ltd. 濟南臨工礦山設備科技有限公司 . . .	Chinese Mainland	14.58%	14.58%	14.58%	Research, production and sale of mining equipment
Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. 深圳納奧臨工機械進出口有限公司 . .	Chinese Mainland	-	20.00%	N/A	Equipment Sales
LGMG CHILE SPA	Chile	-	-	20.00%	Equipment Sales

The associates of the Group have been accounted for by using the equity method based on the financial information of the associates prepared under the accounting policies consistent with the Group.

All of the associates of the Group are unlisted and there is no quoted market price available for their shares.

For investment in Jinan Lingong Mining Equipment Technology Co., Ltd., the Group is one of the two shareholders and has power to appoint one out of the six directors. Thus, the Group could participate in policy-making processes of the investee. Furthermore, the Group has material transactions with the investee. Considering the relevant facts, the Group is able to exercise significant influence even though the respective shareholding is below 20%. Accordingly, this investment has been classified as associate.

As at 31 December 2024, the Group held a 20% interest in Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. ("**Shenzhen Nao**") and accounted for the investment as an associate. In September 2025, the Group signed a supplementary agreement with other shareholder of Shenzhen Nao. Shenzhen Nao increased its registered capital and diluted the Group's interest in it from 20% to 5%. Accordingly, the Group is not able to exercise significant influence. The Directors have elected to designate the 5% interest as financial asset at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

For investment in LGMG CHILE SPA, the Group is able to exercise significant influence because it has the power to appoint one out of the three directors. Accordingly, this investment has been classified as associate.

These associates of the Group are not individually material to the consolidated financial statements.

22. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	945	103,598	207,308

Structured deposits purchased by the Group are issued by major and reputable commercial banks without guaranteed returns redeemable on maturity, with maturities between 14 days and one month. The expected rates of return for such structured deposits held by the Group as of 31 December 2023, 2024 and 2025 range from 1.10% to 2.83%, 1.35% to 2.15%, and 1.00% to 2.15%, respectively. The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. The major assumptions used in the valuation for structured deposits are set out in Note 45.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	–	102,654	206,386

23. FINANCIAL ASSETS AT FVTOCI

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Bills receivables, at FVTOCI *(Note i)*	242,172	380,654	83,955
Negotiable large-denomination certificates of deposit *(Note ii)*	160,555	30,002	–
Subtotal	402,727	410,656	83,955
Non-current portion			
Listed equity investments, at fair value Horizon Construction Development Limited *(Note iii)* 宏信建設發展有限公司	243,334	73,676	56,537
Unlisted equity investments, at fair value Xi'an Youmai Smart Mining Technology Co., Ltd. *(Note iv)* 西安優邁智慧礦山科技有限公司	1,245	1,446	556
Unlisted equity investments, at fair value Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. *(Note iv)* 深圳納奧臨工機械進出口有限公司	–	–	5,000
Subtotal	244,579	75,122	62,093
Total	**647,306**	**485,778**	**146,048**

Amounts recognised in profit or loss and other comprehensive income:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fair value gain/(loss) on investment in equity instruments at FVTOCI	41,131	(169,457)	(18,028)
Dividends from equity instruments at FVTOCI recognised in profit or loss in other income *(Note 8)*	–	2,664	2,407
Fair value loss on bills receivables at FVTOCI	(245)	(1,525)	(150)
Reclassification adjustments of the cumulative loss to profit or loss upon disposal	–	(1,324)	(1,040)

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Bills receivables, at FVTOCI *(Note i)*	238,172	379,238	80,261
Negotiable large-denomination certificates of deposit *(Note ii)*	160,555	30,002	–
Subtotal	398,727	409,240	80,261
Non-current portion			
Unlisted equity investments, at fair value Xi'an Youmai Smart Mining Technology Co., Ltd. *(Note iv)* 西安優邁智慧礦山科技有限公司	1,245	1,446	556
Unlisted equity investments, at fair value Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. *(Note iv)* 深圳納奧臨工機械進出口有限公司	–	–	5,000
Subtotal	1,245	1,446	5,556
Total	**399,972**	**410,686**	**85,817**

Notes:

i. As at 31 December 2023, 2024 and 2025, certain bills receivables amounting to RMB23,531,000, RMB97,720,000 and RMB nil were pledged for the issuance of bank acceptance bills with better liquidity.

ii. As of 31 December 2023 and 2024, negotiable large-denomination certificates of deposit were primarily fixed rate notes and term deposits, with maturity ranging from 24 months and 36 months from the commencement date, respectively. The fixed rates of return for negotiable large-denomination certificate of deposit held by the Group as of 31 December 2023 and 2024 were at 2.30% to 2.70% and 2.30% per annum.

iii. The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. This investment is not held for trading, instead, it is held for long-term strategic purposes. The Directors have elected to designate this investment in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

iv. The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The Directors have elected to designate these investment in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investment's fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	5,529,982	6,688,277	6,938,345
Bills receivables, at amortised 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
Analysed into:			
Current portion	5,461,251	5,978,391	5,618,356
Non-current portion	360,056	675,652	1,005,312

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	6,736,933	8,429,205	9,385,793
Bills receivables, at amortised cost	560,546	391,556	140,219
Less: Allowance for credit losses	(221,969)	(305,613)	(229,419)
Net carrying amount	7,075,510	8,515,148	9,296,593
Analysed into:			
Current portion	6,741,583	7,922,593	8,520,400
Non-current portion	333,927	592,555	776,193

As at 1 January 2023, trade and bills receivables from contracts with customers amounted to RMB6,568,863,000.

The Group's trading terms with its customers are mainly on credit. The credit terms for our PRC customers under instalment and credit payment typically range from 3 to 24 months, whereas overseas customers are granted terms of 3 to 12 months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing while long-term trade receivables are interest-bearing.

For bills receivables, the Group considered the non-settlement of these bills by the issuing banks on maturity is not probable. Therefore, during the Track Record Period, the Group estimated the expected loss rate for bills receivables is minimal.

For trade receivables, the Group determines the ECLs using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details provision for loss allowance by portfolio of credit risk characteristics of trade receivables:

The Group

As at 31 December 2023

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	122,261	1.00	1,223
After 1 but within 2 years	8,840	1.00	88
After 2 but within 3 years	11,771	1.00	118
Total	**142,872**	**1.00**	**1,429**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	5,051,451	3.46	174,987
After 1 but within 2 years	259,988	13.67	35,553
After 2 but within 3 years	12,354	67.99	8,400
After 3 but within 4 years	12,349	100.00	12,349
After 4 but within 5 years	5,384	100.00	5,384
After 5 years	15,583	100.00	15,583
Total	**5,357,109**	**4.71**	**252,256**

As at 31 December 2023, the amount of ECL individually assessed trade receivables was RMB30,001,000 with the provision for loss allowance of RMB16,686,000.

As at 31 December 2024

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	112,101	1.00	1,121
After 1 but within 2 years	5,014	1.00	50
After 2 but within 3 years	1,483	1.00	15
After 3 but within 4 years	8,918	1.00	89
Total	**127,516**	**1.00**	**1,275**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	5,389,362	3.51	189,062
After 1 but within 2 years	1,042,665	14.28	148,856
After 2 but within 3 years	57,327	39.60	22,701
After 3 but within 4 years	10,310	100.00	10,310
After 4 but within 5 years	5,103	100.00	5,103
After 5 years	20,967	100.00	20,967
Total	**6,525,734**	**6.08**	**396,999**

As at 31 December 2024, the amount of ECL individually assessed trade receivables was RMB35,027,000 with the provision for loss allowance of RMB29,519,000.

As at 31 December 2025

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	213,860	1.00	2,139
Total	**213,860**	**1.00**	**2,139**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	5,299,853	2.43	128,818
After 1 but within 2 years	993,908	9.79	97,279
After 2 but within 3 years	323,672	39.00	126,225
After 3 but within 4 years	26,789	100.00	26,789
After 4 but within 5 years	10,309	100.00	10,309
After 5 years	26,070	100.00	26,070
Total	**6,680,601**	**6.22**	**415,490**

As at 31 December 2025, the amount of ECL individually assessed trade receivables was RMB43,884,000 with the provision for loss allowance of RMB39,787,000.

The Company

As at 31 December 2023

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	1,973,754	0.06	1,107
After 1 but within 2 years	315,726	0.03	88
After 2 but within 3 years	14,351	0.82	118
Total	**2,303,831**	**0.06**	**1,313**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	4,123,842	3.29	135,482
After 1 but within 2 years	240,584	13.26	31,902
After 2 but within 3 years	6,680	67.98	4,541
After 3 but within 4 years	11,028	100.00	11,028
After 4 but within 5 years	5,384	100.00	5,384
After 5 years	15,583	100.00	15,583
Total	**4,403,101**	**4.63**	**203,920**

As at 31 December 2023, the amount of ECL individually assessed trade receivables was RMB30,001,000 with the provision for loss allowance of RMB16,686,000.

As at 31 December 2024

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	2,086,196	0.04	837
After 1 but within 2 years	1,043,035	0.00	50
After 2 but within 3 years	66,200	0.02	15
After 3 but within 4 years	8,918	1.00	89
Total	**3,204,349**	**0.03**	**991**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	4,371,744	3.33	145,514
After 1 but within 2 years	735,224	10.88	79,962
After 2 but within 3 years	51,926	35.22	18,286
After 3 but within 4 years	6,186	100.00	6,186
After 4 but within 5 years	3,782	100.00	3,782
After 5 years	20,967	100.00	20,967
Total	**5,189,829**	**5.29**	**274,697**

As at 31 December 2024, the amount of ECL individually assessed trade receivables was RMB35,027,000 with the provision for loss allowance of RMB29,519,000.

As at 31 December 2025

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
Related parties			
Within 1 year	2,906,089	0.07	2,096
After 1 but within 2 years	1,363,913	0.00	–
After 2 but within 3 years	452,212	0.00	–
After 3 but within 4 years	64,717	0.00	–
Total	**4,786,931**	**0.04**	**2,096**

	Gross carrying amount	Average ECL rate	Expected credit losses
	RMB'000	%	*RMB'000*
External customers			
Within 1 year	3,617,499	2.04	73,691
After 1 but within 2 years	769,764	7.91	60,921
After 2 but within 3 years	130,278	11.77	15,333
After 3 but within 4 years	22,073	100.00	22,073
After 4 but within 5 years	6,186	100.00	6,186
After 5 years	24,749	100.00	24,749
Total	**4,570,549**	**4.44**	**202,953**

As at 31 December 2025, the amount of ECL individually assessed trade receivables was RMB28,313,000 with the provision for loss allowance of RMB24,215,000.

The following is an ageing analysis of the trade receivables presented based on dates of delivery of goods as at the end of each of the Track Record Period:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	5,173,712	5,501,537	5,513,752
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	26,070
Total	**5,529,982**	**6,688,277**	**6,938,345**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	6,097,596	6,458,014	6,523,588
After one year but within two years	586,311	1,783,211	2,133,677
After two years but within three years	21,031	148,127	586,907
After three years but within four years	11,028	15,104	110,686
After four years but within five years	5,384	3,782	6,186
After five years	15,583	20,967	24,749
Total	**6,736,933**	**8,429,205**	**9,385,793**

The Group

Movements on loss allowance of trade and bills receivables are as follows:

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Expected credit losses**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	207,239	16,686	223,925
Transfer to credit-impaired	(247)	247	–
Impairment losses, net	45,918	–	45,918
Receivables written off during the year as non-collectible	–	(247)	(247)
Others	825	–	825
As at 31 December 2023	253,735	16,686	270,421

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Expected credit losses
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	253,735	16,686	270,421
Transfer to credit-impaired	(7,843)	7,843	–
Impairment losses, net	145,641	7,807	153,448
Receivables written off during the year as non-collectible	–	(2,817)	(2,817)
Others	7,147	–	7,147
As at 31 December 2024	398,680	29,519	428,199

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Expected credit losses
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2025	398,680	29,519	428,199
Transfer to credit-impaired	(23,931)	23,931	–
Impairment losses, net	45,701	(1,281)	44,420
Receivables written off during the year as non-collectible	–	(12,382)	(12,382)
Others	(2,631)	–	(2,631)
As at 31 December 2025	417,819	39,787	457,606

As at 31 December 2023, 31 December 2024 and 31 December 2025, certain bills receivables amounting to RMB407,134,000, RMB214,647,000 and RMB107,324,000 were transferred by the Group to certain of its suppliers in order to settle the trade payables due to such suppliers or discounted by the Group, on a full recourse basis. As the Group has not transferred the substantial risks and rewards, it continues to recognise their full carrying amounts of the bills receivables and relevant trade payables settled. For the discounted bills, as the Group has retained the substantial risks and rewards, it continues to recognize their full carrying amounts of the bills receivables and borrowings, which were included in Note 34. These financial assets are carried at amortised cost in the consolidated statements of financial position at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

As at 31 December 2023, 31 December 2024 and 31 December 2025, certain bills receivables amounting to RMB121,181,000, RMB30,156,000 and RMB nil were pledged for the issuance of bank acceptance bills with better liquidity.

Details of impairment assessment of trade and bill receivables are set out in Note 44.

25. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
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

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	482,237	490,375	479,736
Work in progress	48	234	3,877
Finished goods	1,568,265	1,316,628	1,479,694
	2,050,550	1,807,237	1,963,307
Less: Provision for impairment loss	(30,722)	(29,962)	(32,421)
Total	2,019,828	1,777,275	1,930,886

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for property, plant and equipment	212,174	195,573	46,797
Long-term prepaid expenses	5,454	5,743	5,288
Subtotal	217,628	201,316	52,085
Current			
Prepayments for suppliers	124,135	134,015	156,617
Other receivables	10,917	248,091	105,886
Value-added tax recoverable	134,783	310,027	248,988
Prepaid expenses	3,027	3,532	10,502
Deferred share issue costs	–	–	4,691
Deposits	280,692	266,229	260,626
Subtotal	553,554	961,894	787,310
Impairment allowance	(8,512)	(93,042)	(91,725)
Total	545,042	868,852	695,585

Movements on loss allowance of other receivables are as follows:

	12m ECL	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	3,255	–	3,000	6,255
Impairment losses, net	1,697	–	–	1,697
Others	560	–	–	560
As at 31 December 2023	5,512	–	3,000	8,512

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	5,512	–	3,000	8,512
Transfer to credit-impaired	(2,423)	–	2,423	–
Impairment losses, net	11,708	–	–	11,708
Receivables written off during the year as non-collectible	–	–	(3,000)	(3,000)
Others	(2,613)	–	78,435	75,822
As at 31 December 2024	12,184	–	80,858	93,042

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	12,184	–	80,858	93,042
Impairment losses, net	(765)	–	(856)	(1,621)
Others	304	–	–	304
As at 31 December 2025	11,723	–	80,002	91,725

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for equipment	210,591	193,610	30,206
Long-term prepaid expenses	1,081	360	1,701
Subtotal	211,672	193,970	31,907
Current			
Prepayments for suppliers	104,099	118,052	105,796
Other receivables	5,152	242,637	87,900
Value-added tax recoverable	31,237	120,618	44,380
Amount due from subsidiaries	593,951	1,181,062	1,087,261
Prepaid expenses	3,025	1,400	1,421
Deferred share issued costs	–	–	4,691
Deposits	274,598	260,534	246,415
Subtotal	1,012,062	1,924,303	1,577,864
Impairment allowance	(7,673)	(91,497)	(85,789)
Total	1,004,389	1,832,806	1,492,075

27. CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS AND TERM DEPOSITS

(a) Cash and cash equivalents

Cash and cash equivalents include short-term deposits for the purpose of meeting the Group's short-term cash commitments.

The interest rates of cash and cash equivalents were 0.0001%-5.25%, 0.0001%-4.53%, 0.0001%-3.87% per annum as of 31 December 2023, 2024 and 2025.

(b) Restricted deposits

Restricted deposits were mainly deposits held in bank accounts pledged for the issuance of bank acceptance bills and judicial freeze.

The interest rates of restricted deposits were 0.0001%-1.50%, 0.0001%-1.50%, 0.0001%-3.86% per annum as of 31 December 2023, 2024 and 2025.

(c) Term deposits

Term deposits are bank deposits redeemable on maturity, with maturities between three months and one year. The interest rates of the term deposits were 1.5%-5.6% per annum as of 31 December 2023.

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	3,494,287	4,416,234	3,991,638
Bills payables *(Note i)*	1,839,430	2,505,166	2,650,708
Trade payables under supplier finance arrangements *(Note ii)*	637,071	713,103	249,510
Total	5,970,788	7,634,503	6,891,856

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	3,399,801	4,060,312	3,620,599
Bills payables *(Note i)*	1,799,815	2,519,709	2,651,534
Trade payables under supplier finance arrangements *(Note ii)*	637,071	713,103	249,510
Total	5,836,687	7,293,124	6,521,643

Notes:

i. These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

ii. Certain reputable banks offer supply chain financing services to the Group's suppliers. Suppliers can sell one or more of the Group's payment obligations at their sole discretion to the financial institutions to receive funds ahead of time from the financial institutions to meet their cash flow needs. The Group's rights and obligations to suppliers are not impacted. The original payment terms, timing and amount of trade payables remain unchanged. In the consolidated statement of cash flows, settlements of these payables are included within operating cash flows based on the nature of the arrangements. Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. For the years ended 31 December 2023, 2024 and 2025, trade payables under supplier finance arrangements amounting to RMB309 million, RMB368 million and RMB223 million, respectively, have been already received by suppliers from the financial institutions. There were no other material non-cash changes in these liabilities.

An ageing analysis of the trade and bills payables including supplier finance arrangements presented based on the date goods are received as at the end of each of the Track Record Period is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,936,061	7,518,621	6,786,398
Over 1 year	34,727	115,882	105,458
Total	5,970,788	7,634,503	6,891,856

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,804,447	7,196,401	6,463,322
Over 1 year	32,240	96,723	58,321
Total	5,836,687	7,293,124	6,521,643

For the years ended 31 December 2023 and 2024, the average credit period on purchases of goods are 30-120 days. For the years ended 31 December 2025, the average credit period on purchases of goods is 30-180 days.

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Long-term payables *(Note)*	1,728	69,335	59,544
Current			
Payables for construction cost and purchase of equipment	226,375	155,993	118,322
Accrued payroll and welfare	98,317	157,559	188,751
Other tax payables	295,991	110,708	146,760
Accruals and other payables	119,509	202,060	201,548
Deposits	74,798	179,943	286,350
Long-term payables (within 1 year) *(Note)*	1,589	36,419	52,586
Subtotal	816,579	842,682	994,317
Total	818,307	912,017	1,053,861

Note:

The Company, certain subsidiaries of the Company and certain finance lease companies have entered into finance lease arrangement. The finance lease companies purchased equipment from the Company for leasing to certain subsidiaries of the Company. Amounts due to the finance lease companies with contractual maturity over 1 year are classified as non-current liabilities.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables for construction cost and purchase of equipment	76,517	62,819	41,047
Accrued payroll and welfare	83,001	129,016	157,086
Other tax payables	289,287	105,572	131,471
Accruals and other payables	93,842	173,185	151,717
Deposits	74,460	169,360	271,174
Total	617,107	639,952	752,495

30. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sale of products	294,483	387,614	425,619

As at 1 January 2023, contract liabilities of the Group amounted to RMB363,825,000.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sale of products	264,660	311,338	333,074

As at 1 January 2023, contract liabilities of the Company amounted to RMB333,998,000.

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the products have not yet been transferred. The decrease in contract liabilities as at 31 December 2023 was mainly due to the redeem of volume rebates and the increase in contract liabilities as at 31 December 2024 and 2025 was mainly due to the increase in advances received from customers in relation to the sale of products. The following table shows how much of the Group's revenue recognised relates to carried-forward contract liabilities.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities at beginning of the year	363,825	294,483	387,614

During the years ended 31 December 2023, 2024 and 2025, contract liabilities of RMB106,252,000, RMB80,232,000 and RMB54,182,000, respectively, have been settled through the provision of paring parts as the form of volume rebates.

31. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of RMB1.00 each	542,740	554,043	554,043

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	in thousand shares	*RMB'000*
At 1 January 2023 and 31 December 2023	542,740	542,740
Issue of ordinary shares *(Note)*	11,303	11,303
At 31 December 2024 and 2025	554,043	554,043

Note: On 19 December 2024, pursuant to a resolution of the Company's shareholders, it was approved to increase the registered capital to RMB554,043,068. The additional share capital of RMB11,303,000 was subscribed by one investor through a cash contribution of RMB236,000,000. Of this amount, RMB11,303,000 was allocated to share capital, and RMB224,697,000 was allocated to share premium.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity.

i. Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends. As at 31 December 2023, 2024 and 2025, the retained profits of the Group included the statutory reserves accrued by the subsidiaries established in PRC, amounting to RMB10,016,000, RMB15,096,000 and RMB21,180,000, respectively.

ii. Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 4.

33. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	241,121	375,574	553,726
Deferred tax liabilities	24	417	–

Deferred tax assets

	Provision for impairment under ECL model and write-down of inventories	Changes in fair value of financial instruments	Unrealised profit on inventories and property, plant and equipment	Deferred income	Tax losses	Accruals	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	39,879	8,123	20,672	–	772	97,726	–	167,172
Deferred tax credited to profit or loss during the year	10,910	1,162	42,523	722	23,295	2,681	9,066	90,359
Deferred tax charged to other comprehensive income during the year	–	(7,602)	–	–	–	–	–	(7,602)
At 31 December 2023	50,789	1,683	63,195	722	24,067	100,407	9,066	249,929
At 1 January 2024	50,789	1,683	63,195	722	24,067	100,407	9,066	249,929
Deferred tax credited/(charged) to profit or loss during the year	45,318	172	42,102	(169)	38,684	8,571	(751)	133,927
At 31 December 2024	96,107	1,855	105,297	553	62,751	108,978	8,315	383,856
At 1 January 2025	96,107	1,855	105,297	553	62,751	108,978	8,315	383,856
Deferred tax credited to other comprehensive income	–	31,673	–	–	–	–	–	31,673
Deferred tax credited/(charged) to profit or loss during the year	12,963	(1,693)	42,764	10,046	63,883	20,601	11,325	159,889
Exchange realignment	–	–	–	–	(1,389)	–	–	(1,389)
At 31 December 2025	109,070	31,835	148,061	10,599	125,245	129,579	19,640	574,029

Deferred tax liabilities

	Changes in fair value of financial instruments	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	–	–	–
Deferred tax charged to profit or loss during the year	–	8,832	8,832
At 31 December 2023	–	8,832	8,832
At 1 January 2024	–	8,832	8,832
Deferred tax charged/(credited) to profit or loss during the year	398	(531)	(133)
At 31 December 2024	398	8,301	8,699
At 1 January 2025	398	8,301	8,699
Deferred tax charged to profit or loss during the year	560	11,044	11,604
At 31 December 2025	958	19,345	20,303

As at 31 December 2023 and 2024, deferred tax assets have not been recognised in respect of tax losses due to the unpredictability of future profit streams of RMB36,801,000 and RMB130,399,000, which will not expire for offsetting against future taxable profits.

As at 31 December 2025, deferred tax assets have not been recognised in respect of tax losses due to the unpredictability of future profit streams of RMB179,512,000, which will not expire for offsetting against future taxable profits, of RMB13,224,000, which will expire in the year ended 31 December 2030.

As at 31 December 2023, 2024 and 2025, the Group has deductible temporary differences of nil, nil and RMB19,149,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	128,744	163,581	169,508
Deferred tax liabilities	24	417	–

Deferred tax assets

	Provision for impairment under ECL model and write-down of inventories	Changes in fair value of financial instruments	Accruals	Lease liabilities	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	31,362	464	89,299	–	–	121,125
Deferred tax credited/(charged) to profit or loss during the year	7,692	1,219	(1,292)	295	–	7,914
At 31 December 2023	39,054	1,683	88,007	295	–	129,039
At 1 January 2024	39,054	1,683	88,007	295	–	129,039
Deferred tax credited/(charged) to profit or loss during the year	26,959	172	7,706	(156)	–	34,681
At 31 December 2024	66,013	1,855	95,713	139	–	163,720
At 1 January 2025	66,013	1,855	95,713	139	–	163,720
Deferred tax credited to other comprehensive income	–	67	–	–	–	67
Deferred tax (charged)/credited to profit or loss during the year	(16,509)	(1,693)	16,007	(71)	9,038	6,772
At 31 December 2025	49,504	229	111,720	68	9,038	170,559

Deferred tax liabilities

	Changes in fair value of financial assets at FVTPL and financial instruments	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	–	–	–
Deferred tax charged to profit or loss during the year	–	319	319
At 31 December 2023	–	319	319
At 1 January 2024	–	319	319
Deferred tax charged/(credited) to profit or loss during the year	398	(161)	237
At 31 December 2024	398	158	556
At 1 January 2025	398	158	556
Deferred tax charged/(credited) to profit or loss during the period	560	(65)	495
At 31 December 2025	958	93	1,051

34. BORROWINGS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Current portion of long-term bank loans – unguaranteed	–	133,000	91,503
Current portion of long-term bank loans – guaranteed	212,565	38,610	12,900
Bank loans – unguaranteed	–	261,435	338,739
Bank loans – guaranteed	–	87,043	–
Others *(See Note 24)*	–	32,320	–
Subtotal	212,565	552,408	443,142
Non-current			
Bank loans – unguaranteed	–	–	269,084
Bank loans – guaranteed	141,610	207,320	90,300
Subtotal	141,610	207,320	359,384
Total	354,175	759,728	802,526

The borrowings amounting to RMB225,175,000, RMB216,873,000 and RMB nil as at 31 December 2023, 2024 and 2025 were guaranteed by Linyi Lingong Machinery Group Co., Ltd. (臨沂臨工機械集團有限公司), the Company's ultimate holding company.

The borrowings amounting to RMB129,000,000, RMB116,100,000 and RMB103,200,000 as at 31 December 2023, 2024 and 2025 were guaranteed by a third party.

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the borrowings are repayable			
Within one year or repayable on demand	212,565	552,408	443,142
Within a period of more than one year but not exceeding two years	38,410	117,020	91,954
Within a period of more than two years but not exceeding three years	12,900	12,900	202,930
Within a period of more than three years but not exceeding four years	12,900	12,900	12,900
Within a period of more than four years but not exceeding five years	12,900	12,900	12,900
Within a period of more than five years	64,500	51,600	38,700
Total	354,175	759,728	802,526

The exposure of the Group's borrowings are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	198,345	585,798	421,164
Variable-rate borrowings	155,830	141,610	381,362
Total	354,175	727,408	802,526

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December		
	2023	**2024**	**2025**
Fixed-rate borrowings	3.30%	2.40%~5.70%	2.60%-5.35%
Variable-rate borrowings	3.00%~3.80%	2.80%~3.80%	2.75%-3.80%

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
USD	–	87,043	56,230

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Current portion of long-term bank loans – unguaranteed	–	133,000	90,503
Current portion of long-term bank loans – guaranteed	212,565	38,610	12,900
Bank loans – unguaranteed	–	261,435	181,435
Bank loans – guaranteed	–	87,043	–
Others *(See Note 24)*	–	32,320	–
Subtotal	212,565	552,408	284,838
Non-current			
Bank loans – unguaranteed	–	–	220,584
Bank loans – guaranteed	141,610	207,320	90,300
Subtotal	141,610	207,320	310,884
Total	354,175	759,728	595,722

35. **BONDS PAYABLE**

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Private Placement Notes	–	–	200,544

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the bonds are repayable			
Within one year or repayable on demand	–	–	544
Within a period of more than two years but not exceeding three years	–	–	200,000
Total	–	–	200,544

On 26 November 2025, a group of financial institutions agreed to subscribe the Private Placement Notes (the "**PPNs**") issued by the Company in the aggregate principal amount of RMB200,000,000 with maturity in three years. The PPNs bear fixed interest rate of 2.8% per annum, payable annually. The effective interest rate of the PPNs is also 2.8% per annum. The PPNs are unsecured and unguaranteed.

36. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable			
Within one year	11,818	21,551	31,217
Within a period of more than one year but not exceeding two years	13,058	21,909	22,090
Within a period of more than two years but not exceeding five years	25,300	25,914	36,095
Within a period of more than five years	4,522	6,481	2,140
Subtotal	54,698	75,855	91,542
Less: Amount due for settlement within 12 months shown under current liabilities	(11,818)	(21,551)	(31,217)
Amount due for settlement after 12 months shown under non-current liabilities	42,880	54,304	60,325

The incremental borrowing rates applied to lease liabilities range from 4.37%-5.25%, 4.35%-5.25%, 3.60%-14.25% for the year ended 31 December 2023, 2024 and 2025 respectively.

37. PROVISIONS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current	34,255	30,584	50,503
Current	322,807	329,615	391,410
Total	357,062	360,199	441,913

	Warranty provision	Obligation of guarantee for finance lease	Total
	RMB'000 *(Note i)*	*RMB'000* *(Note ii)*	*RMB'000*
At 1 January 2023	194,841	129,563	324,404
Additions	233,971	–	233,971
Utilisation of provision	(181,254)	–	(181,254)
Reversal of provision	–	(20,310)	(20,310)
Exchange	251	–	251
At 31 December 2023	247,809	109,253	357,062
Additions	347,583	–	347,583
Utilisation of provision	(252,609)	(80,400)	(333,009)
Reversal of provision	–	(10,815)	(10,815)
Exchange	(622)	–	(622)
At 31 December 2024	342,161	18,038	360,199
Additions	389,040	–	389,040
Utilisation of provision	(308,903)	–	(308,903)
Reversal of provision	–	(436)	(436)
Exchange	2,013	–	2,013
At 31 December 2025	424,311	17,602	441,913

Notes:

i. The Group generally provides warranties of 0.5 to 3 years to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised when appropriate.

ii. Certain customers of the Group finance their purchase of the Group's machinery products through finance leases provided by finance lease companies. Under the finance lease arrangement, the Group provides guarantee to the finance lease companies that in the event of customer default, the Group is required to make payment to the finance lease companies for the outstanding lease payments due from the customer. At the same time, the Group is entitled to repossess and sell the leased machinery, and retain any net proceeds in excess of the guarantee payments made to the finance lease companies. The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 1 to 7 years. As of 31 December 2023, 2024 and 2025, the outstanding obligation of guarantee for finance lease amounted to RMB1,443 million, RMB900 million and RMB863 million, respectively. The initial fair value of the financial guarantees upon the initial recognition was measured based on the future net cash outflow. Subsequently, the financial guarantee contract was measured at the higher of the initial recognised amount and the expected credit loss allowance.

Movements on loss allowance of guarantee for finance lease are as follows:

	12m ECL	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	22,670	106,893	129,563
Impairment losses, net	(3,226)	(17,084)	(20,310)
At 31 December 2023	19,444	89,809	109,253
Impairment losses, net	(1,406)	(9,409)	(10,815)
Utilisation of provision	–	(80,400)	(80,400)
At 31 December 2024	18,038	–	18,038
Impairment losses, net	(436)	–	(436)
At 31 December 2025	17,602	–	17,602

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current	34,255	30,584	72,024
Current	313,522	328,271	372,121
Total	347,777	358,855	444,145

	Warranty provision	Obligation of guarantee for finance lease	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	195,232	129,563	324,795
Additions	213,025	–	213,025
Utilisation of provision	(169,733)	–	(169,733)
Reversal of provision	–	(20,310)	(20,310)
At 31 December 2023	238,524	109,253	347,777
Additions	341,724	–	341,724
Utilisation of provision	(239,431)	(80,400)	(319,831)
Reversal of provision	–	(10,815)	(10,815)
At 31 December 2024	340,817	18,038	358,855
Additions	378,512	–	378,512
Utilisation of provision	(292,786)	–	(292,786)
Reversal of provision	–	(436)	(436)
At 31 December 2025	426,543	17,602	444,145

38. RETIREMENT BENEFITS SCHEME

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The Company and its PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions.

The retirement benefits cost charged to profit or loss of approximately RMB18,612,000, RMB19,547,000 and RMB23,774,000 for the year ended 31 December 2023 and 2024 and 2024 and 2025, represents contributions payable to the plan by the Group at rates specified in the rules of the plan.

39. SHARE-BASED PAYMENTS

On 18 December 2021, through a resolution of the shareholders' meeting of the Company, it was agreed to increase the registered capital to RMB413,250,000. The additional registered capital at the amounts of RMB28,000,000 are subscribed by the employee shareholding platforms — Xinyilian No. 1 (Jinan) Enterprise Management Partnership (Limited Partnership) (新益聯一號（濟南）企業管理合夥企業（有限合夥）) ("**Xinyilian No. 1**"), Xinyilian No. 2 (Jinan) Enterprise Management Partnership (Limited Partnership) (新益聯二號（濟南）企業管理合夥企業（有限合夥）) ("**Xinyilian No. 2**"), Xinyilian No. 3 (Jinan) Enterprise Management Partnership (Limited Partnership) (新益聯三號（濟南）企業管理合夥企業（有限合夥）) ("**Xinyilian No. 3**"), and Xinyilian No. 4 (Jinan) Enterprise Management Partnership (Limited Partnership) (新益聯四號（濟南）企業管理合夥企業（有限合夥）) ("**Xinyilian No. 4**") with monetary funds totaling RMB112,000,000, of which RMB28,000,000 is allocated to paid-in capital and RMB84,000,000 is allocated to capital reserve.

According to the Company's Employee Stock Ownership Incentive Plan, the incentive targets include: members of the Board of Directors, senior management and employees of the Group.

The details of the Company's Employee Stock Ownership Incentive Plan are as follows:

Employee shareholding platforms	Number of restricted shares	Grant Date	Subscription Price	Fair value per ordinary share of the Company
Xinyilian No. 1	13,515,000	27 December 2021	RMB4	RMB11.97
Xinyilian No. 2	5,142,500	27 December 2021	RMB4	RMB11.97
Xinyilian No. 3	4,377,500	27 December 2021	RMB4	RMB11.97
Xinyilian No. 4	4,965,000	27 December 2021	RMB4	RMB11.97

Each of restricted shares of Employee shareholding platforms representing one ordinary share of the Company (the "**RSs**"). The total fair value of RSs is RMB223,160,000 at the grant date which were determined with reference to fair value per ordinary share of the Company after deducting the subscription price. The fair value per ordinary share of the Company was calculated using market valuation method with reference to Price-to-Book ratio, Price-to-Earnings ratio, discount rate that reflects the liquidity level. The Price-to-Book ratio and Price-to-Earnings ratio into the valuation model were calculated by the [**REDACTED**] companies in the same industry as the Company. The discount rate that reflects the liquidity level is 40%, based on the management's best estimate. The RSs granted to the eligible employees shall be subject to a service-based condition with 5 years (the "**Specified Service Period**"). Pursuant to arrangement of the Company's Employee Stock Ownership Incentive Plan, if the grantees resign from the Group within the Specified Service Period or after the Specified Service Period, the RSs of the grantees should be transferred to Mr. Yu Mengsheng or other eligible employees designated by Mr. Yu Mengsheng at the initial subscription price within one month.

The following restricted shares were outstanding during the Track Record Period:

Number of RSs

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Outstanding as at beginning of the year	28,000	28,000	28,000
Granted	–	–	–
Vested	–	–	–
Forfeited	–	–	–
Outstanding as at end of the year	28,000	28,000	28,000

The Group recognised a share-based payment expense of RMB43,466,000, RMB46,083,000 and RMB44,631,000, respectively, for the years ended 31 December 2023, 2024 and 2025.

40. DEFERRED INCOME

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies			
At beginning of the year	43,067	101,209	90,118
Grants received	70,211	1,400	63,268
Charged to profit or loss *(Note 8)*	(12,069)	(12,491)	(14,696)
At end of the year	101,209	90,118	138,690

The balances mainly represented the government grants received to build industrial parks and are released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies			
At beginning of the year	41,067	98,321	86,429
Grants received	69,210	400	62,801
Charged to profit or loss	(11,956)	(12,292)	(14,442)
At end of the year	98,321	86,429	134,788

41. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Track Record Period:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	195,992	204,039	311,627
Investments	75,380	77,380	40,380

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities, net of cash and cash equivalents and equity of the Group, comprising issued share capital, retained profits, other reserves and non-controlling interests.

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

43. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	Notes	As of 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value:				
Financial assets at FVTPL	*22*	945	103,598	207,308
Financial assets at FVTOCI	*23*	647,306	485,778	146,048
Financial assets at amortised cost		7,917,161	10,398,113	10,143,004
Total		8,565,412	10,987,489	10,496,360
Financial liabilities				
Financial liabilities at fair value:				
Derivative financial instruments		11,218	12,368	1,077
Financial liabilities at amortised cost		6,748,962	9,037,981	8,613,276
Financial guarantee contracts		109,253	18,038	17,602
Total		6,869,433	9,068,387	8,631,955

The Company

	Notes	As of 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value:				
Financial assets at FVTPL	*22*	–	102,654	206,386
Financial assets at FVTOCI	*23*	399,972	410,686	85,817
Financial assets at amortised cost		9,567,618	13,072,072	13,474,138
Total		9,967,590	13,585,412	13,766,341
Financial liabilities				
Financial liabilities at fair value:				
Derivative financial instruments		11,218	12,368	1,077
Financial liabilities at amortised cost		6,435,681	8,458,216	7,781,847
Financial guarantee contracts		109,253	18,038	17,602
Total		6,556,152	8,488,622	7,800,526

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risk

Currency risk

The Company has foreign currency sales and borrowings which expose the Group to foreign currency risk. For the years ended 31 December 2023, 2024 and 2025, approximately 17%, 20% and 24%, respectively, of the Group's sales were denominated in currencies other than the functional currencies of the group entities making the sale, whilst almost all of the costs were denominated in the group entities' respective functional currencies. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and intra-group balances at the end of the reporting periods are as follows:

	As of 31 December		
Assets	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
USD	1,923,130	2,912,361	3,875,145
EUR	862,374	961,582	851,627
GBP	–	35,690	146,726
JPY	6,135	5,181	8,530
AUD	43,326	107,182	228,371

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis also includes intra-group balances where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit where RMB weaken 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the amounts below would be negative.

	Year ended 31 December		
Profit	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
USD	81,733	123,775	164,694
EUR	36,651	40,867	36,194
GBP	–	1,517	6,236
JPY	261	220	363
AUD	1,841	4,555	9,706

Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to term deposits, restricted deposits, cash and cash equivalents, borrowings, bonds payable and lease liabilities.

The Group and the Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group and the Company aims at keeping borrowings at variable rates. The Group and the Company manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025 would decrease/increase by RMB0.9 million, RMB0.8 million and RMB1.3 million, respectively.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's post-tax profit for the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025 would increase/decrease by RMB0.8 million, RMB0.6 million and RMB0.9 million, respectively.

Term deposits, restricted deposits, cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate term deposits, restricted deposits, cash and cash equivalents is insignificant.

Price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. For equity securities measured at FVTOCI **[REDACTED]** in The Stock Exchange of Hong Kong Limited, the management of the Group invested for long-term strategic purpose instead of **[REDACTED]** purpose. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective listed financial instruments had increased/decreased by 5% with all other variables held constant, the other comprehensive income for the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025 would increase/decrease by RMB9.1 million, RMB2.8 million and RMB2.1 million, respectively.

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables, negotiable large-denomination certificates of deposit, term and restricted deposits and cash and cash equivalents.

In order to minimise the credit risk, the management of the Group has delegated the teams responsible for assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors and determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover long aged debts. In addition, the Group reviews the recoverable amount of each credit-impaired debt at the end of the reporting period to ensure that adequate expected credit losses are made for irrecoverable amounts.

Trade and bills receivables

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Group has concentration of credit risk as 11%, 7% and 5% of the total trade receivables due from the largest customer in each year during the track record period, respectively, and 35%, 23% and 19% of the total trade receivables due from the five largest customers in each year during the track record period, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background and financial strengths, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Collaterals such as properties, machinery or third party guarantees are generally required for customers with lower credit ratings.

Overdue debtors are handled by risk management department which is responsible for recovering debts through legal and other actions, including repossession and subsequent sale of machineries in case of customer default. Action taken to various overdue debts are assessed by taking into consideration of the customers' current financial position, future business plan, the fair value of pledged assets and possibility of additional collateral.

For credit-impaired trade receivables, the Group assessed individually and provided for credit losses allowance. For other trade receivables, given no reasonable and supportable information is available without undue cost for expected credit losses measurement, the trade receivables were grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward-looking factors. In assessing forward-looking information, the Group considers factors mainly including macroeconomic indicators, economic scenarios and weights.

Negotiable large-denomination certificates of deposit/Bills receivables, at FVTOCI/Restricted deposits/Term deposits/Cash and cash equivalents

Credit risk on negotiable large-denomination certificates of deposit/bills receivables, at FVTOCI/restricted deposits/term deposits/cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for negotiable large-denomination certificates of deposit/restricted deposits/term deposits/cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on these financial assets is considered to be insignificant and therefore no loss allowance was recognised.

Deposits and other receivables

For credit-impaired deposits and other receivables, the management makes periodic individual assessment on the recoverability to ensure adequate expected credit loss are made. For other deposits and other receivables, expected credit losses were determined using a provision matrix, estimated based on the historical credit loss experience and quantitative and qualitative information that is reasonable and supportive forward-looking information.

Financial guarantee contracts

In the event of customer default, the management assessed credit loss allowance individually for respective financial guarantee contracts. The Group considers customers' current financial position, the fair value of pledged assets and possibility of additional collateral to determine expected credit loss. For other financial guarantee contracts, expected credit loss rate was estimated based on historical experience.

The tables below detail the credit risk exposures of the Group and the Company's financial instruments and financial guarantee contracts, which are subject to ECL assessment:

The Group

	12-month ECLs	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Trade and bills receivables	–	6,061,727	30,001	6,091,728
Financial assets included in prepayments, other receivables and other assets	288,609	–	3,000	291,609
Bills receivables, at FVTOCI	242,172	–	–	242,172
Negotiable large-denomination certificates of deposit	160,555	–	–	160,555
Restricted deposits	383,163	–	–	383,163
Financial guarantee contracts	19,444	–	89,809	109,253
Term deposits	2,000	–	–	2,000
Cash and cash equivalents	1,427,594	–	–	1,427,594
Total	**2,523,537**	**6,061,727**	**122,810**	**8,708,074**
As at 31 December 2024				
Trade and bills receivables	–	7,047,215	35,027	7,082,242
Financial assets included in prepayments, other receivables and other assets	272,876	–	241,444	514,320
Bills receivables, at FVTOCI	380,654	–	–	380,654
Negotiable large-denomination certificates of deposit	30,002	–	–	30,002
Restricted deposits	569,872	–	–	569,872
Financial guarantee contracts	18,038	–	–	18,038
Term deposits	–	–	–	–
Cash and cash equivalents	2,752,920	–	–	2,752,920
Total	**4,024,362**	**7,047,215**	**276,471**	**11,348,048**
As at 31 December 2025				
Trade and bills receivables	–	7,037,390	43,884	7,081,274
Financial assets included in prepayments, other receivables and other assets	286,374	–	80,138	366,512
Bills receivables, at FVTOCI	83,955	–	–	83,955
Restricted deposits	346,484	–	–	346,484
Financial guarantee contracts	17,602	–	–	17,602
Cash and cash equivalents	2,898,065	–	–	2,898,065
Total	**3,632,480**	**7,037,390**	**124,022**	**10,793,892**

The Company

	12-month ECLs	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Trade and bills receivables	–	7,267,478	30,001	7,297,479
Financial assets included in prepayments, other receivables and other assets	870,701	–	3,000	873,701
Bills receivables, at FVTOCI	238,172	–	–	238,172
Negotiable large-denomination certificates of deposit	160,555	–	–	160,555
Restricted deposits	366,247	–	–	366,247
Financial guarantee contracts	19,444	–	89,809	109,253
Term deposits	2,000	–	–	2,000
Cash and cash equivalents	1,257,833	–	–	1,257,833
Total	**2,914,952**	**7,267,478**	**122,810**	**10,305,240**
As at 31 December 2024				
Trade and bills receivables	–	8,785,734	35,027	8,820,761
Financial assets included in prepayments, other receivables and other assets	1,442,789	–	241,444	1,684,233
Bills receivables, at FVTOCI	379,238	–	–	379,238
Negotiable large-denomination certificates of deposit	30,002	–	–	30,002
Restricted deposits	568,332	–	–	568,332
Financial guarantee contracts	18,038	–	–	18,038
Term deposits	–	–	–	–
Cash and cash equivalents	2,395,856	–	–	2,395,856
Total	**4,834,255**	**8,785,734**	**276,471**	**13,896,460**
As at 31 December 2025				
Trade and bills receivables	–	9,497,699	28,313	9,526,012
Financial assets included in prepayments, other receivables and other assets	1,341,438	–	80,138	1,421,576
Bills receivables, at FVTOCI	80,261	–	–	80,261
Restricted deposits	332,819	–	–	332,819
Financial guarantee contracts	17,602	–	–	17,602
Term deposits	–	–	–	–
Cash and cash equivalents	2,508,939	–	–	2,508,939
Total	**4,281,059**	**9,497,699**	**108,451**	**13,887,209**

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. Only small portion of the Group's trade payables is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 28.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. For guarantee for finance lease, the total amount in the following table represents the outstanding guarantee obligations under the finance lease arrangements. The carrying amount represents the provisions for our obligation of guarantee for finance lease.

The Group

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2023							
Non-derivative financial liabilities							
Trade and bills payables		5,970,788	–	–	–	5,970,788	5,970,788
Other payables and accruals		422,271	–	–	–	422,271	422,271
Borrowings	3.00%-3.80%	222,328	43,157	48,994	66,951	381,430	354,175
Lease liabilities	4.37%-5.25%	12,204	14,095	29,050	6,138	61,487	54,698
Outstanding obligation of guarantee for finance lease		827,817	366,916	247,886	–	1,442,619	109,253
Long-term payables		–	1,728	–	–	1,728	1,728
		7,455,408	425,896	325,930	73,089	8,280,323	6,912,913

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2024							
Non-derivative financial liabilities							
Trade and bills payables		7,634,503	–	–	–	7,634,503	7,634,503
Other payables and accruals		574,415	–	–	–	574,415	574,415
Borrowings	2.40%-5.70%	563,945	122,696	47,523	53,561	787,725	759,728
Lease liabilities	4.35%-5.25%	22,134	23,446	29,965	8,547	84,092	75,855
Outstanding obligation of guarantee for finance lease		602,709	254,161	42,900	–	899,770	18,038
Long-term payables		–	36,124	33,211	–	69,335	69,335
		9,397,706	436,427	153,599	62,108	10,049,840	9,131,874

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2025							
Non-derivative financial liabilities							
Trade and bills payables		6,891,856	–	–	–	6,891,856	6,891,856
Other payables and accruals		658,806	–	–	–	658,806	658,806
Borrowings	2.60%-5.35%	461,444	102,503	240,480	40,171	844,598	802,526
Lease liabilities	3.60%-14.25%	32,047	23,773	41,870	2,752	100,442	91,542
Bonds payable	2.80%	5,600	5,600	205,600	–	216,800	200,544
Outstanding obligation of guarantee for finance lease		566,311	228,908	67,730	–	862,949	17,602
Long-term payables		–	32,777	26,767	-	59,544	59,544
		8,616,064	393,561	582,447	42,923	9,634,995	8,722,420

The Company

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2023							
Non-derivative financial liabilities							
Trade and bills payables		5,836,687	–	–	–	5,836,687	5,836,687
Other payables and accruals		244,819	–	–	–	244,819	244,819
Borrowings	3.00%-3.80%	222,328	43,157	48,994	66,951	381,430	354,175
Lease liabilities	4.75%	438	438	1,396	177	2,449	1,968
Outstanding obligation of guarantee for finance lease		827,817	366,916	247,886	–	1,442,619	109,253
		7,132,089	410,511	298,276	67,128	7,908,004	6,546,902

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2024							
Non-derivative financial liabilities							
Trade and bills payables		7,293,124	–	–	–	7,293,124	7,293,124
Other payables and accruals		405,364	–	–	–	405,364	405,364
Borrowings	2.40%-5.70%	563,945	122,696	47,523	53,561	787,725	759,728
Lease liabilities	4.35%	493	483	–	–	976	929
Outstanding obligation of guarantee for finance lease		602,709	254,161	42,900	–	899,770	18,038
		8,865,635	377,340	90,423	53,561	9,386,959	8,477,183

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2025							
Non-derivative financial liabilities							
Trade and bills payables		6,521,643	–	–	–	6,521,643	6,521,643
Other payables and accruals		463,938	–	–	–	463,938	463,938
Borrowings	2.60%-3.80%	297,681	52,999	240,480	40,171	631,331	595,722
Lease liabilities	4.35%	462	-	-	-	462	455
Bonds payable	2.80%	5,600	5,600	205,600	–	216,800	200,544
Outstanding obligation of guarantee for finance lease		566,311	228,908	67,730	–	862,949	17,602
		7,855,635	287,507	513,810	40,171	8,697,123	7,799,904

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the finance team of the Company performs the valuation, including establish the appropriate valuation techniques and inputs to the model. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used).

Fair value hierarchy as of 31 December 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity securities in listed entities	243,334	–	–	243,334
Equity investments in unlisted entities	–	1,245	–	1,245
Receivables at FVTOCI	–	–	242,172	242,172
Structured deposits	–	945	–	945
Negotiable large-denomination certificates of deposit	–	160,555	–	160,555
	243,334	162,745	242,172	648,251
Financial liabilities				
Derivative financial instruments	–	11,218	–	11,218
	–	11,218	–	11,218

Fair value hierarchy as of 31 December 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity securities in listed entities	73,676	–	–	73,676
Equity investments in unlisted entities	–	1,446	–	1,446
Receivables at FVTOCI	–	–	380,654	380,654
Structured deposits	–	103,598	–	103,598
Negotiable large-denomination certificates of deposit	–	30,002	–	30,002
	73,676	135,046	380,654	589,376
Financial liabilities				
Derivative financial instruments	–	12,368	–	12,368
	–	12,368	–	12,368

Fair value hierarchy as of 31 December 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity securities in listed entities	56,537	–	–	56,537
Equity investments in unlisted entities	–	5,556	–	5,556
Receivables at FVTOCI	–	–	83,955	83,955
Structured deposits	–	207,308	–	207,308
	56,537	212,864	83,955	353,356
Financial liabilities				
Derivative financial instruments	–	1,077	–	1,077
	–	1,077	–	1,077

	Fair value as of 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
Equity securities in listed entities	243,334	73,676	56,537	Level 1	Quoted bid prices in an active market	N/A
Equity investments in unlisted entities	1,245	1,446	5,556	Level 2	Recent transaction price	N/A
Receivables at FVTOCI	242,172	380,654	83,955	Level 3	Cash flow discounted using risk-adjusted discount rate	Expected future cash flows
Structured deposits	945	103,598	207,308	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Negotiable large-denomination certificates of deposit	160,555	30,002	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Derivative financial instruments	11,218	12,368	1,077	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A

For the Track Record Period, fair value changes arose from the financial assets measured at fair value classified within Level 3 as listed in the table above were insignificant. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

Reconciliation of Level 3 fair value measurements

	Receivables at FVTOCI
	RMB'000
As of 1 January 2023	123,866
Addition	3,579,508
Settlement or disposal	(3,460,957)
Losses in other comprehensive income	(245)
As of 31 December 2023	242,172
Addition	1,149,023
Transfer out of the cumulative loss to profit or loss upon disposal	1,324
Losses in other comprehensive income	(1,525)
Settlement or disposal	(1,010,340)
As of 31 December 2024	380,654
Addition	1,388,046
Transfer out of the cumulative loss to profit or loss upon disposal	1,040
Losses in other comprehensive income	(150)
Settlement or disposal	(1,685,635)
As of 31 December 2025	83,955

Except as detailed above, the management considers that the carrying amounts of other financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

46. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Borrowings	Lease liabilities	Long-term payables	Bonds payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	246,139	30,647	4,521	–	281,307
Changes from financing cash flows	98,003	(12,090)	(1,571)	–	84,342
New leases	–	44,708	–	–	44,708
Termination of leases	–	(11,400)	–	–	(11,400)
Interest accretion	10,033	2,699	367	–	13,099
Foreign exchange movement	–	134	–	–	134
At 31 December 2023	354,175	54,698	3,317	–	412,190
At 1 January 2024	354,175	54,698	3,317	–	412,190
Changes from financing cash flows	382,708	(16,581)	101,382	–	467,509
New leases	–	38,449	–	–	38,449
Termination of leases	–	(3,692)	–	–	(3,692)
Interest accretion	21,887	3,326	1,055	–	26,268
Foreign exchange movement	958	(345)	–	–	613
At 31 December 2024	759,728	75,855	105,754	–	941,337
At 1 January 2025	759,728	75,855	105,754	–	941,337
Changes from financing cash flows	20,421	(29,282)	(27,067)	200,000	164,072
New leases and other purchase	–	39,529	26,825	–	66,354
Interest accretion	25,961	4,975	6,182	544	37,662
Foreign exchange movement	(3,584)	465	436	–	(2,683)
At 31 December 2025	802,526	91,542	112,130	200,544	1,206,742

47. RELATED PARTY TRANSACTIONS

The following significant transactions and balances were carried out between the Group and its related parties during the Track Record Period.

(a) Parent entities

The Company's ultimate holding company is Linyi Lingong Machinery Group Co., Ltd., and the ultimate controlling person is Mr. Wang Zhizhong.

(b) Names and relationships with related parties

The Directors are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the Track Record Period:

Name of related parties	Relationship with the Group
Anhui Linwo Construction Machinery Co., Ltd. 安徽臨沃工程機械有限公司	fellow subsidiary
Anhui Linwo Intelligent Technology Co., Ltd. 安徽臨沃智能科技有限公司	fellow subsidiary

Name of related parties	Relationship with the Group
Chentai Financing Lease (Shandong) Co., Ltd. 辰泰融資租賃(山東)有限公司	fellow subsidiary
DALLEY TRADING LIMITED	fellow subsidiary
Hangzhou Honglijia Mechanical Equipment Co., Ltd. 杭州鴻利佳機械設備有限公司	fellow subsidiary
Jiangxi Linwo Construction Machinery Co., Ltd. 江西臨沃工程機械有限公司	fellow subsidiary
Jinan Lingong Mining Equipment Technology Co., Ltd. 濟南臨工礦山設備科技有限公司	associate
LGMG CHILE SPA	associate
Lingong Group Hong Kong Ltd. 臨工集團香港有限公司	fellow subsidiary
Linyi Lingong Group Complete Equipment Leasing Co., Ltd. 臨沂臨工集團成套設備租賃有限公司	fellow subsidiary
Linyi Lingong Intelligent Information Technology Co., Ltd. 臨沂臨工智能信息科技有限公司	fellow subsidiary
Linyi Lingong New Energy Technology Co., Ltd. 臨沂臨工新能源科技有限公司	fellow subsidiary
Mengyin Qicheng Machinery Co., Ltd. 蒙陰齊宬機械有限公司	controlled by a close member of Key Management personnel
North Valley Electronics, Inc. 北谷電子股份有限公司	a close member of Mr. Wang Zhizhong as key management personnel
Qinghai Linwo Construction Co., Ltd. 青海臨沃工程機械設備有限公司	fellow subsidiary
Shandong Lingong Agricultural Equipment Co., Ltd. 臨工農業裝備有限公司	fellow subsidiary
Shandong Lingong Construction Machinery Co., Ltd. 山東臨工工程機械有限公司	fellow subsidiary
Shandong Medoc Wine Co., Ltd. 山東梅多克葡萄酒有限公司	fellow subsidiary
Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. *(Note)* 深圳納奧臨工機械進出口有限公司	associate
Sichuan Linwo Construction Machinery Co., Ltd. 四川臨沃工程機械有限公司	fellow subsidiary
SDLG Europe B.V.	fellow subsidiary

Note: Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. (深圳納奧臨工機械進出口有限公司) was no longer an associate and a related party of the Group since September 2025.

(c) Significant related party transactions

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Purchases of goods from related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
North Valley Electronics, Inc. (北谷電子股份有限公司)	78,430	51,683	39,891
Mengyin Qicheng Machinery Co., Ltd. (蒙陰齊宬機械有限公司)	30,305	32,494	42,160
Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司)	19,380	5,073	14,204
Shandong Medoc Wine Co., Ltd. (山東梅多克葡萄酒有限公司)	66	–	–
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	172	3,705	5,655
Jinan Lingong Mining Equipment Technology Co., Ltd. (濟南臨工礦山設備科技有限公司)	3,231	–	–
DALLEY TRADING LIMITED	1,302	6,674	4,986
Linyi Lingong New Energy Technology Co., Ltd. (臨沂臨工新能源科技有限公司)	–	25	2,637
Total	132,886	99,654	109,533

Receipt of services from related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
North Valley Electronics, Inc. (北谷電子股份有限公司)	5,181	5,370	6,769
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	666	351	339
Anhui Linwo Construction Machinery Co., Ltd. (安徽臨沃工程機械有限公司)	38	–	–
Qinghai Linwo Construction Co., Ltd. (青海臨沃工程機械設備有限公司)	96	–	–
Hangzhou Honglijia Mechanical Equipment Co., Ltd. (杭州鴻利佳機械設備有限公司)	376	244	–
Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司)	47	–	–
Sichuan Linwo Construction Machinery Co., Ltd. (四川臨沃工程機械有限公司)	58	26	3
Linyi Lingong Group Complete Equipment Leasing Co., Ltd. (臨沂臨工集團成套設備租賃有限公司)	51	–	–
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	47	100
Jiangxi Linwo Construction Machinery Co., Ltd. (江西臨沃工程機械有限公司)	–	5	–
Total	6,513	6,043	7,211

Finance lease management services provided by related party

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	27,687	40,191	18,042

The pricing terms of finance lease management services under the finance lease arrangements were determined with reference to prevailing market rates.

Purchase of property, plant and equipment from related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	3,180	15	338
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	4	–	–
Total	3,184	15	338

Sales of goods to related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Anhui Linwo Construction Machinery Co., Ltd. (安徽臨沃工程機械有限公司)	191	4	36
Jinan Lingong Mining Equipment Technology Co., Ltd. (濟南臨工礦山設備科技有限公司)	678	294	965
Hangzhou Honglijia Mechanical Equipment Co., Ltd. (杭州鴻利佳機械設備有限公司)	458	105	25
Linyi Lingong Group Complete Equipment Leasing Co., Ltd. (臨沂臨工集團成套設備租賃有限公司)	36,806	46,317	33,502
North Valley Electronics, Inc. (北谷電子股份有限公司)	130	22	–
Sichuan Linwo Construction Machinery Co., Ltd. (四川臨沃工程機械有限公司)	15	28	197
Mengyin Qicheng Machinery Co., Ltd. (蒙陰齊宬機械有限公司)	–	5	–
Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司)	20,925	484	–

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	178	245
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	–	51	–
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	–	2	31
LGMG CHILE SPA	–	–	96,860
Shandong Lingong Agricultural Equipment Co., Ltd. (臨工農業裝備有限公司)	–	–	1,184
Linyi Lingong New Energy Technology Co., Ltd. (臨沂臨工新能源科技有限公司)	–	–	19
Shenzhen Nao Lingong Machinery Import and Export Co., Ltd. (深圳納奧臨工機械進出口有限公司)	–	–	4
SDLG EUROPE B.V.	–	–	342
Shandong Medoc Wine Co., Ltd. (山東梅多克葡萄酒有限公司)	–	–	4
Total	59,203	47,490	133,414

Finance lease services from a related party

Certain subsidiaries of the Company purchased equipments from the Company through sale-leaseback arrangement with Chentai Financing Lease (Shandong) Co., Ltd. Chentai Financing Lease (Shandong) Co., Ltd. purchased equipments from the Company for leasing to certain subsidiaries of the Company. In 2023 and 2024, the amount of such finance lease incurred (excluding down payment) was RMB1,551,000 and RMB122,392,000, respectively.

Finance lease services related to a related party

Chentai Financing Lease (Shandong) Co., Ltd. has provided finance lease services to the end customers of the Group by way of (i) direct lease, under which Chentai Financing Lease (Shandong) Co., Ltd. purchases equipment from the Group for leasing to the end customers, and (ii) sale and leaseback, under which the end customers purchase equipment from the Group, financed and directly paid by Chentai Financing Lease (Shandong) Co., Ltd., and sell and transfer the ownership of the relevant parts and equipment to Chentai Financing Lease (Shandong) Co., Ltd. Chentai Financing Lease (Shandong) Co., Ltd. then leases such equipment back to the relevant end customers as lessees for lease payments. Pursuant to the finance lease arrangements, the Group receive payments from Chentai Financing Lease (Shandong) Co., Ltd. for the sale of equipment to the end customers financed through the finance lease. For the years ended 31 December 2023, 31 December 2024 and 31 December 2025, the Group received payments from Chentai Financing Lease (Shandong) Co., Ltd. amounting to RMB1,709,546,000, RMB1,884,505,000 and RMB1,039,716,000, respectively.

Leasing with related parties as lessor

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Jinan Lingong Mining Equipment Technology Co., Ltd. (濟南臨工礦山設備科技有限公司)	4,356	4,814	4,814
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃（山東）有限公司)	4,951	–	–
Total	9,307	4,814	4,814

Borrowing

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lingong Group Hong Kong Ltd. (臨工集團香港有限公司) *(Note)*			
Receipt	–	4,769	–
Payment	–	4,762	–

Note: The unsecured borrowing from Lingong Group Hong Kong Ltd. (臨工集團香港有限公司) was from February 2024 to March 2024 and annual interest rate was 5.04%.

(d) Outstanding balances with related parties:

Prepayments, other receivables and other assets

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃（山東）有限公司)	65,631	103,515	104,232
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	3,494	1,334	2,172
Qinghai Linwo Construction Co., Ltd. (青海臨沃工程機械設備有限公司)	–	7	–
Total	69,125	104,856	106,404

Trade and bills receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	113,805	124,336	135,215
Linyi Lingong Group Complete Equipment Leasing Co., Ltd. (臨沂臨工集團成套設備租賃有限公司)	28,706	14,780	2,179
Current portion	18,618	4,692	2,179
Non-current portion	10,088	10,088	–
Jinan Lingong Mining Equipment Technology Co., Ltd. (濟南臨工礦山設備科技有限公司)	174	24	1,276
Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司)	769	–	–
Hangzhou Honglijia Mechanical Equipment Co., Ltd. (杭州鴻利佳機械設備有限公司)	71	–	–
North Valley Electronics, Inc. (北谷電子股份有限公司)	85	–	–
LGMG CHILE SPA	–	–	75,801
Current portion	–	–	66,101
Non-current portion	–	–	9,700
Shandong Lingong Agricultural Equipment Co., Ltd. (臨工農業裝備有限公司)	–	–	61
Sichuan Linwo Construction Machinery Co., Ltd. (四川臨沃工程機械有限公司)	–	–	18
Linyi Lingong New Energy Technology Co., Ltd. (臨沂臨工新能源科技有限公司)	–	–	3
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	–	32
SDLG Europe B.V.	–	–	406
Total	143,610	139,140	214,991

Trade and bills payables

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
North Valley Electronics, Inc. (北谷電子股份有限公司)	30,140	32,634	21,564
Mengyin Qicheng Machinery Co., Ltd. (蒙陰齊宬機械有限公司)	24,524	37,900	45,658
Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司)	1,180	2,037	14,818
Jinan Lingong Mining Equipment Technology Co., Ltd. (濟南臨工礦山設備科技有限公司)	194	–	–
DALLEY TRADING LIMITED	1,146	1,388	227
Qinghai Linwo Construction Co., Ltd. (青海臨沃工程機械設備有限公司)	292	7	–
Anhui Linwo Construction Machinery Co., Ltd. (安徽臨沃工程機械有限公司)	56	–	–
Hangzhou Honglijia Mechanical Equipment Co., Ltd. (杭州鴻利佳機械設備有限公司)	32	102	–
Sichuan Linwo Construction Machinery Co., Ltd. (四川臨沃工程機械有限公司)	13	30	–
Linyi Lingong Group Complete Equipment Leasing Co., Ltd. (臨沂臨工集團成套設備租賃有限公司)	–	57	57
Linyi Lingong New Energy Technology Co., Ltd. (臨沂臨工新能源科技有限公司)	–	26	2,582
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	18	163
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	–	–	89
Total	57,577	74,199	85,158

Other payables and accruals

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	29,276	23,342	9,455
Qinghai Linwo Construction Co., Ltd. (青海臨沃工程機械設備有限公司)	50	73	73
Sichuan Linwo Construction Machinery Co., Ltd. (四川臨沃工程機械有限公司)	50	50	50
Linyi Lingong Intelligent Information Technology Co., Ltd. (臨沂臨工智能信息科技有限公司)	1,855	1,651	3,078
Mengyin Qicheng Machinery Co., Ltd. (蒙陰齊宬機械有限公司)	300	500	500
North Valley Electronics, Inc. (北谷電子股份有限公司)	–	500	1,220
Anhui Linwo Construction Machinery Co., Ltd. (安徽臨沃工程機械有限公司)	–	7	1
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	6	–
Total	31,531	26,129	14,377

Contract liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Hangzhou Honglijia Mechanical Equipment Co., Ltd. (杭州鴻利佳機械設備有限公司)	–	–	2
Qinghai Linwo Construction Co., Ltd. (青海臨沃工程機械設備有限公司)	–	175	175
Anhui Linwo Construction Machinery Co., Ltd. (安徽臨沃工程機械有限公司)	–	53	9
Anhui Linwo Intelligent Technology Co., Ltd. (安徽臨沃智能科技有限公司)	–	46	–
Total	–	274	186

Long-term payables

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	1,728	333	–
Total	1,728	333	–

Other than the outstanding balances due to the finance lease services between certain subsidiaries of the Company and Chentai Financing Lease (Shandong) Co., Ltd., these outstanding balances with related parties as at 31 December 2023, 2024 and 2025 were in trade-nature, unsecured, interest free and repayable on demand.

(e) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	13,228	14,252	21,932
Share-based payments	16,866	16,866	18,190
Total	30,094	31,118	40,122

Further details of directors' and the chief executives' emoluments are included in Note 13 to the Historical Financial Information.

(f) Guarantees provided by related party

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Outstanding guarantees provided by the Linyi Lingong Machinery Group Co., Ltd. (臨沂臨工機械集團有限公司)	1,541,060	1,702,047	–

	Year ended 31 December		
	2023	2024	2025
Outstanding guarantees provided to Chentai Financing Lease (Shandong) Co., Ltd. (辰泰融資租賃(山東)有限公司)	739,208	443,331	241,469

The guarantees were related to finance lease arrangement and further details are included in Note 37.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiaries	Place of establishment and principal place of business	Date of establishment	Issued and fully paid registered capital	Equity interest attributable to the Company as at 31 December 2023	31 December 2024	31 December 2025	Date of the report	Principal activities
Directly held:								
Lingong Intelligent Mining Technology (Shandong) Co., Ltd 臨工智慧礦山科技(山東)有限公司	Chinese Mainland	March 2024	Registered capital of RMB50,000,000 and paid capital of RMB20,000,000	N/A	100%	100%	[100%]	Equipment Sales and Leasing
Lingong Group (Mengyin) Import and Export Co., Ltd 臨工集團(蒙陰)進出口有限公司	Chinese Mainland	February 2021	Registered capital of RMB5,000,000 and paid capital in full	100%	100%	100%	[100%]	Goods import and export; Equipment Sales
Lingong Industrial Vehicles (Shandong) Co., Ltd 臨工工業車輛(山東)有限公司	Chinese Mainland	December 2021	Registered capital of RMB10,000,000 and paid capital in full	100%	100%	100%	[100%]	Equipment Manufacturing and Sales
CRGC Construction Co., Ltd. 中租益聯建築工程有限公司	Chinese Mainland	September 2018	Registered capital of RMB50,000,000 and paid capital in full	100%	100%	100%	[100%]	Equipment maintenance and leasing
LGMG International Holdings Ltd 臨工重機國際控股有限公司	Hong Kong	November 2022	Registered capital of HKD100,000 and paid capital of USD300,000	100%	100%	100%	[100%]	Holding Company

Name of subsidiaries	Place of establishment and principal place of business	Date of establishment	Issued and fully paid registered capital	Equity interest attributable to the Company as at				Principal activities
				31 December 2023	31 December 2024	31 December 2025	Date of the report	
LGMG Japan Co., Ltd 臨工重機日本株式會社	Japan	August 2020	Registered capital of JPY35,000,000 and paid capital in full	100%	100%	100%	[100%]	Equipment Sales and Research & Development
LGMG International Ltd 臨工重機國際有限公司	Hong Kong	January 2019	Registered capital of HKD10,000 and paid capital in full	100%	100%	100%	[100%]	Equipment Sales
LGMG Europe B.V. 臨工重機歐洲有限公司	Netherlands	May 2018	Registered capital of EUR100 and paid capital in full	100%	100%	100%	[100%]	Equipment Sales
Indirectly held:								
CRGC (Shandong) Engineering Machinery Co., Ltd 中租益聯（山東）工程機械有限公司	Chinese Mainland	December 2024	Registered capital of RMB10,000,000 and paid capital in full	N/A	100%	100%	[100%]	Engineering construction and technical consulting
CRGC MACHINERY RENTAL L.L.C. 中租益聯機械租賃有限公司	Dubai	February 2025	Registered capital of AED200,000 and paid capital of nil	N/A	N/A	100%	[100%]	Engineering construction and technical consulting
CRGC CONSTRUCTION MACHINERY TRADING L.L.C. 中租益聯工程機械貿易有限公司	Dubai	March 2025	Registered capital of AED200,000 and paid capital of nil	N/A	N/A	100%	[100%]	Equipment Sales
LGMG MAQUINARIAS S.A.C. 臨工重機秘魯機械有限公司	Peru	January 2025	Registered capital of SOL60,000 and paid capital of SOL33,000	N/A	N/A	55%	[55%]	Equipment Sales
PT. LGMG Machinery Indonesia 臨工重機印度尼西亞機械有限公司	Indonesia	December 2022	Registered capital of IDR44,000,000,000 and paid capital of IDR24,200,000,000	55%	55%	55%	[55%]	Equipment Sales
LGMG Europe Holdings B.V. 臨工重機歐洲控股有限公司	Netherlands	January 2023	Registered capital of EUR10,000 and paid capital of EUR12,323	100%	100%	100%	[100%]	Holding Company
LGMG Machinery Korea Co. Ltd 臨工重機韓國機械有限公司	Korea	March 2023	Registered capital of KRW150,000,000 and paid USD500,000	100%	100%	100%	[100%]	Equipment Sales
LGMG Machinery U.K. Limited 臨工重機英國機械有限公司	U.K.	May 2024	Registered capital of GBP10,000 and paid USD500,000	N/A	100%	100%	[100%]	Equipment Sales
LGMG MACHINERY AUSTRALIA PTY LTD 臨工重機澳大利亞機械有限公司	Australia	March 2023	Registered capital of AUD10,000 and paid USD500,000	100%	100%	100%	[100%]	Equipment Sales
LGMG de Mexico, S.A. de C.V. 臨工重機墨西哥股份公司	Mexico	May 2022	Registered capital of MXN300,003,000 and paid capital in full	100%	100%	100%	[100%]	Equipment Manufacturing and Sales

Name of subsidiaries	Place of establishment and principal place of business	Date of establishment	Issued and fully paid registered capital	Equity interest attributable to the Company as at 31 December 2023	31 December 2024	31 December 2025	Date of the report	Principal activities
LGMG de Mexico Trading S.A. de C.V. 臨工重機墨西哥貿易公司	Mexico	May 2024	Registered capital of MXN3,000 and paid capital of nil	N/A	100%	100%	[100%]	Equipment Sales
LGMG Machinery Zambia Limited 臨工重機贊比亞機械有限公司	Zambia	June 2024	Registered capital of KRW20,000 and paid capital of nil	N/A	100%	100%	[100%]	Equipment Sales
LGMG Machinery Canada Ltd. 臨工重機加拿大機械有限公司	Canada	November 2024	Registered capital of CAD10,000 and paid capital of nil	N/A	100%	100%	[100%]	Equipment Sales
LGMG Machinery Brazil Ltda 臨工重機巴西機械有限公司	Brazil	December 2024	Registered capital of BRL1,406,500 and paid USD250,000	N/A	100%	100%	[100%]	Equipment Sales
LGMG NORTH AMERICA, INC. 臨工重機北美股份有限公司	U.S.A.	December 2018	Registered capital of USD1,000 and paid capital in full	100%	100%	100%	[100%]	Equipment Sales

All companies now comprising the Group have adopted 31 December as their financial year end.

The statutory financial statements of CRGC Construction Co., Ltd. (中租益聯建築工程有限公司) for the year ended 31 December 2023 were prepared in accordance with Chinese Accounting Standard for Business Enterprises ("**CASBE**") and were audited by Grant Thornton Certified Public Accountants LLP (致同會計師事務所(特殊普通合夥)). No audited statutory financial statements have been issued for the years ended 31 December 2024 and 2025.

The statutory financial statements of LGMG Europe B.V. for the years ended 31 December 2023 was prepared in accordance with local general accepted accounting principles and were audited by Grant Thornton Accountants en Adviseurs B.V.. No audited statutory financial statements have been issued for the years ended 31 December 2024 and 2025.

The statutory financial statements of LGMG International Ltd for each of the years ended 31 December 2023 and 31 December 2024 were prepared in accordance with HKFRS and were audited by Chan Hau Man Certified Public Accountant Hong Kong. No audited statutory financial statements have been issued for the year ended 31 December 2025.

The statutory financial statements of Lingong Industrial Vehicles (Shandong) Co., Ltd. (臨工工業車輛(山東)有限公司) for each of the years ended 31 December 2023 and 31 December 2024 were prepared in accordance with CASBE and were audited by Grant Thornton Certified Public Accountants LLP (致同會計師事務所(特殊普通合夥)). No audited statutory financial statements have been issued for the year ended 31 December 2025.

The statutory financial statements of PT. LGMG Machinery Indonesia for the years ended 31 December 2023 and 2024 was prepared in accordance with local general accepted accounting principles and were audited by Moore Global Network Limited. No audited statutory financial statements have been issued for the year ended 31 December 2025.

The statutory financial statements of LGMG MACHINERY AUSTRALIA PTY LTD for the years ended 31 December 2023 and 2024 was prepared in accordance with local general accepted accounting principles and were audited by SWA Crawford Audit Services Pty Ltd. No audited statutory financial statements have been issued for the year ended 31 December 2025.

The statutory financial statements of LGMG Machinery U.K. Limited for the year ended 31 December 2024 was prepared in accordance with local general accepted accounting principles and were audited by Blick Rothenberg Limited. No audited statutory financial statements have been issued for the year ended 31 December 2025.

The statutory financial statements of LGMG Machinery Zambia Limited for the year ended 31 December 2024 was prepared in accordance with local general accepted accounting principles and were audited by YSM CHARTERED ACCOUNTANTS. No audited statutory financial statements have been issued for the year ended 31 December 2025.

No audited statutory financial statements were available for the rest of the companies of the Group during the Track Record Period as there was no requirement to issue audited accounts by the local authorities or it is not yet due for filing purpose.

None of the subsidiaries comprising the Group had issued any debt securities at the end of each reporting period during the Track Record Period.

The above tabled lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

49. SUBSEQUENT EVENTS

There were no significant events subsequent to 31 December 2025 that need to be disclosed.

50. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.