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OVERVIEW

We are a leading provider of integrated smart agriculture solutions in China, committed to advancing sustainable agriculture through the integrated set of intelligent agricultural machinery for the full cycle of field operations that leverage smart agriculture technologies. Our journey began in 2004 in Weifang, Shandong. Over the past two decades, we are engaged in the manufacturing and sale of agricultural machinery, and are dedicated to provide users with intelligent agricultural machinery that supports the full agricultural production cycle. Empowered by smart agriculture technologies, these machines continuously enhancing the smart capabilities, digital integration and overall efficiency across all field operations. Rooted in a user-centric philosophy and driven by technological innovation as the basis, we aim to create lasting value for core customer and user groups, such as large-scale agricultural producers, agricultural enterprises and agricultural service organizations, while also addressing the key needs of full-time operators and individual farmers to foster synergistic growth across a diversified customer and user base.

In line with our commitment to create a robust smart agriculture ecosystem and tackle the pressing challenges of “who to farm” and “how to farm scientifically,” we manufacture and sell the integrated set of intelligent agricultural machinery products, including tractors, harvesting machines and agricultural implements that span the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying, with a focus on high-end, intelligent agricultural machinery, addressing the challenges of “who to farm”. Build on an integrated set of intelligent agricultural machinery that covers all process of farming activities, we combine with smart agriculture technologies to gain a comprehensive understanding of soil, crop and environmental conditions draw on the real-time field data captured by these machinery, and harness smart agriculture technologies such as IoT, AI and big data technologies to transform insights into precise operation decision-making that guide our intelligent machinery to perform coordinated, precision tasks. This approach boosts productivity, enhances quality and eventually addresses the challenge of “how to farm scientifically.”

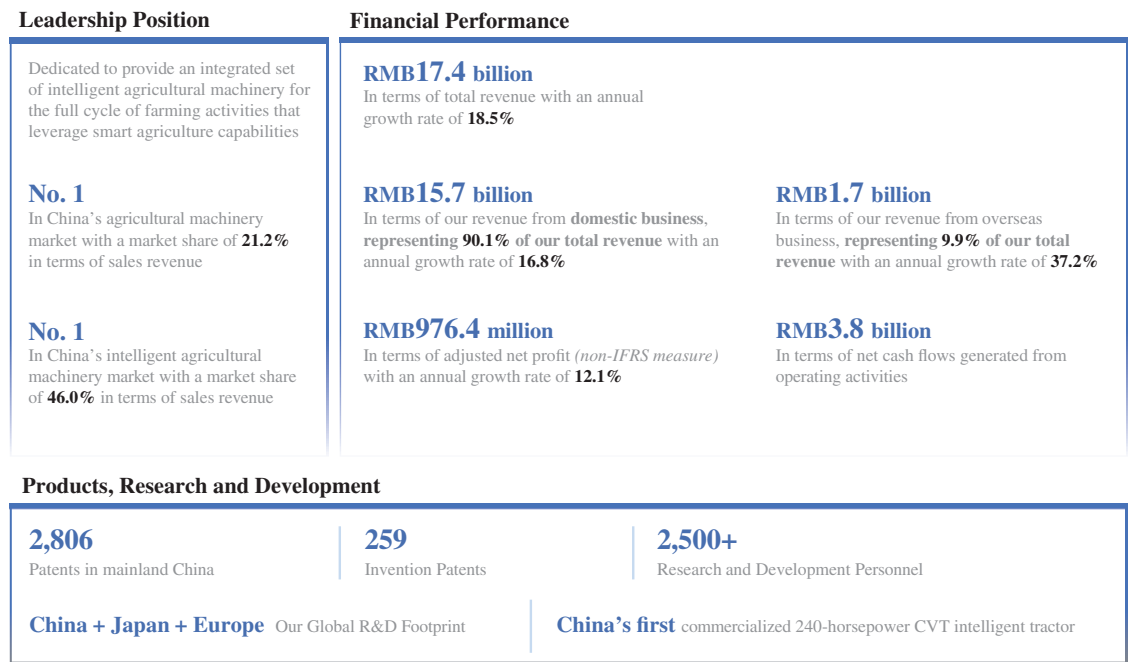
Our unwavering focus on innovation and quality has established us as an industry frontrunner, backed by strong market performance and multiple industry recognitions:

- **Industry leadership.** We were an industry leader in China in terms of revenue in 2024, according to Frost & Sullivan:
 - **Agricultural machinery industry:** No. 1 with a market share of 21.2%.
 - **Intelligent agricultural machinery industry:** No. 1 with a market share of 46.0%, exceeding the second-largest player by 30.8 percentage points.
- **Category Performance Highlights.** Our major product lines maintained leading positions in China in terms of sales volume in 2024, according to Frost & Sullivan:
 - **Tractors:** No. 1 in total tractor sales with a market share of 22.6%; No. 1 in intelligent tractor sales with a market share of 52.7%.

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- o **Harvesting machines:** No. 1 in wheel type harvesting machine sales with a market share of 53.5%; No. 1 in corn harvester sales volume with a market share of 21.5%; and No. 1 in intelligent harvesting machines sales with a market share of 66.0%.
- **Awards and Industry Recognitions.** We have received significant domestic and international recognitions for our technological innovation and product design:
 - o Our research on satellite-guided autonomous navigation technology for agricultural machinery received the National Science and Technology Progress Award (Second Prize) in 2021.
 - o Our grain harvesting machine was honored as the National Manufacturing Single-Product Champion (2023-2025) by the MIIT of PRC in 2022.
 - o Our research projects, “Key Technologies and Industrialization of High-power Intelligent Tractors” and “Key Technologies and Applications of Intelligent High-Efficiency Low-Loss Harvesting for Large Harvesting Machines” won First Prizes of the Agricultural Machinery Science and Technology Award in 2023 and 2024, respectively.

The following chart highlights our business achievements⁽¹⁾:



Note:

(1) Unless otherwise specified, all data in this chart is for the year ended December 31, 2024 or as of December 31, 2024. Data relating to research and development personnel is as of June 30, 2025. Data relating to patents and invention patents is as of the Latest Practicable Date.

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Leveraging our forward-thinking strategic vision in the smart agriculture industry, comprehensive product portfolio, cutting-edge technological capabilities and robust R&D foundation, we believe that we are well-positioned as an industry leader to seize emerging opportunities and gain first-mover advantages over our competitors. Our revenue increased by 18.5% from RMB14,676.3 million in 2023 to RMB17,393.0 million in 2024, and our revenue remained relatively stable at RMB9,801.2 million and RMB9,863.4 million in the six months ended June 30, 2024 and 2025, respectively. Our gross profit increased by 18.7% from RMB1,939.2 million in 2023 to RMB2,302.3 million in 2024, and our gross profit increased by 9.1% from RMB1,249.1 million in the six months ended June 30, 2024 to RMB1,362.4 million in the same period of 2025, showcasing our ability to capture emerging opportunities and sustain leadership.

Our Market Opportunities

China’s agricultural machinery industry presents substantial growth potential, as the ongoing trends in agricultural modernization and sustainable development continue to elevate demand for intelligent agricultural machinery products and their synergistic smart agriculture capabilities. According to Frost & Sullivan, in terms of sales volume of the key enterprises included in the statistics of the China Association of Agricultural Machinery Manufacturers: (i) China’s agricultural machinery market reached a total scale of approximately RMB82.2 billion in terms of revenue in 2024, and is anticipated to reach RMB146.7 billion by 2030, representing a CAGR of approximately 10.1%; (ii) intelligent agricultural machinery market reached RMB11.8 billion in terms of revenue in 2024 expected to reach RMB103.9 billion by 2030, representing a remarkable CAGR of approximately 43.6%; and (iii) the market size for integrated smart agriculture solutions is expected to reach RMB118.9 billion by 2030, with smart agriculture services accounting for RMB15.0 billion. According to the same source, shifting consumption patterns and the transition towards large-scale farming have driven a notable upgrade in demand across China’s agricultural machinery industry. At the same time, increasingly supportive government policies, rapid technological advancements and the rising competitiveness of leading companies have accelerated the development of intelligent agricultural machinery. Intelligent agricultural machinery is expected to progressively replace traditional machinery, advancing the industry’s structural transformation. From 2025 onward, China’s intelligent agricultural machinery market is expected to enter a phase of rapid development. China’s intelligent agricultural machinery industry is anticipated to reach global benchmarks by 2030, with the intelligent agricultural machinery penetration rate rising to 33.1% in terms of sales volume.

Recognized as one of the most promising integrated smart agriculture solutions providers, we are confident in our ability to seize emerging market opportunities and continue leading the industry’s evolution. With an integrated set of intelligent agricultural machinery for the full cycle of farming activities at our core, we remain committed to advancing technology-driven, end-to-end smart agriculture solutions that span the full agricultural production cycle. This approach supports our transition toward becoming a service-oriented manufacturer and will fuel our rapid growth.

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Our Business Model, Products and Smart Agriculture Services

Our Business Model

We bring together the integrated set of intelligent agricultural machinery for the full cycle of field operations that leverage smart agriculture capabilities. These offerings are designed to help customer increase yields, reduces losses, lower operating costs and improve overall efficiency. This enables our transformation from traditional manufacturing to high-value, service-oriented manufacturing, and supports our pursuit of high-quality development.

Our an integrated set of intelligent agricultural machinery spans the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying. Designed for a wide range of crops, farming practices, operating conditions and farm sizes, our intelligent agricultural machinery addresses diverse user needs across different agricultural landscapes. Working in synergy, our smart agriculture technologies convert agronomic experience and field data into automated, precision-based operation instructions. These instructions enable coordinated operations across various items of intelligent agricultural machinery, delivering efficient and scientifically grounded farming practices that continuously create value for our customers.

We create an ecosystem that leverages a core data advantage: intelligent machinery continuously collects data from farming activities, which our self-developed AI algorithms transform into precision agronomic decision, creating a self-reinforcing competitive barrier. By seamlessly connecting hardware, software, data and platforms, our comprehensive suite of intelligent agricultural machinery delivers systemized machinery deployment, streamlined data linkage, platform-based software architecture and end-to-end operational execution. With strong support from our stakeholders, this framework has evolved into a self-evolving ecosystem, one that not only strengthens user reliance on our solutions but also fosters long-term customer loyalty and builds a robust competitive moat. This ecosystem allows us to maintain market leadership and strong growth momentum, while playing a pivotal role in advancing China’s agricultural modernization.

Our Products

We are committed to delivering high-end, intelligent and comprehensive agricultural machinery. Our products can support the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying. Our products mainly include:

- **Tractors.** We offer a full range of tractors from 25 to 340 horsepower, spanning all advanced technology pathways, including power shift and CVT. Our tractors feature robust power performance, seamless technology integration, advanced intelligent interconnectivity, innovative new-energy technology, extensive operational adaptability and enhanced user comfort. According to Frost & Sullivan, we ranked first in China’s tractors market in terms of sales volume in 2024, with a market share of 22.6%.

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- ***Harvesting Machines.*** We provide the most comprehensive lineup of harvesting machines in China, primarily including wheel type harvesting machines, crawler type harvesting machines, corn harvesters and specialized harvesting machines. Our comprehensive harvesting machines portfolio covers 80 to 460 horsepower, with feeding capacities ranging from 8 to 18 kg/s, featuring high harvesting efficiency, advanced technology integration and extensive operational adaptability.
- ***Agricultural Implements.*** We have been developing an extensive product line for agricultural implements that supports field preparing, planting, field management, straw handling and grain drying, forming a solid foundation for synergies among various items of agricultural machinery. Our key products include high-speed precision planters, compound strip seeders, high-density large square balers, self-propelled sprayers and 400T batch dryers. These products are designed for multi-scenario, multi-crop and cross-regional use, aligning with the demands across the entire modern agricultural production cycle.

Our Smart Agriculture Technologies

Deeply embedded in the intelligent agricultural machinery operations, we gain a comprehensive understanding of soil, crop and environmental conditions, draw on the real-time field data captured by our agricultural machinery, and harness smart agriculture technologies such as IoT, AI and big data technologies to transform insights into precise operation decision-making that guide our intelligent agricultural machinery to perform coordinated, precision tasks. This approach boosts productivity, enhances quality and enables a closed-loop management process across the entire agricultural production cycle, making farming more transparent, measurable, controllable and precise. Our smart agriculture technologies significantly enhance agricultural productivity and operational quality, accelerating the transformation of agricultural production toward greater precision, efficiency, intelligence and sustainability. Ultimately, we not only drives the intelligent transformation of our agricultural machinery offerings, but also help realize truly “scientific farming” by delivering increased yield, reduced loss, lowered cost and improved efficiency for our customers. Set forth below are the key smart agriculture technologies:

- ***Perception Layer: Agricultural Information Monitoring System.*** This system integrates multi-source sensors and satellite remote sensing technologies to build a “space-air-ground” agricultural monitoring framework that combines real-time agricultural data collected via IoT sensors, drone imaging and satellite remote sensing, as well as operational data collected via intelligent agricultural machinery, which is analyzed through the smart agriculture management platform to generate actionable instructions and decisions. By integrating agricultural machinery data, field monitoring data and historical agronomic records, we are able to continuously optimize and train our AI-powered decision-making models. This enables more precise management across key aspects of agricultural production, including irrigation, nutrient adjustment, pest and disease control and crop growth optimization. Based on the integrated datasets, this system constructs a dynamic data map that provides high-quality input for intelligent analysis and model refinement, delivering a strong foundation for data-driven decision-making.

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- ***Analytics and Decision-making Layer: Smart Agriculture Management Platform.*** We have developed a smart agriculture management platform that supports comprehensive management of the full agricultural production cycle. Powered by big data analysis and AI algorithms, the platform is capable of in-depth analysis and mining of operational and field data, supporting a wide array of functions such as planting planning, machinery task scheduling, resource allocation, intelligent alerts, data visualization, service resource coordination and full-lifecycle machinery management. This enables comprehensive monitoring, efficient operation management and intelligent decision support, advancing the digitization and precision of agricultural production.
- ***Execution Layer: Precision Operation System.*** Through seamless integration with our comprehensive suite of intelligent agricultural machinery, this system enables automated and precision operations across all critical stages of agricultural production, including field preparing, planting, field management and harvesting. This “on-demand, precision-based” approach enhances operational efficiency while reducing resource consumption, thereby driving the intelligent transformation of our agricultural machinery.

OUR STRENGTHS

We are a Leader in Smart Agriculture and Intelligent Agricultural Machinery Market in China, Driving Sustainable Growth through Strategic Insights.

We have a clear strategic positioning, well-defined goals and a systematic strategic roadmap. With deep insights into the evolving trends of agricultural modernization, we are well-positioned to grasp the opportunities in the professionalization and scaling of agricultural production, the advancement of high-end, intelligent and connected agricultural machinery, as well as the commercialization of smart agriculture technologies.

We continuously advance our offerings of high-end intelligent agricultural machinery by upgrading precision operation technologies, building a smart agriculture management platform and enabling end-to-end data integration. As such, we are the first and only provider in China offering integrated set of intelligent agricultural machinery that covers the full process of farming activities and integrated smart agriculture solutions, according to Frost & Sullivan.

We have demonstrated rapid growth in market share, and solidified our industry leadership across sectors. According to Frost & Sullivan, in particular: we are an industry leader in China in terms of revenue in 2024, ranking No. 1 in the agricultural machinery industry, with a market share of 21.2%, and ranking No. 1 in the intelligent agricultural machinery industry, with a market share of 46.0%. According to the same source, our major product lines also maintained leading positions in China in terms of sales volume in 2024, with our tractors ranking No. 1 in the tractors market and the intelligent tractors market, capturing a market share of 22.6% and 52.7%, respectively, and with our harvesting machines ranking No. 1 in the wheel-type harvesting machines market, corn harvesters market and intelligent harvesting machines market, capturing a market share of 53.5%, 21.5% and 66.0%, respectively.

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Our leading position has earned us high market recognition worldwide and established extensive brand influence, which is underscored by prestigious awards and industry recognition. Notably, we received six international awards, including Germany’s “Red Dot Award” in 2017. In 2021, our pioneering research on satellite-guided autonomous navigation technology for agricultural machinery was awarded the National Science and Technology Progress, Second Prize. This research achieved breakthroughs in navigation positioning, path tracking and automatic obstacle avoidance, laying the technical groundwork for unmanned farming systems. In 2022, our grain harvesting machine was honored as the National Manufacturing Single-Product Champion (2023-2025) by the MIIT of PRC. Further reinforcing our R&D leadership, our projects “Key Technologies and Industrialization of High-power Intelligent Tractors” and “Key Technologies and Applications of Intelligent High-Efficiency Low-Loss Harvesting for Large Harvesting Machines” claimed consecutive First Prizes of the Agricultural Machinery Science and Technology Award in 2023 and 2024, respectively, with our award in 2024 being the only First Prize granted that year. With our leading products and services, we have successively won the “National Agricultural Machinery User Satisfaction Brand (全國農機用戶滿意品牌)” honor for years across our product portfolio, including tractors, wheel type harvesting machines, crawler type harvesting machines, corn harvesters, peanut harvesters and balers, reflecting our unwavering user-centric focus.

In recent years, China’s smart agriculture industry has undergone transformative growth against a backdrop of emerging opportunities. (i) In terms of market demand, as the rapid growth of large-scale farming entities and agricultural social service continues to reshape market dynamics, agricultural producers today increasingly value operational efficiency, operational quality and overall comfort, facilitating the transformation of conventional agricultural machinery toward intelligent configurations. Leveraging technologies such as intelligent driving and precision operation, our agricultural machinery enhances efficiency and productivity, representing a perfect match to market demand. (ii) In terms of agricultural production model transformation, the acceleration of farmland consolidation in China increases the importance of intensive production, rendering traditional small-scale agricultural machinery increasingly inadequate for the demands of large-scale farming operations. On the other hand, leveraging intelligent and interconnected technology, our large-scale intelligent agricultural machinery is capable of delivering efficient, precise and scalable field management. (iii) In terms of policy drivers, national initiatives including the “National Smart Agriculture Action Plan (2024-2028)” (《全國智慧農業行動計劃(2024-2028年)》) and “Plan to Accelerate the Development of an Agricultural Powerhouse (2024-2035)” (《加快建設農業強國規劃(2024-2035年)》) are playing a pivotal role in accelerating the development of intelligent agricultural machinery. Policies such as the “Premium Machinery, Premium Subsidies” (“優機優補”) program lower the upfront costs of purchasing agricultural machinery, which encourages a shift toward consumption preference for high-end products. Our product roadmap is well aligned with these policy priorities, exemplified by the launch of China’s first 240/340 high-horsepower CVT intelligent tractors, spearheading the industry’s transition to power shift and CVT technologies. We also launched our “Lovol Smart Cloud”, enabling connection across the end-to-end agricultural production data chain. By introducing over 500,000 items of agricultural machinery into our IoT platform as of the Latest Practicable Date, we have accelerated the development of smart agriculture.

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We believe that we are more favorably positioned than our competitors to capture the opportunities and secure first-mover advantages, with such confidence grounded in our leading market position, a forward-thinking strategic vision for smart agriculture, an extensive product portfolio, advanced technological capabilities and a robust R&D framework. We recorded remarkable increases during the Track Record Period: our revenue increased by 18.5% from RMB14,676.3 million in 2023 to RMB17,393.0 million in 2024, and our revenue remained relatively stable at RMB9,801.2 million and RMB9,863.4 million in the six months ended June 30, 2024 and 2025, respectively. Our gross profit increased by 18.7% from RMB1,939.2 million in 2023 to RMB2,302.3 million in 2024, and our gross profit increased by 9.1% from RMB1,249.1 million in the six months ended June 30, 2024 to RMB1,362.4 million in the same period of 2025, showcasing our ability to capture emerging opportunities and sustain leadership.

We are the First and Only Provider in China Offering an Integrated Set of Intelligent Agricultural Machinery across the Full Agricultural Production Cycle.

We are the first and only provider in China offering a comprehensive suite of intelligent agricultural machinery and integrated smart agriculture solutions, according to Frost & Sullivan. Our product portfolio spans the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying, representing the most comprehensive product matrix and system architecture in the industry. Our product lineup primarily includes tractors, harvesting machines and agricultural implements delivering integrated full-cycle mechanized solutions for modern farming. Leveraging strategic synergies with Shandong Heavy Industry Group and Weichai Group in powertrain systems, hydraulics systems, electronic control systems and new energy technologies, we maintain in-house production capabilities for core components of our products. As a key player in the agricultural machinery value chain, we also excel in vertical integration of advanced technologies and optimizing supply chain resources. With comprehensive product and technological coverage across all application scenarios and overall independence and control of the industrial chain, we are well-positioned to consistently deliver high-performing, reliable and adaptable products that cater to transforming the industry landscape. Our integrated set of intelligent agricultural machinery for the full process of farming activities also underpins the intelligent transformation of agricultural production.

Backed by strong R&D capabilities, we consistently pioneer industry-leading products as we expand a diversified and comprehensive portfolio, including:

- **Tractors.** Our tractor lineup ranges from 25-340 horsepower and covers all mainstream transmission technologies, including mechanical shift, power shift and CVT shifting. We are the only domestic manufacturer to achieve series production and commercial maturity of both power shift and CVT tractors. With industry-leading engine technology, intelligent powertrain systems and advanced control technologies, we have been able to launch China’s first 240/340HP CVT intelligent tractors that meet international standards. Our Intelligent Tractor Manufacturing Hub commenced operations in May 2025. As the first “smart factory” in China’s agricultural machinery industry, it features industry-leading automation in

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machining, welding and coating, boasting an annual capacity of 50,000 units of tractors above 100 horsepower equipped with power shift or CVT technologies. With the ability to roll out one high-end intelligent tractor every four minutes, this hub stands as a benchmark for the transition toward intelligent manufacturing in the agricultural machinery industry, filling a critical gap in domestic high-end intelligent agricultural machinery production. Furthermore, we have succeeded in commercializing our intelligent driving technologies. As we continue to respond to evolving market needs and lead technological advancements, our tractors have maintained a strong and consistent leading position in the market. According to Frost & Sullivan, in 2024, in terms of sales volume, we ranked No. 1 in total tractor sales with a market share of 22.6%; we ranked No. 1 in intelligent tractor sales with a market share of 52.7%; and we ranked No. 1 in exports for tractors with a market share of 33.8%.

- ***Harvesting Machines.*** Our harvesting machines span 80-460 horsepower, covering wheel type harvesting machines, crawler type harvesting machines, corn harvesters and specialized harvesting machines (including peanut harvesting machine, forage harvester and mower conditioner). We offer upgraded wheel type harvesting machines that feature prevailing longitudinal axial-flow technology with feeding capacity ranging from 8 to 18 kg/s. We have launched the first 18 kg/s large-capacity harvesting machines in China, achieving an operating efficiency reaching 50 mu/hour, filling a critical gap in the domestic market. Our key breakthroughs include wide-span contour-following headers, longitudinal axial-flow threshing, low-loss, high-efficiency cleansing and loss monitoring systems, capable of maintaining a grain loss below 0.8%. These advancements have earned us widespread industry and market recognition. For example, our grain harvesting machine triumphs in market dominance, and was honored as the National Manufacturing Single-Product Champion (2023-2025) by the MIIT of PRC in 2022, being the only product of its kind to receive this honor. According to Frost & Sullivan, in 2024, in terms of sales volume, we ranked No. 1 in wheel type harvesting machine sales with a market share of 53.5%; we ranked No. 1 in corn harvester sales volume with a market share of 21.5%; and we ranked No. 1 in intelligent harvesting machine sales with a market share of 66.0%.
- ***Agricultural Implements.*** Our agricultural implements lineup includes hydraulic reversible ploughs, seeders, sprayers, balers and dryers, supporting farming needs across the full agricultural production cycle. These products feature industry-leading technologies and performance indicators, effectively addressing gaps in full-cycle mechanized agricultural production. Notably, we have successfully developed a high-performance compound drill seeder, which has been validated through a demonstration application establishing 50 demonstration fields of 50 mu each across 50 major wheat-producing counties in six provinces nationwide. The results show that our seeder is equipped with the capacity of achieving a yield of over 15%, benchmarking the exceptional performance and innovation momentum of our agricultural implements.

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Furthermore, we enhance user experience and brand recognition through multi-channel user engagement. During the pre-sales phase, we integrate online and offline marketing resources to build an omni-channel matrix that effectively reaches target customers and strengthens brand influence. In the after-sales phase, we operate a robust service network centered on an integrated sales and service channel, and complemented by company resources as well as commercialized service channels, forming a tripartite collaboration that provides comprehensive warranty coverage. This structure ensures our continuous in-depth interaction with users throughout the product life cycle, delivering full-process support and fostering long-term trust and loyalty.

We Hold an Early-mover Advantage in Smart Agriculture Solutions in China and Achieve End-to-end Data Integration to Propel Sustained Improvements in Agricultural Productivity.

Smart agriculture stands at the forefront of a future agriculture landscape, offering promising prospects and immense potential. In support of this, the Chinese government promulgated initiatives such as the “National Smart Agriculture Action Plan (2024-2028)” (《全國智慧農業行動計劃(2024-2028年)》) and the “Plan to Accelerate the Development of an Agricultural Powerhouse (2024-2035)” (《加快建設農業強國規劃(2024-2035年)》) which are injecting strong momentum into this sector. These initiatives consolidate innovation resources to incubate technology-leading enterprises in the smart agriculture industry and accelerate the R&D, commercialization and marketization of agricultural machinery technologies, forming the smart agriculture innovation clusters.

According to Frost & Sullivan, we hold an early-mover advantage in smart agriculture solutions in China. With our forward-looking strategy, we are advancing the research and commercialization of integrated smart agriculture solutions. According to Frost & Sullivan, we are the first enterprise in China to establish a scalable research institute dedicated to smart agriculture technologies in China. According to the same source, we are the first-in-industry to enable connection across the entire intellectual agricultural data chain, as well as the industry’s first enterprise to provide a comprehensive suite of intelligent agricultural machinery and integrated smart agriculture solutions. Building on our integrated set of intelligent agricultural machinery that covers the full process of farming activities, our smart agriculture capabilities span the entire chain of “perception — analytics and decision-making — execution.” In particular, our smart agriculture systems include the following segments: (i) For the perception layer, we have established the agricultural information monitoring system offering a unified “space-air-ground” agricultural monitoring network, solidifying a high-quality data foundation which is built upon intelligent hardware such as sensors and detection instruments. (ii) For the analytics and decision-making layer, we have built a smart agriculture management platform that is powered by big data analysis and AI algorithms, enabling in-depth analysis and mining of operational and field data. The platform generates actionable insights and operational instructions, supporting a wide array of applications including planting planning, machinery task scheduling, resource allocation, intelligent alerts, data visualization, service resource coordination and full-lifecycle machinery management, thereby empowering efficient management of large-scale agricultural operations. (iii) For the execution layer, we have

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introduced a precision operation system which enables automation and precision through seamless integration with our integrated set of intelligent agricultural machinery across all critical stages of agricultural production, covering field preparing, planting, field management and harvesting, enabling “on-demand, precision-based” execution. As of June 30, 2025, we have successfully commercialized these technologies through demonstration projects, establishing over 60 smart farms that benefit upwards of 20,000 agricultural producers across more than 20 provinces in China. In addition, more than 37,400 agricultural producers cultivating land over 8 million mu have benefited from our smart agriculture management platform, with over 600 managing land areas exceeding 500 mu, spanning 31 provinces across China.

We are committed to advancing the operational efficacy and efficiency of our integrated smart agriculture solutions, providing end users with actionable insights for precision farming and elevating the specialization and intelligence of agricultural machinery operations. The solution is designed to help agricultural producers increase yields, reduce losses, lower operating costs (including pesticide and fertilizer usage) and improve overall efficiency. Additionally, our solutions optimize the allocation of service personnel, resources and logistics, effectively addressing user needs and delivering full lifecycle product support.

Anchored around our integrated set of intelligent agricultural machinery for the full cycle of farming activities, we continue to refine our AI model with data collected from machinery which enables value-added services including precise soil analysis and yield forecasting. By expanding application scenarios, we strengthen user satisfaction and loyalty, fostering long-term and deep-rooted engagement and future purchases. By synergizing with our intelligent agricultural machinery, our smart agriculture capabilities not only establish strong technological barriers but also significantly empower our penetration rate in the intelligent agricultural machinery industry as well as cultivating operation resilience.

We Build a Competitive Moat with Industry-leading R&D Capabilities that Fuels Continuous Innovation.

Our product competitiveness is underpinned by strong R&D capabilities and a full value-chain technological edge. We possess the industry’s most advanced innovation capacity and one of the strongest research teams, according to Frost & Sullivan. According to the “2025 China Agricultural Machinery Enterprise Innovation Ability Assessment Report (2025年中國農機企業創新能力評估報告)” released by the Institute for Agricultural Equipment Industrial Development in China, we achieved a leading composite score of 81.68 points, ranking first for two consecutive years.

Leveraging our integrated capabilities in high-performance engines, advanced electronic chassis, hydraulic system and intelligent technologies, we are the only enterprise in China to achieve full-spectrum control across the entire intelligent agricultural machinery industry value chain, underpinned by our deep synergistic collaboration with Shandong Heavy Industry and Weichai Power Group. We have built comprehensive R&D capabilities across key domains, including powertrains, transmission hydraulic and electronic control systems, intelligent

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driving and new energy technologies. As of June 30, 2025, we had the largest R&D team in the industry, with over 2,500 members, 33.7% of whom held a master’s degree or higher. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB570.6 million, RMB676.9 million, RMB838.6 million, RMB371.9 and RMB419.9 million, respectively, accounting for 3.6%, 4.6%, 4.8%, 3.8% and 4.3% of our total revenue in the respective years. Sustained R&D investment has continued to strengthen our technological competitiveness.

We have built a globally coordinated R&D framework spanning China, Japan and Europe, with our Weifang headquarter serving as the core, while actively leveraging advanced technological resources from key international markets. For example, we have deep R&D cooperation with Japanese innovation partners in areas such as paddy-field tractors, crawler type harvesting machines and rice transplanters, and we also foster in-depth collaboration with European innovation partners in high-end tractors, harvesting machinery and agricultural implements. Additionally, on the industry-university-research front, we have formed long-term partnerships with over 50 leading research institutions, including the Institute of Computing Technology of Chinese Academy of Sciences and China Agricultural University. We also collaborate with research teams led by top industry experts such as Academician Luo Xiwen and Academician Zhao Chunjiang. Together, we have undertaken over 110 national and prefectural-level key projects as of the Latest Practicable Date, achieving breakthroughs in multiple core technologies critical to our industry.

We had established over ten nationally and provincially recognized R&D platforms as of the Latest Practicable Date, including one of the first “Innovation China (科創中國)” intelligent agricultural machinery industry-university-research collaborations innovation bases, designated by the China Association for Science and Technology. These platforms play a critical role in accelerating the commercialization of our technological advancements. Backed by strong research capabilities and platform strengths, we were certified as a National Technological Innovation Demonstration Enterprise (國家技術創新示範企業) by MIIT in 2023. As of the Latest Practicable Date, we held 2,806 patents, including 2,176 utility model patents, 259 invention patents and 371 industrial design patents in mainland China, along with 53 patents in other countries and regions. We also actively participate in and lead the formulation of various standards, including 26 national standards, 18 industry standards and 56 association standards. Our volume of invention patents and involvement in national standard-setting place among the industry leaders.

In the field of core technological breakthroughs, we have achieved several industry milestones: we introduced China’s first 240 horsepower commercialized CVT intelligent tractors, spearheading the industry shift toward CVT technology; we independently developed intelligent harvesting machines with a feeding capacity of 18 kg/s, filling a domestic gap; we launched high-end agricultural implements including large-scale self-propelled sprayers, 400T batch dryers and high-density large square balers, achieving the localization of high-end agricultural machinery across key agricultural production processes. We have achieved breakthroughs in key technologies in smart agriculture including loss monitor, yield monitor and variable-rate operations. We have also launched our “Lovol Smart Cloud”, enabling

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connection across the end-to-end agricultural production data chain. In 2022 and 2023, the Agricultural Mechanization Station of the Ministry of Agriculture and Rural Affairs released evaluation results, and among the 33 products recognized as reaching domestic leading technology level or above, 19 were our offerings, accounting for 57.6% of the total and securing the top position in the industry. Notably, our Weichai Lovol P2404-7V(G4) Tractor was distinguished for meeting international advanced technology standards.

We believe that, backed by our deep technical expertise and well-established R&D system developed through years of focused investment, we are well positioned to continue making breakthroughs in core technologies, strengthen our competitive advantage, and lead the high-quality development of China’s agricultural machinery industry.

We Actively Expand Global Reach with Significant Growth Potential, Backed by a Parent Group with Deep International Roots.

Empowered by our exceptional and competitive product portfolio, we are able to establish a robust distribution network across major markets all over the world. According to Frost & Sullivan, we ranked seventh globally by sales revenue in 2024, attracting a market share of approximately 1.2%. Building on this solid foundation, our overseas business operations have experienced rapid growth, with our tractors ranking first in the industry in terms of export volumes. Since our inception, we have been actively cultivating the international market, with our core export offerings including 25-240 horsepower mid- and high-horsepower tractors, wheel type harvesting machines and crawler type harvesting machines, now reaching over 120 countries and regions worldwide. To support this global footprint, we have developed an integrated sales and service network that seamlessly combines product sales, after-sale service, components supply, training and information feedback mechanisms. In parallel, to ensure timely responsiveness to users’ demand and to enhance our operational agility and supporting capabilities, our overseas business teams have extended their presence deep into terminal markets. In recent years, as we have accelerated our global expansion, the full potential of our product portfolio has been unleashed. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our overseas revenue reached RMB949.0 million, RMB1,257.2 million, RMB1,725.0 million, RMB967.9 million and RMB1,147.0 million, respectively, accounting for 5.9%, 8.6%, 9.9%, 9.9% and 11.6% of our total revenue generated during the same periods, with a CAGR exceeding 30.0% and achieving increase in share of total revenue year by year. In 2024, our market share for tractors reached 33.8% in terms of export volumes, securing the top position in the industry. Our products have earned widespread recognition in overseas markets and demonstrate strong competitive advantages.

We also seek to cultivate strategic synergies with our Controlling Shareholders and affiliated business units across the Group, enabling mutual reinforcement and establishing a robust foundation for our global expansion. Our Controlling Shareholders, the Shandong Heavy Industry Group and Weichai Group are both internationally oriented, world-class industrial equipment manufacturing leaders in China, with their business operations spanning six major sectors: power systems, commercial vehicles, construction machinery, smart logistics, agricultural machinery and marine transportation equipment. As of the Latest

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Practicable Date, Shandong Heavy Industry Group controlled or was the single largest shareholder of 11 listed companies. Our Controlling Shareholders have deeply embedded internationalization into their development schemes and operational systems. Over the past three years, Shandong Heavy Industry Group has achieved annual export revenue growth exceeding 50%, reaching 97.7 billion in 2024, with a 14% year-on-year increase. With outstanding product quality and cutting-edge technology, their products are sold in over 150 countries and regions, successfully establishing an expansive and stable global customer base and a strong brand presence in international markets. Their accumulated valuable insights on overseas business development and operational management has resulted in an efficient and replicable business model. By capitalizing the Shandong Heavy Industry Group and Weichai Group’s proven overseas expansion strategies, we have rapidly entered and deeply cultivated global markets, driving robust growth in our overseas revenue.

We benefited from the mature and far-reaching market channels cultivated through the Shandong Heavy Industry Group and Weichai Group’s extensive global sales network and long-standing partnerships with overseas partners. As of the end of 2024, Shandong Heavy Industry Group operated nearly 300 overseas offices and 36 trading platform companies across 25 countries. The Groups also own 46 overseas factories, enabling localized assembly and manufacturing capability in 31 countries. Nearly 2,000 employees of the Shandong Heavy Industry Group and Weichai Group are stationed abroad. Among their over 1,200 overseas distribution channels, 297 are shared across subsidiaries. This extensive infrastructure empowers us to smoothly introduce our agricultural machinery to global markets, leveraging existing channels for distribution and sales, significantly moves market entry barriers and reduces upfront costs to break into new markets.

In addition, the Shandong Heavy Industry Group and Weichai Group possess deep expertise in international capital operations. Since 2008, they have steadily expanded their global footprint through a series of strategic capital investments, including the successful acquisition and restructuring of several overseas high-tech enterprises such as Baudouin in France, Ferretti in Italy and KION Group in Germany, PSI, which is based in the US. We believe the Shandong Heavy Industry Group and Weichai Group will help us by passing on their profound heritage of insights and foresight in international capital operations, energizing us to accurately capture international market dynamics, proactively conduct overseas mergers and acquisitions, as well as expanding our overseas business, collectively enhancing our comprehensive competitiveness in the overseas market.

Experienced, Visionary and Professional Management Team Steers Our Sustainable Growth.

Our management team brings deep industry expertise and a strong understanding of real-world agricultural scenarios. With extensive experience in the agricultural machinery industry, the team demonstrates clear strategic vision and robust management expertise. Leveraging our comprehensive knowledge of both agricultural machinery and smart agriculture industries, we remain agile on delivering a top-notch product lineup and smart agriculture service offerings to reinforce our leadership position.

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Our chairman, Mr. Wang Guimin, has been deeply engaged in the machinery manufacturing industry for over 30 years and has served as the chairman or general manager of the company for more than 15 years. He possesses in-depth expertise in both the agricultural machinery and smart agriculture industries, combining localized innovation vision with an international perspective. Under his leadership, we actively expand our international outlook by dedicating resources investment in technology R&D innovation, and have built a global R&D system that integrates insights from China, Europe and Japan. Mr. Wang’s industry insight and strategic vision are exceptional. He possesses over 13 years of R&D experience, more than 10 years’ experience in manufacturing and over 20 years’ experience in marketing. This equips him with a comprehensive understanding of our entire value chain from R&D, product design to market execution, coupled with his extensive practical experience in technology commercialization, brand strategy development and market channel expansion.

Our senior management team also brings over 15 years of industry experience, with deep expertise in agricultural machinery research and market development. Its profound knowledge and insights have been integral to our business growth, which has enabled us to achieve strong operating and financial performance, strengthening our competitive position and driving our continuous long-term strategic success. Mr. Wang Jian, our general manager, possesses over 20 years of experience in process manufacturing, having served as manufacturing director, chief technologist and executive president of Weichai Power, one of our shareholders. He brings deep expertise in process engineering and manufacturing management. Mr. Li Zhengyu, deputy general manager and technical director of our Research Institute for Tractors, possesses over 20 years of R&D experience, with more than 20 years of focus specifically in the field of tractors with notable achievements in power shift and CVT technologies. Mr. He Song, deputy general manager and technical director of the Research Institute for Harvesting Machines, possesses nearly 20 years of continuous R&D experience and nearly 20 years of specialized experience in the field of harvesting machines, and has led the development and industrial application of several core technologies. Mr. Wang Junwei possesses nearly 20 years of experience in financial management, having held chief financial officer roles at Weichai Group, Shantui Co., Ltd., and Weichai Heavy Machinery, as well as director of the finance department of Shandong Heavy Industry Group. See “Directors and Senior Management”.

Under the guidance of our visionary management, we have assembled a team of employees rich in professional expertise and industry experience, drawing talent from industry-leading university research institutes, application-focused organizations and front-line production roles. This diverse talent pool enables us to sustain strong innovation capabilities and deep industry insights. Additionally, we have implemented an employee stock ownership plan, with 135 core business backbones holding approximately 1.45% of the shares as of the Latest Practicable Date. This initiative fosters employee engagement and stimulates their enthusiasm, which helps maintain the stability of our management and key personnel, reflected in a low turnover rate among core talent. By harnessing the collective strength of our team, we aim to sharpen our competitive edge and advance our strategic paradigms.

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OUR STRATEGIES

We are dedicated to advancing R&D innovation in intelligent agricultural machinery and smart agriculture services that deliver tangible value to our users, positioning us as a premier provider of integrated smart agriculture solutions. Our overarching objective is to infuse agriculture with technological capabilities, tackling the pressing challenges of who to farm and how to farm scientifically. In doing so, we contribute meaningfully to rural revitalization and empower better lives. To carry out this vision, we will unwaveringly implement the following strategic initiatives, continuously enhance our corporate value and elevate our global brand presence.

Deepen Focus on Core R&D to Build a Strategic Technological Edge in Smart Agriculture Innovation.

We have consistently prioritized meaningful investment in R&D, global talent sourcing, international footprint expansion and ecosystem collaboration to accelerate the development of a world-class innovation architecture. These efforts reinforce our leadership in the smart agriculture industry. We aim to continuously optimize our intelligent agricultural machinery product portfolio and integrate global R&D resources, as well as advanced technologies from related industries, while proactively deploying transformative technologies. In particular, key areas of our focus include:

- **Intelligent upgrades of agricultural machinery.** We are advancing the intelligent upgrade of our agricultural machinery, with a strategic focus on embedding next-generation technologies across all product categories by strengthening capabilities for technology breakthroughs and building a robust foundation for agriculture modernization. In particular:
 - o **Intelligent upgrade for tractors and agricultural implements.** We are deepening the evolution of tractor powertrain technologies, including power shift and CVT technology, along with the integrated system control upgrades to improve the operator's comfort, operational efficiency and energy performance. In parallel, we are accelerating the application of ISOBUS Class III to enable seamless coordination between tractors and agricultural implements.
 - o **R&D for intelligent harvesting machines.** For our harvesting machines, we will scale up the development of large-scale intelligent harvesting machines with a feeding capacity of 18 kg/s and above, while enhancing multi-crop adaptability. Concurrently, we are developing grain loss tracking and yield monitoring technologies that enable real-time loss tracking and dynamic analysis of loss trends. These systems provide intelligent guidance for parameter adjustments, effectively reducing grain loss.

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- o **Upgrades to intelligent cockpits and intelligent driving technologies.** We are systematically upgrading intelligent cockpits and intelligent driving capabilities across our entire product lineup. Our next-generation smart cabins will feature integrated voice interaction, real-time diagnostics and self-learning capabilities. Coupled with vision perception and intelligent driving technologies, we aim to significantly improve operational precision and automation. Simultaneously, we are intensifying R&D efforts in key technologies such as visual perception and control algorithms to build an intelligent control system backbone by discriminant AI, serving as a foundational enabler across our product portfolio, driving the transition toward fully autonomous agricultural operations.
- o **R&D of core hardware and sensors.** To support intelligent operations across all key stages of agricultural production, we aim to independently develop a suite of high-precision, high-performance core components including sensors, controllers, TBOX and display terminals. These components are designed to enable real-time data collection and monitoring across field preparing, planting, field management and harvesting.
- **Entry into new energy agricultural machinery sectors.** We are expanding into the new agricultural machinery sector, pursuing parallel development of pure electric and hybrid models, addressing both small- and mid-scale production and drylands production scenario. For our tractors, we will develop mid-horsepower pure electric tractors tailored for orchards and facility agriculture, offering zero-emission precision operations. Our offerings will also include high-horsepower hybrid tractors for drylands that integrate electric motors with internal combustion engines to optimize power output. The deployment of such a system is projected to improve powertrain efficiency and reduce diesel consumption compared to conventional diesel-powered models. For our harvesting machines, we will simultaneously expand our new energy technology base to support electric and hybrid models, with an emphasize on addressing endurance and energy management challenges in complex field conditions. Consequently, this initiative will accelerate the decarbonization of grain production.
- **Phased development of agricultural robots.** To address labor shortages and operational risk while seizing opportunities in relation to the momentum of agricultural modernization, we plan to carry out a phased development plan for agricultural robots: (i) Short term: we aim to launch Generation 1.0 agricultural robots for drylands and orchards, featuring intelligent driving technology and new energy powertrain systems. (ii) Medium term: we will launch Generation 2.0 products that will adopt cabinless design and wheel side-motor, featuring field patrol monitoring and intelligent harvesting technologies, thereby significantly improving operational accuracy and efficiency. (iii) Long term: we intend to lead in quadruped and hexapod robot and dexterous manipulation technologies, as well as enabling intelligent operation in complex terrains including hills and mountainous regions, equipping Generation 3.0 with terrain-adaptive intelligent operation capabilities. This roadmap will culminate in the collaboration between agricultural machinery and agricultural robots, forming the backbone of next-generation agricultural modernization.

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- **Systematic upgrade fueling development in smart agriculture.** We are undertaking a systematic optimization of our smart agriculture services, which are built around the closed-loop smart agriculture workflow paradigm of “perception — analysis and decision-making — execution.” Our objective is to enhance the technical capabilities and coordination efficiency across all modules of the system, strengthening the overall effectiveness of our smart agriculture services. In particular:
 - o **Data sensing and monitor:** we plan to develop self-developed sensors for tillage depth monitoring, seed detection and loss and yield monitoring, enabling real-time, end-to-end data capture throughout agricultural machinery operations. By integrating this with multi-modal data from our agricultural information monitoring system, we aim to build a comprehensive sensing system covering the entire agricultural production process, laying the foundation for our precision agricultural management capabilities.
 - o **Intelligent decision-making and analysis:** we will leverage large-scale AI models and data mining techniques to embed intelligent algorithms libraries for crop planning, disaster forecasting and precision operations into our smart agriculture management platform. This will significantly improve the timeliness and precision of agronomic analysis and decision-making and support the digital transformation and management upgrade of agricultural production.
 - o **Precision operations and seamless coordination:** we will integrate our self-developed technologies such as visual navigation, intelligent driving and dynamic obstacle avoidance to enhance the operational accuracy of agricultural machinery and achieve seamless and efficient coordination across multiple items of machinery.

By resolving technical bottlenecks across the paradigm of “perception — analysis and decision-making — execution”, we aim to achieve intelligent control throughout core agricultural processes, covering field preparing, planting, field management and harvesting, thereby forming the technological backbone of our smart agricultural ecosystem and laying a robust foundation for digital transformation and sustainable development.

To this end, we will mobilize global resources to expand and cultivate a high-caliber talent pool and elevate our R&D capabilities. Our talent strategy includes: (i) we will intensify recruitment of top-tier talent in the industry, specifically those in the field of drivetrain system, hydraulic and electronic control, intelligent driving, new energy and core algorithms; (ii) we will assemble teams to tackle key R&D challenges, including next-generation intelligent tractors for both dryland and paddy field, large-scale intelligent harvesting machines, electronic crawler chassis and high-end electric transplanters; and (iii) we will implement diversified training and incentive mechanisms to strengthen talent pipelines and foster their engagement. Furthermore, for the cultivation of our R&D infrastructure, we will deploy physical test bench systems for complete machinery, systems and components. We will also introduce advanced development tools such as simulation modeling and digital twins technologies to improve validation efficiency and unlock the full potential of our R&D teams.

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Accelerate Smart Agriculture Ecosystem Development and Drive Commercialization at Scale.

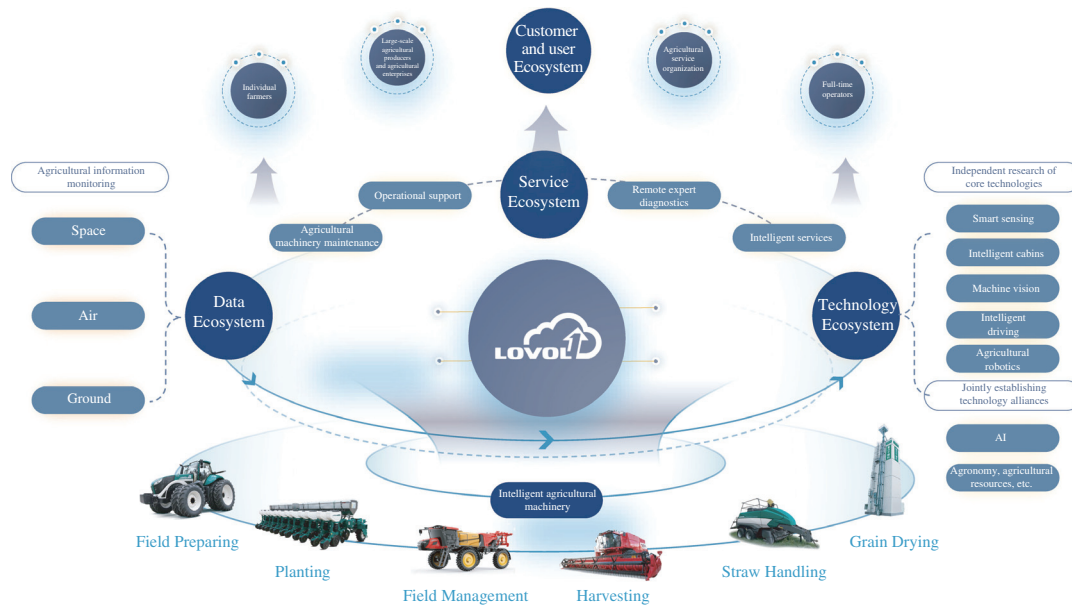
As China’s agricultural industrialization accelerates and drives land consolidation, we are partnering with ecosystem stakeholders to build an integrated smart agriculture solution that delivers increased yield, reduced loss, lowered cost and improved efficiency, while promoting green, safe and scientifically grounded farming practices. Our core offerings will include intelligent machinery hardware, agricultural information monitoring systems, smart agriculture management platforms, precision operation software applications and digital agriculture services, all contributing to the development of an open and collaborative smart agriculture ecosystem. We will cultivate an open and concerted smart agriculture ecosystem, which is structured around four independent pillars: the data ecosystem, technology ecosystem, service ecosystem and customer and user ecosystem.

- **Data Ecosystem.** We are constructing a “space-air-ground” integrated agricultural monitoring network with our agricultural information monitoring system at its core that facilitates a closed-loop data flow across the entire value chain for our users, which encompasses machinery management, plot planning, farming activities, resource allocation and after-sales services. Looking forward, we intend to foster interoperability across diverse production scenarios through data interconnection, enhancing real-time communication and dynamic analysis between field-generated data, machinery operations and agricultural producer’s decision-making. This infrastructure will provide robust support to our users with data-driven insights for agronomic decision-making and resource optimization.
- **Technology Ecosystem.** Our dual approach to sharpen the technological framework includes in-house R&D and collaborative innovation. Internally, we focus on key technologies such as smart sensing, intelligent cockpits, machine vision, intelligent driving and agricultural robotics, forming modularized and replicable technology frameworks. Externally, we collaborate with research institutions to advance capabilities in areas including intelligent agricultural machinery evolution, algorithm library for decision-making and agronomic knowledge system building. These efforts integrate data intelligence with mechanical operations, thereby enhancing the actionability and intelligence of agricultural decisions.
- **Service Ecosystem.** We are advancing full lifecycle management of our agricultural machinery by deploying a nationwide service network. Our efforts include building a national maintenance system, forming cross-regional operational support teams, launching a remote expert diagnostics platform and providing diversified intelligent services underpinned by our intelligent service decision system. Collectively, these initiatives are designed to continuously streamline our service delivery across all stages of the product lifecycle, thereby elevating our service efficiency and user satisfaction.

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- Customer and user Ecosystem.** We focus on serving large-scale agricultural producers, agricultural enterprises and agricultural service organizations. In China, we provide customized scenario-based solutions to large-scale agricultural producers and agricultural enterprises such as Beidahuang Agribusiness Group. By offering integrated platform encompassing organizational oversight, plot supervision, machinery management, production workflow control and financial governance, we help our clients streamline operations and elevate their digital management capabilities. For individual small- and medium-sized agricultural producers, we are leveraging our smart agriculture management platforms to deliver lightweight functions such as agronomic guidance, weather alerts and performance assessment, catering to their needs for convenient and cost-effective services.

The diagram below set forth the structure of our smart agriculture ecosystem:



At present, we have started to lay the foundation of a smart agriculture ecosystem covering crop planning, machinery operations and field management. Energized by the convergence of our data, technology, service, customer and users ecosystems, we are transitioning from technological validation to commercial deployment of smart agricultural technologies. To this end, we are actively expanding our capabilities to deliver diversified, scenario-specific solutions that cater to the needs of large-scale agricultural producers, agricultural service organizations and agricultural enterprises. We also aim to promote industry-wide collaboration through the standardization of data transmission interfaces and protocols for agricultural machinery, enabling seamless data exchange and technical compatibility across the value chain, which ultimately support to establish a quantifiable, replicable and scalable model for smart agriculture.

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Moving forward, with intelligent agricultural machinery servings as the foundation and data intelligence driving value creation, we aim to reshape the agricultural value chain through a sustainable and scalable framework. In particular, our product sales strategy aims to combine standardized configurations and optional modules to address diverse operational needs and ensure market flexibility. Meanwhile, leveraging the analytical and decision-making capabilities of our smart agriculture management platform, we plan to offer free access to basic functions and subscription-based access to advanced features, which will be complemented by value-added services that attract further subscription such as precision operations and remote diagnostics. By further exploring revenue generation approaches in agricultural machinery and smart agriculture platforms and related services, we are strategically positioned for sustained growth and stronger user engagement.

Empowering Intelligent Manufacturing System through Strengthened Global Integration and Self-controlled Resources across the Industrial Chain.

With the development of large-scale, high-end and intelligent products at our core, we remain committed to cultivating a dual-engine high-end intelligent agricultural machinery manufacturing system by establishing a world-class machinery manufacturing base, as well as integrating independently controllable industrial chain resources, laying a solid foundation to elevate our competitive edge across the value chain.

As part of our capacity enhancement roadmap, we are advancing the development of world-class intelligent agricultural machinery manufacturing bases, with our concentrated focus on establishing new production facilities for two core product lines, namely, our high-horsepower intelligent tractors and large-scale intelligent harvesting machines. In May 2025, we completed construction and initiated commissioning of our Intelligent Tractor Manufacturing Hub, featuring industry-leading automation in machining, welding and coating. This facility introduces an additional annual capacity of 50,000 units. Concurrently, we commenced the planning of an intelligent agricultural equipment international logistics center which will be equipped with an intelligent warehouse management system. Designed to optimize end-to-end coordination between manufacturing and distribution, this facility is slated for completion of construction in 2027, forming a globally integrated supply chain service platform. Meanwhile, our new factory for large-capacity harvesting machines is currently under planning, slated for completion of construction in 2027, with a design annual production capacity of 3,000 units. Together, these two intelligent manufacturing hubs will serve as critical infrastructure in reinforcing our leadership in the global market for large-scale intelligent agricultural machinery.

In parallel, we are advancing the intelligent transformation of our existing production lines by integrating smart manufacturing technologies and automation. A key component of this upgrade is the system-wide deployment of the MES system to empower real-time monitoring, intelligent scheduling and precise traceability throughout the production lifecycle. Additionally, we will implement robotic workstations in welding and assembly operations, along with flexible AGV lines that support seamless product changeover and flexible manpower allocation. These enhancements are projected to effectively elevate production

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efficiency. We are upgrading our environmentally friendly production processes as we aim to position ourselves as the benchmark in green manufacturing. We will continue to advance the deep integration of intelligent and eco-friendly production systems to drive cost efficiency and operational excellence across the entire manufacturing process.

In parallel, to carry out the goal of strengthening our core competitiveness over the industrial chain, we are actively integrating global resources with a focus on securing independent control over key assets. Through integrated design and manufacturing collaborations with key operation sectors of Shandong Heavy Industry Group, including powertrains, hydraulic and electronic control systems and new energy technologies, we have established a sturdy foundation for industrial chain synergy. For instance, we plan to co-develop power systems with the Shandong Heavy Industry Group’s high-performance engine research team, customizing tailoring configurations to cater to diverse product applications. This collaboration aims to continuously optimize product performance and ensure optimal engine-to-machine integration. Meanwhile, we are expanding our global footprint by incorporating advanced technologies and supply chain resources to foster an open, innovative collaboration ecosystem, further reinforcing our competitive edge in the high-end agricultural machinery value chain. Our focus lies in advancing the R&D of critical components such as transmissions (e.g. wet clutches, power shift gearboxes and high-end heavy-duty front axles), hydraulic systems (e.g. lifters and control valves) and intelligent modules (e.g. sensors and controllers). By deepening our technological and manufacturing capabilities across these areas, we aim to consolidate our independent control of the industrial chain within the high-end intelligent agricultural machinery manufacturing system.

Advance Global Strategic Expansion to Unlock International Growth Opportunities.

In pursuit of our global strategic objectives, we are committed to accelerating the expansion of our international footprint, enhancing the competitiveness of our intelligent agricultural machinery portfolio and integrated smart agriculture solutions worldwide. Our goal is to further increase the share of overseas business in our total revenue, establishing a new engine for sustainable growth. To this end, we plan to deepen international cooperation across the entire value chain, spanning R&D, manufacturing and sales:

- **R&D stage:** we aim to establish technical partnerships with leading global research institutions. Building on our prevailing collaborations with research teams in Japan and Europe, we plan to further attract top-tier talents and track emerging trends in frontier technologies including intelligent agricultural machinery and smart agriculture. These efforts will reinforce our global innovation capabilities in cutting-edge technologies.
- **Manufacturing stage:** looking ahead, we plan to cultivate localized manufacturing capabilities in strategic markets such as South America and Southeast Asia through mergers, acquisitions or strategic alliances, thereby strengthening regional production capacity.

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- **Sales and service stage:** leveraging our existing market presence in over 120 countries and regions, we are committed to continuously expanding our global reach and further developing a diversified network of channel partners, thereby enabling us to build a globally integrated sales and service system with enhanced local responsiveness, including robust after-sales and maintenance support.

We possess a deep understanding of the diverse needs across global markets and are committed to continuously enhancing our products’ adaptability to the complexities of agricultural production, including variation in crop types, scalable field management and operational scenarios. Simultaneously, we will continue to develop a multidimensional product portfolio tailored to both premium and niche market demands abroad.

To further support our global ambitions, we plan to capture potential investment and acquisition opportunities in global markets. As of the Latest Practicable Date, no definitive acquisition targets have been identified. In the future, we will target companies with advanced technologies in high-end intelligent agricultural machinery and smart agriculture that complement our existing capabilities, or regional brands with strong governmental relations and mature distribution network in the strategic markets, enabling us to capitalize on local policy incentives that support localized production. Our objective is to expedite market entry and integrate local customer resources through a combination of technology licensing, joint research and development, supply chain integration and strategic partnerships, achieving operational synergies and enhancing our global presence.

We are confident that the aforementioned collaborative initiatives will yield valuable insights into global demand patterns and industry trends. By assimilating international best practices and docking industry resources worldwide, we will sharpen our perceptions of key regional markets and industry dynamics, laying a solid foundation for the continued enhancement of our global competitiveness.

Upgrade Digital Operations to Optimize Our Intelligent Management and Decision-making Hub.

Aligning with our strategic vision, we have formulated an innovative digital blueprint that enhances decision-making precision and managerial efficiency. Leveraging advanced digitization, connectivity and intelligent technologies, we plan to develop and upgrade our digital management systems in the following sectors:

- **R&D:** we will prioritize the enhancement of the Teamcenter and PMS platforms to accelerate the development cycle of new products and ensure agile responses to evolving market demands.
- **Production:** our focus will be on the enhancement of the ERP and MES systems to establish a transparent, automated and flexible digital factory, ensuring consistent product quality and punctual delivery.

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- **Procurement:** we will emphasize the restructuring and upgrading of the SRM platform to enable real-time tracking and oversight across all stages of supply chain execution, thereby reinforcing supply chain resilience.
- **Marketing:** adhering to a user-centric approach, we will advance the restructuring and enhancement of the CRM and CC systems to build an omni-channel, multimedia precision marketing system that spans the entire customer lifecycle to escalate sales growth and deepening user engagement.
- **Finance:** we will also implement upgrades to our financial shared services system to further standardize and strengthen our financial management capabilities.

In parallel, we will harness big data analytics and artificial intelligence technology to establish an intelligent decision-making platform that delivers actionable insights and strategic guidance to support our business operations. In particular, regarding big data applications, we are systematically advancing data asset governance as part of our broader digital transformation strategy. This includes the development of a full-lifecycle data asset catalog, alongside the implementation of structured data classification and organization protocols. Concurrently, we are exploring the establishment of a unified data standardization framework (including clearly defined business indicators and standardized data interfaces), thereby enabling comprehensive and consistent management across the entire data life cycle. Regarding AI applications, to drive breakthroughs in key business scenarios, we are accelerating the deployment of AI technologies across both the manufacturing and management sectors. In particular: (i) in the manufacturing sector, we are introducing machine vision inspection models, automated fastening robotics and intelligent angle detection systems for bending machines to enhance precision and throughput in processing and assembly; and (ii) in the management sector, we are developing an NLP-powered intelligent contract review system to mitigate compliance risks, an automated pricing model that evaluates market and cost variables to dynamically optimize pricing strategies and capture market opportunities, and an enterprise-level knowledge graph and repository to facilitate cross-functional knowledge sharing.

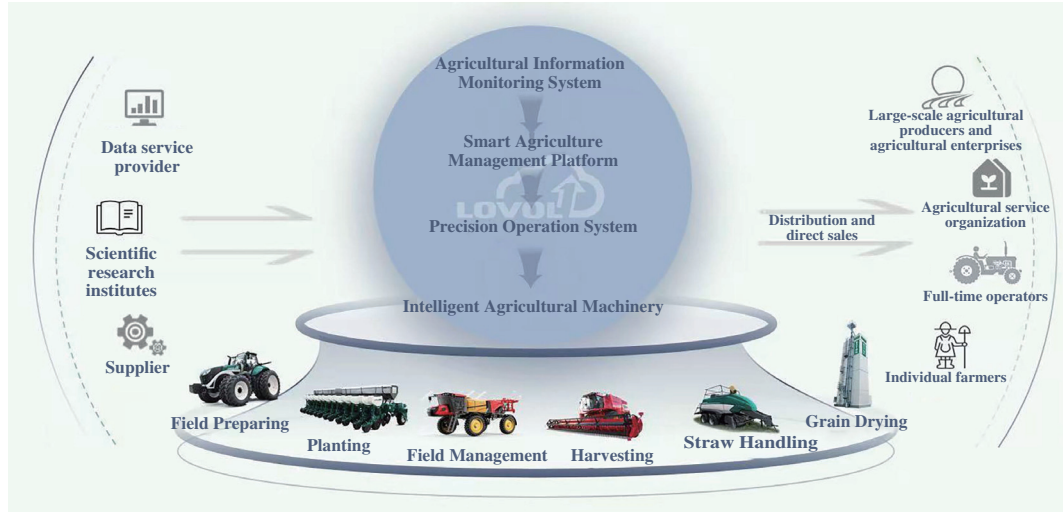
We are confident that the implementation of this digitized system will catalyze a shift from experience-based to data-driven operational management which substantially elevates our digital governance operational performance.

OUR BUSINESS MODEL

We are provider of integrated smart agriculture solutions in China. We bring together advanced intelligent agricultural machinery technologies and smart agriculture technologies to deliver an integrated set of intelligent agricultural machinery and smart agriculture solutions covering the entire agriculture production cycle. Our offerings are designed to help customer increase yields, reduces losses, lower operating costs and improve overall efficiency. This enables our transformation from traditional manufacturing to high-value, service-oriented manufacturing, and supports our pursuit of high-quality development.

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The following diagram illustrates our business model:



Agricultural Machinery-Driven Foundation. Our business is rooted in a comprehensive portfolio of agricultural machinery, including tractors, harvesting machines and agricultural implements. Our integrated set of intelligent agricultural machinery spans the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying. Designed for a wide range of crops, farming practices, operating conditions and farm sizes, our intelligent agricultural machinery addresses diverse user needs across different agricultural landscapes. Importantly, our equipment forms not only the foundation of mechanized production, but also the physical infrastructure of our business model. By equipping our machinery with intelligent terminals and communication modules, we enable real-time data collection, environmental sensing and machine-to-platform integration, forging the operational foundation for our integrated smart agriculture solution.

Smart Agriculture Technologies. We continuously enhance our smart agriculture technology stacks which span the entire chain of “perception — analytics and decision-making — execution,” that together form a closed-loop solution for precision farming and intelligent decision-making. These technologies include: (i) the agricultural information monitoring system that serves as the perception layer, collecting real-time environmental and operational data; (ii) the smart agriculture management platform that functions as the analytics and decision-making layer, supporting a wide array of applications including planting planning, machinery task scheduling, resource allocation, intelligent alerts, data visualization, service resource coordination and full-lifecycle machinery management, and producing actionable insights and operational instructions; and (iii) the precision operation system that represents the execution layer, converting digital instructions into automated, high-accuracy farming activities through intelligent agricultural machinery. Working in tandem, these capabilities facilitates our intelligent agricultural machinery to convert agronomic experience and field data into automated, precision-based operation instructions, enabling coordinated operations across various intelligent agricultural machinery, delivering efficient and scientifically grounded farming practices that continuously create value for our customers.

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Self-Evolving Ecosystem. We create an ecosystem that leverages a core data advantage: intelligent agricultural machinery continuously collects data from farming activities, which our self-developed AI algorithms transform into precision agronomic decision that directly optimize machinery performance by enhancing efficiency, adaptability and accuracy in field works, thereby creating a self-reinforcing competitive barrier. By seamlessly connecting hardware, software, data and platforms, our integrated set of intelligent agricultural machinery for the full process of farming activities and smart agriculture technologies enable systemized machinery deployment, streamlined data linkage, platform-based software architecture and end-to-end solution delivery. With strong support from our stakeholders, this framework has evolved into a self-evolving ecosystem, one that not only strengthens user reliance on our offerings but also fosters long-term customer loyalty and builds a robust competitive moat. Supported by national policy initiatives to promote smart agriculture, our integrated ecosystem positions us as both a machinery provider and a technology enabler. We believe our business model offers long-term scalability and resilience, enabling us to drive sustainable growth while playing a pivotal role in advancing China’s agricultural modernization.

OUR PRODUCTS

We offer integrated set of agricultural machinery that supports the entire agricultural production cycle, progressively integrating smart agriculture technologies to deliver end-to-end solutions empowered by intelligent agricultural technologies. Our product lineup covers tractors, harvesting machines and agricultural implements, spanning the entire modern agricultural production cycle from field preparing, planting, field management, harvesting, straw handling to grain drying.

Our current portfolio agricultural encompasses both intelligent agriculture machinery and conventional agriculture machinery. In response to the accelerated intelligent transformation of the modern agriculture, we continue to intensify our R&D and commercialization efforts for intelligent agricultural machinery. The sales contribution of our intelligent agricultural machinery offerings surged significantly from 7.3% in 2022 to 31.3% in 2024 and further increased to 49.7% in the six months ended June 30, 2025, underscoring our strategic commitment to technological transformation and responsiveness to market transitions. Set forth below is a breakdown of our net revenue from agricultural machinery, distinguishing between intelligent agricultural machinery offerings and conventional agricultural machinery offerings and others:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(Unaudited)										
(RMB in thousands, except for percentages)										
Intelligent agricultural machinery offerings . .	1,157,472	7.3	1,833,765	12.5	5,445,534	31.3	2,712,138	27.7	4,905,068	49.7
Conventional agricultural machinery offerings and others	14,792,572	92.7	12,842,583	87.5	11,947,504	68.7	7,089,027	72.3	4,958,297	50.3
Total	15,950,044	100.0	14,676,348	100.0	17,393,038	100.0	9,801,165	100.0	9,863,365	100.0

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Our intelligent agricultural machinery deeply synergizes smart agriculture capabilities throughout the entire process of farming activities, seamlessly integrating IoT, AI and big data technologies to enable multidimensional perception of agricultural information including soil condition, crop growth, environmental factors and operation process. These data streams are processed through AI-supported analysis to generate precise operational recommendations, which then directly guide coordinated and accurate farming activities such as precision seeding, variable-rate fertilization, pest/disease diagnostics and high-quality low-damage harvesting. The foregoing intelligent features deliver tangible benefits to users by reducing manual labor, minimizing resource waste, while simultaneously improving overall productivity and crop quality.

The following table sets forth a breakdown of our revenue for our agricultural machinery products by category in absolute amount and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(Unaudited)</i>										
<i>(RMB in thousands, except for percentages)</i>										
Sales of agricultural machinery	15,738,128	98.7	14,502,922	98.8	17,183,315	98.8	9,709,142	99.1	9,779,282	99.1
– Tractors	7,943,740	49.8	7,775,397	52.9	9,057,350	52.1	5,122,352	52.2	5,427,758	55.0
– Harvesting machines . .	7,254,780	45.5	6,144,335	41.9	7,092,236	40.8	4,192,357	42.8	3,830,007	38.8
– Agricultural implements and others	539,608	3.4	583,190	4.0	1,033,729	5.9	394,433	4.1	521,517	5.3
Others ⁽¹⁾	211,916	1.3	173,426	1.2	209,723	1.2	92,023	0.9	84,083	0.9
Total	15,950,044	100.0	14,676,348	100.0	17,393,038	100.0	9,801,165	100.0	9,863,365	100.0

Note:

- (1) Mainly including revenue generated from sales of parts and components to Weichai Power Group for engine manufacturing.

Agricultural Machinery

Our product lineup encompasses both high quality conventional and intelligent agricultural machinery, primarily comprising (i) tractors; (ii) harvesting machines; and (iii) agricultural implements. Aiming to support the intelligent transformation of the modern agriculture, we are strategically evolving our product portfolio to deliver intelligent agricultural machinery that spans the entire modern agricultural production cycle, covering field preparing, planting, field management, harvesting, straw handling and grain drying. These agricultural machinery integrates modern information technologies including AI, remote communication system, big data, cloud computing, sensors and automatic control, so as to achieve an automated, precise and intelligent agricultural production processes, aligning with

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the industry benchmarks set out according to Frost & Sullivan. Grounded in our deep understanding of user demands, we offer a wide selection of intelligent agricultural machinery featuring different power configurations and technology applications to meet their precise needs under different operational scenarios. As of June 30, 2025, we offered 6,253 SKUs of high-quality agricultural machinery. The following chart sets forth the matrix of our agricultural machinery products:



The following table sets forth a breakdown of the sales volume and average selling price of our major agricultural machinery for the years/periods indicated:

	Year ended December 31,									Six months ended June 30,					
	2022			2023			2024			2024			2025		
	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP
	(RMB in thousands)	(unit)	(RMB/ unit)	(RMB in thousands)	(unit)	(RMB/ unit)	(RMB in thousands)	(unit)	(RMB/ unit)	(RMB in thousands)	(unit)	(RMB/ unit)	(RMB in thousands)	(unit)	(RMB/ unit)
	(Unaudited)														
Tractors . . .	7,943,740	90,019	88,245	7,775,397	80,591	96,480	9,057,350	84,455	107,245	5,122,352	50,724	101,000	5,427,758	47,912	113,000
Harvesting machinery.	7,254,780	49,688	146,007	6,144,335	34,324	179,010	7,092,236	39,851	177,969	4,192,357	23,699	177,000	3,830,007	21,266	180,000

Note:

(1) The ASP is calculated by dividing the revenue by the sales volume in the indicated period.

Tractors

We offer a comprehensive portfolio of tractors with different power configurations and technology applications for multiple operational scenarios. Our comprehensive tractor portfolio covers the full power range from 25 to 340 horsepower, featuring robust power performance, exceptional electronic chassis, innovative intelligent interconnectivity, advanced hybrid energy efficiency, extensive operational adaptability and superior user convenience and comfort. Our revenue generated from tractors was RMB7,943.7 million, RMB7,775.4 million,

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RMB9,057.4 million, RMB5,122.4 million and RMB5,427.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 49.8%, 52.9%, 52.1%, 52.2% and 55.0% of our total revenue in the respective years.

The following table sets forth a breakdown of our revenue in absolute amount, sales volume, and average selling price of tractors by technological path for the years/periods indicated:

	Year ended December 31,									Six months ended June 30,					
	2022			2023			2024			2024			2025		
	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price
	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)
(Unaudited)															
Tractors															
Conventional offerings	7,901,598	89,783	88,008	7,611,168	79,969	95,176	7,276,227	76,915	94,601	4,748,637	49,089	96,735	2,828,931	34,349	82,358
– Mechanical shift	7,901,598	89,783	88,008	7,611,168	79,969	95,176	7,276,227	76,915	94,601	4,748,637	49,089	96,735	2,828,931	34,349	82,358
Intelligent offerings	42,142	236	178,569	164,229	622	264,034	1,781,123	7,540	236,223	373,715	1,635	228,572	2,598,827	13,563	191,612
– Power shift	32,406	224	144,669	121,045	566	213,860	1,685,526	7,415	227,313	333,077	1,581	210,675	2,562,612	13,518	189,570
– CVT	9,736	12	811,359	43,184	56	771,147	95,597	125	764,778	40,638	54	752,562	36,215	45	804,784
Total	7,943,740	90,019	88,245	7,775,397	80,591	96,480	9,057,350	84,455	107,245	5,122,352	50,724	100,985	5,427,758	47,912	113,286

Our tractor offerings not only offer diverse technical configurations but also demonstrate outstanding intelligent capabilities. Intelligent tractors are built upon high-end drive-by-wire chassis platforms that integrates power shift or CVT technologies, enabling an upgrade from “manual transmission” to “automatic transmission.” On this basis, they are equipped with a range of intelligent modules including electro-hydraulic suspension systems, ISOBUS technology, remote communication systems, intelligent perception systems (typically capable of integrating and analyzing real-time operational and environmental data collected from sensors, cameras and radars installed on agricultural machinery), and intelligent driving systems to achieve intelligent control of both mobility and farming activities. These modules empower the tractor with capabilities such as automatic path planning, obstacle detection and avoidance and intelligent adjustment of key operational parameters such as tillage depth, seeding density, fertilizer dosage and operating speed. They also support remote monitoring and fault diagnostics, reducing downtime by issuing early warning and delivering remote updates. With these features, our intelligent tractors can perform tasks such as field preparing and seeding autonomously, significantly reducing the need for manual intervention. For instance, operators no longer need to steer manually or repeatedly adjust parameter settings, as the tractor automatically adapts to field conditions and specific task requirements. As such, our intelligent tractors is capable of delivering efficient and precise operations in complex agricultural environments, reducing the time and physical effort required for fieldwork, thereby greatly improving operational efficiency and quality, as well as effectively enhancing users’ overall economic returns. According to Frost & Sullivan, our intelligent tractors align with the industry’s benchmarks for intelligent offerings.

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During the Track Record Period, the sales contribution of our intelligent tractor offerings increased significantly from 0.5% in 2022 to 19.7% in 2024, and further increased to 47.9% in the six months ended June 30, 2025. Set forth below is a breakdown of our net revenue from tractors, distinguishing between intelligent and conventional offerings:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(Unaudited)										
(RMB in thousands, except for percentages)										
Tractors										
– Conventional offerings	7,901,598	99.5	7,611,168	97.9	7,276,227	80.3	4,748,637	92.7	2,828,931	52.1
– Intelligent offerings	42,142	0.5	164,229	2.1	1,781,123	19.7	373,715	7.3	2,598,827	47.9
Total	7,943,740	100.0	7,775,397	100.0	9,057,350	100.0	5,122,352	100.0	5,427,758	100.0

Robust power performance. Our tractors are equipped with high-performance power systems featuring specially-tailored engines provided by our Controlling Shareholder, the Weichai Group, which are customized and calibrated to achieve optimal engine performance parameters, delivering exceptional operation capability under multi-scenario, high-intensity and heavy-load agricultural activities, such as deep loosening and field preparing. For example, we develop the engine and transmission together as an integrated powertrain system. This ensures each component operates in its most efficient range, delivering reliable and high-performance support for large-scale agricultural operations. Furthermore, our tractors are equipped with sensors that capture and monitor vibrations and temperature data of the engine and the hydraulic system. Empowered by AI models, these tractors can anticipate potential faults and issue early warnings, helping to minimize downtime and enable timely maintenance.

Exceptional electronic chassis. Our comprehensive tractor product portfolio encompasses three technological pathways: mechanical shift, power shift and continuously variable transmission (“CVT”). Such transmission pathways in tractors can be likened to automotive transmission systems for automobile. Mechanical shift resembles manual transmission, requiring the operator to depress the clutch and manually control the gear lever to adjust speed, which involves relatively higher physical effort. Power shift is comparable to semi-automatic systems, allowing directional control and speed selection via electronic levers and buttons without clutch use, which in turn effectively reduces clutch-related failures, eases operator workload and improves efficiency. CVT is akin to fully automatic systems, enabling smooth speed adjustment without the use of a clutch, a lever or buttons for manual input. It automatically optimizes speed based on real-time load conditions, offering enhanced comfort, continuous precision operations and reduced fuel consumption and workload. Our advanced CVT and power shift technologies are rapidly replacing traditional mechanical shift application across our product portfolio, driving the agricultural machinery industry toward the development of CVT and power shift technologies.

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Innovative intelligent interconnectivity. Our tractors are compatible with smart agriculture capabilities. For example, our tractors feature intelligent driving technology based on a high-precision navigation system, enabling remote and automatic operation. Furthermore, real-time operational data is collected and transferred to the smart agriculture management platform via the TBOX terminal for data analysis during agricultural activities. For instance, by combining and analyzing dynamic operation data such as fuel consumption, engine speed, slop rate and working area with extensive historical records, recommendations can be generated to guide the gear selection and path planning for our tractors, significantly boost productivity, even during standalone tractor operations. Our smart agriculture management system offers accurate advice to optimize the operation of agricultural activities through our Lovol APP. Users can also monitor the equipment condition and operational status through our Lovol APP. In addition, we also ensure seamless coordination between our tractors and agricultural implements based on the real-time analysis of field conditions drawing from sensor data, drone imagery or historical records in adjusting centimeter-level variable operations such as seeding speed, fertilization rate and tillage depth adjustments, thereby significantly enhancing operational consistency and productivity.

Advanced hybrid energy efficiency. We are actively developing next-generation new energy hybrid tractors, featuring an advanced high-efficiency Electric CVT system that offers significant advantages over conventional models. This system first achieved transmission efficiency by seamlessly coupling electric and mechanical power, lowering energy consumption and reduced maintenance needs, which significantly enhanced the overall reliability and ensured continuous stable operation of the tractors. Additionally, we have innovated the vehicle control system architecture by independently developing the integrated battery, motor and electronic control modules, along with a thermal management system. This enables optimal energy management across the entire vehicle, ensuring precise control and smooth coordination between the tractor and its implements, further boosting operational performance. We've also introduced high-voltage interfaces compatible with multiple voltage platforms to meet the power-matching requirements of high-end intelligent agricultural implements and support future electrification. Our hybrid tractors have been comprehensively optimized for ease of use, durability and energy efficiency, enabling users lower operating costs, reducing labor inputs and significantly increase productivity, all of which advancing sustainable agricultural development.

Extensive operational adaptability. Our tractors demonstrate outstanding adaptability to different scenarios. Anchored on our comprehensive product portfolio, our tractors cover 25-340 horsepower. With specially tailored models available for various scenarios including drylands, paddy fields, orchards and facility agriculture. Leveraging our R&D capabilities for the integrated set of agricultural machinery, our tractors can pair with multiple agricultural implements to cater to user needs under different farming activities. For example, fitted with the advanced power shift or CVT technologies, our tractors can seamlessly adapt to complex terrains, catering to the diverse needs of global users across a wide range of scenarios. For example, by adopting a load-sensing hydraulic system, we achieve perfect compatibility with high-end electric seeders. Our self-developed technologies also deliver customized applications tailored to specific agricultural environments. For example, the auto-leveling system ensures outstanding operational efficiency and quality of work for paddy field pulping operations.

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Superior user convenience and comfort. We highly value user comfort and operational convenience. For example, our tractors feature an intelligent vehicle electronic coordinated control platform, enabling unified operation interface for multiple functions. In addition, the new-generation cab offers users an unobstructed panoramic view. Furthermore, considering the time-consuming nature of outdoor agricultural activities, our products are equipped with excellent noise-cancelling systems and all-weather temperature control, addressing the persistent challenges in cab sealing and excessive noise levels. Additionally, we’ve overcome key technical challenges in suspended front axles and suspension cabin, ensuring a smooth and comfortable driving experience even on uneven terrain.

The picture below demonstrates some key features of our tractors:



Harvesting machines

We have the most comprehensive portfolio of harvesting machines in China, according to Frost & Sullivan, primarily including wheel type harvesting machines, crawler type harvesting machines, corn harvesters and other specialized agricultural equipment. Our comprehensive harvesting machines portfolio covers 80 to 460 horsepower with feeding capacities ranging from 8 to 18 kg/s, featuring high harvesting efficiency, advanced technology integration and extensive operational adaptability. Our revenue generated from harvesting machines was RMB7,254.8 million, RMB6,144.3 million, RMB7,092.2 million, RMB4,192.4 million and RMB3,830.0 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 45.5%, 41.9%, 40.8%, 42.8% and 38.8% of our total revenue in the respective periods.

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The following table sets forth a breakdown of our revenue in absolute amount, sales volume, and average selling price of our harvesting machines by product types for the years indicated:

	Year ended December 31,									Six months ended June 30,					
	2022			2023			2024			2024			2025		
	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price	Revenue	Sales volume	Average Selling Price
	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)	(RMB in thousands)	(unit)	(RMB)
	(Unaudited)														
Harvesting machines															
– Wheel type harvesting machines . . .	3,401,301	21,736	156,482	3,035,009	15,231	199,265	3,596,957	17,156	209,662	2,947,401	14,418	204,425	2,103,610	9,737	216,043
– Crawler type harvesting machines . . .	2,054,148	18,190	112,927	1,417,287	11,253	125,947	1,877,177	15,068	124,580	1,027,513	8,227	124,895	1,235,786	9,350	132,170
– Corn harvesters . . .	1,674,868	8,842	189,422	1,576,103	7,095	222,143	1,255,417	5,312	236,336	162,198	713	227,486	367,131	1,506	243,779
– Specialized harvesters ⁽¹⁾ . . .	124,463	920	135,285	115,936	745	155,619	362,685	2,315	156,667	55,245	341	162,009	123,480	673	183,477
Total	7,254,780	49,688	146,007	6,144,335	34,324	179,010	7,092,236	39,851	177,969	4,192,357	23,699	176,900	3,830,007	21,266	180,100

Note:

(1) Our specialized harvesters mainly include peanut harvesters and forage harvesters.

Beyond extensive coverage across crop types and operational scenarios, our intelligent harvesting machines are built upon the integrated hydraulic or electro-hydraulic control walking system, and are typically equipped with several intelligent modules such as electro-hydraulic control system, remote communication system, intelligent perception system (typically capable of integrating and analyzing real-time operational and environmental data collected from sensors, cameras and radars installed on agricultural machinery), intelligent driving system or precision operation system, enabling intelligent control over locomotion and harvesting activities. For instance, based on field data (such as crop growth status, humidity, ground contour or weather conditions), our intelligent harvesting machine can precisely adjust its driving speed and operational pace. It also automatically and synchronously adapts various components (such as header and sieves) to suit the specific requirements of different crops during harvesting and cleansing, significantly reducing the need for manual adjustments. Benefiting from the build-in connectivity system, users can conveniently access operational data and interact with the machinery via our Lovol App. This enables real-time supervision of machine performance and allows users to make timely adjustments to optimize operations. Further more, by tracking component wear, our intelligent harvesting machine supports remote fault warnings and diagnostics, and minimizes downtime through over-the-air updates. Through these capabilities, our intelligent harvesting machine maximizes operational efficiency, improves harvesting quality, reduces losses and labor intensity and provides more

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precise and scientific decision-making support for agricultural production, ultimately enhancing overall agricultural economic returns. According to Frost & Sullivan, our intelligent harvesting machines align with the industry’s benchmarks for intelligent offering.

During the Track Record Period, the sales contribution of our intelligent harvesting machine offerings risen significantly from 14.9% in 2022 to 51.0% in 2024, and further increased to 59.9% in the six months ended June 30, 2025. Set forth below is a breakdown of our net revenue from harvesting machines, distinguishing between intelligent and conventional offerings:

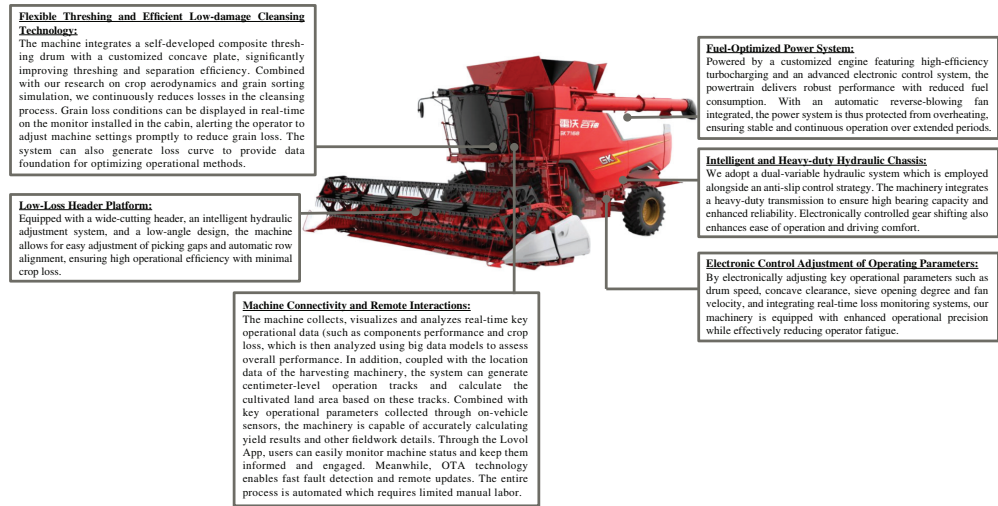
	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(Unaudited)										
(RMB in thousands, except for percentages)										
Harvesting machines . . .										
– Intelligent offerings . . .	1,081,358	14.9	1,642,905	26.7	3,617,079	51.0	2,330,020	55.6	2,294,840	59.9
– Conventional offerings .	6,173,422	85.1	4,501,430	73.3	3,475,157	49.0	1,862,337	44.4	1,535,167	40.1
Total	7,254,780	100.0	6,144,335	100.0	7,092,236	100.0	4,192,357	100.0	3,830,007	100.0

Wheel type harvesting machines

Our wheel type harvesting machines are primarily used for crop harvesting in the central, northwestern and northeastern regions of China. Having undergone technical iterations, our wheel type harvesting machines focus on mainstream wheel type harvesting machines with a longitudinal axial flow roller. Our models are highly adaptable to meet harvesting needs for a variety of crops, including wheat, sorghum and soybeans, ensuring optimal performance in diverse agricultural scenarios. We also continuously develop new technologies and features to improve the efficiency of our harvesting machines and have launched the first 18 kg/s large-capacity harvesting machines in the industry, achieving 50 mu/hour efficiency and filling a critical gap in the domestic market.

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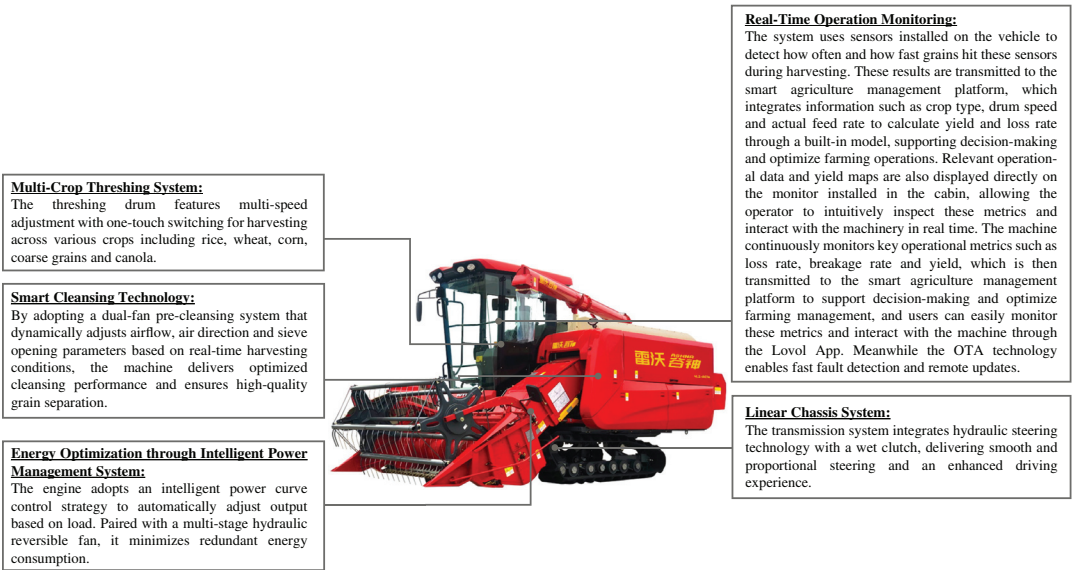
The picture below demonstrates key features of our wheel type harvesting machines:



Crawler type harvesting machines

Our crawler type harvesting machines are primarily used for paddy harvesting in the central and northeastern regions of China. Providing reliable performance to meet user needs, our crawler type harvesting machine excels in key performance metrics such as grain loss rate, impurity rate and grain damage rate.

The picture below demonstrates some key features of our crawler type harvesting machines:

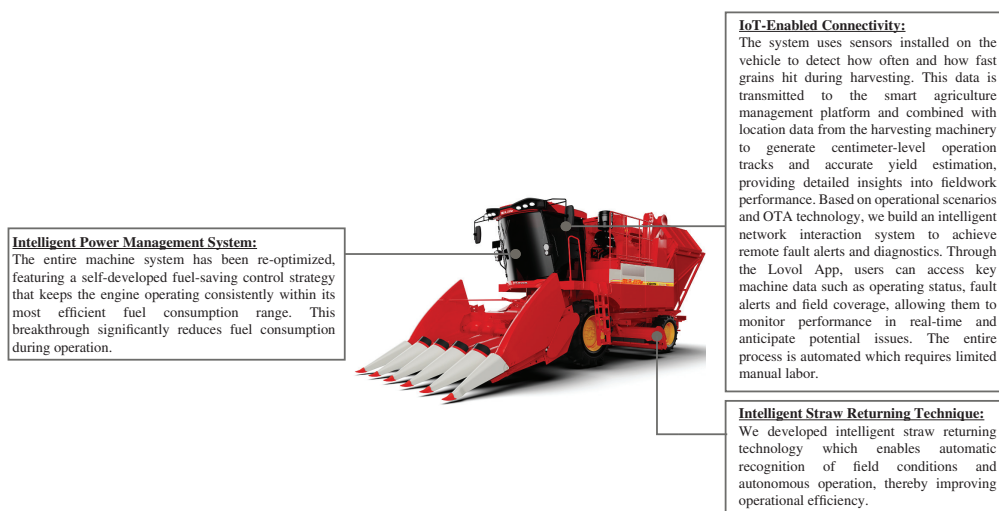


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Corn Harvesting Machine

Our corn harvesting machines cover all major types prevalent on the market: corn harvesting machine with horizontal roller, corn harvesting machine with vertical roller and corn harvesting machine with a combination of snapping plate and stalk header. These models meet corn harvesting needs, featuring reliable performance and versatile adaptability to meet diverse user needs, excelling in several key performance indicators including total loss rate, breakage rate of kernels and ear impurity rate. Such precision engineering effectively reduces losses during harvesting and improves users’ economic returns.

The picture below demonstrates some key features of our corn harvesting machines:



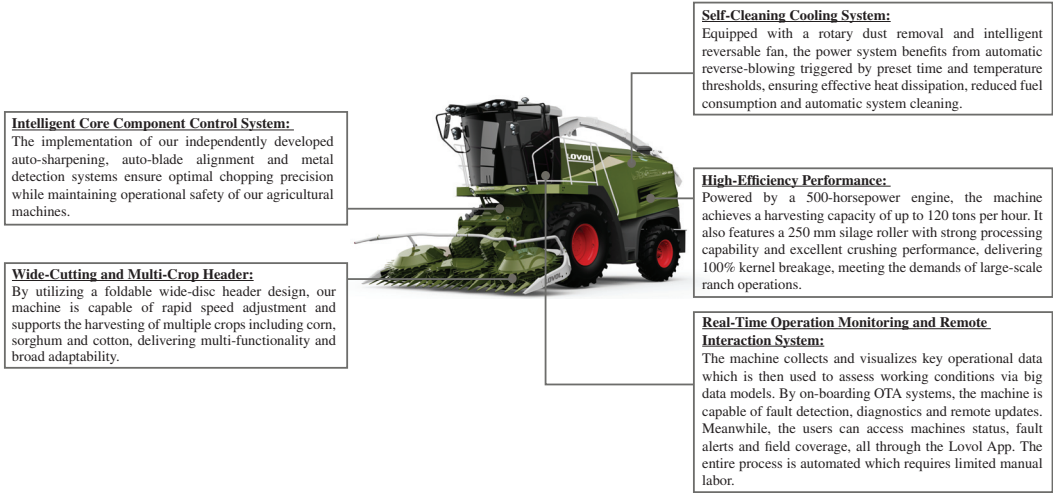
Specialized Harvesting Machines

Our specialized harvesting machines cover peanut harvesters, forage harvester and mower conditioners. Featuring intelligent control systems and adjustable components, they are designed to meet different operational needs and to adapt complex environments, enhancing reliability and efficiency.

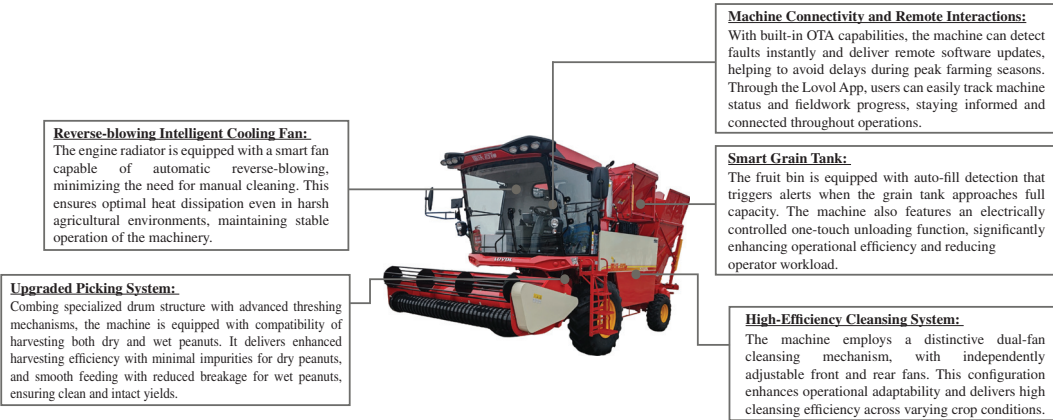
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The picture below demonstrates some key features of our specialized harvesting machines, including peanut harvesters and forage harvesters:

Forage harvesters



Peanut harvesting machine



Mower conditioner



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Agricultural Implements

In addition to our core offerings of tractors and harvesting machines, we have cultivated an extensive product line for agricultural implements that covers field preparing, planting, field management, straw handling and grain drying, forming a solid foundation for synergies among tractors, harvesting machines and agricultural implements. Our revenue generated from agricultural implement and others was RMB539.6 million, RMB583.2 million, RMB1,033.7 million, RMB394.4 million and RMB521.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 3.4%, 4.0%, 5.9%, 4.1% and 5.3% of our total revenue in the respective years.

Field Preparing

During the field preparing phase, we provide agricultural implement offerings including hydraulic reversible plough equipped with advanced deep loosening and field preparing monitoring systems that can monitor tillage depth in real-time, catering to the need of diverse land parcels with various soil and terrain conditions.

Planting

During the planting phase, we provide agricultural implement offerings including precision planters, compound drill seeders and transplanters that are capable of addressing the seeding requirements of corn, soybeans and wheat. Our precision planters range from 2 to 18 rows, covering both mechanical and electric models to meet operational needs across China.

Notably, to support large-scale cultivation of grain and oil crops, we have also successfully developed a high-performance multi-functional drill seeders. By combining a power harrow with the drill seeders, we reduce the number of field passes required. This model adopts electric-driven seed metering technology and an independent contour-following system for each unit, ensuring more precise and uniform seed distribution, consistent seeding depth, which significantly improved seed utilization and reduced production costs. To validate its performance, we implemented 50-mu demonstration fields in 50 major wheat-producing counties across six provinces in China to gain experiment on its performance in 2023, with the capacity to achieve a yield increase of over 15%, demonstrating exceptional outcomes.

Key intelligent features integrated into our agricultural implement offerings for the planting phase include:

- **Seeding monitoring system**, which effectively detects missed seeding spots, reducing the need for manual stops-and-checks.
- **Electric metering seeding**, which allows users to adjust plant spacing simply by desired seedling spacing into the system, without further need for manual gearbox adjustments.

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- **T-box module**, which enables real-time access to operation data and history records via the Lovol App.
- **Radar and satellite-based speed measurement**, which ensures accurate tracking of seeding speed.

Field Management

During the field management phase, we provide agricultural implements offerings including self-propelled sprayers. Our large self-propelled sprayers feature a 4,000L chemical tank and a 450L clean water tank, with a 27-meter boom that provides wide coverage and precise, uniform spraying. The sprayer also deploys a positive-pressure cab that isolates the operator from chemicals, dust and noise. Combined with a four-wheel independent suspension system, it delivers a smooth rider even at an operating speed of 15-25 km/h.

Key intelligent features integrated into our agricultural implement offerings for the field management phase include:

- **Intelligent driving**, which enables the machine to operate autonomously by enabling automated path planning, with relatively limited manual labor needed during daily tasks.
- **Variable spraying**, which automatically adjusts spray volume based on real-time vehicle speed, reducing pesticide and fertilizer usage while simplifying operation, making it easy for even novice users to master.
- **One-button folding**, which allows the users to execute interconnected functions such as boom folding, steering mode switching, turning and row alignment with a single touch, significantly reducing manual effort and improving operational efficiency.

Straw Handling

During the straw handling phase, we provide agricultural implements offerings including large square balers, medium round balers and small square balers. Our square balers and round balers cater to varied straw baling operations for a wide range of crops including wheat, oats, alfalfa, corn, rice, sorghum, reeds and sunflowers. Renowned for their high efficiency, durability and cost-effectiveness, our balers deliver reliable performance in demanding field conditions.

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Key intelligent features integrated into our agricultural implement offerings for the straw handling phase include:

- **Automatic density control system**, which automatically adjusts the pressure in the hydraulic cylinder to ensure pre-set baling density, with no manual tweaking needed.
- **Automatic weighing system**, which allows each bale to be weighed instantly and automatically after packing.
- **Automatic lubrication system**, which enables the machine to apply oil on its own as needed, saving maintenance time and efforts.
- **T-box**, which allows real-time access to operation data and history records via the Lovol App.

Grain Drying:

During the grain drying phase, we provide agricultural implements offerings including batch dryers, recirculating dryers and mobile dryers, covering both recirculate- and continuous-flow dryers that are suitable for crops like corn, wheat, rice and rapeseed. Our dryers significantly increase drying speed while reducing energy consumption compared to conventional models. Additionally, our heat recovery technology allows for the reuse of heat, greatly reducing energy consumption.

Key intelligent features integrated into our agricultural implement offerings for the grain drying phase include:

- **Integrated automated drying control system**, which automatically sets optimal drying times based on different crop type and moisture level, without further need for human supervision and manual adjustments.
- **T-box**, which allows real-time access to operation data and history records via the Lovol App.

These agricultural machines and implements are designed for a wide range of applications and environments, and they operate reliably under complex conditions and adapt to diverse farming needs.

Smart Agriculture Technologies

To empower our integrated set of intelligent agricultural machinery, we continuously enhance our smart agriculture technologies which span the entire chain of “perception — analytics and decision-making — execution.” Deeply embedded in the intelligent agricultural machinery operations, our smart agriculture capabilities enhance the intelligence level and

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operational capabilities of our intelligent agricultural machinery through real-time data collection, intelligent analysis and precision operations. Integrating IoT, AI and big data technologies to enable multidimensional perception of soil, crop and environmental conditions. AI-supported analysis also produces precise operational recommendations, which guide intelligent agricultural machinery to perform coordinated and accurate farming activities. This enables a closed-loop management process across the entire agricultural production cycle, making farming more transparent, measurable, controllable and precise.

Our smart agriculture technologies significantly enhance agricultural productivity and operational quality, accelerating the transformation of agricultural production toward greater precision, efficiency, intelligence and sustainability. Ultimately, we not only drives the intelligent transformation of our agricultural machinery offerings, but also help realize truly “scientific farming” by delivering increased yield, reduced loss, lowered cost, and improved efficiency for our customers. As smart agriculture remains a relatively nascent sector in China, there is an ongoing need for market education and demand cultivation. As an early mover in this sector, we primarily promoted smart agriculture services through integration with our agricultural machinery products during the Track Record Period, aiming to stimulate user demand, refine system functionalities and foster user engagement and stickiness. As advised by our Reporting Accountants, since the services build upon our smart agriculture capabilities are primarily not separately priced in the sales contract but form as part of a single performance obligation under the sales contract, relevant revenue is recognized at a point in time when the obligation is fulfilled. Therefore, our revenue recognition policy is in accordance with relevant financial reporting standards. Building on this foundation, we have gradually initiated commercialization efforts to establish independent revenue streams from smart agriculture services, aiming to achieve sustainable growth in the future.

Set forth below are the key smart agriculture technology stacks:

- ***Perception Layer: Agricultural Information Monitoring System.*** This system integrates multi-source sensors and satellite remote sensing technologies to build a unified “space-air-ground” agricultural monitoring framework. It enables real-time perception of key agricultural indicators such as soil moisture levels, crop growth and pest and disease occurrences. By integrating agricultural machinery data, field monitoring data, and historical agronomic records, we are able to continuously optimize and train our AI-powered decision-making models. This enables more precise management across key aspects of agricultural production, including irrigation, nutrient adjustment, pest and disease control and crop growth optimization. Based on the integrated datasets, this system constructs a dynamic data map that provides high-quality input for intelligent analysis and model refinement, delivering a strong foundation for data-driven decision-making.

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During the Track Record Period, we provided end-users with intelligent hardware installation and upgrade services to enhance the precision of our intelligent perception capabilities. These enhancements enabled the collection of both environmental and in-field data across key agricultural stages. Once integrated into our smart agriculture management platform, the data captured by these devices supports more informed and automated decision-making. The hardware primarily include: (i) field-based monitoring hardware devices, such as soil moisture sensors (墒情儀), pest detection instruments (蟲情儀), and weather stations, which collect real-time environmental and field condition data; and (ii) build-in monitoring hardware devices that are affixed to the agricultural machinery, such as T-box for data transmission and yield monitoring sensors which capture operational data during field activities.

- ***Analytics and Decision-making Layer: smart agriculture management platforms.***
To further enhance agricultural analysis and decision-making capacities, we have developed a smart agriculture management platform that supports the comprehensive management of the full agricultural production cycle. Powered by big data analysis and AI algorithms, alongside integrated capabilities of our IoT platform, intelligent service decision system and the Smart Agriculture Lovol APP, the platform is capable of in-depth analysis and mining of operational and field data, supporting a wide array of applications such as planting planning, machinery task scheduling, resource allocation, intelligent alerts, data visualization, service resource coordination and full-lifecycle machinery management. This enables comprehensive monitoring, efficient operation management and intelligent decision support, advancing the digitization and precision of agricultural production.

During the Track Record Period, we promoted our smart agriculture management platform to large-scale agricultural producers and agricultural enterprises, continuously delivering core functionalities such as intelligent decision-making, machinery supervision and asset management, as well as agricultural operations planning and management. By integrating field data collected from smart agricultural machinery with environmental data gathered through agricultural information monitoring systems, the platform enables analysis of planting distribution, soil fertility and crop growth conditions. The platform also supports remote scheduling of machinery operations and real-time monitoring of equipment and progress, thereby enhancing production outcomes. For certain large-scale agricultural producers, we have also developed and deployed customized platforms tailored to their specific needs. We continue to iterate on the platform's foundational features and are actively exploring value-added service opportunities, such as delivering continuously updated and tailored scientific planting recommendations.

BUSINESS

- ***Execution Layer: Precision Operation System.*** Building on the solid foundation of intelligent agricultural machinery, our precision agriculture technologies cover all critical stages of agricultural production, driving greater operational efficiency and accuracy, thereby driving the intelligent transformation of our agricultural machinery.
 - o **At the field preparing: stage,** our tractors and tillage implements are equipped with advanced monitoring systems that track field preparing depth in real time. The system intelligently adjusts operations based on varying soil conditions, ensuring each plot of land is optimally prepared.
 - o **At the planting stage,** our electric precision planter (電驅精量播種機) are equipped with advanced seeding control systems that ensure accurate seed spacing and depth. The system also enables real-time monitoring of the planting process, enhancing visibility, traceability, and overall seeding quality.
 - o **At field management stage,** our large self-propelled sprayers integrate visual navigation and variable-rate spraying and fertilization technologies and can tailor input volumes of fertilizers and pesticides to specific field conditions. This machine also utilizes computer vision technology to identify weeds in real-time, enabling targeted spraying and significantly reducing pesticides usage.
 - o **At the harvesting stage,** our harvesting machines are equipped with advanced systems for monitoring grain loss, impurities, and kernel breakage, along with yield monitoring capabilities. Real-time data analysis enables intelligent process optimization, minimizing grain loss, impurity content, and mechanical damage. The yield monitoring system provides accurate yield data, improving both harvesting quality and operational efficiency.

During the Track Record Period, our precision operation system was embedded into agricultural machinery and enabled key functionalities such as yield prediction and auto-alignment through build-in intelligent hardware. We have continued to expand our precision operation services with more refined and targeted capabilities, including optimized operation path planning, targeted spraying and variable-rate fertilization. In addition, we are exploring the integration of expert Q&A features to further enhance operational efficiency and accuracy.

BUSINESS

Case Study: Smart Agriculture Management Platform

Our smart agriculture management platform combines real-time agricultural data collected via IoT sensors, drone imaging and satellite remote sensing, as well as operational data via intelligent agricultural machinery to deliver a comprehensive digital solution that covers the entire agriculture production cycle. Seamlessly connected with our intelligent tractors, harvesting machines and agricultural implements, the platform enables a closed-loop chain of “perception — analytics and decision-making — execution”, offering users an integrated smart agriculture solution that facilitates precision agriculture and intelligent decision-making. By leveraging the platform, users may also unlock the operational capacity, data value and connectivity potential of intelligent agricultural machinery, transitioning from isolated intelligent functions to a fully integrated system.

The platform primarily comprises core modules including Overview Dashboard, Performance Insights, Production Scheduling and Operational Monitoring, each designed to support precise decision-making, efficient scheduling and streamlined management, ultimately enhancing intelligent capabilities in agriculture production.

Overview Dashboard

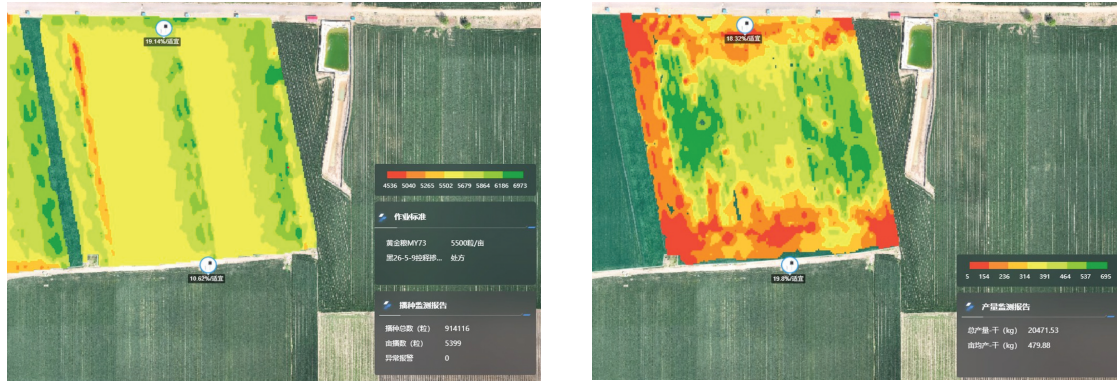


Screenshot for overview dashboard module

This module provides a consolidated view of all agricultural data, including machinery status, land coverage, workforce allocation and production expenditures. Abnormal plots are flagged through real-time alerts, allowing users to promptly identify and address issues.

BUSINESS

Performance Insights



Screenshots for seeding monitoring and yield tracking

This module offers insights into crop distribution, soil fertility, growth conditions and risk alerts. Data collected from intelligent agricultural machinery (such as seeding, fertilization and yield) is visualized through intuitive heatmaps, enabling users to assess field conditions at a glance and adjust operations accordingly.

Production Scheduling

智慧农业示范基地

全局总览

数字农田

农事管理

作业监督

无人农场

作物

作业类型

完成状态

作业负责人

清空

收获作业日志

耕整20亩

播种11亩

管理78亩

收获0亩

总作业113项

按期完成109项

延期完成0项

未完成0项

延期未完成4项

已播种面积: 1270.17亩次

已收获面积: 0亩次

地块	作物	播期												
黄田区域 229.4亩	小麦 济麦22	2024-10-17	基础-黄田区 10.11-10.12	灌溉1 10.11-10.15	密行播种 10.13-10.17	灌溉1 10.14-10.17	管理2025... 02.26-02.28	其他 02.28-02.28	春季管理... 03.21-03.22	返田 03.28-03.28	返田 03.28-03.28	春季管理... 04.10-04.16		
			返田 05.29-05.21											
无人农场 121.35亩	小麦 山农56	2024-10-17	密行播种 10.13-10.17	灌溉1 10.14-10.17	基础-无人 10.16-10.17	灌溉3 10.17-10.17	返田 01.03-01.03	返田 02.07-02.07	管理2025... 02.26-02.28	返田 03.15-03.15	春季管理... 03.21-03.22	返田 03.26-03.26		
			春季管理... 04.05-04.07	春季管理... 05.20-05.21										
智慧农业示范区 205.66亩	小麦 山农56	2024-11-06	灌溉5 11.01-11.03	灌溉4 11.01-11.03	密行行驶 11.04-11.06	越冬水 12.02-12.07	返田 01.03-01.03	返田 02.21-02.21	返田 03.08-03.08	返田 03.18-03.18	春季管理... 03.21-03.22	返田 03.26-03.26		
			春季管理... 04.01-04.04	春季管理... 04.16-04.16										
作物模式示范区 40.29亩	小麦 鲁研951	2024-10-28	基础-作物... 10.23-10.24	灌溉4 10.15-10.25	灌溉3 10.16-10.25	密行播种 10.13-10.28	灌溉水 11.05-11.10	返田 03.21-03.21	春季管理... 03.22-03.22	管理2025... 03.28-03.31	春季管理... 03.28-03.31			
			春季管理... 03.28-03.31											
作物模式示范区 54.6亩	小麦 鲁研951	2024-10-28	基础-作物... 10.23-10.24	灌溉4 10.15-10.25	灌溉3 10.16-10.25	密行播种 10.13-10.28	灌溉水 11.05-11.10	返田 03.21-03.21	春季管理... 03.22-03.22	管理2025... 03.28-03.31	春季管理... 03.28-03.31			
			春季管理... 03.28-03.31											
作物模式示范区 27.19亩	小麦 鲁研951	2024-10-28	基础-作物... 10.23-10.24	灌溉4 10.15-10.25	灌溉3 10.16-10.25	密行播种 10.13-10.28	灌溉水 11.05-11.10	返田 03.21-03.22	春季管理... 03.22-03.22	春季管理... 03.28-03.31	春季管理... 03.28-03.31			
			春季管理... 03.28-03.31											
绿色农业示范区02 151.09亩	小麦 山农56	2024-10-16	灌溉1 10.11-10.15	基础-绿田2 10.14-10.15	灌溉2 10.15-10.15	密行播种 10.13-10.16	冬前镇压 12.06-12.08	春季管理... 03.21-03.22	返田 03.26-03.26	春季管理... 04.01-04.04	春季管理... 04.01-04.04			
			基础-绿田1 10.16-10.16	灌溉2 10.16-10.16	密行播种 10.13-10.17	灌溉1 10.14-10.17	灌溉水 11.05-11.10	返田 01.03-01.03	返田 03.08-03.08	返田 03.21-03.21	春季管理... 03.21-03.22	返田 03.25-03.25		
绿色农业示范区01 94.78亩	小麦 鲁研951	2024-10-17	春季管理... 03.28-03.29	春季管理... 03.28-03.31	其他 04.04-04.04									
			基础-黄田2 10.17-10.23	灌溉1 10.15-10.25	灌溉3 10.16-10.25	越冬水 11.04-11.14	密行播种... 04.10-04.18	密行播种... 04.10-04.18	密行播种... 04.10-04.18	密行播种... 04.10-04.18	密行播种... 04.10-04.18	密行播种... 04.10-04.18		
黄田示范区02 119.95亩	小麦 黄麦1212	2024-10-29	春季管理... 03.21-03.22	返田 04.16-04.16	灌溉1 10.15-10.25	灌溉3 10.16-10.25	灌溉水 11.04-11.14	密行播种... 11.27-11.27	密行播种... 11.27-11.27	密行播种... 12.06-12.08	密行播种... 12.07-12.14	其他 02.28-02.29		
			基础-黄田1 10.13-10.16	灌溉2 10.15-10.25	灌溉4 10.15-10.25	灌溉3 10.16-10.25	越冬水 10.16-10.29	密行播种... 11.04-11.14	密行播种... 11.27-11.27	密行播种... 12.06-12.08	密行播种... 12.07-12.14	其他 02.28-02.28		
黄田示范区01	小麦	2024-10-29	密行播种 10.13-10.16	灌溉1 10.15-10.25	灌溉4 10.15-10.25	灌溉3 10.16-10.25	越冬水 10.16-10.29	密行播种... 11.04-11.14	密行播种... 11.27-11.27	密行播种... 12.06-12.08	密行播种... 12.07-12.14	其他 02.28-02.28		
			基础-黄田1 10.13-10.16	灌溉2 10.15-10.25	灌溉4 10.15-10.25	灌溉3 10.16-10.25	越冬水 10.16-10.29	密行播种... 11.04-11.14	密行播种... 11.27-11.27	密行播种... 12.06-12.08	密行播种... 12.07-12.14	其他 02.28-02.28		

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Screenshot for production scheduling module

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This module enables user to schedule tasks across production stages, assign specific task to agricultural machinery and monitor progress in real-time. The system supports intelligent scheduling based on seasonal timing and machinery capacity availability, helping users optimize sequencing, improve resource utilization and enhance operational efficiency.

Operational Monitoring



Screenshot for operational monitoring module

This module supports comprehensive tracking of both historical and live farming activities, including key indicators such as yield monitoring, seeding accuracy, and tillage depth. Users can remotely monitor operations and receive visual alerts for abnormal activities, allowing timely adjustments to minimize losses.

Discontinued Operations

In August 2022, we completed the disposal of our tricycle operations into Shandong Wuxing Vehicle Co. Ltd. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers” and “Financial Information — Description of Major Components of Our Results of Operations — Discontinued Operations.”

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RESEARCH AND DEVELOPMENT

We believe that research and innovation is critical to our long-term competitiveness and success. Supported by our global R&D network, we accelerate the development of a robust technology innovation ecosystem by integrating insights and expertise from leading talent in intelligent agricultural machinery and smart agriculture worldwide. This strategy, driven by global cross-functional collaboration, enables us to comprehensively evaluate and refine our product and technology portfolio, stay aligned with market trends and actively shape industry standards. In addition, we pursue strategic partnerships with universities, research institutions and technology partners across the value chain. This distinctive model allows us to combine technological innovation with deep industry insight.

As of June 30, 2025, we had over 2,500 personnel across our R&D system, among which approximately 33.7% possess a master’s degree or above. According to Frost & Sullivan, we had the largest R&D team in agricultural machinery industry in China during the Track Record Period. Our R&D expenses amounted to RMB570.6 million, RMB676.9 million, RMB838.6 million, RMB371.9 million and RMB419.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our R&D efforts have resulted in continual technological breakthroughs and product innovations, which make us outstanding in the industry. As of the Latest Practicable Date, we held 2,806 patents, including 2,176 utility model patents, 259 invention patents and 371 industrial design patents in mainland China, and 53 patents in countries and regions other than mainland China. We also led and participated in the formulation of 26 national standards, 18 industry standards and 56 association standards.

Our R&D Platform and Mechanism

R&D Platform

We have established an efficient global R&D network that attracts top talent and drives innovation through strategic collaboration between our domestic teams and international technology partners. Capitalizing on global technological resources and insights, we continuously enhance the technological sophistication and competitiveness of our products.

In China, we have established a strong centralized R&D head institute, Weichai Lovol Intelligent Agriculture Research Institute, which plays a crucial role in coordinating innovation and integrating resources. Under the centralized governance of the head institute, we have four specialized research institutes and one testing center. The four specialized research institutes include: (i) the research institute for tractors, which focuses on the R&D of tractors and agricultural implements; (ii) the research institute for harvesting machines, which focuses on the R&D of wheel type combines, crawler type combines, corn harvesters and specialized combine; (iii) the research institute for smart agriculture, which focuses on the R&D of intelligent driving systems, precision operation technologies and smart agriculture management platform; (iv) the research institute for overseas market, responsible for product development tailored to markets outside China; and (v) the testing center, which conducts performance verification and validation for tractors, harvesting machines, and agricultural implements. These units operate through an integrated digital R&D platform and comprehensive testing systems, enabling efficient resource allocation and knowledge sharing. We were the first agricultural machinery company in China to establish a large-scale smart agriculture research institute, according to Frost & Sullivan.

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Leveraging our centralized R&D head institute, we integrate top-tier domestic technology resources and have established regional R&D centers in North and East China. Looking ahead, we plan to set up an additional R&D center in Northwest China. These R&D centers focus on core technology areas such as intelligent driving, new energy and smart agriculture, complementing the capabilities of our Weifang head institute. This regional R&D network further strengthens our leadership in agricultural innovation across China.

We actively collaborate with leading global technology partners to strengthen our high-end product offerings and core technological capabilities. Specifically, (i) our collaboration with innovation partners in Japan focuses on paddy-field machinery, such as paddy-field tractors, crawler type harvesting machines and rice transplanters; (ii) our collaboration with innovation partners in Germany focuses on large-capacity harvesting machine, high-horsepower tractors and high-end agricultural implements; and (iii) our collaboration with innovation partners in Austria focuses on the development of high-end electronic chassis technologies.

R&D Mechanism

We treat each product as an adaptable platform capable of integrating various specialized or standardized modules. This approach allows us to quickly respond to market demands by developing specialized modules and implementing iterations without redesigning the entire product. Additionally, standardized modules such as high-precision navigation modules can be reused across multiple product lines which significantly reduces R&D expenses and ensures product consistency and reliability.

Following this strategy, we conduct annual project planning and review all ongoing product or technology development. If a product-in-progress is deemed unprofitable, we suspend its commercialization process but archive the technology for potential future use. For launched products, we evaluate the optimal timing for upgrades and iterations, and gradually phase out outdated products. Throughout the full development cycle of our products and services, our R&D teams regularly meet with other departments to synchronize information and progress, ensuring a holistic assessment of our products and technologies.

To facilitate data sharing and design collaborations, we utilize the renowned Teamcenter platform as our core R&D IT infrastructure, which enables seamless data synchronization by integrating various data sources and ensuring real-time updates. Additionally, we implement the BOM (Bill of Material) platform deployed on the basis of the PLM (Product Lifecycle Management) system to connect data and information gathered during R&D, inventory control, manufacturing and sales. By streamlining processes and improving coordination across different teams and departments, the implementation of such IT infrastructures provides a solid foundation for our R&D decision-making, enhancing efficiency and quality in the development process.

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Our Key Technologies

We have strategically focused on key technologies around the smart agriculture ecosystem, including enhancing high-end intelligent agricultural machinery and enabling precision agriculture through integrated data utilization across agricultural production processes, which promotes sustainable and efficient farming practices.

We acquire patents primarily through self-development. As of the Latest Practicable Date, with respect to our intelligent agricultural machinery products and smart agriculture services, we self-developed and solely owned most of our intellectual properties (including patents and patent applications).

Key Intelligent Technologies for Our Products

As the cornerstone of smart agriculture, we focus on the research of high-end and intelligent agricultural machinery to meet our product demand. In response to the accelerated intelligent transformation of the modern agriculture, we continue to intensify our R&D and commercialization efforts for intelligent agricultural machinery. Our focus is on integrating intelligent features, such as intelligent electronic chassis, intelligent driving systems, precision operation modules, electro-hydraulic control and big data analytics into our product portfolio, aiming to enable enhanced operational efficiency, ease of use and reduce operational costs for our customers, building competitive strength for our products.

Set forth below are the key technologies for our intelligent agricultural machinery:

- **Intelligent Technologies for Tractors:**
 - o ***Power shift transmission technology.*** We have independently developed a power shift transmission system which enables operators to execute directional and gear changes through electronically controlled buttons or push levers free from clutch pedal operations. This innovation enhances operational efficiency while allowing real-time adjustment of intelligent agricultural machinery performance to match working conditions, improving work efficiency while offering higher energy efficiency and reliability.
 - o ***CVT technology.*** We have pioneered the launching of the first CVT tractor in the PRC, leading the industry transition from mechanical or power shift tractors to CVT tractors. Our technology enables stepless speed regulation in the range of 0-40 km/h, optimizing power output and fuel efficiency across all operating conditions, which improves overall productivity and reduces fuel consumption.

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- o **T-BOX.** Our intelligent tractors are equipped with T-BOX, an IoT-enabled onboard intelligent terminal designed to enhance machine management and operational efficiency. Key functions include: (i) real-time satellite-based location tracking, which supports fleet management, task optimization and theft prevention; (ii) remote diagnostics and fault alerts, which detects potential mechanical issues (e.g., engine anomalies) at an early stage; technicians can then remotely guide repairs and push software updates based on the data collected; (iii) precision farming integration, which empowers seamless collaboration with agricultural implements such as seeders and harvesters to enable variable-rate operations such as fertilization and seeding adjustments based on field conditions; (iv) real-time data monitoring, which captures dynamic machine metrics (e.g., engine speed, fuel consumption) and operational data (e.g., tillage depth, coverage area) to provide full visibility into machine performance; and (v) remote data upload, which transmits soil, climate and other field data to the cloud platforms, supporting machine scheduling and agronomic decision-making.

Case Study: Fault Warning System

End-users are increasingly shifting from reactive repairs to proactive maintenance, reshaping how agricultural machinery is managed. The fault warning system uses built-in sensors to continuously monitor key machine data, including engine status, temperature and pressure. These data streams are processed using edge computing and cloud-based models. When early signs of engine failure (such as overheating or abnormal pressure in the engine) are detected, the system automatically sends warning message to the Smart Lovol app or the in-cabin terminal.

This approach helps reduce unexpected breakdowns and downtime during busy harvesting seasons. By identifying issues early, operators can take timely preventive action, extend equipment lifespan and reduce maintenance costs.

Set forth below is a selection of key patents we have obtained that are applicable to our intelligent tractors:

Core technology	Patent/Patent application
A Tractor Thermal Management Control Method, System, Device, Medium and Tractor.	CN202510421009.8
A Hybrid Powertrain Driving Method, Apparatus, Device, Medium and Tractor	CN202411586206.7
A Transmission Mechanism Combining Power Shift and Mechanical Shift and Tractor.	CN202510265120.2
A Power Shift Transmission System and Tractor	CN202411310803.7
A Power Shift Control System for Tractors and Tractor	CN202411139184.X
A T-BOX Automated Testing Device and System . . .	CN202323482556.2

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- **Intelligent Technologies for Harvesting Machines:**
 - ***Large-capacity harvesting machines related technologies.*** Our continuous R&D in large-capacity harvesting machines covers headers, threshing and cleaning and intelligent operation. By designing and implementing interchangeable headers and threshing devices, our large-capacity harvesting machines can adapt to various crops such as corn, soybeans and wheat. This enhances operational efficiency and reduces the costs of our customers. Our large-capacity harvesting machines research project “Key Technologies and Applications of Intelligent High-Efficiency Low-Loss Harvesting for Large Harvesting Machines” claimed First Prize of the Agricultural Machinery Science and Technology Award in 2024, being the only First Prize awarded that year.
 - ***Advanced intelligent perception system.*** Our harvesting machine offerings are equipped with a comprehensive suite of perception technologies, including mechanical condition monitoring (oil pressure, rotational speed, position), loss detection, impurity and breakage detection, and metal sensing. These systems enable real-time monitoring of operational status and harvesting quality.

Case Study: Impurity and Grain Damage Detection System

In the harvesting process, the level of impurities and grain damage directly affects crop quality and its market value. In response, our harvesting machines are equipped with advanced intelligent perception system featuring high-definition build-in cameras. These cameras continuously monitor fresh grain as it flows through the machine, accurately identifying unwanted materials such as weed seeds and straw fragments, as well as detecting cracks or breakage on the grain kernels. These captured data is then transmitted to the onboard computing unit, where the integrated AI model trained on large datasets calculates the real-time impurity rate and damage rate. Ultimately, the results will be instantly displayed on the cabin screen.

Operators can respond immediately by adjusting machine settings based on the live data. For example, the operator can lower the threshing drum speed to reduce kernel breakage, or increase drum airflow to remove lighter impurities.

In practice, this system enables more precise control over harvest quality. Traditional manual adjustments often result in damage rates exceeding 2.5%, but with the impurity and grain damage detection system, total harvest loss can be reduced by up to 1%. Lower impurity and damage rates lead to higher grain quality, which helps meet national grading standards and improves market price. It also reduces the need for extra cleaning before storage, cutting down post-harvest handling costs. For large-scale agricultural producers, the economic benefits are especially significant.

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- o ***Electro-hydraulic control systems.*** Our harvesting machine offerings incorporate technologies in electro-hydraulic regulation for both driving systems and core harvesting components. These systems allow precise adjustment of travel speed, ear-picking plate spacing, concave plate clearance, fan speed, and sieve opening, enabling rapid adaptation to different crop types.
- o ***Precision operation systems.*** Our harvesting machine offerings leverage advanced sensing and electronic control technologies and support one-stand header positioning, active header contour following, automatic row guidance and intelligent regulation.

Set forth below is a selection of key patents we have obtained that are applicable to our intelligent harvesting machines:

Core technology	Patent/Patent application
A Corn Header with Adjustable Row Spacing and Harvester	CN202421418403.3
A Grain Combine Harvester.	CN202222868455.8
A Loss Detection in Harvesting Machines Method, System, Chip and Harvesting Machine.	CN202310122592.3
A Mobile Grain Moisture Detection Device.	CN202210782664.2
A Signal Processing Circuit Board and Grain Loss Detection Sensor	CN202210538364.X
A Mower Forage Growth Status Monitoring Method and System	CN202211335583.4
Harvester Yield Monitoring System and Harvester. . .	CN202210588115.1
A Harvesting Machine Electronic Steering Control System, Method and Agricultural Machinery	CN202210424831.6
A Hydrostatic Four-Wheel Drive Control System and Agricultural Machinery	CN202211321809.5
A Combine Harvester Operating Parameter Adaptive Adjustment Method and System.	CN202211665594.9
A Harvesting Machine Header Contour Control Method and Device	CN202210424831.6
A Combine Harvester Adaptive Engine Power Control System and Method.	CN202211330889.0

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- **Intelligent Technologies Applicable to All Intelligent Agricultural Machinery:**
 - o ***Intelligent driving.*** Our high-precision navigation technology is capable of centimeter-level positioning with an accuracy of ± 2.5 cm, which enables path planning, vehicle navigation and automated operations. Our intelligent driving systems are commercially operational. Our intelligent agricultural machinery is becoming more user-friendly by reducing the need for manual adjustments during agricultural operations. For intelligent agricultural machinery equipped with autonomous driving features, users can create and assign tasks via the Lovol App or the smart agriculture management platform, enabling the machine to execute operations automatically based on preset action sequences and path planning, and automatically stops upon completion. Nevertheless, certain human involvement is still required, as operators must remain in the cabin to monitor the process and take over control when necessary, such as in the case of unrecognized dynamic obstacles or other complex scenarios. If the operator opts for manual driving instead, their role mainly involves selecting speed via buttons and steering the machinery using the electronic levers.
 - o ***Data analytics.*** We extensively apply big data analytics across our intelligent agricultural machinery to help users achieve more efficient and labor-saving operations. Key functions include: (i) operational optimization, which recommends optimal settings for gear level, speed and turning radius by analyzing real-time and historical data (e.g., fuel usage, speed and coverage); and (ii) predictive maintenance, which tracks component wear (e.g., transmissions, filters) to customize maintenance schedules, reducing unnecessary servicing and lowering costs; (iii) machinery scheduling, which assigns task dynamically based on performance history and current status, minimizing idle time and improving utilization rate; (iv) agronomic decision support, which enables centimeter-level precision operations in fertilizing, seeding and spraying using models based on field data including soil nutrients, crop growth, moisture levels and weather conditions.

Case Study: Voice Assistant in Cabins

As agricultural machinery becomes more intelligent, human-machine interaction is playing a growing role in simplifying user’s operations. Our intelligent agricultural machinery features cabins that are equipped with voice assistant that allow operators to speak directly to the system and receive real-time feedback. Powered by big data model, the assistant understands spoken commands and translates them into machine actions such as adjusting operational settings, retrieving system information or answering operator’s queries.

BUSINESS

This hands-free interaction reduces reliance on physical buttons and touchscreens, allowing operators to make adjustments without taking their eyes off the field. It improves safety, minimizes distractions and helps the operator stay focused during long or complex tasks.

Set forth below is a selection of key patents we have obtained that are applicable across our intelligent agricultural machinery portfolio:

Core technology	Patent/Patent application
A Diagonal Ploughing Path Planning Method, Device, Equipment, Medium and Agricultural Machinery	CN202510380891.6
A Hybrid Powertrain Driving Method, Device, Equipment, Medium and Tractor	CN202411586206.7
Energy-Distribution Based Hybrid Power System, Method, Apparatus, Device and Medium	CN202510421009.8
Battery-Internal-Resistance-Prediction Based Hybrid System, Method, Apparatus, Device, and Medium	CN202411586206.7
A Graphical User Interface with Real-Time Monitoring for Electronic Devices	CN202330634762.7

Key Technologies for our Smart Agriculture Technologies

Deeply embedded in the intelligent agricultural machinery operations, we gain a comprehensive understanding of soil, crop and environmental conditions, draw on the real-time field data captured by our agricultural machinery, and harness smart agriculture technologies such as IoT, AI and big data technologies to transform insights into precise operation decision-making that guide our intelligent agricultural machinery to perform coordinated, precision tasks. This approach boosts productivity, enhances quality and eventually promoting sustainable agricultural development. Our key technologies include the following:

- ***IoT and sensor technologies:*** We have independently developed a range of agriculture-specific sensors and TBOX units, which are widely deployed across agricultural machinery to support various farming activities. These devices enable real-time monitoring of key parameters such as machine operating status, work quality, soil moisture, temperature, and crop growth conditions. Leveraging advanced wireless communication technologies, the data collected is transmitted to the cloud for in-depth analysis, facilitating comprehensive digital sensing throughout the agricultural production process and supporting precision management and optimized decision-making.

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- ***Model-based decision-making and big data analytics:*** Our smart agriculture management platform aggregates extensive data from agricultural operations, such as machinery usage, soil conditions, climate factors and crop growth, and leverages big data analytics and AI to deliver precise decision-making support. These datasets are used to build decision models across key domains such as nutrient management, irrigation control, crop development and pest and disease prevention. The system enables users to make data-driven, granular decisions, optimizing activities such as planting, irrigation, fertilization and harvesting, thereby improving both productivity and sustainability.

Case Study: Harvest Progress Prediction and Cross-Region Route Planning System

During peak harvest season, efficient machine scheduling is essential to ensure crops are collected on time and operators maintain steady income. Our harvest progress prediction system analyzes real-time operating speed and completed work area, alongside satellite imagery and historical data to generate dynamic harvest maps. These maps are displayed through the Lovol App, allowing operators to monitor regional harvest status in real time. Operators can track their own progress, identify high-demand zones and prioritize jobs accordingly.

Once the next target area is selected, the cross-region route planning feature activates. It uses historical work records, weather conditions and crop maturity data to recommend optimal travel routes and work schedules for our intelligent harvesting machines. Together, these tools transform complex datasets into clear, actionable guidance, helping operators plan more effectively, reduce idle time and ensure timely harvests across multiple regions.

- ***Precision operation technology:*** We have independently developed a precision operation system based on ISOBUS standards. Guided by decision-making insights from our smart agriculture management platform, intelligent agricultural machinery can accurately adjust inputs such as fertilizers, irrigation and pesticides to perform variable-rate operations. This enables the maximization of crop yield and quality while reducing resource waste and environmental impact. For example, during fertilization, the system applies nutrients based on varying soil fertility levels, thereby minimizing input waste and enhancing productivity.

Our Strategic Collaborations

We engage in strategic collaborations with research institutes, universities, as well as upstream or downstream enterprises. We have established long-term collaboration with renowned universities and research institutes on joint research and talent development, which has deepened our insights into industry trends and emerging technologies and introduced us to new technologies and resources. As of the Latest Practicable Date, we have established long-term industry-university-research collaborations with over 50 leading domestic and international universities and research institutes, including the Institute of Computing

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Technology of Chinese Academy of Sciences, China Agricultural University and Chinese Academy of Agricultural Mechanization Sciences, as well as research teams led by over ten top domestic industry experts such as Academician Luo Xiwen and the research team led by Academician Zhao Chunjiang. Together, we have undertaken over 110 national and prefectural-level key projects, covering a range of innovative and cutting-edge technologies based on our practical needs. For example, we collaborated with China Agricultural University in research and development of dynamic and static crop image recognition used in variable-rate fertilizer and crop yield prediction, expanding the application possibilities in the field of precision agriculture. We have also collaborated with universities and research institutes to establish multiple laboratories and technology innovation platforms. For example, we have established one of the first “Innovation China (科創中國)” intelligent agricultural machinery industry-university-research innovation bases recognized by the China Association for Science and Technology (中國科學技術協會).

Set forth below are the salient terms of the agreement we have entered with our R&D partners.

- ***Rights and obligations.*** We and our partners undertake respective R&D tasks based on an agreed-upon development plan and technical research directions and indicators.
- ***Confidentiality.*** Without prior written consent from the other party, neither party shall disclose, publish, announce, transfer or otherwise reveal any information, such as technical and trade secrets, belonging to either party or being generated during the research process for which the parties have a duty of confidentiality. The confidentiality obligations of both parties remain effective for a period after the termination of the agreement and are not affected by termination.
- ***Payment.*** We generally agreed on a fixed total price for the contract. We typically make payments in installments according to the agreed-upon milestones or stages, and terms are adjusted according to the acceptance results.
- ***Intellectual property.*** Intellectual property rights obtained by each party prior to the application for the project shall remain the property of the respective party. Intellectual property resulting from jointly completed work will typically be co-owned by the parties. Neither party shall transfer the research results to a third party before delivering the R&D results to the other party and within the confidentiality period. For collaboration involving products or technologies embedded with our self-developed technologies, the intellectual property will typically be owned by us.
- ***Termination.*** The agreement automatically terminates upon completion of the research project pursuant to the terms of the agreement. Alternatively, if affected by force majeure, a party may apply for project termination, and the project terminates upon the other party’s consent.

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OUR PRODUCTION

Our comprehensive and advanced production capabilities are the foundation of our business. Leveraging our superior manufacturing technologies and large-scale production capacity, we ensure the consistent high quality of our products and stay agile in response to changes in market demands.

Production Planning and Production Process

Production Planning

We typically develop our production plan based on our production schedules, sales orders (including anticipated orders) and the time of year. To effectively manage the risk of overproduction and seasonality, our production, procurement, human resources, quality control and marketing departments collectively review our production plans and make adjustments to our procurement, production volume and schedules every month. We also review our production schedules on a weekly basis to accommodate incoming orders.

Production Process

We continuously optimize our production process and explore new techniques to enhance the ongoing technological advancements of our products. Our production process is highly standardized and automated. Our production team continuously maintains our production equipment and machinery to meet high production standards and improve production efficiency.

Set forth below are the key steps in the production process for agricultural machinery:

- ***Cutting and Bending.*** Metal sheets are precisely cut and bent through plastic deformation to form components with defined geometries. During the bending process, real-time angle monitoring and correction ensures high-precision and high-strength metal components.
- ***Welding.*** Multiple workpieces are accurately positioned using dedicated fixtures. Welding is then performed by applying heat, pressure or a combination of both to achieve atomic-level fusion. Key process parameters, including voltage, current and welding speed, are strictly controlled to ensure that the strength of weld seams exceeds that of the base material, meeting structural safety and durability requirements.
- ***Machining.*** Cast blanks for components such as transmissions and rear axle housings undergo surface machining, hole drilling, deburring and precision inspection in our machining center. This ensures that key parameters such as flatness, parallelism, perpendicularity and coaxiality conform to design specifications, laying a solid foundation for subsequent assembly.

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- **Coating.** Components then go through multiple processes to apply a uniform functional paint film. Throughout the coating process, temperature, humidity and film thickness are carefully managed and strictly controlled, with film adhesion and color consistency tested to guarantee corrosion resistance standards.
- **Assembly.** All components are progressively assembled into final products using specialized tooling, including torque control, gap adjustment, pulley coplanarity alignment, pipeline layouts and system module testing, ensuring that the finished products meet operational reliability requirements and comply with performance standards.

Equipment and Technology

Our existing production facilities are equipped with laser cutters, bending machines, CNC machining equipment, welding robots, an assembly production line and detection and testing benches, enabling high-precision and automated manufacturing. Set forth below are the key technologies we have deployed in our current production facilities:

- **High-precision processing.** Our production line features high-precision capabilities in various manufacturing stages. For example, we deploy precision-working robots in stages including cutting, bending and welding to maintain consistency in product quality. During the bending stage, our CNC bending machines are equipped with laser inspection and correction systems supported by AI-based visual detection technology, enabling automated detection and adjustment of bending angles, improving dimensional accuracy and ensuring each component meets its design specifications. In the machining stage, we utilize a fully automated FMS production line enabling automated end-to-end production from raw materials to finished products, reducing errors and defects while boosting efficiency.
- **Fully automated coating line.** Our automated coating line integrates the welding, coating and final assembly workshops through a continuous, automated transfer system. Equipped with robotic coating units capable of both automated coating and inspection, our coating line is supported with an automated production flow which reduces manual labor dependency, enhancing coating consistency and operational efficiency.
- **Flexible assembly line.** Our AGV-based flexible assembly line dynamically adjusts assembly stations to accommodate diverse product models and production demands, enabling multi-product co-line production.
- **In-line testing station.** Our in-line run-in testing station provides high-precision inspection and real-time analysis to identify product defects. This process ensures that our products comply with stringent quality criteria and meet operational reliability standards prior to shipment.

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We are planning to integrate emerging technologies such as 5G and AI into our current and future production facilities, which are expected to accelerate our production by taking over repetitive tasks, reducing human error and optimizing workflows. Set forth below are the key technologies we are planning to implement in our current and future production facilities:

- ***Real-time quality control.*** We ensure full 5G network coverage in the Intelligent Tractor Manufacturing Hub that enables seamless data transmission across all production lines. Critical quality parameters are automatically measured and collected during production processes and are compared against preset benchmarks. If a significant deviation occurs, the production line halts automatically.
- ***Enhanced automation.*** By introducing automated equipment, we minimize reliance on manual labor and thereby improving operational efficiency and consistency. For example, the Intelligent Tractor Manufacturing Hub is equipped with automated torque stations with robotic arms for precision fastening, as well as robot welding stations to ensure consistent welding quality and optimize production capacity.
- ***AI-assisted quality control.*** Implementation of visual guidance systems for real-time defect detection and process optimization is expected to further reduce error rates. We are collaborating with the R&D team from Weichai Group and intend to implement the technology once it is ready.
- ***Integrated aerial-ground automated material transport system.*** Our new production facilities will implement a hybrid automated logistics system adopting overhead autonomous vehicles, an Electrical Monorail System (EMS) for transporting cabin modules, fuel tanks and tires to workstations and ground-level AGV delivering components to specific assembly line stations. This integrated approach optimizes spatial utilization while ensuring accurate and timely material delivery and effectively saving labor.

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Production Capacity

As of June 30, 2025, we had seven production bases for agricultural machinery and related components with 11 production lines. The table below sets forth the details of our agricultural machinery production lines for the periods indicated.

Production Plants	Production Bases	Type of Production Plants as of June 30, 2025	Approximate Total Site Area (sq.m.)	Numbers of Production Lines as of June 30, 2025
Intelligent Tractor Manufacturing Hub	Weifang, Shandong	Tractors	164,506.0	2
Tractor Factory	Weifang, Shandong	Tractors	72,844.9	2
Wheel Type Harvesting Machine Factory	Weifang, Shandong	Wheat harvesting machines, corn harvesting machines	81,697.9	2
Crawler Type Harvesting Machine Factory	Weifang, Shandong	Rice harvesting machines, rice transplanters	44,878.2	2
Agricultural Implements Factory	Weifang, Shandong	Balers, seeding machines, agricultural dryers, hydraulic reversible plows and mower conditioners	61,319.8	1
Components and Parts Factory (Linyi site)	Linyi, Shandong	Drive axles for tractors, harvester gearboxes and transmission systems	55,643.2	1
Components and Parts Factory (Weifang site) . .	Weifang, Shandong	Engine oil pans, shredders for harvesting machines and header	26,786.6	1

See “— Properties” for more details on properties used for production.

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The table below sets forth the designed capacity, actual production volume and utilization rate of our production lines during the Track Record Period:

	Year ended December 31,						Six months ended June 30,					
	2022			2023			2024			2025		
	Designed Capacity ⁽¹⁾	Actual Production ⁽²⁾	Utilization Rate ⁽³⁾	Designed Capacity ⁽¹⁾	Actual Production ⁽²⁾	Utilization Rate ⁽³⁾	Designed Capacity ⁽¹⁾	Actual Production ⁽²⁾	Utilization Rate ⁽³⁾	Designed Capacity ⁽¹⁾	Actual Production ⁽²⁾	Utilization Rate ⁽³⁾
			%			%			%			%
Intelligent Tractor Manufacturing Hub ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	356	—
Tractor Factory ⁽⁶⁾	90,000	69,908	77.7	72,000	87,200	121.1	72,000	74,100	102.9	36,000	40,001	111.1
Wheel Type Harvesting Machines Factory ⁽⁷⁾	29,600	28,777	97.2	29,600	24,850	84.0	29,600	24,150	81.6	14,800	14,073	95.1
Crawler Type Harvesting Machines Factory ⁽⁸⁾	23,250	16,877	72.6	23,250	12,850	55.3	23,250	15,700	67.5	11,625	9,190	79.1
Agricultural Implements Factory ⁽⁹⁾	9,420	3,434	36.5	9,420	2,319	24.6	9,420	2,510	26.6	4,710	1,180	25.1
Components and Parts Factory (Linyi site) ⁽¹⁰⁾	280,000	174,451	62.3	320,000	214,389	67.0	350,000	242,534	69.3	175,000	131,688	75.3
Components and Parts Factory (Weifang site) ⁽¹¹⁾	300,000	268,196	89.4	300,000	390,940	130.3	300,000	398,981	133.0	150,000	217,415	144.9
											160,374	106.9

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Notes:

- (1) The designed capacity of the year is calculated based on the following assumptions: (i) all production lines are functioning at full capacity; (ii) our Intelligent Tractor Manufacturing Hub and Tractor Factory operates 300 days per year/150 days per six months; and (iii) our other production facilities operate 250 days per year/125 days per six months.
- (2) The actual production volume during the year is the total volume of the products produced during that year/period.
- (3) The utilization rate during the year/period equals the actual production volume divided by the designed production capacity during the same year/period.
- (4) Our Intelligent Tractor Manufacturing Hub commenced operations in May 2025. Therefore, only actual production data from the period between commencement and June 30, 2025 has been recorded. Given the limited timeframe, calculating a meaningful utilization rate is not feasible at this stage.
- (5) As part of the Corporate Separation, we have disposed Lovol Beidahuang, a former subsidiary of our Company. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers.”
- (6) The designed capacity of the Tractor Factory decreased from 2022 to 2023, primarily due to our strategic adjustments of the tractor product lineup and the discontinuation of one mid-horsepower tractor production line. The utilization rate of the Tractor Factory increased from 77.7% in 2022 to 121.1% in 2023, primarily due to the increase in actual production volume in response to rising market demand, coupled with the reduction in designed capacity, and then decreased to 102.9% in 2024, primarily due to insufficient market demand for our mid-horsepower tractors. The utilization rate of the same factory increased from 111.1% for the six months ended June 30, 2024 to 115.5% for the six months ended June 30, 2025, primarily due to the increase in actual production volume in response to rising market demand.
- (7) The utilization rate of the Wheel Type Harvesting Machines Factory decreased from 97.2% in 2022 to 84.0% in 2023, primarily due to the promulgation of a new policy requiring all our agricultural machinery products to comply with a higher national emission standard, which increased the cost for users to purchase new agricultural machinery, leading users to adopt a wait-and-see approach and causing market demand to fall short of expectations. The utilization rate of the same factory remained relatively stable at 81.6% in 2024. The utilization rate of the same factory decreased from 95.1% for the six months ended June 30, 2024 to 63.8% for the six months ended June 30, 2025, mainly due to a shift in market dynamics. Our existing production line are primarily used for harvesting machines with a small feeding capacity of 12 kg/s and lower, and is not capable of scalable production of harvesting machines with a large feeding capacity of 12 kg/s and above, with only scarce production off the production line. In order to meet the growing demand for high-capacity harvesting machines, we plan to establish the new factory for large-capacity harvesting machines to expand production capacity for the relevant products. See “— Production Expansion Plan.”
- (8) The utilization rate of the Crawler Type Harvesting Machines Factory decreased from 72.6% in 2022 to 55.3% in 2023, primarily due to the promulgation of a new policy requiring all our agricultural machinery products to comply with a higher national emission standard, which increased the cost for users to purchase new agricultural machinery, leading users to adopt a wait-and-see approach and causing market demand to fall short of expectations. The utilization rate of the same factory increased from 55.3% in 2023 to 67.5% in 2024, primarily due to the increase in actual production volume in response to rising market demand. The utilization rate of the same factory increased from 79.1% for the six months ended June 30, 2024 to 86.3% for the six months ended June 30, 2025, primarily due to the increase in actual production volume in response to rising market demand.

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- (9) The utilization rate of the Agricultural Implements Factory was relatively low during the Track Record Period, primarily due to the promulgation of a new policy requiring all our agricultural machinery products to comply with a higher national emission standard. This policy increased the cost for users to purchase new agricultural machinery, leading users to adopt a wait-and-see approach and causing market demand to fall short of expectations. Nevertheless, driven by a market shift towards intelligent agricultural machinery, advancements in agricultural production and supportive policies, the agricultural machinery market is poised to experience demand growth in the foreseeable future, and it is anticipated that the utilization rates for the aforementioned production line will increase simultaneously.
- (10) The utilization rate of the Components and Parts Factory (Linyi site) was relatively low in 2022, 2023 and 2024, primarily due to insufficient market demand for finished agricultural machinery products, which in turn led to an insufficient market demand for components which fall short of expectations. The utilization rate of the same factory increased from 75.3% for the six months ended June 30, 2024 to 80.1% for the six months ended June 30, 2025, primarily due to the increase in actual production volume in response to rising market demand.
- (11) The utilization rate of the Components and Parts Factory (Weifang site) increased from 89.4% in 2022 to 130.3% in 2023, primarily due to the increase in actual production volume. The utilization rate of the same factory remained relatively stable at 133.0% in 2024, as compared with 130.3% in 2023. The utilization rate of the same factory decreased from 144.9% for the six months ended June 30, 2024 to 106.9% for the six months ended June 30, 2025, primarily due to the reduced market demand for engine oil pans in the period. It is expected that a production line for components and parts of the related products will be set up in the new factory for large-capacity harvesting machines, and the utilization rate of the Components and Parts Factory (Weifang site) is anticipated to return to a stable level accordingly.

From a consumption structure perspective, there is strong demand among users for our high-capacity harvesting machines and high-horsepower tractors. As part of our market strategy and to better align production with this demand, we plan to build a new production base and establish and upgrade production lines. See “— Production Expansion Plan.” Additionally, existing production lines will be retrofitted to manufacture parts and components, aiming to enhance the quality of parts and reduce production costs.

As of June 30, 2025, the total designed production capacity of our tractors, wheel type harvesting machines, crawler type harvesting machines and agricultural implements reached 122,000, 29,600, 23,250 and 9,420, respectively. Building upon our advanced production capacity, we supplied products to users from over 120 countries and regions as of the Latest Practicable Date.

Production Expansion Plan

According to Frost & Sullivan, in terms of sales volume, our intelligent tractors and intelligent harvesting machines occupied market shares of 52.7% and 66.0% in 2024, respectively. Increasing demand in the market and favorable government subsidy policies boosted the growth of our agricultural machinery business, especially our high-horsepower tractors and high-capacity harvesting machines. To facilitate our long-term business development in this growing market and to sustain our market standing, we plan to further expand our capacity by constructing a new production plant.

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The table below sets out the details of our further production expansion plan:

Production Base	Type of Products	Designed Annual Production Capacity ⁽¹⁾	Estimated Year of Completion of Construction	Estimated Investment ⁽²⁾	Status as of the Latest Practicable Date
(HK\$ in million)					
Intelligent Manufacturing Base for High-end Agricultural Machinery . . .	Primarily harvesting machines, mainly with a feeding capacity of 12 kg/s and above high-capacity harvesting machines, self-propelled sprayers, forage machines, mower conditioners, and components and parts for the respective products.	3,600 ⁽¹⁾	2027	1,491.5 ⁽²⁾	under planning

Notes:

- (1) The designed annual production capacity consists of the aggregated production capacity of large feeding capacity harvesting machines, self-propelled sprayers, forage machines and mower conditioners.
- (2) Approximately HK\$[REDACTED] of HK\$1,491.5 million will be from the [REDACTED] from the [REDACTED]. For further details, see “Future Plans and Use of [REDACTED].”

We intend to utilize a combination of net [REDACTED] generated from the [REDACTED] and our own funds generated from our current business operations to finance each of our production expansion plans. See “Future Plans and Use of [REDACTED].”

SALES, MARKETING AND CUSTOMER SERVICE

Our Sales and Distribution Network

Given the extensive range of our product offering, we establish both national and international sales and distribution networks, allowing us to provide products and services in over 120 countries and regions worldwide as of the Latest Practicable Date. The table below sets forth our net revenue by geographic regions during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
(Unaudited)										
China	15,001,050	94.1	13,419,145	91.4	15,668,005	90.1	8,833,235	90.1	8,716,412	88.4
Overseas ⁽¹⁾	948,994	5.9	1,257,203	8.6	1,725,033	9.9	967,930	9.9	1,146,953	11.6
Total	15,950,044	100.0	14,676,348	100.0	17,393,038	100.0	9,801,165	100.0	9,863,365	100.0

Note:

- (1) Other regions include Asia (excluding mainland China), Europe, North America and South America, Africa and Oceania.

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We mainly work through selected distribution channels to efficiently serve our users in China. In addition, we have also adopted a direct sale model with certain strategic customers. In overseas markets, we operate through international distribution partners. Across both domestic and international markets, our relationship with distribution partners is structured on a seller-buyer basis. Our products are sold through these channels to ensure market penetration and coverage, which is particularly suitable for serving dispersed end-users through localized distribution channels, while maintaining direct connections with agricultural enterprises through our sales team.

During the Track Record Period, we sold our products through direct sales and distribution partners. The table below set forth our net revenue by sales channel during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(Unaudited)</i>										
<i>(RMB in thousands, except for percentages)</i>										
Distribution	15,624,504	98.0	14,416,077	98.2	17,184,147	98.8	9,676,765	98.7	9,797,735	99.3
Direct Sales	325,540	2.0	260,271	1.8	208,891	1.2	124,400	1.3	65,630	0.7
Total	15,950,044	100.0	14,676,348	100.0	17,393,038	100.0	9,801,165	100.0	9,863,365	100.0

Our Distribution Network in China

Our distribution network in China operates through stringently structured distribution arrangements to serve our products to end-users. We worked with over 500 distribution partners in each year during the Track Record Period, and do not rely on any single or a few distribution partners. We strictly forbid existing employees from working for or holding equity in our distribution partners. To the best of our knowledge after a reasonable inquiry, all of our distribution partners were independent third parties as of the Latest Practicable Date.

Our distribution partners may independently develop secondary channels when they find it hard to directly cover the rural markets in their authorized areas by themselves. We do not engage directly or establish contractual relationship with sub-distribution channels or participate in their operations. For the management of secondary channels, we require our distribution partners to seek our approval for the establishment of these channels, which are typically subject to our on-site inspections.

We have set high standards and expectations for our distribution partners. Within their authorized areas, we require our distribution partners to uphold our brand equity through: (i) enhancing brand visibility and market presence within their authorized areas through localized promotion activities; (ii) providing comprehensive after-sales support and collecting customers’ feedback; and (iii) adhering to our pricing structures and sales policies. Based on

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our requirements, we rigorously review our business relationship with distribution partners through our strict selection process and annual assessment. In 2022, 2023, 2024 and six months ended June 30, 2025, we terminated our business relationships with 29, 24, 49 and 32 distribution partners, respectively, primarily due to poor business performance or change of key business of these partners. There were no material unsettled disputes or litigation with such terminated distribution arrangements during the Track Record Period and up to the Latest Practicable Date.

The table below sets forth the total number of the distribution partners in China and their movements (including additions and terminations) for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of distribution partners in China at the beginning of the period . . .	567	588	631	703
Number of new distribution partners in China	50	67	121	54
Number of terminated distribution partners in China	29	24	49	32
Net increase in distribution partners in China	<u>21</u>	<u>43</u>	<u>72</u>	<u>22</u>
Number of distribution partners in China at the end of the period	<u>588</u>	<u>631</u>	<u>703</u>	<u>725</u>

Management of Our Distribution Partners in China

We manage our distribution channels in accordance with our internal policies and monitor their performance through our sales management system. Our marketing department is primarily responsible for distribution management, including: (i) development, evaluation and recruitment of new distribution partners; (ii) negotiation and execution of contracts with distribution partners; (iii) on-going management of distribution partners, including oversight of predetermined sales territories, pricing, inventory and account receivables; (iv) provision of sales support; and (v) review and maintenance of distribution networks.

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We offer a range of incentives to expand sales through our distribution networks, mainly including:

- ***Sales Incentives.*** We set tiered sales targets for different categories of agricultural machinery. The tiered sales targets refer to a stepwise incentive structure whereby, once the annual baseline sales threshold is met, distribution partners become eligible for one-off fixed incentive payments. Higher incentive amounts are unlocked when sales reach defined volume tiers beyond the baseline.
- ***Exclusive/priority sales incentives.*** These incentives are offered to distribution partners who commit to exclusively or preferentially (typically reflected through prioritized advertising, promotional efforts and prominent shelf placement) selling our agricultural machinery products. The annual incentive are typically calculated based on the distribution partners’ annual payments to us, with rates generally around 1.0%, and are paid in the first quarter of the following year. These incentives are designed to enhance brand visibility and strengthen channel stability.
- ***Full prepayment incentives.*** This type of incentive applies to distribution partners who make full prepayments for the agricultural machinery products. Eligible distribution partners may receive a discount typically ranging from approximately 1.0% to 2.0%, subject to monthly adjustments based on business conditions.

According to Frost & Sullivan, our incentive arrangements for distribution partners conform with the industry norm. In addition, according to the certificates issued by the relevant competent government authorities, we have not been subject to any penalties, regulatory orders or investigations related to unfair penalties, regulatory orders or investigations in relation to unfair competition or anti-monopoly activities during the Track Record Period. Our PRC legal advisor is of the view that the risk of material administrative penalties against us for the relevant rebate policy leading to unfair competition or violation of the Anti-Monopoly Law is relatively low.

Accounting Policies for Our Distribution in China

We adopt a buy-out distribution model under which revenue is recognized at the point when our distribution partner completes revenue recognition confirmation in the CRM system (CRM Confirmation), after which the distribution partner assumes all inventory risks. Specifically, the timing of the CRM Confirmation is at the discretion of the distribution partner following the delivery of goods but shall be no later than three days after the actual sale to end-user. This timing is not contingent upon actual sales to end-users, with the average interval between product delivery and distribution partner’s CRM Confirmation generally fell within the range of ten to 40 days during the Track Record Period. See “— Procurement, Inventory Management and Logistics — Inventory Management — Our Inventory Management Policy and Revenue Recognition.” Under this model, transfer of control is generally deemed to occur upon the distribution partner’s CRM Confirmation.

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No Material Risk of Channel Stuffing

Our management is of the view that channel stuffing is unlikely to occur in our distribution channels and generally does not pose significant managerial concern. This is mainly because we account for products sold to our distribution partners as part of our inventory to carry out reasonable and effective dynamic inventory management to prevent channel stuffing. Additionally, before the distribution partner confirms the realization of sales in the system as set out in the relevant contract, their ownership remains with us, and we retain the right to adjust sales prices and to carry out inventory control by transferring products between different distribution channels. Therefore, our distribution partners cannot accumulate significant inventory for themselves.

Independence Analysis for Distribution Partners in China

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distribution partners in China were independent third parties, save that one subsidiary of Shandong Heavy Industry Group had began sourcing relevant products from us in June 2025. The revenue generated therefrom was insignificant for the six months ended June 30, 2025. See “Connected Transactions — Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements — Provision of agricultural machinery and labour services to Shandong Heavy Industry Group.” We apply consistent management policies across all our distribution partners, specifically: (i) we assess their qualifications and capabilities following the same standards as applied to other distribution partners; (ii) we generally enter into distribution agreements with terms that are substantially similar to those offered to other distribution partners in China; and (iii) the pricing of our transactions with such distribution partner is determined through arm’s-length negotiations with Shandong Heavy Industry Group, with reference to the prices offered to other independent third parties in the ordinary and usual course of business.

Major Terms of Distribution Agreements with Our Distribution Partners in China

We typically enter into standard distribution agreements with our distribution partners per annum. Salient terms of our standard distribution agreements include:

- ***Term.*** The duration of the distribution agreements is typically one year.
- ***Designated distribution area.*** We do not allow our distribution partners to distribute our products outside their predetermined distribution areas.
- ***Minimum purchase.*** There is no minimum purchase commitment or commission arrangement in these distribution agreements.
- ***Sales target.*** We set annual sales targets for our distribution partners and conduct evaluations and inspections of their performance. If a distribution partner fails to achieve its annual sales target, it is at our discretion to terminate the business relationship with, such distribution partners.

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- **Product ownership.** Product ownership transfers to our distribution partners when they confirm the realization of sales in the system as set out in the relevant contract.
- **Price management.** We set the lowest prices at which the distribution partners are allowed to sell our products. All final sales prices are reported to our sales management system and overseen by our marketing department. Therefore, we believe the distribution partners are unlikely to be able to resell our products at significantly higher prices than our standard prices, despite the lack of contractual price caps agreed between us and the distribution partners.
- **Payments.** Under the full prepayment arrangement, we typically require the distribution partner to pay the price in full before we arrange for delivery. Under the credit arrangement, we typically require the distribution partners to prepay a certain percentage of the payment for products before we arrange delivery. The distribution partner may report at a time after delivery but should be no later than three days following their actual sale to end-users. Upon confirmation, they are required to remit the full remaining amount. We generally accept settlement by telegraphic transfer or valid electronic bank acceptance drafts issued by our designated banks with a tenor of within 180 days.
- **Product return.** We typically do not permit distribution partners to return agricultural machinery.
- **Logistics.** The distribution partners may choose to either authorize the company to handle transportation on their behalf or arrange for self-pickup.
- **Sub-distribution.** We do not impose any restrictions regarding sub-distribution with the distribution partners, except for the requirements of confidentiality.
- **Anti-commercial bribery and confidentiality.** We prevent our distribution partners from engaging in bribery or leaking our commercial secrets to any third parties. Distribution partners shall compensate us with a certain amount of money if such incidents occur, and we may unilaterally terminate the distribution agreement.
- **Termination.** We list several conditions that may result in the breach of contract in the distribution agreements. We are entitled to terminate the distribution agreements if our distribution partners breach the distribution agreements through underperformance.

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Our Distribution Network Overseas

We conduct our overseas distribution mainly through the development of our local sales network comprising local distribution partners. We build brand visibility in overseas markets through various methods, such as arranging on-site visits for product demonstrations, as well as participating in and promoting at industry exhibitions. We had sold our products to over 120 countries and regions across Asia, the Americas, Africa, Europe and Oceania as of the Latest Practicable Date.

Our overseas distribution partners may independently develop secondary channels to enhance coverage and efficiency in reaching end users. We do not engage directly or establish contractual relationship with sub-distribution channels or participate in their operations. For the management of secondary channels, while prior approval is not required for our distribution partners to engage secondary channels, they are required to put such arrangements on record with us, and we will oversee and inspect the sales performance of these secondary channels annually. We also set requirements and provide feedbacks to our overseas distribution partners regarding the performance of their secondary channels.

The table below sets forth the total number of our distribution partners overseas and their movements (including addition and termination) for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of distribution partners overseas at the beginning of the period . . .	116	140	190	234
Number of new distribution partners overseas	24	50	46	21
Number of terminated distribution partners overseas	–	–	2	–
Net increase in distribution partners overseas	<u>24</u>	<u>50</u>	<u>44</u>	<u>21</u>
Number of distribution partners overseas at the end of the period	<u>140</u>	<u>190</u>	<u>234</u>	<u>255</u>

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Independence Analysis for Overseas Distribution Partners

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our overseas distribution partners were independent third parties, save that four subsidiaries of Weichai Power Group had been sourcing relevant products and components from us for resale overseas, and the revenue generated therefrom accounted for less than 1.0% of our total revenue for each period during the Track Record Period. See “Connected Transactions — Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements — Provision of Products and Services to Weichai Power Group.” We apply consistent management policies across all our distribution partners, specifically: (i) we assess their qualifications and capabilities following the same standards as applied to other distribution partners; (ii) we generally enter into distribution agreements with terms that are substantially similar to those offered to other overseas distribution partners; and (iii) the pricing of our transactions with such distribution partners is determined through arm’s-length negotiations with Weichai Power Group, with reference to the prices offered to other independent third parties in the ordinary and usual course of business.

Major Terms of Distribution Agreements with Our Distribution Partners Overseas

We typically enter into standard distribution agreements with our distribution partners overseas per annum. Salient terms of our standard distribution agreements include:

- ***Term.*** The duration of the distribution agreements is typically one year.
- ***Designated distribution area.*** We do not allow our distribution partners to distribute our products outside their predetermined distribution areas.
- ***Product ownership.*** We typically adopt FOB terms, under which ownership transfer occur at the point of shipment.
- ***Minimum purchase.*** There is no minimum purchase commitment or commission arrangement in these distribution agreements.
- ***Sales target.*** We typically set annual sales target for our distribution partners and conduct evaluations and inspections of their performance. If a distribution partner consistently fails to meet the agreed sales target, we are entitled to select another distribution partner within the distribution area and unilaterally terminate the distribution agreement.
- ***Price management.*** We set the indicative price range at which the distribution partners are advised to sell our products. Non-compliance with our price policies may result in us ceasing product supply or terminating the distribution agreement.

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- ***Payments.*** We typically require the distribution partners to prepay a certain percentage or full payment for products before we arrange delivery. The distribution partners shall pay us the full remaining amount in accordance with the payment method and timelines as set out in the respective distribution agreements. We generally accept settlement by telegraphic transfer within 180 days, or valid electronic bank acceptance drafts issued by our designated banks within 360 days.
- ***Logistics.*** We typically specify trade terms such as FOB and CIF in our contracts with the overseas distribution partners, and the logistics obligations are negotiated in accordance with agreed international trade policies.
- ***Sub-distribution.*** We do not impose any restrictions regarding sub-distribution with the distribution partners.
- ***Anti-commercial bribery and fraud.*** We prevent our distribution partners from engaging in bribery or fraudulent conduct. Distribution partners shall compensate us with a certain amount of money if such incident occur, and we may unilaterally terminate the distribution agreement.
- ***Termination.*** We list several conditions that may result in breach of contract in the distribution agreements. We are entitled to terminate the distribution agreements if our distribution partners breach the distribution agreement through underperformance.

Direct Sales

Our direct sales customers mainly include large-scale agricultural enterprises. During Track Record Period and up to the Latest Practicable Date, all of our direct sales customers were independent third parties, save for Weichai Power Group and Shandong Heavy Industry Group. See “Connected Transactions — Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements — Provision of products and services to Weichai Power Group” and “Connected Transactions — Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements — Provision of products and services to Shandong Heavy Industry Group.”

We believe that the business partnership with our direct sales customers is beneficial to strengthening our market leadership and enables us to better serve large-scale customers. By offering tailored pricing and flexible contract terms, we build trust with key customers, ensuring their unique operational needs are met efficiently. Additionally, we are able to gather real-time feedback through our direct sales customers, which in turn enables us to make product improvements that align with evolving market demands.

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We generally enter into sales contracts with our direct sales customers. Salient terms of the sales contract include:

- **Term.** We typically enter into one-off sales agreement with our direct sales customers, under which the contract automatically terminates upon both parties fulfilling their respective obligations under the contract.
- **Minimum purchase.** There is no minimum purchase commitment in our direct sales contracts.
- **Product ownership.** The ownership of the products is generally transferred to our direct sales customers upon their confirmation of receipt.
- **Payments and credit period.** We have adopted the form of installment payment based on specific milestones. Our direct sales customers make advanced payment when entering into contracts, with the remaining balance paid before product delivery.
- **Logistics.** We will typically bear the responsibility for the delivery of products at our own cost. Our direct sales customers are responsible for unloading the products at their own cost and are required to conduct an acceptance inspection within a certain period to facilitate subsequent settlement and liability determination.
- **Return or exchange of products.** Our direct sales customers shall conduct the acceptance inspection in a timely manner and raise any issues in the handover and acceptance form, unless the issue requires a certain period of time or the use of specialized inspection tools to be detected. The warranty period is 12 months after the products pass the acceptance inspection.

Pricing and Marketing

Pricing

We primarily use cost-based methods to price our products, taking into consideration factors such as our costs and historical profit margin levels, as well as market benchmarks. Additionally, we consider collectively the market positioning of our Group and the competitive advantages of our products. The pricing is subsequently submitted for approval by our value engineering personnel. The final price of our products varies depending on the sales channels. For distribution channels, our quotation includes both settlement price and delivery costs. For direct sales customers, we negotiate final prices on a case-by-case basis.

Pursuant to the Implementation Opinions on Subsidies for the Purchase and Application of Agricultural Machinery from 2024 to 2026 (《2024—2026年農機購置與應用補貼實施意見》) and applicable laws and regulations, certain of our agricultural machinery offerings are eligible for national subsidy programs. See “Regulatory Overview — Laws, Regulations and

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Policies Related to the Agricultural Machinery Industry — Agricultural Machinery Subsidies.” For qualified products, users may receive fixed-amount subsidies after purchase, thereby reducing their actual acquisition cost and enhancing purchase intent. During the Track Record Period, the subsidy rates for our subsidized models typically falls between 10% and 30% of the total machinery price. The average subsidy rate for our top-selling subsidized models was approximately 20%, reflecting strong policy support for our core offerings.

These subsidies not only improved product affordability but also contributed to market penetration, sales growth and trust-building, particularly for newly launched innovative product offerings. As policies became more tailored and targeted, subsidy intensity for intelligent offerings including intelligent tractors, intelligent seeders and high-performance harvesting machines increased substantially. For example, the maximum subsidy between intelligent tractors and traditional tractors above 200 horsepower is RMB39,100 in 2024, representing a significant intensification of policy support compared to the 2023 subsidy of merely RMB4,000, demonstrating a substantial increase in preferential national policy focus towards intelligent agricultural machinery. Furthermore, provincial governments are authorized to enhance subsidy amounts for key local machinery. For instance, in some provinces such as Liaoning, the maximum subsidy between intelligent tractors and traditional tractors above 200 horsepower reaches RMB52,700. This increase, along with growing policy incentives and a series of intelligent agricultural machinery promotion policies, is expected to catalyze explosive growth in intelligent tractors. By 2030, the penetration rate of intelligent tractors in China’s tractor market is expected to reach approximately 38.1%. See “Industry Overview.”

Such policy developments underscore the government’s commitment to promoting high-performance intelligent agricultural machinery. By creating effective price incentives, these measures have encouraged users to acquire advanced models, thereby enhancing our competitiveness and market share in the intelligent agricultural machinery segment. Continued optimization of subsidy policies is also expected to support our future product upgrades and strategic market expansion.

Marketing

Our marketing department coordinates marketing activities and sources our customers. As of June 30, 2025, we had approximately 819 sales and marketing staff. We have creatively established a communication matrix by combining online and offline sales activities. For offline sales, we organize hands-on experience events such as open day activities to invite customers to visit our factory and product promotion sessions at distribution partner’s locations to allow end users to directly experience the products. We also actively participate in industry conferences to enhance brand awareness. For online events, we integrate resources from short video platforms and online community operations to build an all-channel communication matrix. For example, in December 2024, we launched the “double 12” livestream event with participation from our distribution partners, achieving precise exposure and setting a benchmark for live-stream marketing in the industry.

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Our marketing department highly values our relationship with strategic customers, which mainly covers intensive farming customers and commercialized service stations, since our core products align closely with the needs of these strategic customers.

Seasonality

Seasonal patterns in retail demand for agricultural machinery can result in substantive variations in the volume and mix of products sold to users during the year. For example, we generally experience higher sales revenue from our harvesting machines two months before the harvesting season, typically in the second and third quarters of the year, with the minimum sales revenue experienced in the fourth quarter of each year. Seasonal demand is estimated in advance, and we usually manufacture our equipment in anticipation of such demand to achieve efficient utilization of personnel and facilities throughout the year.

Financial Leasing Services

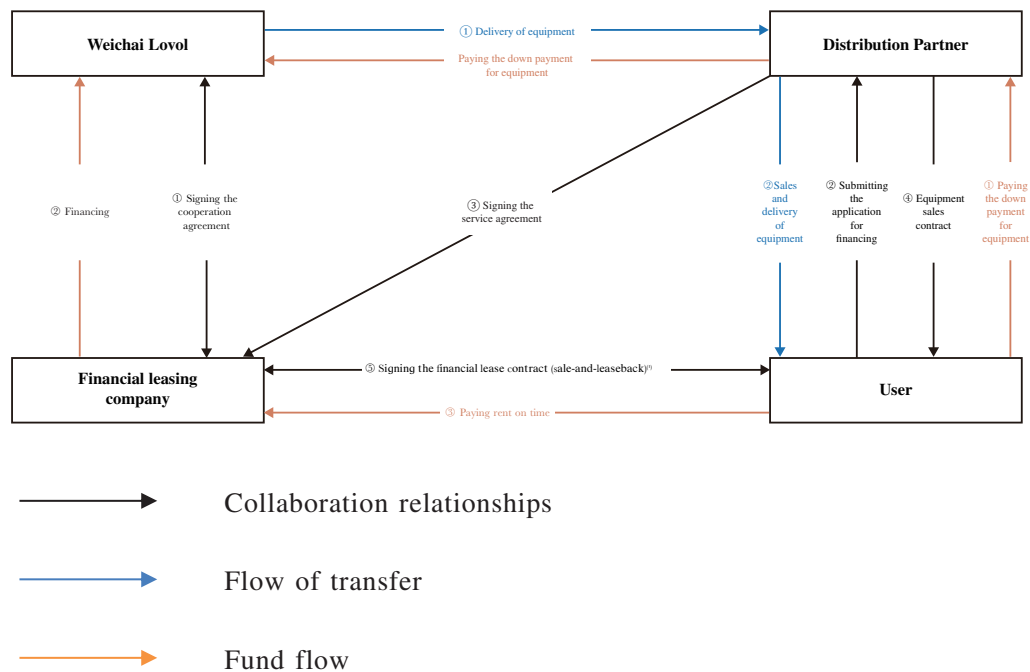
To enhance the accessibility of our products, we cooperate with financial leasing service providers to offer flexible financing options to users. During the Track Record Period, the financing amount provided by Huiyin Financial Leasing Co., Ltd. and Harbin Bank Financial Leasing Co., Ltd. was RMB1,934.4 million, RMB2,107.5 million, RMB3,156.4 million and RMB1,424.8 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, Huiyin Financial Leasing Co. Ltd. is a Connected Person with whom we enter into finance lease arrangements on terms that were mutually agreed following arm’s length negotiations and conducted on normal commercial terms. See “Connected Transactions — Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements — Financing and guarantee under the finance lease.”

A common financial support model in the agricultural machinery financing sector takes the form of a sale-and-leaseback, under which the user, after purchasing our agricultural machinery from our distribution partners, sells and transfers the ownership of the agricultural machinery to a financial leasing service provider, who then leases it back to the user under agreed terms. The financial leasing service contract typically includes a contractual term ranging from six to 24 months. Once the user has fully performed its obligations under the financial leasing service contract, namely making all rental payments on time and in full, the user may regain ownership of the agricultural machinery by paying a nominal purchase price. During the financial leasing process, the non-financed portion of the agricultural machinery purchase price is collected and deposited into our account by our distribution partner, while the financed portion is deposited into our designated account by the financing leasing service provider.

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Such financial leasing arrangements are common in the agricultural machinery industry, according to Frost & Sullivan. The industry-standard financing model enables users, such as farmers, to retain operating control over the machinery while deferring significant upfront capital expenditure. It also aligns payment schedules with the seasonal nature of agricultural income, enhances financial flexibility and supports the wider adoption of modern intelligent agricultural machinery. By offering such financing solutions through financial leasing service providers, we are able to broaden our end-user reach and expand our addressable market.

The following diagram illustrates the typical financial leasing (sale-and-leaseback) arrangement:



Note:

- (1) The end-user sells and transfers the ownership of the agricultural machinery to a financing leasing provider and the financing leasing provider then leases the agricultural machinery back to the end-users.
- **Step 1 — Execution of agreements.** We enter into a financial leasing service cooperation agreement with a financial leasing service provider. Our distribution partner also enter into a service agreement with the financial leasing service provider. In parallel, our distribution partner enters into a sales agreement with the user in respect of the agricultural machinery. Either we or the distribution partner may refer the user to the financial leasing service provider, who will conduct due diligence and, upon satisfaction, enter into a financial leasing agreement (in the form of a sale-and-leaseback) with the user.

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- **Step 2 — Initial payment.** The user makes an initial payment to the distribution partner under the sales agreement. The distribution partner then remits the corresponding amount to us.
- **Step 3 — Delivery of the agricultural machinery.** Our distribution partner delivers the agricultural machinery to the user pursuant to the terms of the sales agreement.
- **Step 4 — Sales-and-leaseback.** Following the receipt of the agricultural machinery, the user transfers the ownership of the agricultural machinery to the financial leasing service provider. After reviewing the user's qualifications, the financial leasing service provider deposited the financed portion into our designated bank account. The financial leasing service provider then leases back the agricultural machinery to the user under agreed terms. The user makes periodic rental payments to the financial leasing service provider. Once the user has settled all debts, the ownership of the agricultural machinery will be transferred to the user upon payment of the nominal purchase price.

Salient terms for our financial leasing service arrangements are set forth below:

- **Ownership.** Ownership of the agricultural machinery transfers to users only upon full settlement of the repurchase price by the lessee to the financial leasing service provider. In the event of a lessee default, if the distribution partner fails to fulfill its repurchase obligations and we are subsequently required to exercise our repurchase obligation, ownership of the agricultural machinery reverts to us upon completion of our repurchase.
- **Term.** The duration of the financial leasing service contract ranges from six months to 24 months.
- **Predetermined price to repurchase agricultural machinery by end-user.** After the full performance of the financial leasing service contract, the user will pay a nominal repurchase price. Once the user has paid the corresponding amount, the financial leasing service provider will transfer the ownership of the agricultural machinery to the user.
- **Supplementary Repurchase obligation of our Group.** In addition, we have a repurchase obligation which may be triggered upon the occurrence of certain events, including (i) in the event the leased item is agricultural machinery (excluding agricultural implements), when the lessee default on payment for more than 15 days; (ii) in the event the leased item is agricultural implements, when the lessee failed on periodic rental payment for three installment in aggregate; (iii) if the leased item is lost or damaged beyond repair; or (iv) if the lessee commits a serious breach of obligations under the financial leasing agreement. Our repurchase obligation is supplementary in nature and is only activated upon the distribution partner's failure to fulfill its repurchase obligations. During the Track Record Period and up to the Latest Practicable Date, our repurchase obligations have not been triggered under any circumstances.

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- ***Repurchase price when repurchase obligation of our Group is triggered.*** When the repurchase obligation of our Group is triggered upon the foregoing events, and only when the distribution partner fails to fulfill its repurchase obligations, we will be required to pay the repurchase price for the agricultural machinery, which primarily comprises: (i) any overdue rental payments, penalties or default interest; (ii) any unpaid future rental obligations; and (iii) any reasonable costs incurred by the financial leasing service provider in connection with the enforcement of its rights, net of any deposit paid by the lessee.
- ***Insurance.*** The financial leasing service provider we collaborate with does not impose mandatory requirements on us regarding insurance policies when offering financing services to users.

Our management is of the view that the financial leasing arrangements we enter into are compliant with market practices and are supported by our well-established internal risk control system.

User Engagement and After-sales Services

We value user experience and are committed to delivering attentive user service. We believe that our reputation is built upon our ability to provide quality and effective after-sales and technical support to our users to their satisfaction. This approach has enabled us to cultivate strong business relationships with our users, secure recurring sales opportunities and differentiate ourselves from our competitors. Additionally, we systematically capture insights into product performance gaps and market demand through the process of our user relationship management, such as user satisfaction surveys during equipment maintenance, or regional operator training or roundtable events. By utilizing various customer feedback mechanisms, we are able to keep records of feedback and complaints and results of any investigations, which will also be reflected in our R&D process to ensure that our iteration of current products and development of future products fully respond to market demands.

After-sales Services

We strive to maintain timely communication with our customers through after-sales services to ensure timely problem identification and risk control. We generally provide a one-year product warranty, with a two- to three-year warranty period for certain key components to our customers to address any quality defects of our products, such as transmission housings, rear axle housings, tow frame and suspension rods. After the expiry of the warranty period, such support remains available to customers at their expense.

Certain warranties provided by us are eligible for reimbursement from our suppliers based on our contracts with them. Warranty costs due to supplier-related quality issues (such as component deformation, fractures, weld cracks, rubber bulging or electronic failures) are typically recoverable from our suppliers. We typically estimate our supplier reimbursement amounts by multiplying the historical reimbursement ratio (which is calculated by dividing

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supplier claims income by service costs) and the estimated warranty expenses for the period (which may be derived from historical trends and service records). See “Financial Information — Critical Accounting Policies and Estimates — Significant Accounting Judgments and Estimates — Estimation Uncertainty — Warranty.” Given that (i) there is a meaningful correlation between historical compensation ratios and the current period, supporting comparability; and (ii) the data used in the estimation process is sourced from reliable systems such as our CRM and ERP platforms, which are fully integrated into daily operations, our management are of the view that the current estimation methodology and data sources are reliable.

Users or direct sales customers may reach out to our staff either through off-line service stations or on-line contacts, including our hotline or mobile application for after-sales or other technical support. Substantially all of our users operate in rural areas and primarily during peak harvesting seasons. Additionally, the majority of our users are full-time operators who frequently work across multiple regions and require cross-regional technical support. To address the need for swift response and effective service delivery covering all regions where we operate and sell our products, we maintain an extensive after-sales network, primarily through integrated sales and service stations. We also provide resources support and collaborate with commercialized service stations to offer services. While integrated sales and service stations enable seamless alignment between machinery sales and after-sales support, providing clearer accountability for service deliver and maintaining a consistent and reliable user experience, commercialized service stations help extend timely support to remote or underserved areas, further enhancing the accessibility and coverage of the overall service network. Together, these stations expand our geographic coverage into regions where maintaining a direct presence would be inefficient, as well as leveraging their local user familiarity to deliver targeted and effective services. As of June 30, 2025, we had 826 integrated sales and service stations, as well as 149 commercialized service stations, ensuring our extensive coverage of after-sales services nationwide.

Salient terms of our service contract with the service providers either operating as integrated sales and service stations or commercialized service stations are set forth below:

Service Periods. The standard term of the service contract is one year.

Qualifications. Service providers must hold valid business license issued by relevant authorities and meet baseline operational requirements including adequate facilities, equipment and transportation capacity to ensure timely service delivery.

Payment terms. After-sales service fees are typically calculated and settled in accordance with the applicable annual service fee standards.

Scope of after-sales service. The service provider is responsible for delivering maintenance services for the agreed categories of agricultural machinery within the designated service area.

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Liability of the service provider. At the time of machinery handover, the service provider must conduct machinery inspections and provide safety and maintenance training to users in accordance with our standards. Failure to do so will render the service provider fully liable in the event of machinery malfunction or user misuse resulting in damages.

Confidentiality. All information exchanged during the execution of the service contract, including customer data, machinery details, service policies, technical specifications and training materials shall not be disclosed to any third party without our prior authorization.

Termination. We reserve the right to terminate the service contract at any time in the event of a breach by the service provider.

Training

We deliver technical training to our users or direct sales customers through our Smart Agriculture Lovol application (雷沃智農App) platform, covering agricultural machinery maintenance, components adjustments and operational best practices. These training programs empower our users to operate our agricultural machinery more effectively and to better utilize the intelligent modules and precision farming technologies we have incorporated into our products, thereby increasing operation efficiency and field productivity. As operators gain proficiency through this training, it is expected that they will develop stronger technical reliance on our intelligent agricultural machinery and smart agriculture services, reinforcing long-term engagement with our brand.

We also collaborate with local governments to organize hands-on agricultural machinery workshops for farmers in China, expanding our social influence and allowing potential users to experience our products firsthand, thereby fostering brand loyalty and generating new sales opportunities.

PROCUREMENT, INVENTORY MANAGEMENT AND LOGISTICS

Our successful business operation is reinforced by our comprehensive procurement, inventory management and logistics system.

Procurement

We rely on a diverse range of raw materials, parts and components to manufacture our products. Our procurement primarily covers raw materials, including sheets and pipes, components or assemblies directly used in production such as engines, drive axles and transmissions, rough castings and unfinished parts, as well as indirect materials to facilitate our production, such as cloths, filter bags and packaging materials. Most of our raw materials, components and indirect materials are sourced from China, with a small portion of components and indirect materials originating overseas, including from Japan, Italy and the US. We maintain reasonable procurement cycles. Throughout the Track Record Period, we did not have any major shortages, delays or difficulties in procuring essential raw materials or components from suppliers.

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Our procurement department also monitors the quality of raw materials. To ensure the quality of purchased materials and control of procurement costs, we conduct preliminary evaluations of suppliers based on price and quality terms. A review team composed of various departments will then quantitatively evaluate and select qualified suppliers, followed by an on-site inspection by our quality department and our research institutes to ensure compliance with national standards or industry standards. We continuously monitor supplier performance and conduct periodic evaluations based on certain criteria such as quality, delivery and cost efficiency. It is at our discretion to redetermine the supply arrangement according to the supply contract if a supplier's performance is unsatisfactory.

We also mitigate risks associated with price and supply fluctuation in raw materials by employing the following mechanisms:

- ***Price adjustment mechanisms.*** We include clauses in supply contracts to link prices of parts and components with raw material prices at the time of purchase, locking in prices in advance.
- ***Advance procurement.*** We forecast material price movements for the next six months or longer based on historical trends. We purchase and remind our suppliers to purchase raw materials in advance at appropriate prices and times of year. We make prepayments to our suppliers to lock in prices for raw materials or components at a satisfactory level.
- ***Forming a supplier portfolio.*** We maintain no fewer than three suppliers for most product categories and never enter into exclusive supply arrangements, avoiding reliance on a single supplier.

We generally enter into an annual supply contract with our suppliers. Salient terms of the annual supply contract with our suppliers include:

- ***Delivery.*** We primarily accept delivery at our suppliers' own cost and risk.
- ***Credit Terms.*** The credit terms will be determined by the credit terms confirmation sheet we sign with our suppliers on a case-by-case basis.
- ***Payment.*** We typically settle payments through bank acceptance drafts and transfers.
- ***Product quality and warranty.*** The product quality should adhere to the factory standards of the manufacturers, but must not be lower than national or other applicable standards. The warranty should not be less than what we promise the users. Higher national, industry or manufacturer standards for the warranty shall apply if they exist.
- ***Exclusivity.*** We never enter into exclusive arrangements with our suppliers.

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During the Track Record Period and up to the Latest Practicable Date, we did not have any difficulty in obtaining adequate production raw materials and components, and we do not anticipate significant difficulties in obtaining alternative sources of supply if necessary. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major price fluctuations, overstock, delays or shortages in the supply of production raw materials and components.

Inventory Management

Our inventories primarily comprise raw materials, work-in-progress and finished goods stored in our warehouse at our production plants or leased warehouses. We have implemented stringent inventory management measures to maintain an optimal level of stock for our inventory. Our inventories and other contract costs turnover days were 81.2, 86.5, 79.9 and 53.2 in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

To improve our inventory efficiency, we have adopted a unified distribution system and continuously enhanced inventory turnover. We implement policies and guidelines setting out requirements on inventory control, including periodic asset audits, real-time monitoring and on-site or supplier-assisted inventory inspections. These policies and guidelines are formulated according to relevant industry standards such as the ISO 9001 quality management system certification. Our comprehensive inventory management measures enable us to maintain high standards in inventory performance and rapid responsiveness to market demands.

Our Inventory Management Policies and Revenue Recognition

Under our buy-out model for domestic sales, we typically ship our goods to the distribution partner’s designated location, and thereafter recognize revenue at the point when our distribution partner completes revenue recognition confirmation in the CRM system (CRM Confirmation), after which the distribution partner assumes all inventory risks. The timing of the CRM Confirmation is at the discretion of the distribution partner following the delivery of goods but shall be no later than three days after the actual sale to end-user. See “— Sales, Marketing and Customer Service — Our Sales and Distribution Network — Our Distribution Network in China — Accounting Policies for Our Distribution in China.”

We have chosen CRM Confirmation as the timing for revenue recognition after prudent consideration of industry dynamics and practical needs, as such revenue recognition policy affords distribution partners to exercise discretion over timing to accommodate their financial capacity, which helps reduce their inventory pressure that in turn strengthens our collaboration with the distribution partners and fosters our sustainable channel development. As a practice that has increasingly gained traction in the industry, certain industry peers have also adopted similar revenue recognition and inventory risk transfer policy, according to Frost & Sullivan.

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To address potential concerns regarding inventory risks, we have implemented robust protective measures under our domestic inventory management policies, which primarily include:

- ***Contractual risk allocation.*** Our contracts generally stipulate that, upon delivery of goods to the distribution partner, any loss or damage arising from storage conditions shall be borne by the distribution partner. We do not permit returns solely on the basis of exceeding the advisory storage period.
- ***Advisory storage period.*** We define an advisory storage period of 180 days. For agricultural machinery approaching or exceeding this period, we proactively explore inventory reallocation solutions among distribution partners, including facilitating inter-distributor transfers to markets with stronger demand upon distribution partner’s request, subject to our internal compliance processes that ensure traceability and transparency. We will also take the inventory management practices of our distribution partners into account as part of our evaluation of whether to continue and expand collaboration with them.
- ***Insurance policy.*** Upon CRM Confirmation, we cease to bear product liability insurance, and the distribution partner assumes full responsibility for insurance coverage.

For overseas transactions, we typically adopt FOB terms, under which ownership and inventory risk transfer at the point of shipment.

Logistics

Raw materials are delivered to our production plants at our suppliers’ own cost and risk. For the delivery of our products, we are typically responsible for arranging transportation from our production plants to our consignees and direct sales customers in the PRC. During the Track Record Period, we outsourced logistic activities to third-party service providers to deliver our products. The services provided by the third-party logistic companies cover long-haul delivery, short-distance transfers and loading operations. Pursuant to the agreements entered between us and the logistic companies, the logistic companies are responsible for any direct losses caused by them during the shipment of our products. Our products sold to overseas distribution partners are generally shipped on agreed terms, typically on a FOB basis.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruptions or damage in relation to product delivery.

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We generally enter into annual logistics agreements with our third-party service providers. Salient terms of the annual logistics agreements with third-party service providers include:

- **Delivery and area.** We typically require delivery via road transports, and will adjust the awarded delivery area according to the requirements of the actual delivery plan.
- **Pricing.** We have standards for freight settlement and mileage, and will adjust according to market changes.
- **Payment and credit term.** We typically settle payments through bank transfer and repaying the debt in kind, and usually obtain a credit term of 90 days.
- **Risk allocation.** The risk of the products is generally transferred to the third-party service providers upon their obtaining the products. We typically collect a business risk deposit from third-party service providers before signing the annual logistics agreements.
- **Guarantee.** We typically require guarantors to provide a guarantee for the third-party service providers for a period of five years.

QUALITY CONTROL AND PRODUCT LIABILITY

Quality Control

We have established a complete set of quality management systems, including the management of suppliers, incoming procured products, the production process, the finished products and the management of after-sale services. We have a quality control department with a team of approximately 130 employees responsible for quality assurance. In strict compliance with the provisions of quality management system documents, each of our production plants has passed ISO 9001 quality management system certification. We have also implemented various internal control protocols to ensure quality assurance. Our rigorous quality management system has achieved industry-leading product quality standards throughout the Track Record Period. In 2022, 2023, 2024 and six months ended June 30, 2025, our first-pass yield rates were 93.8%, 95.1%, 96.3% and 96.8%, respectively, while our product qualification rates were consistently maintained at 100%.

Set forth below are our major quality control procedures:

- ***Raw materials quality.*** To ensure the quality of our raw materials and components, we have implemented a strict supplier admission system, including a holistic approach to selecting and assessing our suppliers. We also evaluate suppliers annually and make adjustments if we find the product quality, production capacity or supply chain management capabilities of our suppliers unsatisfactory. We periodically inspect incoming materials, accepting only those that meet national or industry standards.

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- **Production process.** We conduct regular comprehensive equipment inspections and set up control points for product quality for all key stages throughout the production process.
- **Product quality.** Our quality control department carries out routine inspection of every finished product we manufacture. Such inspections typically follow: (i) national standards such as GB/T 21962-2020 Corn Combine Harvester and GB/T 20864-2021 Rice transplanter; (ii) industry standards such as JB/T 5117-2017 Whole-feed Combine Harvester and JB/T 11895-2014 Lawn and Garden Tractors; and (iii) in-house standards such as Q/0704LWZ 001-2018 Wheeled Tractor and Q/0704LW 112-2018 Self-propelled Peanut Harvesting Machine. We typically conduct various performance tests and appearance examinations before the delivery of our products to customers.

As a result of our commitment to stringent product quality, during the Track Record Period and up to the Latest Practicable Date: (i) we had not been subject to any material administrative or other penalties from any competent authority in connection with product quality; (ii) we had not undertaken any material product recalls with respect to defective products; (iii) we had not experienced any material product returns; and (iv) we had not been involved in any material dispute with customers in connection with product quality.

Product Liability

With respect to the allocation of liability in quality-related disputes, we comply with the applicable laws and regulations including the Production Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), the Provisions on the Liability of Repair, Replacement and Return of Agricultural Machinery Products (《農業機械產品修理、更換、退貨責任規定》), and the Safety Supervision and Management of Agricultural Machinery (《農業機械安全監督管理條例》). We also adhere to the terms stipulated in the cooperation agreements executed between the distribution partners and us. In instances where a product issue arises due to inherent defects, we shall assume the corresponding responsibility in the capacity as the manufacturer. Conversely, if the issue is attributable to errors in the distribution partner’s sales, storage or handling processes, the distribution partner shall bear the relevant liability. Where specific arrangements have been contractually agreed upon between both parties, such provisions shall prevail.

OUR CUSTOMERS

We primarily sell our products to distribution partners and direct sales customers. Our direct sales customers mainly comprise agricultural enterprises. In 2022, 2023, 2024 and in the six months ended June 30, 2025, the aggregate revenue from sales to our top five customers in each year/period during the Track Record Period accounted for 5.5%, 6.0%, 5.2% and 5.7% of our total revenue, respectively, and revenue from sales to our largest customer in each year/period during the Track Record Period accounted for 1.1%, 1.4%, 1.3% and 1.7% of our total revenue for the same periods.

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We generally enter into standardized distribution agreements with our distribution partners and standardized sales agreements with our direct sales customers. See “— Sales, Marketing and Customer Service — Our Sales and Distribution Network.” To the best of our knowledge, except for Shandong Heavy Industry India Pvt. Ltd. which is among one of our five largest customers in the six months ended June 30, 2025, our five largest customers in each year/period during the Track Record Period were all Independent Third Parties. To the best of our knowledge, except for Shandong Heavy Industry India Pvt. Ltd., none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest customers in each year/period during the Track Record Period.

OUR SUPPLIERS

Our suppliers primarily comprise suppliers of raw materials, parts and components and vehicle engines. Purchases from our five largest suppliers in each year/period during the Track Record Period amounted to RMB3,039.7 million, RMB3,953.3 million, RMB3,990.0 million and RMB1,950.3 million in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively, representing 22.6%, 27.0%, 28.7% and 27.2% of our total purchases for the same periods. Purchases from our largest supplier in each year/period during the Track Record Period accounted for 10.0%, 16.6%, 19.3% and 18.0% of our total purchases in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively.

The following tables set forth the details of our five largest suppliers in each year/period during the Track Record Period by purchase amount in each fiscal year/period during the Track Record Period:

Financial Year ended 31 December 2022

Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
(RMB'000)							
Shandong Heavy Industry	Production of power systems, construction machinery, vehicles and agricultural machinery	Supplier of materials	1,340,132	10.0	2018	30 to 60 days	Acceptance bill
Supplier A	Production of diesel engines, automobile parts and plastic pipes	Supplier of materials	619,804	4.6	1999	60 days	Acceptance bill

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Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
			(RMB'000)				
Supplier B . . .	Production of engineering tires, high-performance tires and specialized rubber products	Supplier of materials	411,466	3.0	2006	60 days	Acceptance bill
Supplier C . . .	Production of diesel engines and power generation units	Supplier of materials	374,773	2.8	2003	60 days	Acceptance bill
Supplier D . . .	Production of components for agricultural machinery, construction machinery and engines	Supplier of materials	293,478	2.2	2018	30 days	Acceptance bill
Total			3,039,653	22.6			

Financial Year ended 31 December 2023

Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
			(RMB'000)				
Shandong Heavy Industry . . .	Production of power systems, construction machinery, vehicles and agricultural machinery	Supplier of materials	2,424,141	16.6	2018	30 to 60 days	Acceptance bill
Supplier A . . .	Production of diesel engines, automobile parts and plastic pipes	Supplier of materials	527,257	3.6	1999	60 days	Acceptance bill

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Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
(RMB'000)							
Supplier B . . .	Production of engineering tires, high-performance tires and specialized rubber products	Supplier of materials	411,555	2.8	2006	60 days	Acceptance bill
Supplier D . . .	Production of components for agricultural machinery, construction machinery and engines	Supplier of materials	366,184	2.5	2018	30 days	Acceptance bill
Supplier E . . .	Production of drive axles and gearboxes for agricultural machinery	Supplier of materials	224,160	1.5	1999	60 days	Acceptance bill
Total			3,953,297	27.0			

Financial Year ended 31 December 2024

Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
(RMB'000)							
Shandong Heavy Industry . . .	Production of power systems, construction machinery, vehicles and agricultural machinery	Supplier of materials	2,683,553	19.3	2018	30 to 60 days	Acceptance bill
Supplier D . . .	Production of components for agricultural machinery, construction machinery and engines	Supplier of materials	404,093	2.9	2018	90 days	Acceptance bill

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Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
			(RMB'000)				
Supplier B . . .	Production of engineering tires, high-performance tires and specialized rubber products	Supplier of materials	378,500	2.7	2006	90 days	Acceptance bill
Supplier A . . .	Production of diesel engines, automobile parts and plastic pipes	Supplier of materials	338,841	2.5	1999	90 days	Acceptance bill
Supplier F . . .	Production of components for agricultural machinery and vehicles	Supplier of materials	184,979	1.3	2006	90 days	Acceptance bill
Total			3,989,966	28.7			

Six months ended June 30, 2025

Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
Shandong Heavy Industry . . .	Production of power systems, construction machinery, vehicles and agricultural machinery	Supplier of materials	1,293,422	18.0	2018	30 to 60 days	Acceptance bill
Supplier D . . .	Production of components for agricultural machinery, construction machinery and engines	Supplier of materials	207,846	2.9	2018	90 days	Acceptance bill

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Supplier	Principal business	Products/services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Primary payment method
Supplier B . . .	Production of engineering tires, high-performance tires and specialized rubber products	Supplier of materials	177,705	2.5	2006	90 days	Acceptance bill
Supplier A . . .	Production of diesel engine, automobile parts and plastic pipes	Supplier of materials	173,394	2.4	1999	90 days	Acceptance bill
Supplier E . . .	Production of drive axles and gearboxes for agricultural machinery	Supplier of materials	97,931	1.4	1999	90 days	Acceptance bill
Total			1,950,298	27.2			

We generally enter into an annual supply contracts with our suppliers. See “— Procurement, Inventory Management and Logistics — Procurement.”

To the best of our knowledge, except for Shandong Heavy Industry, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, except for Shandong Heavy Industry, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest suppliers in each year during the Track Record Period.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background and Reasons Relating to Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (individually or collectively, the “Relevant Customers”) settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the “Third-Party Payment Arrangements”). The Relevant Customers during the Track Record Period primarily consisted of customers in the form of small and medium-sized enterprises and corporate entities, the vast majority of whom were our distribution partners. To the best of our knowledge, the third-party payors primarily consisted of persons affiliated with the Relevant

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Customers, such as shareholders, legal representatives, controllers, relatives (of the owners, shareholders or controllers), or employees of the Relevant Customers, or, in a few cases, financial institutions which made payments to us pursuant to the financing arrangements with the Relevant Customers.

In 2022, 2023, 2024 and six months ended June 30, 2025, the number of the Relevant Customers was approximately 163, 99, 145 and 71, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB422.1 million, RMB181.5 million, RMB319.8 million and RMB126.4 million, respectively, which respectively accounted for 2.6%, 1.2%, 1.8% and 1.3% of our total revenue in the same periods. No individual Relevant Customer has made a material contribution to our revenue during the Track Record Period.

According to Frost & Sullivan, it is a common commercial practice for businesses in the agricultural machinery sector in China to settle their payments through third-party payors with their suppliers or customers for convenience and flexibility. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements primarily because: (i) it is more convenient for or in line with the internal financial management practice of some Relevant Customers to use the accounts of certain affiliated persons such as their legal representatives or actual controllers (and/or their family members), due to limitations on their transfer amounts or especially during the holiday seasons; and (ii) our overseas Relevant Customers make payments through third parties in cross-border transactions for payment convenience and faster transaction times.

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. During the Track Record Period, we required the Relevant Customers to provide us with written confirmation of payment delegation that the designated third-party payors are authorized by the Relevant Customers to settle payments with us (the “Written Delegation”) prior to making payments under the Third-Party Payment Arrangements, which generally specified that: (i) the designated third-party payor is authorized by the Relevant Customer and thus is allowed to settle payments with us on behalf of the Relevant Customer; (ii) payment from the designated third-party payor shall be deemed as payment from the Relevant Customer; and (iii) the Relevant Customer undertakes that any disputes or legal liabilities associated with or arising from the Third-Party Payment Arrangements shall be borne by the Relevant Customer instead of our Group and shall not concern our Group, and be resolved by the Relevant Customer and the designated third-party payor directly. During the Track Record Period, all Relevant Customers provided us with Written Delegation before making payments under the Third-Party Payment Arrangements.

We also had know-your-customer procedures in place for onboarding our customers. Furthermore, in order to ensure the Third-Party Payment Arrangements are for *bona fide* transactions, we only accept payments from third-party payors of the Relevant Customers and deliver our products and services to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Written

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Delegation. We also communicated with our customers periodically to understand the nature of their businesses, business models and ownership. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period and up to the Latest Practicable Date, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged based on the Relevant Customers' requests. To the best of our knowledge, during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Legal Consequences of Third-Party Payment Arrangements

As advised by our PRC Legal Advisor, in light of the above: (i) our Third-Party Payment Arrangements during the Track Record Period and as of the Latest Practicable Date were not in breach or contravention of mandatory requirements of applicable laws or regulations in China; (ii) as for Relevant Customers who provided duly executed Written Delegation mentioned above, the risks were low for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangements; and (iii) our Company has not been found to be involved in any money laundering activities, activities that could be related to money laundering or any relevant investigations, and, as such, the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is low.

Based on the foregoing, our Directors confirm that, to the best of their knowledge and based on the know-your-customer procedures and internal control measures implemented, (i) during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships and (ii) there were no instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements.

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During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors and based on publicly available information, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were independent third parties.

Enhanced Internal Control Measures of Third-Party Payment Arrangements

To safeguard our interest against risks associated with Third-Party Payment Arrangements, we have significantly enhanced and implemented various internal control measures which include, among other things:

- (i) we initiated the implementation of Third-Party Payment Arrangements enhancement measures and informed our employees regarding the enhanced internal control measures;
- (ii) we amended our policy and required that a third-party payor be designated concurrently with the execution of the sales contract, or, alternatively, that a payment authorization agreement be duly executed prior to the payment, and the payment authorization agreement would make third-party payors become contractual parties with us; and
- (iii) to prevent fraud or money-laundering activities and ensure the accuracy and completeness of our accounting books and records, we further strengthened our know-your-customer procedures to gain a comprehensive understanding of our customers and perform verification of payment details against our records to confirm payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction. In addition, our sales team will hold regular meetings with customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money-laundering activities.

Pursuant to the aforementioned enhancement measures, we only allow payments (i) directly from the accounts of the customers or (ii) if not directly from the accounts of the customers, through the accounts of payors entrusted by our customers, such as their legal representatives, actual controllers and their subsidiaries within the same corporate group. Such parties allowed to make payments to us are required to enter into the amended payment authorization agreements together with the respective customers and become contractual parties with us. Our amended delegation letters specify, among other things, the detailed information and payment obligation of the respective contractual parties.

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We regularly check the effectiveness of our internal control measures in relation to the Third-Party Payment Arrangements and promptly address any abnormalities. Based on the review of the implementation of the abovementioned measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements, including money laundering risks, tax evasion risks or other risks relating to violation of applicable laws and regulations. Our Directors will oversee the effectiveness of these measures in the future.

As of the Latest Practicable Date, we were in the process of ongoing implementation of the enhancement measures and had made considerable progress in enhancing substantially all Third-Party Payment Arrangements.

Our Directors consider that the enhancement of the Third-Party Payment Arrangements did not have, nor will have, any material adverse effect on the Group, taking into account the relationship with our customers, liquidity, business operation and financial performance, as: (i) substantially all of the Relevant Customers cooperated with our enhancement process; (ii) the enhancement of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us, under which we typically require our Relevant Customers to settle payments before we provide the products; and (iii) we continued to generate positive net cash from our operating activities before and after the enhancement of Third-Party Payment Arrangements.

INFORMATION TECHNOLOGY

Information technology systems are essential to competitiveness and efficient operations. We have instituted a systematic information technology system covering all material aspects of our operations, including quality control, customer services, R&D, production and business operations. Our information technology team is responsible for developing, upgrading and maintaining IT systems and customizing them to meet our business needs. Our key information technology systems utilized during different operation phases are set forth below:

- **R&D.** We primarily implement Teamcenter and PMS systems during R&D, which enable cross-departmental collaborative management of the entire product lifecycle, including design, process, trial production and commercialization. Through data integration and real-time synchronization, these systems are capable of shortening product development cycles and enhance R&D efficiency.
- **Manufacturing.** We primarily implement ERP and MES systems during manufacturing, which optimize order forecasting, precise scheduling of production resources and bring transparency into the entire production process. These systems effectively control overall production costs while strengthening the coordination between manufacturing, procurement and delivery.

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- ***Procurement and inventory management.*** We primarily implement ERP and SRM systems during procurement and inventory management, which achieve closed-loop management from procurement planning to inventory allocation. These systems improve the efficiency of raw material and parts warehousing, reduce inventory costs and enhance supply chain responsiveness.
- ***Customer services.*** We primarily implement CRM and CC systems for customer services, which enables integrated management of sales orders, logistics and financial settlements. It also standardizes after-sales service processes, improving customer service efficiency and satisfaction.
- ***Accounting and financing.*** We primarily implement ERP system for accounting and financing, which enables centralized processing of financial data and deep integration of business and finance. It supports real-time cost accounting, cash flow monitoring and strategic decision analysis, ensuring the standardization and transparency of financial operations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND PROTECTION

In providing our products and services, we may come into contact with our users and collect certain personal information (including transactional information) of our users. The data we have access to and collect mainly includes: (i) agricultural operation information obtained during providing smart agriculture platform services to our customers; and (ii) basic customer information such as names, phone numbers and contact addresses collected during our business operations in China. We are committed to complying with data protection and privacy laws and protecting data security.

We have devised a number of strict data protection policies and measures to ensure that our personal information protection and collection, processing, storage and usage of data are in compliance with applicable laws and with prevalent industry practice. These policies and measures include:

- ***Data sourcing.*** We require compliance assessments when collecting data and save log records of the collection process.
- ***Data processing.*** We strictly process data in a manner that protects the legitimate rights of data subjects. We process data for specific and reasonable purposes, and limit our data processing activities to the minimum scope for achieving the purpose.

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- **Data storage.** We store data in encrypted form and implement strict access control policies for employee accounts. We have established data backup and recovery management practices to ensure timely recovery of critical information.
- **Data usage.** Our data classification and grading management system establish authorization and approval procedures and security assessment mechanisms for different types and levels of data.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material violation of any mandatory requirements under applicable laws and regulations in respect of the collection, storage, use and protection of personal data.

INTELLECTUAL PROPERTY

Intellectual property is fundamental to our success and competitiveness. As of the Latest Practicable Date, we held 2,806 patents in China as well as 53 patents overseas. For details, see “Appendix IV — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights.”

We rely on a combination of patent, copyright, trademark and trade secret protection laws in the PRC and other jurisdictions, along with confidentiality procedures and contractual provisions to safeguard our intellectual property rights. We have implemented comprehensive measures to protect our intellectual property. Moreover, we have also implemented measures to prevent infringement of the intellectual property of other parties.

Our intellectual Property Management Policy provides a structured approach to managing and protecting our intellectual property assets. These policies establish detailed procedures applicable to all our technological development projects, including the assessment of patent application feasibility and the implementation of confidentiality measures, thereby facilitating the timely protection of our intellectual property.

To prevent infringement of third-party intellectual property rights, we have implemented preventative measures and contractual safeguards. Our policy mandates that all written agreements contain clauses for intellectual property protection with specific provisions on the allocation of rights. We have also implemented a comprehensive patent risk-warning policy, adopting the following measures at various development stages: (i) during the planning phase, we conduct preliminary screening of competitor patents related to our products using dedicated patent search software, followed by tiered risk assessment for the possibility of potential infringement; (ii) during the designing phase, we implement design-around measures for identified high-risk patents. For patents with unavoidable infringement risks, we perform validity analysis and formulate strategic response plans. Meanwhile, in cases of potential infringement, the policy sets forth clear procedures for gathering evidence, assessing impact and determining appropriate responses, including initiating industrial and commercial complaints, pursuing litigation or reporting to regulatory authorities.

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We did not have any material disputes or any other pending legal proceedings concerning intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date. We believe that we have taken reasonable measures to prevent infringement of our intellectual property rights.

COMPETITION

The market in which we operate is undergoing a pivotal transformation from non-intelligent agricultural machinery to intelligent models. Driven by the rapid growth of large-scale farming entities and agricultural social service organizations, the acceleration of farmland consolidation in China, as well as the support from national policies, demand for intelligent agricultural machinery continues to expand steadily. Technological integrations and breakthroughs within China’s high-end machinery manufacturing industry including electro-hydraulic control, remote communication and artificial intelligence also provides intelligent agricultural machinery with robust support for functional upgrades and broadened application scenarios. These factors are collectively accelerating the industry’s transition toward large-scale, high-end and intelligent agricultural machinery products. According to Frost & Sullivan, the market size of China’s intelligent agricultural machinery market is projected to reach approximately RMB103.9 billion by 2030, representing a CAGR of approximately 43.6% between 2024 and 2030. By 2030, the development of China’s intelligent agricultural machinery sector is expected to reach the global level, with a degree of intelligence of 33.1%.

We compete with both domestic and international players in the smart agriculture and intelligent agricultural machinery industries. Key competitive factors include product functionality and performance, product quality and reliability, pricing, brand strength, customer experience and after-sales services. We believe that our strong brand recognition, advanced technological expertise, broad sales and distribution network and disciplined production and quality control systems provide us with a competitive edge as the industry continues to evolve. See “Industry Overview.”

However, we operate in a rapidly emerging industry. Failure to compete effectively and maintain our leading position in the agricultural machinery market could adversely affect our market share, growth and profitability. See “Risk Factors — Risks Relating to Our Business and Industry.”

RISK MANAGEMENT AND INTERNAL CONTROL

We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness.

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To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted, among other things, the following risk management measures:

- established an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors and Senior Management — Board Committees — Audit and Risk Committee;”
- adopted policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management, connected transactions and information disclosure;
- organized training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong;
- established a set of emergency procedures in the event of major quality-related issues;
- provided enhanced training programs on quality assurance and production safety; and
- distributed employee handbooks to enhance employees’ awareness of complying with laws and regulations.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We consider environmental, social and corporate governance (“ESG”) matters as an integral part of our operations. In line with our core value of being a socially responsible company, we resolutely assume social responsibilities, raise environmental awareness and promote long-term sustainable development. We have implemented a set of policies on the environment, employee welfare and corporate governance, which we believe are in line with industry standards and regulatory requirements. We believe that the establishment and implementation of ESG principles and practices enable us to fulfill our mission and strategic objectives while delivering long-term value to our stakeholders. Our Board intends to take primary responsibility for overseeing the development and reporting of our ESG direction and strategy. In the future, our Board will focus on identifying ESG-related risks and monitoring and evaluating our ESG performance. Moreover, our Board plans to closely monitor evolving ESG-related laws and regulations, updating our ESG measures accordingly to ensure compliance with the latest regulatory requirements.

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Environmental Protection

We recognize the urgent need to address environmental challenges and minimize our ecological footprint. We have established the management philosophy of “Prioritizing Environmental Protection and Clean Production,” systematically developing green production regulations including the Environmental Protection Management Regulation, while actively pursuing resource efficiency, waste and pollutant emission reduction throughout our operations and supporting initiatives that contribute to sustainable development.

We closely monitor the metrics indicative of the environmental effects of our business operations and rigorously adhere to the standards and targets established by our management and competent authorities. These metrics typically include electricity consumption, water consumption, wastewater discharge and air and solid pollutant discharge, among others.

Consumption of Resources

We have adopted resource conservation policies and practices in our manufacturing. The following table presents our use of resources for the periods indicated:

Unit	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Electricity kWh	55,442,874.0	59,399,962.0	63,342,451.0	29,249,588
Intensity kWh/thousand RMB	3.5	4.1	3.6	3.0
Water thousand tons	494.6	457.2	425.2	223.7
Intensity thousand tons/employee	0.1	–	–	–
Heated water kJ	66,850,000,000	65,142,000,000	73,232,000,000	47,911,000,000
Intensity kJ/employee	8,413,038.0	7,017,343.5	7,280,970.4	4,906,400.4
Natural gas thousand m ³	8,896.2	8,461.7	7,317.8	3441.5
Intensity thousand m ³ /thousand RMB	–	–	–	–

We are committed to reducing greenhouse gas (“GHG”) emissions and are actively employing various measures to manage our GHG emissions. For example, we have incorporated green energy equipment, such as electric forklifts, in our production processes to reduce emissions from the usage of gasoline and diesel fuel.

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The following table presents our GHG emissions for the periods indicated:

	Unit	Year ended December 31,			Six months ended
		2022	2023	2024	June 30,
					2025
Scope 1 GHG emissions	tCO ₂ e	17,367.6	16,412.4	14,198.4	6,707.1
Scope 2 GHG emissions	tCO ₂ e	39,241.4	41,529.5	44,768.7	22,323.1
GHG emissions (Scope 1 + Scope 2)	tCO ₂ e	56,609.0	57,941.9	58,967.1	29,030.2
GHG emission intensity. . . . RMB	tCO ₂ e/thousand	–	–	–	–

Waste and Pollutant Management

We are subject to environmental protection laws and regulations in the PRC. See “Regulatory Overview — Laws and Regulations Related to Environmental Protection.” Our production facilities in operation discharge waste and pollutants such as wastewater, solid waste and volatile substances. Our manufacturing activities involves the usage of hazardous chemicals such as diesel, paint and thinner. The procurement, use and storage of these hazardous chemicals are managed according to hazardous chemical management regulations, with risks under stringent control. In practice, we have taken multiple measures to minimize the environmental impacts of our manufacturing, and the actual discharge of waste and pollutants stemming from our production facilities is well below the permitted levels.

We have established and implemented stringent treatment procedures for waste and pollutants from our production facilities:

- **Wastewater.** We have formulated comprehensive policies on collection, storage and treatment of wastewater. We also engaged qualified third-party service providers to process wastewater, in order to minimize the adverse environmental effects of our manufacturing processes. We prioritize advanced production processes over outdated processes and continuously update our processes and equipment to reduce wastewater discharge. We monitor wastewater discharge indicators according to the requirements of the local laws and regulations where our production facilities are located.
- **Solid waste.** All solid waste generated in our production processes is strictly classified into general industrial solid waste, hazardous waste and recyclable materials, with different policies adopted. During collection, management and transportation, we stringently follow national standard procedures and maintain corresponding reports.

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- ***Volatile substances.*** We maintain an emission monitoring log and designate personnel for daily inspection and maintenance of the monitoring system. We analyze monitoring data and encourage scientific research on air pollution prevention techniques.
- ***Noise Pollution.*** We maintain a noise pollution source log and designate personnel for supervision and inspection. When designing manufacturing processes and selecting production equipment, we prioritize low-noise processes and equipment, while continuously improving production processes and operating methods to reduce noise generation and transmission. For high-noise equipment, we install soundproof covers and silencers. By reasonably planning the layouts of our production facilities, gathering high-noise equipment together and installing sound-absorbing materials in the corresponding production lines, we reduce noise transmission during our manufacturing processes.

Building on our rigorously implemented environmental pollution prevention and control management system, we were awarded the national-level Green Factory certification in 2023. This achievement demonstrates that our operations across multiple dimensions, ranging from production infrastructure and energy conservation, consumption reduction and clean production upgrades, have been systematically implemented throughout our manufacturing processes, ensuring transparent compliance with sustainability commitments.

During the Track Record Period and up to the Latest Practicable Date, we did not materially violate any environmental laws and regulations applicable to our operations.

Social Responsibility

Sustainable Agricultural Development

We consistently take advancing sustainable agriculture development as one of our core missions. Our products and services are deeply aligned with the national smart agriculture strategic direction. By providing and continuously improving an integrated set of intelligent agricultural machinery for the full cycle of field operations that leverage smart agriculture capabilities, we significantly reduce farmers' labor intensity while enhancing operational efficiency, facilitating the transformation and upgrading of traditional agricultural production toward digitalization and precision farming. Through optimizing cultivation management, our products and services are capable of improving crop yields, which in turn contributes to increased income for agricultural producers and strengthens national food security.

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Community Contribution

We actively empower agricultural production, contributing to rural revitalization and economic boost. Our commitment to social responsibility extends to our assistance to farmers during farming and harvesting seasons in agricultural technical guidance and agricultural machinery usage support, reinforcing our role as a friend and partner to farmers. The key community contribution items we conducted during the Track Record Period are as follows:

- ***Agricultural technical training.*** We provide on-site guidance and hands-on training for farmers across various regions in China, helping them master systematic knowledge related to agricultural machinery as well as practicable and actionable skills. This training equips operators with advanced agricultural production techniques, enabling effective adoption of feasible agricultural technologies in daily operations.
- ***Harvesting season support.*** In collaboration with the Ministry of Agriculture and Rural Affairs of the PRC, we launched the National Cross-Regional Agricultural Machinery Operations Platform for the harvesting seasons. Utilizing CRM systems and vehicle IoT platforms, we integrated data from the operation of agricultural machinery nationwide, and reserve service resources and crucial components correspondingly, as well as equipping a number of experts to offer remote diagnostics and emergency support, ensuring smooth machinery operation during peak harvesting seasons.
- ***Rural community development.*** Since 2011, we have implemented the “Caring for Left-Behind Children” program. To date, we have held over 70 charity events across 15 provinces in China, directly benefiting over 13,000 children, with total funds exceeding RMB5.8 million.

Corporate Governance

Employee Welfare and Occupational Safety

We strive to create a fair and equal workplace to promote diversity and inclusivity within our workforce. We have undertaken measures to ensure a diverse workforce to align with this commitment. We hire employees based on merit and are committed to providing equal opportunities without regard to gender, age, race, religion or any other social or personal characteristics. Our workplaces are governed by strict policies to prevent any form of discrimination or physical or verbal harassment.

We have established clear protocols in our Production Safety Management Policy, pursuant to which we have established a comprehensive management system for our manufacturing activities and employee welfare. Effectively implementing these measures, no material accidents occurred in our production processes during the Track Record Period, as advised by our PRC Legal Advisor. We provide our employees with insurance packages as required by PRC laws and regulations. Additionally, we offer supplementary insurance options

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and organize production safety training programs. We also regularly organize third-party assessments of occupational disease hazards and promptly update and rectify occupational disease prevention measures to ensure employee health and safety.

Our commitment to employee welfare is further evidenced by comprehensive employee development programs. We are committed to offering an equitable, supportive and inclusive workplace environment. We provide a comprehensive remuneration system, offering competitive market salaries and value-based job compensation. We conduct regular external market salary surveys and have multiple salary adjustment channels, including annual performance-based and job promotion adjustments, to increase employee income and steadily improve their living standards. We have also built a dual career development path, offering both professional and managerial routes to facilitate employee career advancement. We provide a complete training curriculum for employees and have established an experienced internal instructor team to enhance internal knowledge exchange and work efficiency.

Anti-corruption

We are committed to maintaining high standards of integrity in all our business operations. As part of this commitment, we adhere to all relevant anti-bribery and anti-corruption laws, rules and regulations. We have established and rigorously enforce behavior guidelines to regulate the acceptance of gifts and entertainment by employees. Any violations or reports of violations are promptly investigated by our Discipline Inspection Commission. We have implemented stringent internal control measures throughout all stages of our business operations to ensure strict compliance and lawful conduct.

During the Track Record Period and up to the Latest Practicable Date, we had not engaged in, supported or conspired with any individual to commit unlawful activities. No instances of non-compliance with relevant laws and regulations related to corruption, bribery, fraud or money laundering that have a significant impact on us have been identified during this period.

EMPLOYEES

As of June 30, 2025, we had 9,765 full-time employees, the majority of whom are based in Weifang, Shandong. We also engaged 175 dispatched workers as of June 30, 2025. The following table sets forth a breakdown of our employees by function as of June 30, 2025:

Business Function	Number of Employees	Percent (%)
R&D	2,568	26.3
Production	5,396	55.3
Sales and marketing	819	8.4
Procurement and supply chain management	200	2.1
Logistics and warehousing	220	2.3
Administration and others	562	5.8
Total	9,765	100.0

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Attracting, retaining and motivating qualified employees is crucial to our success. We utilize various recruitment channels, including on-campus recruitment, professional recruitment websites, referrals and recruiting agencies to attract talent. We are committed to creating a fair and equal working environment for our employees. We endeavor to motivate our employees by providing relatively competitive salaries, comprehensive welfare packages and merit-based incentive schemes based on their performance. We participate in various employee social security plans in accordance with applicable PRC laws and regulations, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and housing provident funds.

We offer training for all employees from entry level to management, including induction training programs for new joiners and skill training programs for personnel in technical, professional and management positions. We also provide specialized training programs tailored to the specific needs of employees in different departments.

We have maintained a good relationship with our employees. During the Track Record Period, we did not have any strikes, protests or other material labor disputes that may impair our business and image. As of the Latest Practicable Date, we and our subsidiaries have established labor unions that protect employees' rights, help fulfill our and our subsidiaries' economic objectives, encourage employee participation in management decisions.

INSURANCE

We maintain insurance coverage over our daily operations. During the Track Record Period, our principal insurance policies primarily include property all-risk insurance, machinery breakdown insurance and insurance on product liability (including the first (set of) key technological equipment insurance), which we believe cover major risks in our daily operations. In line with general market practices, we do not maintain certain policies that are not available in the locations wherein we operate, or that are not generally required by laws. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be insufficient to cover all of our potential losses."

We believe that our insurance coverage is adequate for our business and in line with industry standards and general market practice. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

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PROPERTIES

Our headquarters office is located in Weifang, Shandong. We own and lease properties in the PRC. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned the land use rights of 17 properties in the PRC with an aggregated gross land area of approximately 2,046,419.0 sq.m. Additionally, we owned 22 buildings in the PRC, all of which have all obtained property ownership certificates, with a total floor area of approximately 568,933.6 sq.m.. The abovementioned owned properties are primarily for use as manufacturing facilities and offices. As of the Latest Practicable Date, we had obtained the state-owned land use right certificates for all of our owned properties. See “— Legal Proceedings and Compliance — Historical Non-compliance Incidents — Owned Properties with Defective Titles.”

Leased Properties

As of the Latest Practicable Date, we lease 46 properties in China, including 15 land parcels and 31 buildings. The gross land area of the leased land parcels is approximately 1,408,389.2 sq.m., and the gross floor area of the leased buildings is approximately 22,693.3 sq.m. We also lease one property with a gross floor area of approximately 200.0 sq.m. in Indonesia, which were primarily used for business operations, manufacturing and warehousing. See “— Legal Proceedings and Compliance — Historical Non-compliance Incidents — Leased Properties with Defective Titles” and “— Legal Proceedings and Compliance — Historical Non-compliance Incidents — Leased Properties with Registration Defects.”

LICENSES, PERMITS AND APPROVALS

We are required to obtain a number of licenses, permits, approvals and certificates for our business. We monitor our compliance with the relevant laws and regulations to ensure that we have the requisite licenses, permits, approvals and certificates for our operations. See “Regulatory Overview.” As advised by our PRC Legal Advisor, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date.

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Specifically, as of the Latest Practicable Date, we and one of our subsidiaries hold the value-added telecommunications business operating license, with the scope of business covering (i) online data processing and transaction process services (limited to e-commerce operations), and (ii) information services (limited to internet information services). Under current PRC applicable laws and regulations, the foreign shareholding ratio in Internet Information Services shall not exceed 50%. As advised by our PRC Legal Advisor, since our foreign equity ratio will not exceed 50% following the [REDACTED], we will remain compliant with the requirements under the Negative List and may continue to operate our business within the permitted scope of value-added telecommunications services.

We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations. As advised by our PRC Legal Advisor, there is no material legal impediment to renewing the licenses, permits, approvals and certificates required for our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may be involved in court, arbitral and administrative proceedings arising in the ordinary course of our business operations. See “Risk Factors — Risks Relating to Our Business and Industry — We may from time to time become party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.”

Save as disclosed, our management has confirmed that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any other litigation or arbitration proceedings or administrative proceedings pending against us which, in our opinion, is likely to have a material and adverse effect on our business, financial condition or results of operations.

Historical Non-compliance Incidents

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. The summary below outlines historical instances of non-compliance with applicable regulations during the Track Record Period, which our Directors believe did not and are not expected to have any material adverse impact on our business operations or financial performance.

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Social Insurance and Housing Provident Funds

During the Track Record Period, we did not pay social insurance and housing provident fund in full using actual wages as the contribution basis. Considering that such shortfall in social insurance and housing provident fund contributions for each period accounted for less than 0.2% of our total revenue for the respective period. During the Track Record Period, we had not made relevant provisions. As advised by our PRC Legal Advisers, (i) with respect to an employer’s failure to pay social insurance contributions in full as required, according to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), such employer may be ordered by the social security premium collection agency to pay the overdue amount and an overdue fine equivalent to 0.05% of the overdue amount per day calculated from the date such social insurance amount has become overdue within a prescribed time limit. The competent authority may further impose a fine of one to three times the overdue amount if such payment is not made within the stipulated period; and (ii) with respect to the employer’s failure to pay the full amount of housing provident fund as required, according to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), such employer may be ordered by the relevant housing provident fund authority to make payment of contributions within a prescribed time limit, and the competent authority may further apply to the court for compulsory enforcement if such payment is not made within the stipulated period. As of the Latest Practicable Date, we had not received any notice from the relevant authority in mainland China requiring us to pay shortfalls or imposing penalties related to social insurance and housing provident fund contributions. Our PRC legal advisor has advised us that the risk of us being fined for failing to make social insurance and the housing provident fund contributions in full amount on time is relatively low. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with PRC regulations regarding contributions to social insurance and the housing provident fund may subject us to fines and other legal or administrative sanctions.”

Since 2024, we have commenced full contributions to the housing provident fund. We are committed to fully complying with the applicable laws and regulations by making statutory contributions to the social insurance based on the actual salary level of our employees going forward. To ensure ongoing compliance with relevant laws and regulations to the extent practicable, we plan to (i) strengthen internal control policies, under which our legal and human resources departments will regularly monitor the compliance status of social insurance and housing provident fund contributions; (ii) enhance personnel training, including sessions on compliance-related topics and proactive communication with employees to encourage cooperation in adhering to the applicable contribution base, which also requests additional contributions from our employees; and (iii) stay informed of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds and periodically consult our PRC legal advisor for advice on relevant PRC laws and regulations.

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Owned Properties with Defective Titles

During the Track Record Period, we did not obtain the real property ownership certificates for certain structures erected on our land parcels. Set forth are the details of the properties with defective titles for each of the underlying land parcels.

<u>Underlying land parcel</u>	<u>Number of properties involved</u>	<u>Gross floor area</u>	<u>Remedial measures</u>
	<i>(units)</i>	<i>(sq.m.)</i>	
Fangzi Production Base	28	36,913.5	According to the certificate issued by the Weifang Municipal Planning and Natural Resources Bureau, Fangzi Branch (濰坊市自然資源和規劃局坊子分局) dated May 15, 2025, we had not been subject to any penalties in relation to the land use, construction or use of the above structures, and there are no significant violations in our land use, construction, or operational activities related to the aforementioned buildings. According to the certificate issued by the Weifang Department of Housing and Urban-rural Development, Fangzi Branch (濰坊市坊子區住房和城鄉建設局) dated May 15, 2025, we had not been subject to any penalties in relation to the construction or use of the above structures. Furthermore, no material violations were identified by the same authority during the Track Record Period.

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Underlying land parcel	Number of properties involved <i>(units)</i>	Gross floor area <i>(sq.m.)</i>	Remedial measures
Zhucheng Production Base . .	8	1,060.0	According to the certificate issued by the Zhucheng Municipal Planning and Natural Resources Bureau (諸城市自然資源和規劃局) dated April 23, 2025, we had not been subject to any penalties in relation to the land use, construction or use of the above structures, and there are no significant violations in our land use, construction, or operational activities related to the aforementioned buildings. According to the certificate issued by the Zhucheng Department of Housing and Urban-rural Development (諸城市住房和城鄉建設局) dated April 22, 2025, we had not been subject to any penalties in relation to the construction or use of the above structures. Furthermore, there was no material violation in relation to our construction and utilization.

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Underlying land parcel	Number of properties involved <i>(units)</i>	Gross floor area <i>(sq.m.)</i>	Remedial measures
Pingyi Production Base	8	10,756.1	According to the certificate issued by the Pingyi Municipal Planning and Natural Resources Bureau (平邑縣自然資源和規劃局) dated April 22, 2025, we had not been subject to any penalties in relation to the land use, construction or use of the above structures, and there are no significant violations in our land use, construction, or operational activities related to the aforementioned buildings. According to the certificate issued by the Pingyi Department of Housing and Urban-rural Development (平邑縣住房和城鄉建設局) dated April 18, 2025, we had not been subject to any penalties in relation to the land use, construction or use of the above structures. Furthermore, there was no material violation in relation to our land use, construction and utilization.

Considering that: (i) such structures are ancillary facilities of our principal operations and are of no value of independent use, and account for a relatively small portion of our total properties; and (ii) the relevant authorities have issued the above confirmations, our PRC Legal Advisor is of the view that the title defects associated with these properties will not have any material adverse impact on our overall operations.

Leased Properties with Defective Titles

As of the Latest Practicable Date, among our 46 leased properties, there are 11 leased land parcels that have not obtained land use right certificates, corresponding to a gross land area of approximately 1,290,043.5 sq.m., and 11 leased buildings that have not obtained property ownership certificates or other supporting documents proving the right to lease, corresponding to a gross floor area of approximately 1,420.4 sq.m. We believe that the lessors’ failure to provide the relevant documentation is due to reasons beyond our control. According to our PRC Legal Advisor, without valid property ownership certificates or proper authorizations, our use

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of these buildings may be invalid or subject to third-party claims or disputes. Furthermore, if the lessors lack the legal right, we may be required to vacate these leased buildings and relocate our operational sites. Considering that: (i) as advised by our PRC Legal Advisors, lack of property ownership certificates or other supporting documents proving the right to use of our leased property will not impose material adverse effects to our business operations; (ii) no property ownership disputes have arisen during the lease term that would affect our use of the premises; and (iii) the properties with title defects are highly substitutable, and in the unlikely event that relocation is necessary, we believe we can readily secure alternative sites with equivalent functionality and scale, and the estimated relocation cost is approximately RMB1.6 million, our management is of the view that the aforementioned incident would not have any material adverse effect on our business, financial condition and results of operations.

Leased Properties with Registration Defects

Pursuant to the applicable laws and regulations in China, property lease agreements for leased buildings must be registered with the relevant real estate authorities. As of the Latest Practicable Date, 29 of our leased properties have not been properly registered, primarily due to the reluctance of property owners despite our repeated efforts. Our PRC Legal Advisor has confirmed that the lack of registration does not affect the validity or enforceability of these leases, although we may face fines ranging from RMB1,000 to RMB10,000 per unregistered lease.

Considering the above, we believe that the unregistered leases will not, individually or in the aggregate, have a material impact on our business and results of operations, on the grounds that we were advised by our PRC Legal Advisor that, if the lease registrations can be completed in accordance with relevant laws and regulations within a reasonable time from the date of application or the period specified by the competent authorities, the risk of such authorities imposing a material penalty on us with respect to these leased properties is relatively low.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance that could lead to fines, enforcement actions or other penalties that could have a material adverse effect on our business, financial condition and results of operations.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received a number of awards and accolades in recognition of our brand and products. The following table sets out major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Awards/Certifications	Awarding authority
2025	Smart Factory Project of Excellency (卓越級智能工廠項目)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2025	Innovative Achievements in Agricultural Machinery and Equipment Award, Shandong Province (山東省農業機械裝備創新成果)	Shandong Agricultural Machinery Industry Association (山東省農業機械工業協會)
2024, 2023	First Prize of the Agricultural Machinery Science and Technology Award (農業機械科學技術獎一等獎)	China Association of Agricultural Machinery Manufacturers (中國農業機械工業協會), Chinese Society for Agricultural Machinery (中國農業機械學會)
2024	Shandong Province Science and Technology Prize (山東省科學技術獎)	Shandong Provincial People's Government (山東省人民政府)
2022	National Manufacturing Single-Product Champion (製造業單項冠軍產品) (2023-2025)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2021	National Science and Technology Progress Award Second Prize (國家科技進步二等獎)	State Council of the PRC
2021	First Prize of the Agricultural Machinery Science and Technology Award (農業機械科學技術獎一等獎)	Shandong Agricultural Machinery Society (山東省農業機械學會), Shandong Agricultural Machinery Industry Association (山東省農業機械工業協會)
2021	First Prize of the Shen Nong China Agricultural Science and Technology Award (神農中華農業科技獎一等獎)	Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部), China Association of Agricultural Science Societies (中國農學會)
2018	First Prize of the Agricultural Machinery Science and Technology Award (農業機械科學技術獎一等獎)	China Association of Agricultural Machinery Manufacturers (中國農業機械工業協會)
2017	Red Dot Award (紅點獎)	Red Dot Committee, Germany
2016	Gold Award of the Shandong Provincial Governor's Cup Industrial Design Competition (山東省省長杯工業設計大賽金獎)	Committee of the Shandong Provincial Governor's Cup (山東省省長杯工業設計大賽組委會)