*You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. This consolidated financial information includes the financial information of our discontinued operations, which we disposed of in August 2022. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.*

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

*For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.*

## OVERVIEW

We are a leading provider of integrated smart agriculture solutions in China. 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 an integrated set of intelligent agricultural machinery for the full process of farming activities. 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." Leveraging our forward-thinking strategic vision in 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 decreased from RMB15,950.0 million in 2022 to RMB14,676.3 million in 2023, and then increased to RMB17,393.0 million in 2024. Our revenue increased from RMB9,801.2 million in the six months ended June 30, 2024 to RMB9,863.4 million in the same period of 2025. Our gross profit increased from RMB1,912.2 million in 2022 to RMB1,939.2 million in 2023, and further increased to RMB2,302.3 million in 2024. Our gross profit increased from RMB1,249.1 million in the six months ended June 30, 2024 to RMB1,362.4 million in the same period of 2025. Our profit for the year from continuing operations increased from RMB811.4 million in 2022 to RMB871.3 million in 2023, and further increased to RMB956.9 million in 2024. Our profit for the period increased from RMB596.8 million in the six months ended June 30, 2024 to RMB609.5 million in the same period of 2025. Our adjusted EBITDA (*non-IFRS measure*) increased from RMB878.0 million in 2022 to RMB986.4 million in 2023, and further increased to RMB1,141.2 million in 2024. Our adjusted EBITDA (*non-IFRS measure*) increased from RMB714.4 million in the six months ended June 30, 2024 to RMB734.8 million in the same period of 2025.

## BASIS OF PREPARATION

As of June 30, 2025, we have net current liabilities of RMB581.3 million. Taking into account of the operating cashflow and available bank facilities, our Directors have, at the time of approving the Historical Financial Information, a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. Thus, we continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

The Historical Financial Information (as defined in Appendix I to this document) has been prepared in accordance with IFRS Accounting Standards, which comprise all accounting standards and Interpretations approved by the International Accounting Standards Board ("IASB").

The Historical Financial Information has been prepared under the historical cost convention except for equity investment designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

For more information on the basis of preparation of the Historical Financial Information, see Note 2 of the Accountants' Report in Appendix I to this document.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are beyond our control, including the following:

### General Factors

Our business and results of operations are impacted by the following main general factors related to the jurisdictions where we sell our products:

- Relevant laws and regulations, governmental policies and initiatives;
- Overall political environment and economic growth;
- Growth, competition environment and market dynamics of agriculture machinery and intelligent agricultural machinery industry;
- Development of the technology in the agriculture machinery and intelligent agricultural machinery industry; and
- Occurrence of force majeure events, outbreak of public health incidents, acts of war, social and economic chaos and natural disasters.

### Specific Factors

Our business and results of operations are also affected by a number of key factors specific to our Group, which mainly include:

#### *Market Demand Driven by Product and Policy Dynamics*

Our ability to offer a competitive and diverse product portfolio is crucial for our business performance. We have a comprehensive product portfolio encompassing high-quality intelligent agricultural machinery, primarily comprising (i) tractors; (ii) harvesting machines; and (iii) agricultural implements. 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 products. See "Business — Our Products — Agricultural Machinery." Benefiting from our diverse product portfolio, comprehensive research and development systems and advanced production capabilities, we have maintained our position at the forefront of industry. 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 45.1%.

Our revenue and profitability depend on our ability to continuously expand and optimize our product portfolio in response to the changes in market demand. Particularly, the market demand for our agricultural machinery is affected by government policies and initiatives. For example, according to the relevant laws and regulations, the diesel engines installed in any non-road mobile machinery with a power below 560kW must comply with the National IV Emission Standards from December 1, 2022. In response to the changes in government standards, we have actively introduced products that meet the new national standards. Our revenue from the sales of agricultural machinery decreased from RMB15,738.1 million in 2022 to RMB14,502.9 million in 2023. Such a decrease in revenue was primarily due to the decrease in sales volume of our tractors and harvesting machines, mainly as a result of lower customer demand on National IV Emission Standards products at the early stage of the change in government standards in 2023. Our revenue from the sales of agricultural machinery increased from RMB14,502.9 million in 2023 to RMB17,183.3 million in 2024. Such an increase was primarily due to the increase in sales volume of our tractors and harvesting machines, mainly as a result of the increased market demand for our National IV Emission Standards products along with the increasing market acceptance on the change in government standards. See "— Year-to-year Comparison of Results of Operations — Year ended December 31, 2024 Compared with Year ended December 31, 2023 — Revenue." Our revenue growth depends on our ability to adapt market changes, as well as user acceptance of our new products.

***Our Research and Development Capabilities***

We believe that research and development is critical to our long-term competitiveness and success. Supported by our comprehensive R&D system, we integrate insights from top talents and international expertise to pioneer advancements in our smart agriculture ecosystem. 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. We have made and will continue to make investment in research and development to solidify our market presence. We had research and development costs of 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, accounting for 3.6%, 4.6%, 4.8%, 3.8% and 4.3% of our total revenue in the same respective years/periods. We believe our ability to develop new products and improve existing products, though the adoption of new technology, is critical to our ability to maintain and increase our sales volume and profitability. We expect our capability to choose the optimal direction for research and development with great potential to address evolving market demand would significantly affect our cost management and operational efficiency.

***Our Sales Network***

We have built an extensive sales network, comprising distributorship and direct sales, to reach a wide range of consumers, enhancing our brand reputation and solidifying our competitive advantages. Our distribution partners play an important role in expanding our geographic footprints and driving sales of our products. In each year or period of the Track Record Period, our revenue from distribution channels accounted for more than 98.0% of our total revenue. Our strong and stable relationships with our distribution partners guarantee a stable revenue stream. We have established both national and international sales and distribution networks, allowing us to provide products and services in over 120 countries and regions. See "Business — Sales, Marketing and Customer Service — Our Sales and Distribution Network." Meanwhile, we have business partnerships with direct sale customers, mainly including large-scale agricultural enterprises. We believe that such business partnerships are beneficial for strengthening and market leadership and enable us to better serve large-scale customers. Going forward, we expect to continuously expand and cultivate our sales network to effectively reach a diverse customer base and adapt to varying market demand.

***Production Capabilities and Procurement Management***

We are dedicated to producing quality products leveraging our advanced production capabilities and procurement management. As of June 30, 2025, we had seven production bases of agricultural machinery and related components with 11 production lines. Our supply efficiency and product quality depend mainly on our abilities to (i) effectively expand production capacity and enhance production flexibility to promptly respond to market demand; and (ii) continuously improve technologies and optimize production processes. Witnessing the increasing market demand for high-end high-horsepower tractors driven by national policy initiatives, we have constructed production base for high-horsepower tractors to expand our production capacity for such products. In addition, 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. While these initiatives involve certain expenses and expenditures in the short term, they are expected to drive the growth of our revenue and gross profit margin in the long run.

In addition, effective procurement management is crucial for us to control our cost of sales and ensure the consistent high quality of our products. We had material costs of RMB12,531.6 million, RMB11,580.7 million, RMB13,758.3 million, RMB7,732.6 million and RMB7,629.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 89.2%, 91.0%, 91.2%, 90.4% and 89.8% of our total cost of sales in the same respective periods. We have established stable relationships with our suppliers to secure a stable and quality supply of raw materials amid the fluctuations in raw material prices. For example, we include clauses in supply contracts to link prices of parts and components with raw material price at the time of purchase, locking in prices in advance. See "Business — Procurement, Inventory Management and Logistics — Procurement." Our capability in procuring cost-effective materials is crucial for our overall cost management and sustainable growth.

***Seasonality***

Due to the seasonality of agricultural production activities, our results of operations are subject to seasonality. 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. Therefore, we generally have relatively high volume of inventories, especially finished goods by the beginning and end of year. Accordingly, our results of operations fluctuate over the year, and our interim results may not be indicative of our annual results.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 of the Accountants' Report in Appendix I to this document.

### Material Accounting Policies

***Revenue and Other Income***

*Revenue from Contracts with Customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

*Sale of Products*

We generate revenue from the sale of products, including agricultural machinery and other related products, which is recognized at the point in time when control of the asset is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods.

Domestic Sales Business: Our agricultural machinery businesses primarily adopt a distribution model for whole-unit sales. Revenue is recognized when dealers report actual sales in the system and obtain control of the relevant goods. For the agricultural machinery business, a direct sales model is used for certain government procurement projects. Our other domestic sales business revenue is recognized upon delivery of goods to dealers and control of the goods is transferred to the dealers.

Export Business: We recognize revenue under the following terms: FOB (Free On Board), CFR (Cost and Freight) and CIF (Cost, Insurance and Freight): Revenue is recognized when goods are cleared for export, loaded onto the vessel, and control is transferred to the buyer. Ex Works (EXW): Revenue is recognized upon completion of delivery procedures to the customer or their designated carrier, when control of the goods is transferred.

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

Rights of Return: For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which we will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Volume Rebates: Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

*Provision of Agricultural and Transportation Services*

Revenue from the provision of agricultural and transportation services is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because our performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the agricultural and transportation services.

*Revenue from Other Sources*

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

*Other Income*

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

See Note 2.3 of the Accountants' Report in Appendix I to this document.

***Contract Liabilities***

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract, such as transferring control of the related goods or services to the customer.

***Property, Plant, Equipment and Depreciation***

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly. Depreciation is calculated on the straight-line basis or double declining balance basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Buildings | 2.38 to 20.00% |
| Motor vehicles | 9.50 to 10.00% |
| Electronic and office equipment | 19.00 to 25.00% |
| Machinery and others | 6.33 to 20.00% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end. An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset. Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

***Leases***

We assess at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use Assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as set out in Note 2.3 of the Accountants' Report in Appendix I to this document. If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*Lease Liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, we use our incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

*Short-term Leases and Leases of Low-value Assets*

We apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

***Impairment of Non-financial Assets***

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and other contract costs, deferred tax assets, financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

***Investments and Other Financial Assets***

*Initial Recognition and Measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

*Subsequent Measurement*

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost (Debt Instruments): Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial Assets Designated at Fair Value through Other Comprehensive Income (Equity Investments): Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial Assets at Fair Value through Profit or Loss: Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

See Note 2.3 of the Accountants' Report in Appendix I to this document.

***Fair Value Measurement***

We measure our equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

***Intangible Assets (Other than Goodwill)***

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software is stated at cost less any impairment losses and its amortized on the straight-line basis over its estimated useful life of 3 to 10 years, which is the license period of the software.

***Income Tax***

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Our Group is subject to income tax on an entity basis on profits arising in or derived from the country in which members of our Group are domiciled and operate. Our Company was recognized as a High-Tech Enterprise under relevant regulations in December 2021 and December 2024, thereby qualifying for a preferential corporate income tax rate of 15% during the Relevant Period. One of our Group's Chinese subsidiaries was recognized as a High-Tech Enterprise under relevant regulations in December 2020 and November 2023, thereby qualifying for a preferential corporate income tax rate of 15% during the relevant period. The validity periods of these qualifications are three years since the date of certificate issuance, which are subject to evaluation and certification by the relevant government authorities upon expiration. Certain of our Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 2.5% to 10% during the years ended 2022 and 5% during the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

Other than the forementioned tax incentives, domestic subsidiaries not qualifying for preferential treatment are subject to the statutory corporate income tax rate of 25%.

See Notes 2.3 and 11 of the Accountants' Report in Appendix I to this document.

**Significant Accounting Judgments and Estimates**

The preparation of our Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and our accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

***Judgements***

In the process of applying our accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information.

*Business Model*

The classification of financial assets at initial recognition depends on the business model of our management of financial assets. In making judgements on the business model, we consider corporate appraisal, methods of reporting the results of financial assets to key management members, risks affecting the results of financial assets and its management, as well as the methods of remunerating relevant business managers and so forth. In assessing whether the objective is to collect contractual cash flows, we need to analyse and make judgements on the reasons for disposing of the financial assets before maturity, time, frequency and value of the financial assets and so forth.

*Deferred Tax Assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. See Note 3 of the Accountants' Report in Appendix I to this document. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, our Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward. If we had been able to recognize all unrecognized deferred tax assets, the equity would have increased by RMB556,000 at June 30, 2025. Further details on deferred taxes are disclosed in Note 30 of the Accountants' Report in Appendix I to this document.

***Estimation Uncertainty***

*Provision for Expected Credit Losses on Financial Instruments*

We use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, such as by geography, product type, customer type and rating.

The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions, such as gross domestic product, are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

*Inventory Impairment*

We, in accordance with our inventory accounting policies, measure inventory at the lower of cost and net realizable value and recognizes inventory write-down provisions for inventories where cost exceeds net realizable value. We re-evaluate, at each balance sheet date, whether inventories are obsolete or slow-moving and whether their net realizable value remains below cost.

*Warranty*

We generally provide product warranty for certain key components to our customers to address any quality defects of our products, see "Business — Sales, Marketing and Customer Service —User Engagement and After-sales Services — After-sales Services." We reasonably estimates warranty rates for different products based on historical warranty data, current warranty policies and all relevant factors. The estimated warranty rates may differ from actual warranty rates in the future. We reassess these rates at each reporting date and adjusts the provision for warranties based on the updated estimates.

Certain warranties provided by our Group are eligible for reimbursement from our suppliers based on our contracts with them. When such supplier reimbursement is virtually certain, we record a corresponding reversal of provision for warranties. Such reversal is presented in the statement of profit or loss.

***Change in Accounting Estimate***

In previous years, we were unable to accurately estimate the supplier reimbursement amount to offset against our additional provision for warranties due to the insufficient information available at the time of warranty provision assessment. Therefore, as a prudent measure, we did not estimate or recognize the supplier reimbursement amount at the time of warranty provision assessment and did not offset the corresponding amount against the additional provision for warranties.

In December 2023, we implemented an enterprise resource planning (ERP) system integration, which enabled us to obtain the relevant information required for the estimation of supplier reimbursement amount. Therefore, we are able to estimate the supplier reimbursement amount at the time of warranty provision assessment, and offset the corresponding amount against the additional provision for warranties. Since 2024, we evaluate the supplier reimbursement amount, and offset the corresponding amount against the additional provision for warranties. Our Directors are of the view that the estimation methodology and data sources adopted are reasonable and reliable, see "Business — Sales, Marketing and Customer Service — User Engagement and After-sales Services — After-sales Services." This accounting treatment has reduced our costs of sales, and thereby increased our profit by RMB160,519,000 in 2024.

During the Track Record Period, our warranty provision to customers was RMB368.0 million, RMB405.4 million, RMB464.9 million and RMB284.3 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Our reimbursement from suppliers was RMB102.0 million, RMB238.5 million, RMB468.1 million and RMB123.3 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

*Variable Consideration for Returns and Volume Rebates*

We estimate variable consideration to be included in the transaction price for the sale of industrial products with rights of return and volume rebates. We have developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by us.

Our expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date. We have applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by us.

We update our assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and our past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

## DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | | | | *(Unaudited)* | |
| | *(RMB in thousands)* | | | | |
| **Continuing operations** | | | | | |
| Revenue | 15,950,044 | 14,676,348 | 17,393,038 | 9,801,165 | 9,863,365 |
| Cost of sales | (14,037,870) | (12,737,176) | (15,090,784) | (8,552,087) | (8,500,989) |
| Gross profit | 1,912,174 | 1,939,172 | 2,302,254 | 1,249,078 | 1,362,376 |
| Other income and gains | 267,501 | 310,270 | 349,261 | 169,011 | 177,901 |
| Selling and marketing expenses | (301,245) | (327,706) | (417,792) | (185,020) | (219,079) |
| Administrative expenses | (399,128) | (330,737) | (353,621) | (185,051) | (172,431) |

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | | | | *(Unaudited)* | |
| | | | *(RMB in thousands)* | | |
| Research and development costs | (570,566) | (676,878) | (838,557) | (371,893) | (419,909) |
| Reversal of impairment of financial assets | 9,532 | 31,827 | 17,441 | (12,625) | (34,126) |
| Other expenses | (19,796) | (2,196) | (21,045) | (1,206) | (943) |
| Finance costs | (3,104) | (1,908) | (1,806) | (870) | (1,068) |
| Share of losses/(profits) of associates | (20,472) | (8,769) | 179 | 224 | (19,070) |
| **Profit before tax from continuing operations** | 874,896 | 933,075 | 1,036,314 | 661,648 | 673,651 |
| Income tax expense | (63,480) | (61,803) | (79,452) | (64,828) | (64,179) |
| **Profit for the year/period from continuing operations** | 811,416 | 871,272 | 956,862 | 596,820 | 609,472 |
| **Discontinued operations** | | | | | |
| Loss for the year/period from discontinued operations | (39,355) | – | – | – | – |
| **Profit for the year/period** | 772,061 | 871,272 | 956,862 | 596,820 | 609,472 |
| Profit for the year/period attributable to: | | | | | |
| Owners of the parent | 767,932 | 871,165 | 956,409 | 596,701 | 609,527 |
| Non-controlling interests | 4,129 | 107 | 453 | 119 | (55) |
| | 772,061 | 871,272 | 956,862 | 596,820 | 609,472 |

### Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use EBITDA (*non-IFRS measure*)/adjusted EBITDA (*non-IFRS measure*) and adjusted net profit (*non-IFRS measure*) as additional financial measures, which are not required by or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these non-IFRS measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of EBITDA (*non-IFRS measure*)/adjusted EBITDA (*non-IFRS measure*) and adjusted net profit (*non-IFRS measure*) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define EBITDA (*non-IFRS measure*) as net profit for the year or period from continuing operations adjusted by adding (i) income tax expense; (ii) finance costs; and (iii) depreciation and amortization, and subtracting interest income. We add back [**REDACTED**] to EBITDA (*non-IFRS measure*) to derive adjusted EBITDA (*non-IFRS measure*). The following table reconciles EBITDA (*non-IFRS measure*) and adjusted EBITDA (*non-IFRS measure*) to our net profit for the year or period from continuing operations presented in accordance with IFRS Accounting Standards for the years or periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | | | | *(Unaudited)* | |
| | | | *(RMB in thousands)* | | |
| **Reconciliation of profit for the year/period from continuing operations to EBITDA *(non-IFRS measure)* and adjusted EBITDA *(non-IFRS measure)*** | | | | | |
| Profit for the year/period from continuing operations | 811,416 | 871,272 | 956,862 | 596,820 | 609,472 |
| Add: | | | | | |
| – Income tax expense | 63,480 | 61,803 | 79,452 | 64,828 | 64,179 |
| – Finance costs | 3,104 | 1,908 | 1,806 | 870 | 1,068 |
| – Depreciation and amortization | 161,758 | 185,341 | 212,970 | 99,540 | 115,216 |
| Less: Interest income | (161,745) | (133,968) | (129,450) | (62,209) | (71,196) |
| **EBITDA *(non-IFRS measure)*** | 878,013 | 986,356 | 1,121,640 | 699,849 | 718,739 |
| Add: | | | | | |
| – [**REDACTED**] expenses[1] | – | – | 19,520 | 14,520 | 16,047 |
| **Adjusted EBITDA *(non-IFRS measure)*** | 878,013 | 986,356 | 1,141,160 | 714,369 | 734,786 |

We define adjusted net profit (*non-IFRS measure*) as net profit for the year or period from continuing operations adjusted by adding back [**REDACTED**]. The following table reconciles our adjusted net profit (*non-IFRS measure*) to our net profit for the year or period from continuing operations presented in accordance with IFRS Accounting Standards for the years or periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | | | | *(Unaudited)* | |
| | | | *(RMB in thousands)* | | |
| **Reconciliation of profit for the years/periods from continuing operations to adjusted net profit *(non-IFRS measure)*** | | | | | |
| Profit for the year/period from continuing operations | 811,416 | 871,272 | 956,862 | 596,820 | 609,472 |
| Add: | | | | | |
| – [**REDACTED**] expenses[(1)] | – | – | 19,520 | 14,520 | 16,047 |
| **Adjusted net profit for the year/period *(non-IFRS measure)*** | 811,416 | 871,272 | 976,382 | 611,340 | 625,519 |

*Note:*

(1) Related to our Previous ChiNext Application. See "History, Development and Corporate Structure — Previous ChiNext Application and [**REDACTED**] for [**REDACTED**] on the Hong Kong Stock Exchange."

## Revenue

Our revenue was RMB15,950.0 million, RMB14,676.3 million, RMB17,393.0 million, RMB9,801.2 million and RMB9,863.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### *Revenue by Product Category*

During the Track Record Period, we mainly generated revenue from (i) the sales of agricultural machinery, including tractors, harvesting machines and agricultural implements and others. See "Business — Our Products — Agricultural Machinery;" and (ii) others, mainly including agricultural services and the sales of parts and components to Weichai Power for engine manufacturing. Our revenue from tractors was RMB7,943.7 million, RMB7,775.4 million, RMB9,057.4 million, RMB5,122.4 million and RMB5,427.8 of revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 49.8%, 52.9%, 52.1%, 52.3% and 55.0% of our total revenue in the same respective years/periods.

The following table sets forth a breakdown of our revenue by product 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 | % |
| | | | | | | | (Unaudited) | | | |
| | (RMB in thousands, except for percentages) | | | | | | | | | |
| 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.

The following table sets forth our revenue, sales volume and ASP 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 | 100,985 | 5,427,758 | 47,912 | 113,286 |
| 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 | 176,900 | 3,830,007 | 21,266 | 180,100 |

*Note:*

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

### *Revenue by Geographic Region*

During the Track Record Period, we generated revenue from China and overseas markets. Our revenue from China was RMB15,001.1 million, RMB13,419.1 million, RMB15,668.0 million, RMB8,833.2 million and RMB8,716.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 94.1%, 91.4%, 90.1%, 90.1% and 88.4% of our total revenue in the same respective periods. During the Track Record Period, our revenue from overseas increased by 32.5% from RMB949.0 million in 2022 to RMB1,257.2 million in 2023, and further increased by 37.2% to RMB1,725.0 million in 2024. Our revenue from overseas increased by 18.5% from RMB967.9 million in the six months ended June 30, 2024 to RMB1,147.0 million in the same period of 2025. Our revenue from overseas increase along with the gradual implementation of our global strategy and the expansion of our global footprint.

The following table sets forth a breakdown of our revenue by geographic region in absolute amount and as a percentage of our total revenue for the years or periods indicated:

| | 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) | | | | | | | | | |
| 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) Mainly including Asia (excluding China), Europe, the Americas, Africa and Oceania.

### *Revenue by Sales Channel*

During the Track Record Period, we sold our products through direct sales and distribution partners. In each year/period of the Track Record Period, our revenue from distribution channels accounted for more than 98.0% of our total revenue.

## Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) material costs, mainly representing costs for purchasing engines, drive axles, transmission, vehicle housing, radiators and tires; (ii) manufacturing expenses, mainly representing fuel and power costs, transportation expenses, depreciation and amortization expenses and maintenance expenses; (iii) direct labor costs, mainly representing payroll and benefits provided to the workers directly involved in production; (iv) additional provision for warranties, mainly representing our provision recognized for product warranty; and (v) others, mainly representing cost of sales of parts and components to Weichai Power for engine manufacturing. Our raw material costs were RMB12,531.6 million, RMB11,580.7 million, RMB13,758.3 million, RMB7,732.6 million and RMB7,629.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 89.2%, 91.0%, 91.2%, 90.4% and 89.8% of our total cost of sales in the same respective years/periods.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years or periods indicated:

| | 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)* | | | | | | | | | |
| Material costs | 12,531,610 | 89.2 | 11,580,699 | 91.0 | 13,758,277 | 91.2 | 7,732,649 | 90.4 | 7,629,908 | 89.8 |
| Manufacturing expenses | 598,932 | 4.3 | 490,160 | 3.8 | 743,666 | 4.9 | 415,519 | 4.9 | 374,038 | 4.4 |
| Direct labor costs | 485,442 | 3.5 | 399,549 | 3.1 | 450,245 | 3.0 | 243,308 | 2.8 | 224,975 | 2.6 |
| Additional provision for warranties | 266,034 | 1.9 | 166,871 | 1.3 | (3,206) | (0.0) | 93,593 | 1.1 | 201,335 | 2.4 |
| Others | 155,852 | 1.1 | 99,896 | 0.8 | 141,802 | 0.9 | 67,018 | 0.8 | 70,732 | 0.8 |
| **Total** | **14,037,870** | **100.0** | **12,737,176** | **100.0** | **15,090,784** | **100.0** | **8,552,087** | **100.0** | **8,500,989** | **100.0** |

## Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB1,912.2 million, RMB1,939.2 million, RMB2,302.3 million, RMB1,249.1 million and RMB1,362.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our gross profit margin was 12.0%, 13.2%, 13.2%, 12.7% and 13.8% in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### *Gross Profit and Gross Profit Margin by Product Category*

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | | % | | % | | % | | % | | % |
| | | | | | | | (Unaudited) | | | |
| | (RMB in thousands, except for percentages) | | | | | | | | | |
| Sales of agricultural machinery | 1,884,156 | 12.0 | 1,893,827 | 13.1 | 2,270,632 | 13.2 | 1,224,005 | 12.6 | 1,349,025 | 13.8 |
| – Tractors | 1,086,136 | 13.7 | 1,098,138 | 14.1 | 1,286,471 | 14.2 | 707,459 | 13.8 | 879,583 | 16.2 |
| – Harvesting machines | 735,367 | 10.1 | 713,331 | 11.6 | 827,493 | 11.7 | 490,973 | 11.7 | 420,200 | 11.0 |
| – Agricultural implements and others | 62,653 | 11.6 | 82,358 | 14.1 | 156,668 | 15.2 | 25,573 | 6.5 | 49,242 | 9.4 |
| Others[1] | 28,018 | 13.2 | 45,345 | 26.1 | 31,623 | 15.1 | 25,072 | 27.2 | 13,351 | 15.9 |
| **Total** | **1,912,174** | **12.0** | **1,939,172** | **13.2** | **2,302,254** | **13.2** | **1,249,078** | **12.7** | **1,362,376** | **13.8** |

*Note:*

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

### *Gross Profit and Gross Profit Margin by Geographic Region*

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

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | | % | | % | | % | | % | | % |
| | | | | | | | (Unaudited) | | | |
| | (RMB in thousands, except for percentages) | | | | | | | | | |
| China | 1,744,795 | 11.6 | 1,679,189 | 12.5 | 1,914,734 | 12.2 | 1,025,047 | 11.6 | 1,075,408 | 12.3 |
| Overseas[1] | 167,380 | 17.6 | 259,983 | 20.7 | 387,520 | 22.5 | 224,031 | 23.1 | 286,968 | 25.0 |
| **Total** | **1,912,175** | **12.0** | **1,939,172** | **13.2** | **2,302,254** | **13.2** | **1,249,078** | **12.7** | **1,362,376** | **13.8** |

*Note:*

(1) Mainly including Asia (excluding China), Europe, the Americas, Africa and Oceania.

### Other Income and Gains

Our other income and gains were RMB267.5 million, RMB310.3 million, RMB349.3 million, RMB169.0 million and RMB177.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. During the Track Record Period, our other income primarily consisted of (i) interest income, mainly related to our bank deposits; (ii) government grants, mainly representing incentives granted by local government to support our operational activities, which were recognized in profit or loss from deferred income. See "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Deferred Income;" (iii) additional tax deduction, mainly representing the additional VAT deduction pursuant to announcement of the State Administration of Taxation in 2023; and (iv) interest income from financial assets at fair value through profit or loss, mainly related to our structured deposits.

During the Track Record Period, our other gains primarily consisted of (i) net foreign exchange gains, mainly related to exchange rate fluctuation; (ii) fair value gain on financial assets designated as at fair value through profit or loss, mainly related to the change in fair value of our wealth management products; (iii) gain on derecognition of financial assets measured at amortized cost, mainly represented the interest income generated from our recovery of certain receivables; (iv) gain on disposal of items of property, plant and equipment; (v) gain on disposal of investment properties; (vi) loss on disposal of a subsidiary, mainly related to the disposal of Huiyin Guarantee; (vii) gain on disposal of an associate; and (viii) gain on deemed disposal, mainly related to the dilution of our equity in associate. See "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Investments in Associates."

The following table sets forth a breakdown of our other income and gains for the years or periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | Amount | Amount | Amount | Amount | Amount |
| | | | | *(Unaudited)* | |
| | *(RMB in thousands)* | | | | |
| **Other income** | | | | | |
| Interest income | 161,745 | 133,968 | 129,450 | 62,209 | 71,196 |
| Government grants | 48,796 | 51,405 | 120,763 | 31,566 | 50,364 |
| Additional tax deduction | – | 67,378 | 52,107 | 50,094 | 5,032 |
| Interest income from financial assets at fair value through profit or loss | 20,832 | 8,082 | 26,334 | 10,565 | 13,768 |
| Total other income | 231,373 | 260,833 | 328,654 | 154,434 | 140,360 |

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | Amount | Amount | Amount | Amount | Amount |
| | | | | *(Unaudited)* | |
| | | | *(RMB in thousands)* | | |
| **Other gains** | | | | | |
| Foreign exchange gains, net | 11,616 | 9,120 | 13,702 | 7,949 | 11,195 |
| Fair value gain on financial assets designated as at fair value through profit or loss | – | 250 | 1,818 | 3,198 | 6,622 |
| Gain on derecognition of financial assets measured at amortized cost | 12,344 | – | – | – | – |
| Gain on disposal of items of property, plant and equipment | 673 | 4,065 | 1,023 | 572 | (71) |
| Gain on disposal of investment properties | – | 12,497 | – | – | – |
| Loss on disposal of a subsidiary | (12,102) | – | – | – | – |
| Gain on disposal of an associate | 19,229 | – | – | – | – |
| Gain on deemed disposal | – | 18,618 | – | – | – |
| Others | 4,368 | 4,887 | 4,064 | 2,858 | 19,795 |
| Total gains | 36,128 | 49,437 | 20,607 | 14,577 | 37,541 |
| **Total other income and gains** | **267,501** | **310,270** | **349,261** | **169,011** | **177,901** |

### Selling and Marketing Expenses

Our selling and marketing expenses were RMB301.2 million, RMB327.7 million, RMB417.8 million, RMB185.0 million and RMB219.1 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. During the Track Record Period, our selling and marketing expenses primarily consisted of (i) employee benefits expenses, mainly representing salaries, bonuses and other benefits relating to our sales staff; (ii) travelling expenses; (iii) office expenses; (iv) promotional fees for our marketing and promotional activities; and (v) consumables, mainly representing the amortization expenses of low-value consumables.

The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as a percentage of our total selling and marketing expenses for the years/periods indicated:

| | Years 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)* | | | | | | | | | |
| Employee benefit expenses | 170,354 | 56.5 | 163,596 | 49.9 | 188,867 | 45.2 | 87,253 | 47.3 | 108,810 | 49.7 |
| Travelling expenses | 49,889 | 16.6 | 62,287 | 19.0 | 74,922 | 17.9 | 33,861 | 18.3 | 38,606 | 17.6 |
| Office expenses | 21,704 | 7.2 | 34,939 | 10.7 | 55,635 | 13.3 | 15,604 | 8.4 | 16,429 | 7.5 |
| Promotional fees | 20,101 | 6.7 | 22,404 | 6.8 | 46,755 | 11.2 | 28,328 | 15.3 | 29,614 | 13.5 |
| Consumables | 20,241 | 6.7 | 14,076 | 4.3 | 19,891 | 4.8 | 7,677 | 4.1 | 9,645 | 4.4 |
| Others[(1)] | 18,956 | 6.3 | 30,404 | 9.3 | 31,722 | 7.6 | 12,297 | 6.6 | 15,975 | 7.3 |
| **Total** | **301,245** | **100.0** | **327,706** | **100.0** | **417,792** | **100.0** | **185,020** | **100.0** | **219,079** | **100.0** |

*Note:*

(1) Mainly including consulting fees, depreciation and amortization and entertainment fees.

### Administrative Expenses

Our administrative expenses were RMB399.1 million, RMB330.7 million, RMB353.6 million, RMB185.1 million and RMB172.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefits expenses, mainly representing salaries, bonuses and other benefits relating to our administrative staff; (ii) depreciation and amortization, mainly representing the depreciation of property, plant and equipment and amortization of intangible assets and right-of-use assets related to administration; (iii) tax and surcharges, mainly representing stamp duty, property tax and urban construction tax; (iv) professional services fees, mainly related to legal consulting, auditing and evaluation services; (v) [**REDACTED**], mainly related to our Previous ChiNext Application. See "History, Development and Corporate Structure — Previous ChiNext Application and [**REDACTED**] for [**REDACTED**] on the Hong Kong Stock Exchange;" (vi) office expenses; and (vii) maintenance expenses, mainly relating to the maintenance of our office buildings, equipment and vehicles.

The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years or periods indicated:

| | Years 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)* | | | | | | | | | |
| Employee benefits expenses | 216,871 | 54.3 | 156,345 | 47.3 | 182,086 | 51.5 | 90,435 | 48.9 | 94,691 | 54.9 |
| Depreciation and amortization | 35,814 | 9.0 | 53,345 | 16.1 | 39,038 | 11.0 | 19,608 | 10.6 | 20,823 | 12.1 |
| Tax and surcharges | 27,786 | 7.0 | 30,088 | 9.1 | 29,567 | 8.4 | 19,209 | 10.4 | 15,619 | 9.1 |
| Professional service fees | 56,829 | 14.2 | 27,543 | 8.3 | 26,897 | 7.6 | 19,591 | 10.6 | 4,512 | 2.6 |
| [**REDACTED**] | – | – | – | – | 19,520 | 5.5 | 14,520 | 7.8 | 16,047 | 9.3 |
| Office expenses | 20,026 | 5.0 | 18,359 | 5.6 | 15,803 | 4.5 | 7,037 | 3.8 | 6,148 | 3.6 |
| Maintenance expenses | 14,288 | 3.6 | 15,134 | 4.6 | 10,037 | 2.8 | 2,859 | 1.5 | 2,433 | 1.4 |
| Others[(1)] | 27,515 | 6.9 | 29,923 | 9.0 | 30,673 | 8.7 | 11,792 | 6.4 | 12,158 | 7.0 |
| **Total** | **399,128** | **100.0** | **330,737** | **100.0** | **353,621** | **100.0** | **185,051** | **100.0** | **172,431** | **100.0** |

*Note:*

(1) Mainly including short-term leasing expenses, traveling expenses and business development expenses.

## Research and Development Costs

Our research and development costs 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. During the Track Record Period, our research and development costs primarily consisted of (i) employee benefit expenses, mainly representing salaries, bonuses and other benefits relating to our research and development staff; (ii) material fees, mainly representing the costs of materials directly used for research and development; (iii) technology development fees, mainly related to our expenses in research and development collaboration; (iv) depreciation and amortization, mainly representing the depreciation of property, plant and equipment and amortization of intangible assets and right-of-use assets related to research and development; (v) travelling expenses; and (vi) professional service fees, mainly representing consulting fees for external experts in research and development process.

The following table sets forth a breakdown of our research and development costs in absolute amount and as a percentage of our total research and development costs for the years/periods indicated:

| | Years 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) | | | | | | | | | |
| Employee benefits expenses | 294,613 | 51.6 | 362,138 | 53.5 | 468,361 | 55.9 | 219,579 | 59.0 | 276,664 | 66.0 |
| Material fees | 169,296 | 29.7 | 146,269 | 21.6 | 132,789 | 15.8 | 72,944 | 19.6 | 63,088 | 15.0 |
| Technology development fees | 25,716 | 4.5 | 31,675 | 4.7 | 46,965 | 5.6 | 19,961 | 5.4 | 13,184 | 3.1 |
| Depreciation and amortization | 12,961 | 2.3 | 21,418 | 3.2 | 40,005 | 4.8 | 17,802 | 4.8 | 24,140 | 5.8 |
| Travelling expenses | 12,635 | 2.2 | 26,559 | 3.9 | 32,686 | 3.9 | 11,009 | 3.0 | 9,350 | 2.2 |
| Professional service fees | 15,899 | 2.8 | 23,836 | 3.5 | 21,121 | 2.5 | 9,001 | 2.4 | 6,069 | 1.4 |
| Others[(1)] | 39,446 | 6.9 | 64,983 | 9.6 | 96,630 | 11.5 | 21,596 | 5.8 | 27,414 | 6.5 |
| **Total** | **570,566** | **100.0** | **676,878** | **100.0** | **838,557** | **100.0** | **371,892** | **100.0** | **419,909** | **100.0** |

*Note:*

(1) Mainly including transportation fees and rental fees.

### Reversal of Impairment of Financial Assets

We recorded reversal of impairment of financial assets based on the expected credit losses of our trade and other receivables in accordance with relevant accounting policies. See Note 22 of the Accountants' Report in Appendix I to this document. We recorded reversal of impairment of financial assets of RMB9.5 million, RMB31.8 million and RMB17.4 million in 2022, 2023 and 2024, respectively. We recorded provision for impairment of financial assets of RMB12.6 million and RMB34.1 million in the six months ended June 30, 2024 and 2025, respectively.

### Other Expenses

Our other expenses primarily consisted of litigation compensation incurred during our business operations. We had other expenses of RMB19.8 million, RMB2.2 million, RMB21.0 million, RMB1.2 million and RMB0.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### Finance Costs

Our finance costs primarily consisted of (i) interest on bank borrowings; and (ii) interest on lease liabilities. We had finance costs of RMB3.1 million, RMB1.9 million, RMB1.8 million, RMB0.9 million and RMB1.1 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### Share of Losses/(Profits) of Associates

Our share of losses or profits of our associates relate to our investments in our associates, including Weichai Intelligent Technology Co., Ltd. and Weichai (Qingdao) Intelligent Heavy Industry Co., Ltd. See "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Investments in Associates." We recorded share of losses of associates of RMB20.5 million, RMB8.8 million and RMB19.1 million in 2022, 2023 and the six months ended June 30, 2025, respectively, and share of profits of associates of RMB0.2 million in the six months ended June 30, 2024 and RMB0.2 million in 2024. See Note 19 of the Accountants' Report in Appendix I to this document.

### Income Tax Expense

Our income tax expense mainly represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and unused tax losses. Our income tax expenses were RMB63.5 million, RMB61.8 million, RMB79.5 million, RMB64.8 million and RMB64.2 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

Pursuant to the Enterprise Income Tax ("EIT") Law of the PRC (the "EIT Law"), our operations in the PRC are subject to EIT at a rate of 25% unless otherwise specified. During the Track Record Period, our Company and one of our PRC subsidiaries were recognized as High-Tech Enterprise under relevant regulations, thereby qualifying for a preferential corporate income tax rate of 15% during the Track Record Period. The validity period of this qualification is three years since the date of certificate issuance. The qualification is subject to evaluation and certification by the relevant government authorities upon expiration. In addition, certain of our PRC subsidiaries are qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 2.5% to 10% in 2022 and 5% in 2023 and 2024, respectively. Under the PRC EIT Law and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenses from January 1, 2021 to December 31, 2023. See Note 18 of the Accountants' Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in the PRC, and we were not aware of any outstanding or potential disputes with such tax authorities.

### Profit for the Year or Period from Continuing Operations

As a result of the foregoing, we recorded profit for the year/period from continuing operations of RMB811.4 million, RMB871.3 million, RMB956.9 million, RMB596.8 million and RMB609.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### Discontinued Operations

On July 13, 2022, our Company's shareholders' meeting resolved to approve a spin-off reorganization. Our Company spin-off the vehicle business related assets and liabilities of the Wuxing Vehicle Factory to Wuxing Vehicle. Therefore, the results of operations of the Wuxing Vehicle Factory are presented as discontinued operations for the year/period ended December 31, 2022. For further details on the spin-off of Wuxing Vehicle Factory, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers" and Note 12 of the Accountants' Report in Appendix I to this document.

The results of discontinued operations are accounted for as a separate line item as "loss for the year/period from discontinued operations" in our consolidated statements of profit or loss.

## PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

### Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

#### *Revenue*

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.

***Tractors.*** Our revenue from the sales of tractors increased by 6.0% from RMB5,122.4 million in the six months ended June 30, 2024 to RMB5,427.8 million in the same period of 2025, primarily due to an increase in ASP of our tractors from RMB101.0 thousands in the six months ended June 30, 2025 to RMB113.3 thousands in the same period of 2025, mainly as a result of by an increase in sales volume of high-end power shift and CVT tractors with higher ASP, driven by (i) the national policy initiatives to promote the use of large-scale and intelligent tractors, and (ii) our continuous efforts to upgrade and optimize our product portfolio.

***Harvesting machines.*** Our revenue from the sales of harvesting machines decreased by 8.6% from RMB4,192.4 million in the six months ended June 30, 2024 to RMB3,830.0 million in the same period of 2025, primarily due to a decrease in sales volume of harvesting machines from 23,699 units in the six months ended June 30, 2024 to 21,266 units in the same period of 2025, mainly as a result of market demand fluctuation. Such a decrease was partially offset by an increase in ASP of harvesting machines from RMB176.9 thousands units in the six months ended June 30, 2024 to RMB180.1 thousands in the same period of 2025, primarily due to an increase in sales volume of high-end crawler type harvesting machines, driven by our continuous efforts to upgrade and optimize our product portfolio.

***Agricultural implements and others.*** Our revenue from the sales of agricultural implements and others increased by 32.2% from RMB394.4 million in the six months ended June 30, 2024 to RMB521.5 million in the same period of 2025, primarily due to (i) an increase in sales of parts and components, mainly as a result of our increased sales and marketing efforts; and (ii) an increase in sales of planters, mainly as a result of product upgrade in the first half of 2025.

***Cost of Sales***

Our cost of sales decreased from RMB8,552.1 million in the six months ended June 30, 2024 to RMB8,501.0 million in the same period of 2025, primarily due to our continuous cost optimization efforts and the effect of economy of scale.

***Gross Profit and Gross Profit Margin***

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. Our gross profit margin increased from at 12.7% in the six months ended June 30, 2024 to 13.8% in the same period of 2025, primarily due to (i) an increase in selling proportion of high-end agricultural machineries, which typically have higher gross profit margin, in our product selling portfolio; (ii) an increase in revenue contribution from overseas market. Our sales to overseas markets typically have higher gross profit margin; (iii) a strategic increase in selling price of certain high-end agricultural machinery, considering their leading performance and strong market recognition; and (iv) a decrease in costs of sales, mainly as a result of our continuous cost optimization efforts and the effect of economy of scale.

***Other Income and Gains***

Our other income and gains increased by 5.3% from RMB169.0 million in the six months ended June 30, 2024 to RMB177.9 million in the same period of 2025, primarily due to (i) an increase in government grants, mainly as a result of an increase in government for the support of scientific innovation; and (ii) an increase in interest income, mainly due to an increase in time deposits from the six months ended June 30, 2024 to the same period of 2025, partially offset by a decrease in additional value added tax deduction, primarily due to the decrease in amount of preferential tax treatments related to VAT deduction that we received in the first half of 2025.

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 18.4% from RMB185.0 million in the six months ended June 30, 2024 to RMB219.1 million in the same period of 2025, primarily due to (i) an increase in employee benefits expenses, mainly as a result of the increase in average salaries and benefits paid to our sales staff and an increase in headcounts of our sales staff; and (ii) an increase in office expenses, mainly as a result of our increasing global sales and marketing efforts through organizing product exhibition in overseas markets, including Brazil and Vietnam.

***Administrative Expenses***

Our administrative expenses decreased by 6.8% from RMB185.1 million in the six months ended June 30, 2024 to RMB172.4 million in the same period of 2025, primarily due to a decrease in professional service fees, mainly related to the adoption of ERP software in the six months ended June 30, 2024, partially offset by an increase in employee benefits expenses, mainly as a result of the payment of bonuses to administrative staff in the six months ended June 30, 2025.

***Research and Development Costs***

Our research and development costs increased by 12.9% from RMB371.9 million in the six months ended June 30, 2024 to RMB419.9 million in the same period of 2025, primarily due to (i) the expansion of our research and development team to support our increasing research and development activities; and (ii) the increase in depreciation and amortization, mainly as a result of an increase in equipment for research and development activities.

***Provision for Impairment of Financial Assets***

Our provision for impairment of financial assets increased significantly from RMB12.6 million in the six months ended June 30, 2024 to RMB34.1 million in the same period of 2025, primarily due to an increase in receivables.

***Other Expenses***

Our other expenses decreased by 21.8% from RMB1.2 million in the six months ended June 30, 2024 to RMB0.9 million in the same period of 2025.

***Finance Costs***

Our finance costs increased by 22.8% from RMB0.9 million in the six months ended June 30, 2024 to RMB1.1 million in the same period of 2025, due to an increase in interest on lease liabilities, which was in line with the increase in lease liabilities. See "— Indebtedness — Lease Liabilities."

***Share of Losses/(Profits) of Associates***

We had share of profits of associates of RMB0.2 million in the six months ended June 30, 2024 compared to share of losses of associates of RMB19.1 million in the same period of 2025, primarily because our associate had net losses in the six months ended June 30, 2025.

***Income Tax Expenses***

Our income tax expense remained relatively stable at RMB64.8 million and RMB64.2 million in the six months ended June 30, 2024 and 2025, respectively.

***Profit for the Period from Continuing Operations***

As a result of the foregoing, our profit for the year from continuing operations remained relatively stable at RMB596.8 million and RMB609.5 million in the six months ended June 30, 2024 and 2025, respectively.

**Year ended December 31, 2024 Compared with Year ended December 31, 2023**

***Revenue***

Our revenue increased by 18.5% from RMB14,676.3 million in 2023 to RMB17,393.0 million in 2024, primarily due to an increase in revenue from the sales of agricultural machinery from RMB14,502.9 million in 2023 to RMB17,183.3 million in 2024. Our increase in revenue from the sales of agricultural machinery was primarily due to (i) an increase in revenue from the sales of tractors; (ii) an increase in revenue from the sales of harvesting machines; and (iii) an increase in revenue from the sales of agricultural implements and others.

***Tractors.*** Our revenue from the sales of tractors increased from RMB7,775.4 million in 2023 to RMB9,057.4 million in 2024, primarily due to (i) an increase in sales volume of tractors from 80,591 units in 2023 to 84,455 units in 2024, mainly as a result of the increased market demand for our National IV Emission Standards products along with the increasing market acceptance on the change in government standards; and (ii) an increase in ASP of tractors from RMB96.5 thousands in 2023 to RMB107.2 thousands in 2024, mainly as a result of an increase in sales volume of high-end power shift tractors, driven by (a) the national policy initiatives to promote the use of large-scale and intelligent tractors, and (b) our continuous efforts to upgrade and optimize our product portfolio.

***Harvesting machines.*** Our revenue from the sales of harvesting machines increased from RMB6,144.3 million in 2023 to RMB7,092.2 million in 2024, primarily due to an increase in sales volume of harvesting machines from 34,324 units in 2023 to 39,851 units in 2024, mainly as a result of the increased market demand for our National IV Emission Standards products along with the increasing market acceptance on the change in government standards.

***Agricultural implements and others.*** Our revenue from the sales of agricultural implements and others increased from RMB583.2 million in 2023 to RMB1,033.7 million in 2024, primarily due to an increase in revenue from the sales of parts and components related to our agricultural machinery, along with the increase in sales volume of tractors and harvesting machines.

***Cost of Sales***

Our cost of sales increased by 18.5% from RMB12,737.2 million in 2023 to RMB15,090.8 million in 2024, which was generally in line with our increase in revenue, primarily due to the increase in sales volume and ASP of our agricultural machinery. Such an increase was partially offset by a decrease in additional provision for warranties, primarily due to our change in accounting treatment, see "— Critical Accounting Policies and Estimates — Significant Accounting Judgments and Estimates — Estimation Uncertainty — Warranty."

***Gross Profit and Gross Profit Margin***

Our gross profit increased by 18.7% from RMB1,939.2 million in 2023 to RMB2,302.3 million in 2024, which was generally in line with our increase in revenue. Our gross profit margin remained relatively stable at 13.2% in 2023 and 2024, respectively.

***Other Income and Gains***

Our other income and gains increased by 12.6% from RMB310.3 million in 2023 to RMB349.3 million in 2024, primarily due to an increase in research and development activities and the gradual implementation of our global strategy, resulting in an increase in recognition of government grants in profit or loss from deferred income. See "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Deferred Income."

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 27.5% from RMB327.7 million in 2023 to RMB417.8 million in 2024, primarily due to (i) an increase in employee benefits expenses, mainly as a result of the increase in average salaries and benefits paid to our sales staff; (ii) an increase in promotional fees, mainly as a result of our increasing global sales and marketing efforts through organizing product exhibition in overseas markets, including Brazil and Italy; and (iii) an increase in office expenses, mainly as a result of our increasing efforts to obtain user feedback though telephone interviews to enhance our brand recognitions and user loyalty.

***Administrative Expenses***

Our administrative expenses increased by 6.9% from RMB330.7 million in 2023 to RMB353.6 million in 2024, primarily because (i) our employee benefits expenses increased, mainly as a result of the increase in benefits paid to certain retired employees under our employee welfare initiatives because of the increase in number of qualified employees; and (ii) we had [**REDACTED**] of RMB19.5 million in 2024, which was related to our Previous ChiNext Application in March 2023. See "History, Development and Corporate Structure — Previous ChiNext Application and [**REDACTED**] for [**REDACTED**] on the Hong Kong Stock Exchange."

***Research and Development Costs***

Our research and development expenses increased by 23.9% from RMB676.9 million in 2023 to RMB838.6 million in 2024, primarily due to (i) the expansion of our research and development team to support our increasing research and development activities; and (ii) the increase in depreciation and amortization, mainly as a result of an increase in buildings and equipment for research and development activities.

***Reversal of Impairment of Financial Assets***

Our reversal of impairment of financial assets decreased by 45.2% from RMB31.8 million in 2023 to RMB17.4 million in 2024, primarily due to the increased recovery of a larger amount of long-aging trade and other receivables in 2023.

***Other Expenses***

Our other expenses substantially increased significantly from RMB2.2 million in 2023 to RMB21.0 million in 2024, primarily due to the increase in litigation compensation, mainly because we recorded higher provision for litigation compensation in 2024.

***Finance Costs***

Our finance costs remained relatively stable at RMB1.9 million and RMB1.8 million in 2023 and 2024, respectively.

***Share of Losses/(Profits) of Associates***

We had share of profits of associates of RMB0.2 million in 2024 compared to share of losses of associates of RMB8.8 million in 2023, primarily due to the increases in net profits of our associates.

***Income Tax Expense***

Our income tax expense increased by 28.6% from RMB61.8 million in 2023 to RMB79.5 million in 2024, primarily due to an increase in our profit before tax from continuing operations. See Note 11 of the Accountants' Report in Appendix I to this document.

***Profit for the Year from Continuing Operations***

As a result of the foregoing, our profit for the year from continuing operations increased by 9.8% from RMB871.3 million in 2023 to RMB956.9 million in 2024.

**Year ended December 31, 2023 Compared with Year ended December 31, 2022**

***Revenue***

Our revenue decreased by 8.0% from RMB15,950.0 million in 2022 to RMB14,676.3 million in 2023, primarily due to a decrease in revenue from the sales of agricultural machinery from RMB15,738.1 million in 2022 to RMB14,502.9 million in 2023. Our decrease in revenue from the sales of agricultural machinery was primarily due to a decrease in revenue from the sales of harvesting machines.

***Tractors.*** Our revenue from the sales of tractors decreased slightly from RMB7,943.7 million in 2022 to RMB7,775.4 million in 2023, primarily due to the decrease in sales volume of tractors from 90,019 units in 2022 to 80,591 units in 2023, mainly as a result of the change in government standards in 2023, partially offset by (i) an increase in ASP of our tractors from RMB88.2 thousands in 2022 to RMB96.5 thousands in 2023, mainly due to (a) the introduction of National IV Emission Standards products which have higher costs, leading to an increase in ASP correspondingly, and (b) an increase in sales volume of high-end power shift tractors with higher ASP.

***Harvesting machines.*** Our revenue from the sales of harvesting machines decreased from RMB7,254.8 million in 2022 to RMB6,144.3 million in 2023, primarily due to a decrease in sales volume of harvesting machines from 49,688 units in 2022 to 34,324 units in 2023, mainly as a result of lower customer demand on National IV Emission Standards products at the early stage of the change in government standards in 2023. Such a decrease was partially offset by an increase in ASP of harvesting machines from RMB146.0 thousands in 2022 to RMB179.0 thousands in 2023, primarily due to the introduction of National IV Emission Standards products which have higher costs, leading to an increase in ASP correspondingly.

***Agricultural implements and others.*** Our revenue from the sales of agricultural implements and others remained relatively stable at RMB539.6 million and RMB583.2 million in 2022 and 2023, respectively.

### *Cost of Sales*

Our cost of sales decreased by 9.3% from RMB14,037.9 million in 2022 to RMB12,737.2 million in 2023, which was generally in line with our decrease in revenue, primarily due to the decrease in sales volume of our harvesting machines.

### *Gross Profit and Gross Profit Margin*

Our gross profit remained relatively stable at RMB1,912.2 million and RMB1,939.2 million in 2022 and 2023, respectively. Our gross profit margin increased from 12.0% in 2022 to 13.2% in 2023, primarily due to an increase in gross profit margin of harvesting machines from 10.1% in 2022 to 11.6% in 2023 and an increase in gross profit margin of tractors from 13.7% in 2022 to 14.1% in 2023. Our increase in gross profit margin of harvesting machines was primarily due to (i) an increase in sales volume of GM-series harvesting machines which had higher profitability, driven by its growing market recognition, leading to an increase in selling proportion of high-profit GM-series harvesting machines in our product selling structure; and (ii) a strategic increase in selling price of our wheel type harvesting machines, considering their leading performance and strong market recognition.

### *Other Income and Gains*

Our other income and gains increased by 16.0% from RMB267.5 million in 2022 to RMB310.3 million in 2023, primarily because we had additional tax deduction of RMB67.4 million in 2023 compared to nil in 2022, mainly as a result of the introduction of preferential tax treatment in 2023. See Note 5 of the Accountants' Report in Appendix I to this document. Such an increase was partially offset by a decrease in interest income, primarily due to the recovery of our loans to related parties in 2022.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by 8.8% from RMB301.2 million in 2022 to RMB327.7 million in 2023, primarily due to the increases in travel expenses and office expenses, mainly as a result of our increasing sales and marketing efforts to promote our products, expand sales channels and provide after-sales services.

### *Administrative Expenses*

Our administrative expenses decreased by 17.1% from RMB399.1 million in 2022 to RMB330.7 million in 2023, primarily due to a decrease in employee benefit expenses, mainly as a result of the decrease in benefits paid to certain retired employees under our employee welfare initiatives as we had a higher number of qualified employees in 2022.

***Research and Development Costs***

Our research and development costs increased by 18.6% from RMB570.6 million in 2022 to RMB676.9 million in 2023, primarily due to (i) the increase in average salaries and benefits paid to our research and development staff to attract and retain professionals to support our increasing research and development activities; (ii) the increase in depreciation and amortization, mainly as a result of an increase in buildings and equipment for research and development activities; (iii) the increase in travelling expenses, mainly as a result of our increasing research and development activities.

***Reversal of Impairment of Financial Assets***

Our reversal of impairment of financial assets increased significantly from RMB9.5 million in 2022 to RMB31.8 million in 2023, primarily due to the increased recovery of a larger amount of long-aging trade and other receivables in 2023. Our trade and bills receivables aged two to three years decreased from RMB16.9 million as of December 31, 2022 to RMB2.9 million as of December 31, 2023, primarily due to our enhanced efforts on trade and bill payables management, such as issuing collection letters and initiating legal actions on overdue payments.

***Other Expenses***

Our other expenses decreased by 88.9% from RMB19.8 million in 2022 to RMB2.2 million in 2023, primarily due to the decrease in litigation compensation, mainly because we recorded higher provision for litigation compensation in 2022.

***Finance Costs***

Our finance costs decreased by 38.5% from RMB3.1 million in 2022 to RMB1.9 million in 2023, primarily due to a decrease in interest on bank borrowings, mainly as a result of our repayment of all bank borrowings in 2022.

***Share of Losses/(Profits) of Associates***

Our share of loss of associates decreased by 57.2% from RMB20.5 million in 2022 to RMB8.8 million in 2023, primarily due to the dilution of our equity in one of our associates.

***Income Tax Expense***

Our income tax expense remained relatively stable at RMB63.5 million and RMB61.8 million in 2022 and 2023, respectively.

***Profit for the Year from Continuing Operations***

As a result of the foregoing, our profit for the year from continuing operations increased by 7.4% from RMB811.4 million in 2022 to RMB871.3 million in 2023.

## DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1,169,449 | 1,378,843 | 1,982,988 | 2,494,515 |
| Investment properties | 5,199 | 2,188 | 2,081 | 2,014 |
| Right-of-use assets | 272,320 | 370,811 | 454,729 | 475,595 |
| Intangible assets | 566,675 | 548,440 | 545,982 | 552,704 |
| Investments in associates | 297,667 | 307,515 | 307,695 | 288,625 |
| Equity investments designated at fair value through other comprehensive income | 3,765 | 3,117 | 3,595 | 3,688 |
| Deferred tax assets | 419,221 | 390,552 | 344,843 | 337,478 |
| Long-term time deposits | – | – | 342,672 | 948,655 |
| Prepayments and other assets | 14,780 | 91,939 | – | 8,381 |
| **Total non-current assets** | 2,749,076 | 3,093,405 | 3,984,585 | 5,111,655 |
| **Current assets** | | | | |
| Inventories and other contract costs | 2,250,557 | 3,642,158 | 2,831,956 | 2,007,983 |
| Trade and bills receivables | 629,783 | 435,353 | 544,861 | 2,826,323 |
| Prepayments, other receivables and other assets | 176,639 | 534,795 | 1,003,899 | 1,055,662 |
| Financial assets at fair value through profit or loss ("FVTPL") | – | 940,250 | 1,092,068 | 2,208,691 |
| Current portion of long-term time deposits | – | – | 85,297 | 86,352 |
| Restricted deposits | 820,295 | 973,586 | 1,688,104 | 1,030,082 |
| Cash and bank balances | 5,889,399 | 5,451,296 | 7,951,595 | 4,218,594 |
| **Total current assets** | 9,766,673 | 11,977,438 | 15,197,780 | 13,433,687 |
| **Current liabilities** | | | | |
| Trade and bills payables | 6,968,064 | 8,124,608 | 12,368,715 | 11,245,091 |
| Other payables and accruals | 1,299,966 | 1,122,733 | 1,201,390 | 1,762,086 |
| Contract liabilities | 1,515,341 | 2,022,496 | 970,808 | 447,813 |
| Interest-bearing bank borrowings | – | – | 22,523 | 74,881 |
| Lease liabilities | 7,427 | 28,007 | 38,995 | 27,101 |
| Provisions | 377,433 | 400,692 | 383,600 | 441,575 |
| Tax payable | 8,328 | 21,056 | 18,968 | 16,476 |
| **Total current liabilities** | 10,176,559 | 11,719,592 | 15,004,999 | 14,015,023 |
| **Net current assets** | (409,886) | 257,846 | 192,781 | (581,336) |

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Non-current liabilities** | | | | |
| Deferred income | 235,901 | 363,575 | 345,255 | 331,669 |
| Lease liabilities | 4,829 | 21,362 | 21,730 | 11,836 |
| Deferred tax liabilities | 246 | 49 | – | – |
| Other payables and accruals | 20,781 | 17,797 | 18,995 | 14,988 |
| **Total non-current liabilities** | 261,757 | 402,783 | 385,980 | 358,493 |
| **Net assets** | 2,077,433 | 2,948,468 | 3,791,386 | 4,171,826 |
| **Equity** | | | | |
| **Equity attributable to owners of the parent** | | | | |
| Paid-in capital | 1,145,763 | 1,145,763 | 1,145,763 | 1,145,763 |
| Reserves | 924,732 | 1,795,350 | 2,637,815 | 3,018,310 |
| | 2,070,495 | 2,941,113 | 3,783,578 | 4,164,073 |
| Non-controlling interests | 6,938 | 7,355 | 7,808 | 7,753 |
| **Total equity** | 2,077,433 | 2,948,468 | 3,791,386 | 4,171,826 |

### Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings, mainly representing our production bases and office buildings; (ii) machinery and others, mainly representing our production equipment and machinery; (iii) electronic and office equipment; (iv) motor vehicles; and (v) construction in progress, mainly representing our construction of Intelligent Tractor Manufacturing Hub.

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

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Buildings | 614,702 | 578,222 | 551,868 | 536,627 |
| Machinery and others | 413,299 | 476,066 | 569,802 | 582,230 |
| Electronic and office equipment | 24,073 | 27,348 | 24,529 | 19,534 |
| Motor vehicles | 10,665 | 9,275 | 11,272 | 9,621 |
| Construction in progress | 106,710 | 287,932 | 825,517 | 1,346,503 |
| **Total** | **1,169,449** | **1,378,843** | **1,982,988** | **2,494,515** |

Our property, plant and equipment increased by 17.9% from RMB1,169.4 million as of December 31, 2022 to RMB1,378.8 million as of December 31, 2023, and further increased significantly to RMB1,983.0 million in 2024, primarily due to the increase in construction in progress, primarily due to the construction of our Intelligent Tractor Manufacturing Hub during the Track Record Period in response to the introduction of national policy initiatives to promote the use of large-scale and intelligent tractors. Our property, plant and equipment increased by 25.8% from RMB1,983.0 million as of December 31, 2024 to RMB2,494.5 million as of June 30, 2025, primarily due to the increase in construction in progress, primarily due to the construction of our Intelligent Tractor Manufacturing Hub during the Track Record Period in response to the introduction of national policy initiatives to promote the use of large-scale and intelligent tractors.

**Right-of-Use Assets**

Our right-of-use assets primarily consisted of (i) leasehold land; (ii) our lease of (a) buildings, mainly related to office buildings, and (b) motor vehicles, mainly related to our research and development of pure electric tractors. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Leasehold land | 259,311 | 320,159 | 392,524 | 434,457 |
| Buildings | 13,009 | 50,224 | 61,866 | 40,843 |
| Motor vehicles | – | 428 | 339 | 295 |
| **Total** | **272,320** | **370,811** | **454,729** | **475,595** |

Our right-of-use assets increased by 36.2% from RMB272.3 million as of December 31, 2022 to RMB370.8 million as of December 31, 2023, primarily due to (i) an increase in our leasehold land, mainly related to the construction of our Intelligent Tractor Manufacturing Hub; and (ii) an increase in our lease of buildings, mainly for production and research and development activities.

Our right-of-use assets increased by 22.6% from RMB370.8 million as of December 31, 2023 to RMB454.7 million as of December 31, 2024, primarily due to an increase in leasehold land, mainly because we planned to construct our new factory for large-capacity harvesting machines. Our right-of-use assets remained relatively stable at RMB454.7 million and RMB475.6 million as of December 31, 2024 and June 30, 2025, respectively.

## Intangible Assets

Our intangible assets mainly represented (i) trademark rights; and (ii) software. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Trademark rights | 530,189 | 530,189 | 530,189 | 530,189 |
| Software | 36,486 | 18,251 | 15,793 | 22,515 |
| **Total** | **566,675** | **548,440** | **545,982** | **552,704** |

Our intangible assets decreased slightly from RMB566.7 million as of December 31, 2022 to RMB548.4 million as of December 31, 2023, and further decreased to RMB546.0 million as of December 31, 2024, primarily due to the amortization of software. Our intangible assets remained relatively stable at RMB546.0 million and RMB552.7 million as of December 31, 2024 and June 30, 2025, respectively. During the Track Record Period, we do not have any intangible assets not yet available for use.

In 2020, our Company acquired the Lovol trademark series for RMB530.2 million, with an indefinite useful life. Such intangible assets are not amortised. Our Company performs an annual impairment test on this asset. The recoverable amount of the trademark right has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademark rights:

Sales royalty rate — The range for the sales royalty rate is determined based on appraisal practices and international conventions, and the specific rate is then established according to factors affecting the value of the intangible asset.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of industries, sales royalty rate and discount rates are consistent with external information sources. As of December 31, 2022, 2023 and 2024, the discount rates used are 15.48%, 15.70% and 17.86%.

As of December 30, 2022, 2023 and 2024, the carrying amount of trademark rights was not impaired. The results of the impairment test are as follows:

| | Year ended 31 December, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | |
| Carrying amount of Trademark rights with indefinite useful lives. . . . . . . . . | 530,189 | 530,189 | 530,189 |
| Recoverable amount of Trademark rights with indefinite useful lives. . . . | 567,777 | 542,760 | 605,457 |
| Whether impaired . . . . . . . . . . . . . . . . . | No | No | No |

Our Company has performed sensitivity test by decreasing 2% of the sales royalty rate or increasing 2% of discount rates, with all other assumptions held constant. The impacts on the amount by which the trademark rights' recoverable amount above its carry amount (headroom) are as below:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | |
| Headroom . . . . . . . . . . . . . . . . . . . . . . . | 37,549 | 12,571 | 75,068 |
| Impact by decreasing sales royalty rate . | (11,317) | (10,885) | (11,909) |
| Impact by increasing discount rates . . . . | (10,768) | (10,176) | (11,244) |

Considering that there was sufficient headroom based on the assessment, our Directors are of the view that, for the trademark rights, a reasonably possible change in the key assumptions of the cash flow projections would not cause its carrying amount exceed its recoverable amount.

See Note 18 of the Accountants' Report in Appendix I to this document.

**Investments in Associates**

Our investments in associates primarily consisted of our investment in Weichai Intelligent Technology and Weichai (Qingdao) Intelligent Heavy Industry Co., Ltd. On January 15, 2025, Weichai Intelligent Technology was renamed as Shandong Tongxin Zhixing Digital Intelligence Technology Co., Ltd. See Note 19 of the Accountants' Report in Appendix I to this document. Our investments in associates remained relatively stable at RMB297.7 million, RMB307.5 million, RMB307.7 million and RMB288.6 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

**Inventories and Other Contract Costs**

Our inventories and other contract costs primarily consisted of (i) raw materials; (ii) semi-finished goods; (iii) finished goods; and (iv) contract fulfilment cost, mainly representing the costs incurred to fulfill customer contracts for which the relevant revenue has not been recognized. Our contact cost was mainly related to transportation expenses for the delivery of products to distribution partner's warehouses. The following table sets forth a breakdown of our inventories and other contract costs as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Raw materials | 234,980 | 237,101 | 279,150 | 244,876 |
| Semi-finished goods | 105,353 | 128,635 | 152,792 | 103,095 |
| Finished goods | 1,883,931 | 3,251,603 | 2,388,453 | 1,655,905 |
| Contract fulfilment cost | 26,293 | 24,819 | 11,561 | 4,107 |
| **Total** | **2,250,557** | **3,642,158** | **2,831,956** | **2,007,983** |

Our inventories and other contract costs increased by 61.8% from RMB2,250.6 million as of December 31, 2022 to RMB3,642.2 million as of December 31, 2023, primarily due to an increase in finished goods, mainly because we stocked up our inventories to prepare for the expected increase in sales volume of our products.

Our inventories and other contract costs decreased by 22.2% from RMB3,642.2 million as of December 31, 2023 to RMB2,832.0 million as of December 31, 2024, primarily due to a decrease in finished goods, mainly due to the increase in sales volume of harvesting machines, resulting from the increased market demand for our products.

Our inventories and other contract costs decreased by 29.1% from RMB2,832.0 million as of December 31, 2024 to RMB2,008.0 million as of June 30, 2025, primarily due to the relatively high level of inventories at year-end to prepare for the sales in the coming year.

The following table sets forth an aging analysis of the inventories and other contract costs as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| | *(RMB in thousands)* | | | |
| Within one year | 2,184,145 | 3,586,350 | 2,705,422 | 1,837,368 |
| Over one year | 171,422 | 178,938 | 224,146 | 259,299 |
| Less: write down of inventories and other contract costs | (105,010) | (123,131) | (97,612) | 88,684 |
| **Total** | **2,250,557** | **3,642,158** | **2,831,956** | **2,007,983** |

The following table sets forth the turnover days of our inventories and other contract costs for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| | *(days)* | | | |
| Inventories and other contract costs turnover days[1] | 81.2 | 86.5 | 79.9 | 53.2 |

*Note:*

(1) Inventories and other contract costs turnover days for a year/period equal the average of the gross value of the opening and closing inventories and other contract costs balance divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 180 days for a six month period.

Our inventories and other contract costs turnover days increased from 81.2 days in 2022 to 86.5 days in 2023, primarily because we stocked up our inventories to prepare for the expected increase in sales volume of our products.

Our inventories and other contract costs turnover days decreased from 86.5 days as of December 31, 2023 to 79.9 days as of December 31, 2024, primarily due to (i) an increase in sales volume of our products; and (ii) our increasing efforts to improve our inventory management capabilities.

Our inventories and other contract costs turnover days decreased from 79.9 days in 2024 to 53.2 days in the six months ended June 30, 2025, primarily due to the relatively high level of inventories at year-end to prepare for the sales in the coming year.

Our inventories and other contract costs are subject to seasonality, primarily due to the harvesting season for our end users. 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. Therefore, we generally have relatively high volume of inventories, especially finished goods by the beginning and end of year. Accordingly, our results of operations fluctuate over the year, and our interim results may not be indicative of our annual results.

As of October 31, 2025, approximately RMB1,300.6 million, or 62.0% of our inventories and other contract costs as of June 30, 2025 had been utilized or sold.

**Trade and Bills Receivables**

Our trade and bills receivables represented the outstanding receivables from our customers during our ordinary course of business. During the Track Record Period, our number of customers with outstanding balance was 673, 472, 276 and 694 in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, with 132, 218, 248 and 166 new customers in the respective period. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Trade receivables | 1,037,929 | 842,798 | 607,920 | 2,942,207 |
| Bills receivables | 66,455 | 36,097 | 23,646 | 9,000 |
| Less: Impairment of trade and bills receivables | (474,601) | (443,542) | (86,705) | (124,884) |
| Trade and bills receivables, net | 629,783 | 435,353 | 544,861 | 2,826,323 |

Our trade and bills receivables (net of impairment) decreased by 30.9% from RMB629.8 million as of December 31, 2022 to RMB435.4 million as of December 31, 2023, primarily due to (i) a decrease in revenue from the sales of agricultural machinery; and (ii) our enhanced efforts on trade and bill receivables collection and management.

Our trade and bills receivables (net of impairment) increased by 25.2% from RMB435.4 million as of December 31, 2023 to RMB544.9 million as of December 31, 2024, which was generally in line with our revenue growth. Our decreases in the gross amount of trade and bills receivables and impairment of trade and bills receivables were primarily due to the write-off of bad debts due to the fulfillment of write-off conditions in 2024, as our enhanced effort on trade and bill receivables management.

Our trade and bills receivables (net of impairment) increased significantly from RMB544.9 million as of December 31, 2024 to RMB2,826.3 million as of June 30, 2025, primarily because (i) our trade receivables from customers have not reached their settlement periods as of June 30, 2025; and (ii) the growing proportion of orders from our Chinese distributors being settled on credit terms driven by end-customer demand and the practice of installment sales among their competitors. We did not have any significant increase in risk of default and impact on the expected credit loss assessment as of June 30, 2025.

We generally offer our customers a credit period of 60 to 180 days. The following table sets forth an aging analysis of our trade and bills receivables based on the invoice dates as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Within one year | 591,156 | 402,237 | 536,720 | 2,809,419 |
| One to two years | 17,077 | 22,153 | 6,237 | 14,324 |
| Two to three years | 16,936 | 2,875 | 1,804 | 260 |
| Over three years | 4,614 | 8,088 | 100 | 2,320 |
| **Total** | **629,783** | **435,353** | **544,861** | **2,826,323** |

We seek to maintain strict control over our outstanding trade and bills receivables and have dedicated credit risk management staff to control and mitigate credit risk. Our senior management assesses the recoverability of trade receivables on a regular basis taking into account historical settlement records of customers. During the Track Record Period, substantially all of our trade and bills receivables, being 93.9%, 92.4%, 98.5% and 99.4% as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, were aged within one year.

The following table sets forth the turnover days of the gross amount of our trade and bills receivables for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(days)* | | | |
| Trade and bills receivables turnover days[1] | 23.9 | 24.3 | 15.6 | 32.7 |

*Note:*

(1) Trade and bills receivables turnover days for a year/period equal the average of opening and closing balance of the gross amount of trade and bills receivables for the relevant year/period divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 180 days for a six month period.

Our trade and bills receivables turnover days remained relatively stable at 23.9 days and 24.3 days in 2022 and 2023, respectively.

Our trade and bills receivable turnover days decreased from 24.3 days in 2023 to 15.6 days in 2024, primarily as a result of the write-off of bad debts due to the fulfillment of write-off conditions in 2024.

Our trade and bills receivable turnover days increased from 15.6 days in 2024 to 32.7 days in the six months ended June 30, 2025, primarily because our trade receivables from customers have not reached their settlement periods as of June 30, 2025.

As of October 31, 2025, approximately RMB2,249.6 million, or 76.2% of our trade and bills receivables as of June 30, 2025, had been settled.

**Prepayments, Other Receivables and Other Assets**

Our prepayments, other receivables and other assets primarily consisted of (i) advances to suppliers, mainly representing prepayments to raw material suppliers; (ii) deposits, mainly representing employee petty cash, deposits related to product export and tender security; (iii) VAT recoverable, mainly representing VAT credit resulting from the difference between input tax rate and output tax rate; (iv) amounts due from related parties, mainly related to our lending to a previous subsidiary to support its business operation that has been fully recognized for impairment provision. Our amounts due from related parties were non-trade in nature. Our lending to the previous subsidiary was unsecured; and (v) amounts due from third-parties, mainly representing our lending to a third-party company, which has been fully recognized for impairment provision. Our amounts due from related parties and amounts due to related parties are non-trade in nature. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Advances to suppliers | 49,931 | 64,354 | 141,452 | 77,142 |
| Deposits | 13,066 | 12,989 | 3,893 | 4,261 |
| VAT recoverable | 80,263 | 425,165 | 825,970 | 906,254 |
| Amounts due from related parties | 634,910 | 622,715 | 622,715 | 622,715 |
| Amounts due from third-parties | 125,257 | 129,992 | 144,681 | 159,325 |
| Cost of Returns Receivable | – | – | – | 14,694 |
| [**REDACTED**] capitalization costs | – | – | – | 5,344 |
| Others | 12,476 | 19,930 | 4,263 | 4,995 |
| | 915,903 | 1,275,145 | 1,742,974 | 1,794,730 |
| Less: Impairment | (739,264) | (740,350) | (739,075) | (739,068) |
| **Total** | **176,639** | **534,795** | **1,003,899** | **1,055,662** |

Our prepayments, other receivables and other assets increased significantly from RMB176.6 million as of December 31, 2022 to RMB534.8 million as of December 31, 2023, and increased by 87.7% from RMB534.8 million as of December 31, 2023 to RMB1,003.9 million as of December 31, 2024, primarily due to the increase in VAT recoverable, mainly as a result of the increase in accumulated VAT refund along with our growth in business operation. Our prepayments, other receivables and other assets remained relatively stable at RMB1,003.9 million and RMB1,055.7 million as of December 31, 2024 and June 30, 2025, respectively.

As of October 31, 2025, approximately RMB161.8 million, or 9.0% of our prepayments, other receivables and other assets as of June 30, 2025, had been settled.

**Financial Assets at Fair Value Through Profit or Loss ("FVTPL")**

Our financial assets at fair value through profit or loss primarily represented our wealth management products, which were structured deposits generally with expected return rates ranging from 0.84% to 3.46%. See Note 24 of the Accountants' Report in Appendix I to this document. Our investment in financial assets at FVTPL will be subject to the compliance with Chapter 14 of the Listing Rules after [**REDACTED**].

Our financial assets at fair value through profit or loss increased from nil as of December 31, 2022 to RMB940.3 million as of December 31, 2023, primarily due to the maturity of all our structured deposits before the end of 2022. Our financial assets at fair value through profit or loss increased by 16.1% from RMB940.3 million as of December 31, 2023 to RMB1,092.1 million as of December 31, 2024, primarily due to the purchase of new wealth management products in 2024. Our financial assets at fair value through profit or loss significantly from RMB1,092.1 million as of December 31, 2024 to RMB2,208.7 million as of June 30, 2025, primarily due to the purchase of new wealth management products in the six months ended June 30, 2025.

From time to time, we may purchase wealth management products with the primary purpose of capital preservation. We primarily invest in short-term and low-risk wealth management products issued by reputable financial institutions to ensure controllable risk exposure from our investments. The investment decisions are made on a case-by-case basis after careful consideration of a number of factors, such as general market condition, credit of the commercial banks, our cash flow performance and the expected profit or potential loss of the investments. In particular, we primarily consider the following factors before purchasing wealth management products.

- ***Product selection and investment risk.*** We only invest in wealth management products offered by reputable commercial banks that guarantee the principal amounts of our investments.

- ***Investment return.*** We select wealth management products that offer competitive returns compared to similar investment products.

- ***Investment amount and duration.*** We only invest in wealth management products in amounts and with durations that are consistent with our working capital needs. Such durations are below 12 months.

We have implemented internal policies on purchase and management of wealth management products. Our finance department is responsible for monitoring the approval, purchase and audit of such wealth management products. Such investments are also subject to multi-layer approval processes, including approvals by our Chief Financial Officer, Board of Directors and shareholders. In specific, our Board of Directors approves the total annual quota for the purchase of wealth management products. In respect of the internal procedures, we begin by soliciting price quotations from the relevant commercial banks. A dedicated meeting is then convened to review the quotations and decide the commercial bank, product type and investment amount. Following this, we engage the selected bank to customize the product and issue the corresponding product specification documents. We subsequently report our investment plan to our shareholders for record-keeping. Our legal departments are then required to review the product specification and the related agreements before executing our investment. Our Chief Financial Officer and members of the finance department have extensive financial expertise and experience.

### Restricted Deposits

Our restricted deposits primarily consisted of our bank deposits pledged for the issuance of bank acceptance bills and letters of guarantee. Our restricted deposits increased by 18.7% from RMB820.3 million as of December 31, 2022 to RMB973.6 million as of December 31, 2023, and then increased by 73.4% to RMB1,688.1 million as of December 31, 2024, primarily due to an increase in bank acceptance bills. Our restricted deposits decreased by 39.0% from RMB1,688.1 million as of December 31, 2024 to RMB1,030.1 million as of June 30, 2025, primarily due to an decrease in bank acceptance bills.

### Trade and Bills Payables

Our trade and bills payables were primarily related to our settlement with suppliers. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | | |
| Trade payables | 3,191,539 | 3,955,863 | 4,200,256 | 5,962,955 |
| Bills payables | 3,776,525 | 4,168,745 | 8,168,459 | 5,282,136 |
| **Total** | **6,968,064** | **8,124,608** | **12,368,715** | **11,245,091** |

Our trade and bills payables increased by 16.6% from RMB6,968.1 million as of December 31, 2022 to RMB8,124.6 million as of December 31, 2023, primarily due to an increase in trade payables, mainly because we increased our procurement to prepare for the expected increase in sales volume of our products. Our trade and bills payables increased by 52.2% from RMB8,124.6 million as of December 31, 2023 to RMB12,368.7 million as of December 31, 2024, primarily due to (i) an increase in settlement period with certain suppliers; and (ii) an increase in amount of accepted bill used for settlement. Our trade and bills payables decreased by 9.1% from RMB12,368.7 million as of December 31, 2024 to RMB11,245.1 million as of June 30, 2025, primarily due to the decrease in purchase amount of raw materials in the first half of 2025.

Our suppliers generally granted us a credit period of 30 to 90 days during the Track Record Period. The following table sets forth an aging analysis of the trade and bills payables based on the invoice dates as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Within one year | 6,857,334 | 8,056,929 | 12,275,328 | 11,137,187 |
| One to two years | 21,996 | 12,947 | 44,191 | 40,554 |
| Two to three years | 23,228 | 4,608 | 6,675 | 26,147 |
| Over three years | 65,506 | 50,124 | 42,521 | 41,203 |
| **Total** | **6,968,064** | **8,124,608** | **12,368,715** | **11,245,091** |

The following table sets forth the turnover days of our trade and bills payables for the years indicated:

| | Year ended December 31, | | | Six months ended June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(days)* | | | |
| Trade and bills payables turnover days[(1)] | 216.0 | 213.3 | 244.4 | 250.0 |

*Note:*

(1) Trade and bills payables turnover days for a year/period equal the average of the opening and closing balance of trade and bills payables for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 180 days for a six month period.

The following table sets forth the turnover days of our trade and bills payables by related parties and independent third parties for the years indicated:

| | Year ended December 31, | | | Six months ended June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | (days) | | | |
| Trade and bills payables turnover days by related parties(1) | 216.5 | 111.6 | 130.3 | 164.7 |
| Trade and bills payables turnover days by independent third parties(2) | 216.0 | 237.0 | 267.9 | 265.6 |

*Notes:*

(1) Trade and bills payables turnover days by related parties for a year/period equal the average of the opening and closing balance of trade and bills payables by related parties for the relevant year/period divided by the cost of sales by related parties for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 180 days for a six month period.

(2) Trade and bills payables turnover days by independent third parties for a year/period equal the average of the opening and closing balance of trade and bills payables by independent third parties for the relevant year/period divided by the cost of sales by independent third parties for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 180 days for a six month period.

Our trade and bills payables turnover days remained relatively stable at 216.0 days in 2022 and 213.3 days in 2023. Our trade and bills turnover days by related parties decreased from 216.5 days in 2022 to 111.6 days in 2023, primarily due to the change in procurement structure from related-party suppliers with an increase in procurement of engines from related-party suppliers. We generally settled our payments with engine suppliers before year-end to obtain incentives, resulting in relatively low amount of trade and bills payables to related parties at the end of 2023. Our trade and bills turnover days by independent third parties increased from 216.0 days in 2022 to 237.0 days in 2023, primarily due to the increase in trade and bills payables to independent third parties, mainly as a result of our increase in raw material procurement to prepare for the expected increase in sales volume of our products.

Our trade and bills payables turnover days increased from 213.3 days in 2023 to 244.4 days in 2024, primarily due to (i) an increase in settlement period with certain suppliers; and (ii) an increase in amount of accepted bill used for settlement. Our trade and bills turnover days by related parties increased from 111.6 days in 2023 to 130.3 days in 2024, primarily due to our general increase in settlement periods with certain suppliers. Our trade and bills turnover days by independent third parties increased from 237.0 days in 2023 to 267.9 days in 2024, primarily due to our general increase in settlement periods with certain suppliers.

Our trade and bills payables turnover days remained relatively stable at 244.4 days and 250.0 days in 2024 and in the six months ended June 30, 2025. Our trade and bills turnover days by related parties increased from 130.3 days in 2024 to 164.7 days in the six months ended June 30, 2025, primarily because we generally settled our payments with engine suppliers at year-end to obtain incentive, resulting in relatively low level of trade and bills payables as of the end of 2023 and 2024. Our trade and bills payables turnover days by independent third parties remained relatively stable at 267.8 days and 265.6 days in 2024 and the six months ended June 30, 2025, respectively.

Our trade and bills payables turnover days by independent third parties are longer than trade and bills payables turnover days by related parties in 2023 and 2024, primarily due to the difference in procurement structures from related-party and independent third-party suppliers. We primarily procured engines from related-party suppliers and we generally settle our payments with engine suppliers before year-end to obtain incentives, resulting in relatively low amounts of trade and bills payables to related parties at the end of 2023 and 2024. Our procurement from independent third-parties suppliers primarily consisted of other raw materials, which did not have the incentives for the settlement of payment before year-end. Our transactions with related parties are conducted at arm's length and on normal commercial terms.

As of October 31, 2025, approximately RMB7,908.2 million, or 70.3% of our trade and bills payables as of June 30, 2025 had been settled.

**Other Payables and Accruals**

Our other payables and accruals consisted of (i) payroll and welfare payable; (ii) other tax payables; (iii) accruals, mainly representing our accrued rebates that have not been paid to distribution partners; (iv) deposits, mainly representing our distribution partner's security deposits; (v) payables for purchase of non-current assets; and (vi) dividend payables. The following table sets forth our other payables and accruals as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Payroll and welfare payable | 199,727 | 178,797 | 188,852 | 141,393 |
| Other tax payables | 122,718 | 82,770 | 66,264 | 26,989 |
| Accruals | 675,230 | 517,032 | 632,780 | 535,122 |
| Deposits | 208,732 | 233,303 | 230,884 | 287,726 |
| Payables for purchase of non-current assets | 62,085 | 79,361 | 51,824 | 485,118 |
| Dividend payables | – | – | – | 229,153 |
| Other payables | 31,474 | 31,470 | 30,786 | 56,585 |
| **Total** | **1,299,966** | **1,122,733** | **1,201,390** | **1,762,086** |

Our other payables and accruals decreased by 13.6% from RMB1,300.0 million as of December 31, 2022 to RMB1,122.7 million as of December 31, 2023, primarily due to a decrease in accruals, mainly as a result of (i) a decrease in revenue; and (ii) our improvement of the efficiency of rebates payment to our distribution partners. Our other payables and accruals increased by 7.0% from RMB1,122.7 million as of December 31, 2023 to RMB1,201.4 million as of December 31, 2024, mainly due to an increase in accruals, which was generally in line with our increase in revenue. Our other payables and accruals increased by 46.7% from RMB1,201.4 million as of December 31, 2024 to RMB1,762.1 million as of June 30, 2025, mainly due to (i) an increase in payables for purchase of non-current assets, primarily due to the construction of our Intelligent Tractor Manufacturing Hub; and (ii) an increase in dividend payables, mainly because we approved the proposal to distribute a cash dividend in June 2025. See "— Dividends.".

## Contract Liabilities

Our contract liabilities primarily representing advances from customers for purchasing agricultural machinery. Our contract liabilities increased by 33.5% from RMB1,515.3 million as of December 31, 2022 to RMB2,022.5 million as of December 31, 2023, primarily due to an increase in advance from customers to secure order to prepare for the expected increase in market demand for our products. Our contract liabilities decreased significantly from RMB2,022.5 million as of December 31, 2023 to RMB970.8 million as of December 31, 2024, primarily driven by more efficient product acceptance by our distributors, leading to increasing revenue recognition by us. Our contract liabilities decreased by 53.9% from RMB970.8 million as of December 31, 2024 to RMB447.8 million as of June 30, 2025, primarily because we had relative low amount of contract liabilities in the middle of each year as a result of seasonality. See "— Major Factors Affecting Our Results of Operations — Specific Factors — Seasonality."

As of October 31, 2025, approximately RMB265.1 million, or 59.2% of our contract liabilities as of June 30, 2025, had been recognized as revenue.

## Provisions

Our provisions were related to (i) warranties, mainly representing our warranties of twelve months provided to customers on certain products for general repairs of defects occurring during the warranty period; (ii) litigation compensation; and (iii) refund liabilities. Our provisions increased by 6.2% from RMB377.4 million as of December 31, 2022 to RMB400.7 million as of December 31, 2023, primarily due to an increase in provision on warranties, mainly because we increased our investment in after-sales services considering the significant increase in demand for cross-regional agricultural machinery operations in 2023. Our provisions remained relatively stable at RMB400.7 million and RMB383.6 million as of December 31, 2023 and 2024, respectively. Our provisions increased by 15.1% from RMB383.6 million as of December 31, 2024 to RMB441.6 million as of June 30, 2025, primarily due to an increase in provision on warranties, mainly because we increased our investment in after-sales services considering the significant increase in demand for cross-regional agricultural machinery operations. Our provision of litigation compensation was

RMB17.3 million, RMB17.6 million, RMB18.8 million and nil as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. We did not have provision of litigation compensation as of June 30, 2025, primarily because our two litigation cases related to litigation compensation had been settled as of June 30, 2025. See Note 31 of Appendix I to this document.

### Deferred Income

Our deferred income was related to government grants from local government authorities to support our operational activities, which were not recognized in profit or loss as of the reporting dates. Our deferred income increased by 54.1% from RMB235.9 million as of December 31, 2022 to RMB363.6 million as of December 31, 2023, primarily due to the increase of government grants, mainly as a result of an increase in government grants provided by the government to support the development of agricultural machinery, particularly the research and development of agricultural machinery. Our deferred income remained relatively stable at RMB363.6 million and RMB345.3 million as of December 31, 2023 and 2024, respectively. Our deferred income remained relatively stable at RMB345.3 million and RMB331.7 million as of December 31, 2024 and June 30, 2025.

## KEY FINANCIAL RATIOS

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

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| Gross profit margin (%)[1] | 12.0 | 13.2 | 13.2 | 12.7 | 13.8 |
| Net profit margin (%)[2] | 4.8 | 5.9 | 5.5 | 6.1 | 6.2 |
| Adjusted net profit margin (*non-IFRS measure*) (%)[3] | 5.1 | 5.9 | 5.6 | 6.2 | 6.3 |
| Quick ratio[4] | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 |
| Current ratio[5] | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Debt-to-equity ratio[6] | 5.0 | 4.1 | 4.1 | 4.2 | 3.4 |

*Notes:*

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

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

(3) Adjusted net profit margin (*non-IFRS measure*) equals adjusted net profit (*non-IFRS measure*) for the year or period divided by revenue for the year or period and multiplied by 100%.

(4) Quick ratio equals total current assets less inventories and other contract costs divided by total current liabilities.

(5) Current ratio equals current assets divided by current liabilities as of the same date.

(6) Debt-to-equity ratio equals total debt divided by total equity as of the same date.

## LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and external financing. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and the estimated net [**REDACTED**] received from the [**REDACTED**].

### Consolidated Cash Flow Statements

The following table sets forth our cash flow for the years/period indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | *(unaudited)* | |
| | | | *(RMB in thousands)* | | |
| Net cash flows from/(used in) operating activities | 3,097,741 | 852,429 | 3,813,110 | 1,921,754 | (1,723,062) |
| Net cash flows from/(used in) investing activities | 589,832 | (1,284,612) | (4,373,928) | (2,608,622) | 354,213 |
| Net cash flows from/(used in) financing activities | (1,300,025) | (11,504) | (121,878) | (13,557) | 31,323 |
| Net increase/(decrease) in cash and cash equivalents | 2,387,548 | (443,687) | (682,696) | (700,425) | (1,337,526) |
| Cash and cash equivalents at end of year | 5,889,399 | 5,451,296 | 4,780,087 | 4,758,232 | 3,453,698 |

#### *Net Cash Flows from or Used in Operating Activities*

Our net cash flows generated from operating activities primarily represented our profit before tax for the period adjusted by: (i) non-cash and non-operating items; and (ii) changes in working capital.

In six months ended June 30, 2025, our net cash flows used in operating activities was RMB1,723.1 million, which was primarily attributed to our profit before tax of RMB673.7 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB83.8 million; and (ii) changes in working capital, which primarily comprised (a) an decrease in inventories and other contract costs of RMB817.7 million, and (b) an increase in trade and bills receivables of RMB2,336.0 million.

In 2024, our net cash flows generated from operating activities was RMB3,813.1 million, which was primarily attributed to our profit before tax of RMB1,036.3 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB158.7 million; and (ii) changes in working capital, which primarily comprised (a) an increase in trade and bill payables of RMB4,067.1 million, and (b) a decrease in contract liabilities of RMB1,051.7 million.

In 2023, our net cash flows generated from operating activities was RMB852.4 million, which was primarily attributed to our profit before tax of RMB933.1 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB133.5 million; and (ii) changes in working capital, which primarily comprised (a) an increase in inventories and other contract costs of RMB1,426.8 million, and (b) an increase in trade and bill payables of RMB1,149.9 million.

In 2022, our net cash flows generated from operating activities was RMB3,097.7 million, which was primarily attributed to our profit before tax of RMB874.9 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB133.1 million; and (ii) changes in working capital, which primarily comprised (a) a decrease in prepayments, other receivables and other assets of RMB3,747.3 million, (b) a decrease in trade and bill payables of RMB2,912.2 million, and (c) a decrease in inventories and other contract costs of RMB1,489.8 million.

Nevertheless, in light of our net operating cash outflows in the six months ended June 30, 2025, we expect to improve our cash position primarily through: (i) enhancing our operations through production expansion and cost optimization to boost our operating profit and net operating cash inflow; (ii) optimizing our inventory structure by arranging procurement and production plans based on market demand forecasts and sales performance to avoid excessive inventory and capital tie-up; and (iii) accelerating capital turnover through the optimization of production process to improve production efficiency.

***Net Cash Flows from or Used in Investing Activities***

In six months ended June 30, 2025, our net cash flows from investing activities was RMB354.2 million, which was primarily attributable to (i) placement of time deposits of RMB1,355.7 million; (ii) purchases of financial assets at fair value through profit or loss of RMB1,110.0 million; and off-set by withdrawal of time deposits of RMB3,138.2 million.

In 2024, our net cash flows used in investing activities was RMB4,373.9 million, which was primarily attributable to (i) placement of time deposits of RMB3,568.6 million; (ii) purchases of items of property, plant and equipment of RMB697.0 million; and (iii) purchases of financial assets at fair value through profit or loss of RMB150.0 million.

In 2023, our net cash flows used in investing activities was RMB1,284.6 million, which was primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB940.0 million; and (ii) purchases of items of property, plant and equipment of RMB391.3 million.

In 2022, our net cash flows from investing activities was RMB589.8 million, which was primarily attributable to (i) a decrease in an entrusted loan to a related party of RMB490.0 million; and (ii) disposal of a subsidiary of RMB486.2 million, partially offset by (i) capital contributions to associates of RMB318.1 million; and (ii) purchases of items of property, plant and equipment of RMB178.6 million.

### *Net Cash Flows from or Used in Financing Activities*

In six months ended June 30, 2025, our net cash flows from financing activities was RMB31.3 million, which was primarily attributable to proceeds from bank loans of RMB52.3 million.

In 2024, our net cash flows used in financing activities was RMB121.9 million, which was primarily attributable to dividend paid of RMB114.6 million.

In 2023, our net cash flows used in financing activities was RMB11.5 million, which was primarily attributable to lease payment of RMB20.0 million, partially offset by withdrawal of restricted deposits of RMB8.7 million.

In 2022, our net cash flows used in financing activities was RMB1,300.0 million, which was primarily attributable to (i) dividend paid of RMB961.2 million; (ii) a decrease in cash arising from the spin-off of subsidiaries of RMB225.1 million; and (iii) repayment of bank loans of RMB195.6 million.

## Net Current Assets or Liabilities

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

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2025 |
| | | | | | *(Unaudited)* |
| | *(RMB in thousands)* | | | | |
| **Current assets** | | | | | |
| Inventories and other contract costs | 2,250,557 | 3,642,158 | 2,831,956 | 2,007,983 | 2,119,474 |
| Trade and bills receivables | 629,783 | 435,353 | 544,861 | 2,826,323 | 3,671,134 |
| Prepayments, other receivables and other assets | 176,639 | 534,795 | 1,003,899 | 1,055,662 | 1,066,606 |
| Financial assets at fair value through profit or loss ("FVTPL") | – | 940,250 | 1,092,068 | 2,208,691 | 1,953,310 |
| Current portion of long-term time deposits | – | – | 85,297 | 86,352 | – |
| Restricted deposits | 820,295 | 973,586 | 1,688,104 | 1,030,082 | 1,089,463 |
| Cash and bank balances | 5,889,399 | 5,451,296 | 7,951,595 | 4,218,594 | 4,940,883 |
| **Total current assets** | 9,766,673 | 11,977,438 | 15,197,780 | 13,433,687 | 14,840,870 |
| **Current liabilities** | | | | | |
| Trade and bills payables | 6,968,064 | 8,124,608 | 12,368,715 | 11,245,091 | 13,373,016 |
| Other payables and accruals | 1,299,966 | 1,122,733 | 1,201,390 | 1,762,086 | 1,165,441 |
| Contract liabilities | 1,515,341 | 2,022,496 | 970,808 | 447,813 | 445,710 |
| Interest-bearing bank borrowings | – | – | 22,523 | 74,881 | 74,888 |
| Lease liabilities | 7,427 | 28,007 | 38,995 | 27,101 | 16,016 |

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2025 |
| | | | | | *(Unaudited)* |
| | *(RMB in thousands)* | | | | |
| Provisions | 377,433 | 400,692 | 383,600 | 441,575 | 484,409 |
| Tax payable | 8,328 | 21,056 | 18,968 | 16,476 | 6,932 |
| **Total current liabilities** | 10,176,559 | 11,719,592 | 15,004,999 | 14,015,023 | 15,566,412 |
| **Net current assets/ (liabilities)** | (409,886) | 257,846 | 192,781 | (581,336) | (725,542) |

We recorded net current liabilities of RMB409.9 million as of December 31, 2022 and net current assets of RMB257.8 million as of December 31, 2023. This was primarily due to (i) an increase in inventories and other contract costs, mainly as a result of an increase in finished goods, mainly because we stocked up our inventories to prepare for the expected increase in sales volume of our products; and (ii) an increase in financial assets at FVTPL, mainly as a result of the maturity of all our structured deposits before the end of 2022, partially offset by (i) an increase in trade and bills payables, mainly because we increased our procurement to prepare for the expected increase in sales volume of our products; and (ii) an increase in contract liabilities, mainly as a result of an increase in advance from customers to secure order to prepare for the expected increase in market demand for our products.

Our net current assets decreased by 25.2% from RMB257.8 million as of December 31, 2023 to RMB192.8 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables, mainly as a result of (a) an increase in settlement period with certain suppliers; and (b) an increase in amount of accepted bill used for settlement; and (ii) a decrease in inventories and other contract costs, mainly as a result of a decrease in finished goods, mainly due to the increase in sales volume of harvesting machines, resulting from the increased market demand for our products, partially offset by (i) an increase in cash and cash balances; (ii) a decrease in contract liabilities, mainly driven by more efficient product acceptance by our distributors, leading to increasing revenue recognition by us; (iii) an increase in restricted deposits, mainly as a result of an increase in bank acceptance bills; (iv) an increase in prepayments, other receivables and other assets, mainly as a result of the increase in accumulated VAT refund along with our growth in business operation; (v) an increase in financial assets at FVTPL, mainly as a result of the purchase of new wealth management products in 2024; and (vi) an increase in trade and bills receivables, which was generally in line with our revenue growth.

We had net current liabilities of RMB581.3 million as of June 30, 2025 compared to net current assets of RMB192.8 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents; (ii) a decrease in inventories and contact costs, mainly as a result of the relatively high level of inventories at year-end to prepare for the sales in the coming year; and (iii) a decrease in restricted deposits, mainly as a result of an decrease in bank acceptance bills, partially offset by (i) an increase in trade and bills receivables, mainly because our trade receivables from customers have not reached their settlement periods as of June 30, 2025; and (ii) an increase in financial assets at FVTPL, mainly as a result of the purchase of new wealth management products in the six months ended June 30, 2025.

Our net current liabilities increased by 24.8% from RMB581.3 million as of June 30, 2025 to RMB725.5 million as of October 31, 2025, primarily due to (i) an increase in trade and bills payables, mainly as a result of an increase in amount of accepted bill used for settlement; (ii) a decrease in other payables and accruals, mainly as a result of our distribution of dividends; and (iii) an increase in provisions, mainly (a) along with an increase in sales of parts and components, and (b) the slowdown in warranty settlement of distributors, partially offset by (i) an increase in trade and bills receivables, mainly as a result of the growing proportion of orders from our Chinese distributors being settled on credit terms driven by end-customer demand and the practice of installment sales among their competitors; and (ii) an increase in cash and bank balances, mainly as a result of our increase cash generated from operating activities.

We intend to improve our net current liabilities position through the following measures:

(i) ***We will continuously enhance our operations through production expansion and cost optimization to boost our operating profit and net operating cash inflow.*** We intend to expand our revenue stream and generate operating cash flow by expanding our production capacity to capture the increasing demand on high-horsepower tractors and high-capacity harvesting machines. For example, we plan to construct the new factory for large-capacity harvesting machines. See "Business — Our Production Production Expansion Plan." In addition, we will continuously strengthen our supply chain management to optimize our cost structure and boost our profitability. For example, we will enhance flexible production and digital operations to improve our production efficiency, cost management and inventory turnover.

(ii) ***We will continuously monitor our investment cash flow and capital expenditures closely to maintain a healthy cash cycle.*** We regularly review our investment cash flow and capital expenditures to ensure that they align with our cash flow surplus, preventing mismatches between our spending on long-term assets and available cash reserves. In addition, we prepare cash flow forecasts from time to time to project our liquidity position for our management to review to ensure the sufficiency of our financial resources.

(iii) ***We will continuously enhance our trade receivables management by closely monitoring the credit profiles and operating and financial conditions of our customers.*** We maintain robust trade receivables recovery by proactively following up on our customers to ensure their payments as scheduled. We believe that this measure will enhance our asset quality and further improve our liquidity.

## INDEBTEDNESS

As of October 31, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB100.1 million. As of October 31, 2025, we had unutilized banking facilities of RMB13,299.9 million. The following table sets forth the details of our indebtedness as of October 31, 2025:

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2025 |
| | | | | | *(Unaudited)* |
| | *(RMB in thousands)* | | | | |
| Lease liabilities | 12,256 | 49,369 | 60,725 | 38,937 | 25,261 |
| Interest-bearing bank borrowings | – | – | 22,523 | 74,881 | 74,888 |
| **Total** | **12,256** | **49,369** | **83,248** | **113,818** | **100,149** |

### Lease Liabilities

Our lease liabilities were primarily related to our lease of buildings. As of December 31, 2022, 2023, 2024, June 30 and October 31, 2025, our total lease liabilities were RMB12.3 million, RMB49.4 million, RMB60.7 million, RMB38.9 million and RMB25.3 million, respectively.

The following table sets forth our lease liabilities in absolute amounts as of the dates indicated:

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2025 |
| | | | | | *(Unaudited)* |
| | *(RMB in thousands)* | | | | |
| Non-current lease liabilities | 4,829 | 21,362 | 21,730 | 11,836 | 9,245 |
| Current lease liabilities | 7,427 | 28,007 | 38,995 | 27,101 | 16,016 |
| **Total** | **12,256** | **49,369** | **60,725** | **38,937** | **25,261** |

Our lease liabilities increased significantly from RMB12.3 million as of December 31, 2022 to RMB49.4 million as of December 31, 2023, primarily due to an increase in our lease of buildings, mainly for research and development and promotional activities. Our lease liabilities increased by 23.0% from RMB49.4 million as of December 31, 2023 to RMB60.7 million as of December 31, 2024, primarily due to an increase in our lease of buildings to support our business expansion. Our total lease liabilities decreased by 35.9% from RMB60.7 million as of December 31, 2024 to RMB38.9 million as of June 30, 2025, and further decreased by 35.1% to RMB25.3 million as of October 31, 2025, primarily due to our rental payments.

### Interest-bearing Bank Borrowings

As of December 31, 2022, 2023, 2024, June 30 and October 31, 2025, our interest-bearing bank borrowings were nil, nil, RMB22.5 million, RMB74.9 million and RMB74.9 million, respectively. The effective interest rate of our interest-bearing bank borrowings was 2.50% per annum during the Track Record Period and in the ten months ended October 31, 2025. Our interest-bearing bank borrowings increased from nil as of December 31, 2023 to RMB22.5 million as of December 31, 2024, further increased significantly to RMB74.9 million as of June 30, 2025, primarily because we scaled up our borrowings for the construction, upgrade and optimization of our Intelligent Tractor Manufacturing Hub. Our interest bearing bank borrowings remained stable at RMB74.9 million as of June 30, 2025 and October 31, 2025. During the Track Record Period, there was no guarantee provided by our related parties in relation to our interest-bearing bank borrowings.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. There is no material change in the indebtedness since October 31, 2025 and up to the Latest Practicable Date.

## CONTINGENT LIABILITIES

Pursuant to the agreement between our Company and Huiyin Financial Leasing, our Group have provided joint and several liability guarantees for all obligations under financial lease contracts entered into by lessees recommended by our Company and our dealers and Huiyin Financial Leasing. The guarantee period extends to five years after the expiration of the final payment obligation under the respective financial lease contracts.

Our outstanding guarantee balances as of December 31, 2022, 2023, 2024 and June 30, 2025 were RMB914.6 million, RMB1,254.1 million, RMB1,798.9 million and RMB1,629.0 million, respectively. During the Track Record Period and up to the Latest Practicable Date, no claims were settled under these guarantees and Huiyin Financial Leasing had consistently maintained stringent lessee eligibility criteria. Consequently, our management has assessed that the probability of default on these obligations in future periods is remote. Accordingly, the guarantee provision was assessed to be minimal as of December 31, 2022, 2023, 2024 and six months ended June 30, 2025.

See Note 40 of the Accountants' Report in Appendix I to this document.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

## CAPITAL COMMITMENTS

Our capital commitments were RMB571.1 million, RMB1,128.1 million, RMB1,166.2 million and RMB188.1 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, which were contracted for purchasing property, plants and equipment. See Note 33 of the Accountants' Report in Appendix I to this document.

## CAPITAL EXPENDITURES

Our capital expenditures were RMB178.6 million, RMB391.3 million, RMB697.0 million, RMB284.1 million and RMB381.4 million in 2022, 2023, 2024 and June 30, 2024 and 2025, respectively, primarily representing the capital expenditures in respect of the purchases of property, plant and equipment. We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from operations and external financing. We intend to fund our future capital expenditures and long-term investments by using a combination of operating cash flow, equity and debt financing and the estimated net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

## MATERIAL RELATED PARTY TRANSACTIONS

The following table sets forth our material transactions with related parties for the years indicated.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | *(unaudited)* | |
| | *(RMB in thousands)* | | | | |
| **Sales of goods to related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 16 | 967 | 1,883 | 1,883 | 9,380 |
| Weichai Group and its subsidiaries | 140,192 | 70,325 | 70,935 | 48,003 | 25,541 |
| Weichai Group's associates | 7 | 448 | – | – | – |
| Weichai Power and its subsidiaries | 126,323 | 166,271 | 208,114 | 81,390 | 154,438 |
| **Total** | **266,538** | **238,011** | **280,932** | **131,276** | **189,359** |
| **Provision of services to related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 1,088 | 30 | 5 | 4 | – |
| Weichai Group and its subsidiaries | 1,493 | 1,810 | 1,083 | 897 | 67 |
| Weichai Power and its subsidiaries | 8,381 | 4,067 | 463 | 10 | 194 |
| **Total** | **10,962** | **5,907** | **1,551** | **911** | **261** |

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | *(unaudited)* | |
| | *(RMB in thousands)* | | | | |
| **Purchases of goods from related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 4,593 | 7,476 | 7,376 | 3,649 | 2,776 |
| Weichai Group and its subsidiaries | 70,071 | 33,944 | 46,188 | 38,100 | 12,142 |
| Weichai Power and its subsidiaries | 1,265,468 | 2,382,721 | 2,629,989 | 1,453,746 | 1,278,505 |
| The Group's associates | 1,583 | – | – | – | – |
| **Total** | **1,341,715** | **2,424,141** | **2,683,553** | **1,495,495** | **1,293,423** |

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | (unaudited) | |
| | (RMB in thousands) | | | | |
| **Receipt of services from related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 51,815 | 1,113 | 6,217 | 2,106 | 656 |
| Weichai Group and its subsidiaries | 2,554 | 9,783 | 13,481 | 6,876 | 8,182 |
| Weichai Group's associates | – | 37 | – | – | – |
| Weichai Power and its subsidiaries | 31,166 | 63,858 | 62,981 | 32,802 | 22,806 |
| The Group's associates | 862 | 3,827 | 3,425 | 832 | 73 |
| **Total** | **86,397** | **78,618** | **86,104** | **42,616** | **31,717** |
| **Rental income as lessor** | | | | | |
| Shandong Heavy Industry and its subsidiaries | – | 5 | 10 | – | 12 |
| Weichai Power Group and its subsidiaries | 1,232 | 2,239 | – | – | 663 |
| **Total** | **1,232** | **2,244** | **10** | **–** | **675** |
| **Rental expense as lessee**[1] | | | | | |
| Shandong Heavy Industry and its subsidiaries | – | – | – | – | – |
| Weichai Group and its subsidiaries | 18 | 233 | 9 | – | – |
| Weichai Power Group and its subsidiaries | 14,550 | 34,871 | 37,207 | 18,099 | 19,337 |
| Shandong Tongxin Zhixing's subsidiary | – | 1,093 | 826 | 823 | 647 |
| The Group's associates | 440 | 2 | 2,047 | 603 | 1,683 |
| **Total** | **15,008** | **36,199** | **40,089** | **19,525** | **21,667** |

*Note:*

(1) The above transaction amounts were determined based on the rental agreements entered into between our Group and our related parties.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | *(unaudited)* | |
| | | | *(RMB in thousands)* | | |
| **Lending funds to related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 47 | – | – | – | – |
| Weichai Group and its subsidiaries | 613,667 | – | – | – | – |
| Weichai Power and its subsidiaries | 266 | – | – | – | – |
| **Total** | **613,980** | **–** | **–** | **–** | **–** |
| **Repayment of fund lending by related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 486,197 | – | – | – | – |
| Weichai Group and its subsidiaries | 1,989,847 | – | – | – | – |
| **Total** | **2,476,044** | **–** | **–** | **–** | **–** |
| **Interest income from fund lending to related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | 6,186 | – | – | – | – |
| Weichai Group and its subsidiaries | 15,652 | – | – | – | – |
| **Total** | **21,838** | **–** | **–** | **–** | **–** |
| **Entrusted loan to a related party** | | | | | |
| Weichai Group and its subsidiaries | 160,000 | – | – | – | – |
| **Repayment of entrusted loan by a related party** | | | | | |
| Weichai Group and its subsidiaries | 651,000 | – | – | – | – |
| **Interest income from entrusted loan to a related party** | | | | | |
| Weichai Group and its subsidiaries | 8,527 | – | – | – | – |
| **Purchases property, plant and equipment of from related parties** | | | | | |
| Shandong Heavy Industry and its subsidiaries | – | 93 | 868 | 115 | 123 |
| Weichai Group and its subsidiaries | 75,072 | 328 | 142 | 142 | 442 |
| Weichai Power Group and its subsidiaries | 6,546 | 23,544 | 19,977 | 5,887 | 6,166 |
| **Total** | **81,618** | **23,965** | **20,987** | **6,144** | **6,731** |
| **Sales of property, plant and equipment to related parties** | | | | | |
| Weichai Group and its subsidiaries | 522,885 | 184 | 8 | – | 252 |

The following table sets forth our material transactions with Shandong Heavy Industry Finance Co. for the years indicated.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | | | *(unaudited)* | |
| | | | *(RMB in thousands)* | | |
| Establishment of bank acceptance bills | 1,137,510 | 929,319 | 1,557,730 | 1,213,190 | 648,290 |
| Bank deposit placed | 1,690,832 | 1,379,635 | 1,544,586 | 1,341,339 | 1,001,514 |
| Interest income | 39,726 | 14,843 | 24,425 | 20,099 | 24,708 |
| Interest expenses | 812 | – | 8 | – | 651 |
| New interest-bearing borrowings | – | – | 22,523 | – | 52,358 |
| Repayment of borrowings | 100,000 | – | – | – | – |

Our sales of goods to Weichai Group and its subsidiaries decreased by 49.8% from RMB140.2 million in 2022 to RMB70.3 million in 2023, primarily due to (i) the decrease in customer demand from our related parties; and (ii) the change in business strategy of our subsidiary. Our sales of goods to Weichai Group and its subsidiaries remained relatively stable at RMB70.3 million and RMB70.9 million in 2023 and 2024. Our sales of goods to Weichai Group and its subsidiaries decreased by 46.8% from RMB48.0 million in six months ended June 30, 2024 to RMB25.5 million in six months ended June 30, 2025, primarily due to the decrease in customer demand from our related parties.

Our sales of goods to Weichai Power and its subsidiaries increased by 31.6% from RMB126.3 million in 2022 to RMB166.3 million in 2023, primarily due to the increased sales of parts and components to Weichai Power, which was in line with its business growth. Our sales of goods to Weichai Power and its subsidiaries increased by 25.2% from RMB166.3 million in 2023 to RMB208.1 million in 2024, primarily due to (i) the increased sales of parts and components to Weichai Power, which was in line with its business growth; and (ii) the increased sales of rice harvesting machines to the subsidiary of Weichai Power, driven by the increase in demand for rice harvesting machines in the end-market. Our sales of goods to Weichai Power and its subsidiaries increased by 89.8% from RMB81.3 million in six months ended June 30, 2024 to RMB154.4 million in six months ended June 30, 2025, primarily due to the increased sales of rice transplanters to the subsidiary of Weichai Power, driven by the increase in demand for rice harvesting machines in the end-market.

Our purchase of goods from Weichai Power and its subsidiaries increased by 88.3% from RMB1,265.5 million in 2022 to RMB2,382.7 million in 2023, and further increased by 10.3% to RMB2,630.0 million in 2024, primarily due to an increase in purchase volume of raw materials that fulfill the National IV Emission Standards from Weichai Power Group in anticipation of the increasing customer demand on National IV Emission Standards products, resulting from the change in government standards. Our purchase of goods from Weichai Power and its subsidiaries decreased by 9.7% from RMB1, 415.6 million in six months ended June 30, 2024 to RMB1,278.5 million in six months ended June 30, 2025 primarily due to a decrease in purchase volume of raw materials from Weichai Power and its subsidiaries.

For details about our related party transactions during the Track Record Period, see Note 41 of the Accountants' Report in Appendix I to this document.

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

## FINANCIAL RISK

We are exposed to a variety of financial risks, including market risks (such as foreign currency risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Board reviewed and agreed the following risk management policies. See Note 44 of the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

### Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The management of our Group considers our Group's exposure to foreign currency risk not significant. For further details of our foreign currency risk, see Note 44 of the Accountants' Report in Appendix I to this document.

### Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the Head of Credit Control. For details of maximum exposure and year-end staging. See Note 44 of the Accountants' Report in Appendix I to this document.

### Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of us to finance the operations and mitigate the effects of fluctuations in cash flows. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. For further details of our liquidity risk, see Note 44 of the Accountants' Report in Appendix I to this document.

## DIVIDENDS

On June 6, 2025, our Company's Eighth Board of Directors approved the proposal to distribute a cash dividend of RMB0.2 per share (tax inclusive), based on the shareholder register as of the actual dividend payment date, with the total dividend amount reaching RMB229.2 million. Our dividends declared in June 2025 has been paid in July 2025 with our own capital reserve. We declared interim dividends of RMB540.0 million and final dividends of RMB421.2 million in 2022. We have declared final dividends of RMB114.6 million in 2024. We did not declare dividend in 2023. As of the Latest Practicable Date, we have paid the dividends declared in 2022 and 2024 in full. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any future determination of dividends distribution, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. According to our Articles of Association, we shall distribute cash dividends at least once per financial year, provided that (i) the applicable conditions for cash dividend distribution are fulfilled; and (ii) there are no material investment plans or significant capital expenditure arrangements. In general, the annual cash dividend payout ratio shall not be less than 10% of the distributable profits in the consolidated financial statements for the relevant financial year. If we are profitable in the current year and the accumulated undistributed profits are positive, on the condition that (i) all applicable conditions for cash dividend distribution are fulfilled; (ii) all necessary approvals are obtained; and (iii) there are no material adverse change in financial, economic and market conditions, the profit distributed by us in cash each year for the years ended December 31, 2025, 2026 and 2027 are expected to be not less than 40% of the distributable profits of the respective year. Interim dividends may also be distributed at discretion when circumstances permit. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

## WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the long-term bank deposits and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

## DISTRIBUTABLE RESERVES

As of June 30, 2025, our Company had distributable reserves of RMB2,157.8 million.

[**REDACTED**]

## [**REDACTED**] EXPENSE

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] fees of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non [**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**]), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be charged to our combined statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2025.

## UNAUDITED [**REDACTED**] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited [**REDACTED**] Financial Information in Appendix II to this document.

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since June 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

## DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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