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

OVERVIEW

We are a leading provider of integrated smart agriculture solutions in China. Our journey began in 2004 in Weifang, Shandong. We manufacture and sell agricultural machinery, including tractors, harvesting machines and agricultural implements that span the entire modern agricultural production cycle across field preparing, planting, field management, harvesting, straw handling and grain drying, with a focus on high-end, intelligent agricultural machinery, tackling the challenges of "who to farm." Furthermore, our intelligent agricultural machinery is empowered by smart agriculture technologies to capture and integrate data on soil conditions, crop growth and environmental conditions, translating comprehensive insights into precise operation decision-making. This enables coordinated, precision-based field operations, delivering meaningful improvements in productivity and quality, eventually addresses the challenges of "how to farm scientifically."

Our revenue increased from RMB14,676.3 million in 2023 to RMB17,393.0 million in 2024, and further increased to RMB18,023.1 million in 2025. Our gross profit increased from RMB1,939.2 million in 2023 to RMB2,302.3 million in 2024, and further increased to RMB2,557.9 million in 2025. Our profit for the year increased from RMB871.3 million in 2023 to RMB956.9 million in 2024, and further increased to RMB973.3 million in 2025. Our adjusted EBITDA (*non-IFRS measure*) increased from RMB986.4 million in 2023 to RMB1,141.2 million in 2024, and further increased to RMB1,214.2 million in 2025.

BASIS OF PREPARATION

As of December 31, 2025, we have net current liabilities of RMB990.7 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. 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: (i) relevant laws and regulations, governmental policies and initiatives; (ii) overall political environment and economic growth; (iii) growth, competition environment and market dynamics of agriculture machinery and intelligent agricultural machinery industry; (iv) development of the technology in the agriculture machinery and intelligent agricultural machinery industry; and (v) Occurrence of force majeure events, outbreak of public health incidents, acts of war, social and economic chaos and natural disasters. In addition to the general factors mentioned, we believe our results of operations are more directly affected by the following specific factors:

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. 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. 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 increased from RMB14,502.9 million in 2023 to RMB17,183.3 million in 2024, and further increased to RMB18,023.1 million in 2025. 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. 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. 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 RMB676.9 million, RMB838.6 million and RMB927.3 million in 2023, 2024 and 2025, respectively, accounting for 4.6%, 4.8% and 5.1% of our total revenue in the same respective years. 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 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. 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 December 31, 2025, we had seven production bases of agricultural machinery and related components with 11 production lines. 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 RMB11,580.7 million, RMB13,758.3 million and RMB13,823.6 million in 2023, 2024 and 2025, respectively, representing 91.0%, 91.2% and 89.4% 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. 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. Our material accounting policies, estimates, assumptions and judgments are set forth in Notes 2.3 and 3 of the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	14,676,348	17,393,038	18,023,106
Cost of sales	(12,737,176)	(15,090,784)	(15,465,245)
Gross profit	1,939,172	2,302,254	2,557,861
Other income and gains	310,270	349,261	334,774
Selling and marketing expenses	(327,706)	(417,792)	(491,022)
Administrative expenses	(330,737)	(353,621)	(377,753)
Research and development costs	(676,878)	(838,557)	(927,270)
Reversal of/(Provision for) impairment of financial assets	31,827	17,441	(4,656)
Other expenses	(2,196)	(21,045)	(2,731)
Finance costs	(1,908)	(1,806)	(2,436)
Share of (losses)/profits of associates	(8,769)	179	(34,704)
Profit before tax	933,075	1,036,314	1,052,063
Income tax expense	(61,803)	(79,452)	(78,779)
Profit for the year	871,272	956,862	973,284
Profit for the year attributable to:			
Owners of the parent	871,165	956,409	973,296
Non-controlling interests	107	453	(12)
	871,272	956,862	973,284

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 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 presented in accordance with IFRS Accounting Standards for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Reconciliation of profit for the year to EBITDA *(non-IFRS measure)* and adjusted EBITDA *(non-IFRS measure)*			
Profit for the year	871,272	956,862	973,284
Add:			
– Income tax expense	61,803	79,452	78,779
– Finance costs	1,908	1,806	2,436
– Depreciation and amortization	185,341	212,970	263,662
Less: Interest income	(133,968)	(129,450)	(121,415)
EBITDA *(non-IFRS measure)*	986,356	1,121,640	1,196,746
Add:			
– [**REDACTED**] expenses(1)	–	19,520	17,471
Adjusted EBITDA *(non-IFRS measure)*	986,356	1,141,160	1,214,217

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Reconciliation of profit for the years to adjusted net profit *(non-IFRS measure)*			
Profit for the year	871,272	956,862	973,284
Add:			
– [**REDACTED**] expenses[1]	–	19,520	17,471
Adjusted net profit for the year *(non-IFRS measure)*	871,272	976,382	990,755

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 RMB14,676.3 million, RMB17,393.0 million and RMB18,023.1 million in 2023, 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.

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 indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Sales of agricultural machinery	14,502,922	98.8	17,183,315	98.8	17,804,234	98.8
– Tractors	7,775,397	52.9	9,057,350	52.1	9,010,460	50.0
– Harvesting machines	6,144,335	41.9	7,092,236	40.8	7,766,795	43.1
– Agricultural implements and others	583,190	4.0	1,033,729	5.9	1,026,979	5.7
Others[1]	173,426	1.2	209,723	1.2	218,872	1.2
Total	**14,676,348**	**100.0**	**17,393,038**	**100.0**	**18,023,106**	**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 indicated:

	Year ended December 31,								
	2023			2024			2025		
	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)*
Tractors	7,775,397	80,591	96,480	9,057,350	84,455	107,245	9,010,460	77,801	115,814
Harvesting machinery	6,144,335	34,324	179,010	7,092,236	39,851	177,969	7,766,795	42,944	180,859

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. During the Track Record Period, our revenue from overseas increased by 37.2% from RMB1,257.2 million in 2023 to RMB1,725.0 million in 2024, and further increased by 38.2% to RMB2,383.7 million in 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 indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
China	13,419,145	91.4	15,668,005	90.1	15,639,393	86.8
Overseas(1)	1,257,203	8.6	1,725,033	9.9	2,383,713	13.2
Total	**14,676,348**	**100.0**	**17,393,038**	**100.0**	**18,023,106**	**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 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.

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 indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Material costs	11,580,699	91.0	13,758,277	91.2	13,823,589	89.4
Manufacturing expenses	490,160	3.8	743,666	4.9	666,286	4.3
Direct labor costs	399,549	3.1	450,245	3.0	411,148	2.7
Additional provision for warranties	166,871	1.3	(3,206)	(0.0)	391,842	2.5
Others	99,896	0.8	141,802	0.9	172,380	1.1
Total	**12,737,176**	**100.0**	**15,090,784**	**100.0**	**15,465,245**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB1,939.2 million, RMB2,302.3 million and RMB2,557.9 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 13.2%, 13.2% and 14.2% in 2023, 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 indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		%		%		%
	(RMB in thousands, except for percentages)					
Sales of agricultural machinery	1,893,827	13.1	2,270,632	13.2	2,511,370	14.1
– Tractors	1,098,138	14.1	1,286,471	14.2	1,566,241	17.4
– Harvesting machines	713,331	11.6	827,493	11.7	814,540	10.5
– Agricultural implements and others	82,358	14.1	156,668	15.2	130,589	12.7
Others[(1)]	45,345	26.1	31,623	15.1	46,492	21.2
Total	**1,939,172**	**13.2**	**2,302,254**	**13.2**	**2,557,861**	**14.2**

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 indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		%		%		%
	(RMB in thousands, except for percentages)					
China	1,679,189	12.5	1,914,734	12.2	1,991,216	12.7
Overseas[1]	259,983	20.7	387,520	22.5	566,645	23.8
Total	**1,939,172**	**13.2**	**2,302,254**	**13.2**	**2,557,861**	**14.2**

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

Other Income and Gains

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; (iv) interest income from financial assets at fair value through profit or loss, mainly related to our structured deposits; and (v) dividends income from other equity instrument investment.

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 disposal of items of property, plant and equipment; (iv) gain on disposal of investment properties; (v) third-party compensations; and (vi) 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 indicated:

	Year ended December 31,		
	2023	2024	2025
	Amount	Amount	Amount
	(RMB in thousands)		
Other income			
Interest income	133,968	129,450	121,415
Government grants	51,405	120,763	124,027
Additional tax deduction	67,378	52,107	7,580
Interest income from financial assets at fair value through profit or loss	8,082	26,334	37,585

	Year ended December 31,		
	2023	2024	2025
	Amount	Amount	Amount
	(RMB in thousands)		
Dividends income from other equity instrument investments	–	–	450
Total other income	260,833	328,654	291,057
Other gains			
Foreign exchange gains, net	9,120	13,702	943
Fair value gain on financial assets designated as at fair value through profit or loss	250	1,818	2,634
Gain on disposal of items of property, plant and equipment	4,065	1,023	–
Gain on disposal of investment properties	12,497	–	–
Third-party compensations	–	–	20,095
Gain on deemed disposal	18,618	–	–
Others	4,887	4,064	20,045
Total gains	49,437	20,607	43,717
Total other income and gains	**310,270**	**349,261**	**334,774**

Selling and Marketing Expenses

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 indicated:

	Years ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	163,596	49.9	188,867	45.2	237,235	48.3
Travelling expenses	62,287	19.0	74,922	17.9	84,838	17.3
Promotional fees	22,404	6.8	46,755	11.2	63,674	13.0
Office expenses	34,939	10.7	55,635	13.3	54,175	11.0
Consumables	14,076	4.3	19,891	4.8	17,180	3.5
Others[1]	30,404	9.3	31,722	7.6	33,919	6.9
Total	**327,706**	**100.0**	**417,792**	**100.0**	**491,022**	**100.0**

Note:

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

Administrative Expenses

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 indicated:

	Years ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses	156,345	47.3	182,086	51.5	203,812	53.9
Depreciation and amortization	53,345	16.1	39,038	11.0	44,859	11.9
Tax and surcharges	30,088	9.1	29,567	8.4	38,218	10.1
Professional service fees	27,543	8.3	26,897	7.6	22,119	5.9
[**REDACTED**]	–	–	19,520	5.5	17,471	4.6
Maintenance expenses	15,134	4.6	10,037	2.8	10,418	2.8
Office expenses	18,359	5.6	15,803	4.5	14,551	3.9
Others[1]	29,923	9.0	30,673	8.7	26,305	7.0
Total	**330,737**	**100.0**	**353,621**	**100.0**	**377,753**	**100.0**

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

Research and Development Costs

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 indicated:

	Years ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses	362,138	53.5	468,361	55.9	573,669	61.9
Material fees	146,269	21.6	132,789	15.8	164,125	17.7
Depreciation and amortization	21,418	3.2	40,005	4.8	48,967	5.3
Technology development fees	31,675	4.7	46,965	5.6	34,344	3.7
Travelling expenses	26,559	3.9	32,686	3.9	28,871	3.1
Professional service fees	23,836	3.5	21,121	2.5	17,559	1.9
Others[(1)]	64,983	9.6	96,630	11.5	59,735	6.4
Total	**676,878**	**100.0**	**838,557**	**100.0**	**927,270**	**100.0**

Note (1): Mainly including transportation fees and rental fees.

Reversal of/(Provision for) Impairment of Financial Assets

We recorded reversal or provision 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 RMB31.8 million and RMB17.4 million in 2023 and 2024, respectively. We recorded provision for impairment of financial assets of RMB4.7 million in 2025.

Other Expenses

Our other expenses primarily consisted of litigation compensation incurred during our business operations. We had other expenses of RMB2.2 million, RMB21.0 million and RMB2.7 million in 2023, 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 RMB1.9 million, RMB1.8 million and RMB2.4 million in 2023, 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 RMB8.8 million and RMB34.7 million in 2023 and 2025, respectively, and share of profits of associates of 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 RMB61.8 million, RMB79.5 million and RMB78.8 million in 2023, 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 5% in 2023, 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

As a result of the foregoing, we recorded profit for the year of RMB871.3 million, RMB956.9 million and RMB973.3 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue remained relatively stable at RMB17,393.0 million and RMB18,023.1 million in 2024 and 2025, respectively.

Tractors. Our revenue from the sales of tractors remained relatively stable at RMB9,057.4 million and RMB9,010.5 million in 2024 and 2025, respectively.

Harvesting machines. Our revenue from the sales of harvesting machines increased by 9.5% from RMB7,092.2 million in 2024 to RMB7,766.8 million in 2025, primarily due to (i) an increase in sales volume of harvesting machines from 39,851 units in 2024 to 42,944 units in 2025, 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 harvesting machines from RMB178.0 thousands units in 2024 to RMB180.9 thousands in 2025, primarily due to our continuous efforts to upgrade and optimize our product portfolio, leading to the increase in selling price of our harvesting machines.

Agricultural implements and others. Our revenue from the sales of agricultural implements and others remained relatively stable at RMB1,033.7 million and RMB1,027.0 million in 2024 and 2025, respectively.

Cost of Sales

Our cost of sales increased from RMB15,090.8 million in 2024 to RMB15,465.2 million in 2025, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 11.1% from RMB2,302.3 million in 2024 to RMB2,557.9 million in 2025. Our gross profit margin increased from 13.2% in 2024 to 14.2% in 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; and (iii) a strategic increase in selling price of certain high-end agricultural machinery, considering their leading performance and strong market recognition.

Other Income and Gains

Our other income and gains decreased by 4.1% from RMB349.3 million in 2024 to RMB334.8 million in 2025, primarily due to 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 2025, partially offset by an increase in third-party compensations, mainly as a result of the compensations received from successful lawsuits in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.5% from RMB417.8 million in 2024 to RMB491.0 million in 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 promotional fees, mainly as a result of our increasing global sales and marketing efforts.

Administrative Expenses

Our administrative expenses increased by 6.8% from RMB353.6 million in 2024 to RMB377.8 million in 2025, primarily due to (i) an increase in employee benefits expenses, mainly as a result of the increase in bonuses paid to administrative staff in 2025; and (ii) an increase in tax and surcharges, mainly as a result of the commencement of operation of our Intelligent Tractor Manufacturing Hub in 2025.

Research and Development Costs

Our research and development costs increased by 10.6% from RMB838.6 million in 2024 to RMB927.3 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 material fees, along with our increasing research and development activities.

Provision for Impairment of Financial Assets

We had provision for impairment of financial assets of RMB4.7 million in 2025 compared to the reversal of impairment of financial assets of RMB17.4 million in 2024, primarily due to an increase in trade receivables, see "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables."

Other Expenses

Our other expenses decreased by 87.0% from RMB21.0 million in 2024 to RMB2.7 million in 2025, mainly because we recorded higher provision for litigation compensation in 2024.

Finance Costs

Our finance costs increased by 34.9% from RMB1.8 million in 2024 to RMB2.4 million in 2025, due to an increase in interest on bank borrowings, which was in line with the increase in bank borrowings. See "— Indebtedness — Bank Borrowings."

Share of Losses/(Profits) of Associates

We had share of losses of associates of RMB34.7 million in 2025 compared to share of profits of associates of RMB0.2 million in 2024, primarily because our associate had net losses in 2025.

Income Tax Expenses

Our income tax expense remained relatively stable at RMB79.5 million and RMB78.8 million in 2024 and 2025, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year remained relatively stable at RMB956.9 million and RMB973.3 million in 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. See Note 11 of the Accountants' Report in Appendix I to this document.

Profit for the Year

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

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,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	1,378,843	1,982,988	2,557,691
Investment properties	2,188	2,081	1,946
Right-of-use assets	370,811	454,729	490,852
Intangible assets	548,440	545,982	564,274
Investments in associates	307,515	307,695	272,991
Equity investments designated at fair value through other comprehensive income	3,117	3,595	3,568
Deferred tax assets	390,552	344,843	351,615
Long-term time deposits	–	342,672	1,665,439
Prepayments and other assets	91,939	–	9,936
Total non-current assets	3,093,405	3,984,585	5,918,312
Current assets			
Inventories and other contract costs	3,642,158	2,831,956	3,093,910
Trade and bills receivables	435,353	544,861	1,596,808
Prepayments, other receivables and other assets	534,795	1,003,899	1,312,772
Financial assets at fair value through profit or loss ("FVTPL")	940,250	1,092,068	2,114,702
Current portion of long-term time deposits	–	85,297	–
Restricted deposits	973,586	1,688,104	1,266,618
Cash and bank balances	5,451,296	7,951,595	5,572,163
Total current assets	11,977,438	15,197,780	14,956,973
Current liabilities			
Trade and bills payables	8,124,608	12,368,715	13,140,896
Other payables and accruals	1,122,733	1,201,390	1,576,223
Contract liabilities	2,022,496	970,808	793,710
Interest-bearing bank borrowings	–	22,523	–
Lease liabilities	28,007	38,995	37,401
Provisions	400,692	383,600	378,106
Tax payable	21,056	18,968	21,339
Total current liabilities	11,719,592	15,004,999	15,947,675
Net current assets/(liabilities)	257,846	192,781	(990,702)

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current liabilities			
Deferred income	363,575	345,255	361,851
Lease liabilities	21,362	21,730	20,656
Deferred tax liabilities	49	–	–
Other payables and accruals	17,797	18,995	9,570
Total non-current liabilities	402,783	385,980	392,077
Net assets	2,948,468	3,791,386	4,535,533
Equity			
Equity attributable to owners of the parent			
Share capital	1,145,763	1,145,763	1,145,763
Reserves	1,795,350	2,637,815	3,381,974
	2,941,113	3,783,578	4,527,737
Non-controlling interests	7,355	7,808	7,796
Total equity	2,948,468	3,791,386	4,535,533

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,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	578,222	551,868	1,285,314
Machinery and others	476,066	569,802	1,121,596
Electronic and office equipment	27,348	24,529	26,183
Motor vehicles	9,275	11,272	8,575
Construction in progress	287,932	825,517	116,023
Total	**1,378,843**	**1,982,988**	**2,557,691**

Our property, plant and equipment increased by 43.8% from RMB1,378.8 million as of December 31, 2023 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 29.0% from RMB1,983.0 million as of December 31, 2024 to

RMB2,557.7 million as of December 31, 2025, primarily due to the increase in buildings and machinery and others, primarily due to the commencement of operation of our Intelligent Tractor Manufacturing Hub in 2025.

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,		
	2023	2024	2025
	(RMB in thousands)		
Leasehold land	320,159	392,524	428,461
Buildings	50,224	61,866	62,095
Machinery	–	–	46
Motor vehicles	428	339	250
Total	**370,811**	**454,729**	**490,852**

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 increased by 7.9% from RMB454.7 million as of December 31, 2024 to RMB490.9 million as of December 31, 2025, primarily due to the construction of our Intelligent Tractor Manufacturing Hub.

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,		
	2023	2024	2025
	(RMB in thousands)		
Trademark rights	530,189	530,189	530,189
Software	18,251	15,793	34,085
Total	**548,440**	**545,982**	**564,274**

Our intangible assets decreased slightly from RMB548.4 million as of December 31, 2023 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 RMB564.3 million as of December 31, 2024 and 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: (i) 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; and (ii) 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, 2023, 2024 and 2025, the discount rates used are 15.70%, 17.86% and 18.13%.

As of December 30, 2023, 2024 and 2025, the carrying amount of trademark rights was not impaired. The results of the impairment test are as follows:

	Year ended 31 December,		
	2023	2024	2025
	(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	542,760	605,457	693,507
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		
	2023	2024	2025
	(RMB in thousands)		
Headroom	12,571	75,068	163,318
Impact by decreasing sales royalty rate	(10,885)	(11,909)	(13,641)
Impact by increasing discount rates	(10,176)	(11,244)	(12,989)

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 RMB307.5 million and RMB307.7 million as of December 31, 2023 and 2024. Our investments in associates decreased by 11.3% from RMB307.7 million as of December 31, 2024 to RMB273.0 million as of December 31, 2025, mainly due to the impairment of our investment in Shandong Tongxin Zhixing Digital Intelligence Technology Co., Ltd.

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,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	237,101	279,150	289,555
Semi-finished goods	128,635	152,792	151,403
Finished goods	3,251,603	2,388,453	2,646,330
Contract fulfilment cost	24,819	11,561	6,622
Total	**3,642,158**	**2,831,956**	**3,093,910**

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 increased by 9.2% from RMB2,832.0 million as of December 31, 2024 to RMB3,093.9 million as of December 31, 2025, primarily due to an increase in finished goods, mainly because we stocked up our inventory at year-end in anticipation of the increase in market demand for our products.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	3,586,350	2,705,422	2,976,280
Over one year	178,938	224,146	205,749
Less: write down of inventories and other contract costs	(123,131)	(97,612)	(88,118)
Total	**3,642,158**	**2,831,956**	**3,093,910**

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

	Year ended December 31,		
	2023	2024	2025
		(days)	
Inventories and other contract costs turnover days[(1)]	86.5	79.9	71.1

Note (1): Inventories and other contract costs turnover days for a year 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 and multiplied by the number of days in the relevant year, which is 360 days for each year.

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 71.1 days in 2025, primarily due to our increasing efforts to improve our inventory management capabilities.

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 April 30, 2026, approximately RMB1,858.2 million, or 58.4% of our inventories and other contract costs as of December 31, 2025 had been utilized or sold. During the Track Record Period and up to the Latest Practicable Date, we do not have major recoverability issue for inventories and other contract costs and we have made sufficient write-down of inventories and other contract costs.

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 472, 276 and 472 in 2023, 2024 and 2025, respectively, with 218, 248 and 210 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,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables	842,798	607,920	1,690,071
Bills receivables	36,097	23,646	5,335
Less: Impairment of trade and bills receivables	(443,542)	(86,705)	(98,598)
Trade and bills receivables, net	435,353	544,861	1,596,808

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 RMB1,596.8 million as of December 31, 2025, primarily due to (i) our increase in trade receivables from customers that have not reached their settlement periods as of December 31, 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 December 31, 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,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	402,237	536,720	1,582,803
One to two years	22,153	6,237	12,797
Two to three years	2,875	1,804	608
Over three years	8,088	100	600
Total	**435,353**	**544,861**	**1,596,808**

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 92.4%, 98.5% and 99.1% as of December 31, 2023, 2024 and 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 indicated:

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade and bills receivables turnover days(1)	24.3	15.6	23.2

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

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 23.2 days in 2025, primarily due to (i) our increase in trade receivables from customers that have not reached their settlement periods as of December 31, 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.

As of April 30, 2026, approximately RMB1,371.8 million, or 80.9% of our trade and bills receivables as of December 31, 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. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Advances to suppliers	64,354	141,452	191,339
Deposits	12,989	3,893	3,428
VAT recoverable	425,165	825,970	1,071,499
Amounts due from related parties	622,715	622,715	622,715
Amounts due from third-parties	129,992	144,681	150,125
Cost of Returns Receivable	–	–	–
[**REDACTED**] capitalization costs	–	–	5,772
Others	19,930	4,263	6,627
	1,275,145	1,742,974	2,051,505
Less: Impairment	(740,350)	(739,075)	(738,733)
Total	**534,795**	**1,003,899**	**1,312,772**

Our prepayments, other receivables and other assets increased by 87.7% from RMB534.8 million as of December 31, 2023 to RMB1,003.9 million as of December 31, 2024, and further increased by 30.8% to RMB1,312.8 million as of December 31, 2025, 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.

As of April 30, 2026, approximately RMB189.7 million, or 9.2% of our prepayments, other receivables and other assets as of December 31, 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 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 increased by 93.6% from RMB1,092.1 million as of December 31, 2024 to RMB2,114.7 million as of December 31, 2025, primarily due to the purchase of new wealth management products in 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 (i) 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; (ii) Investment return. We select wealth management products that offer competitive returns compared to similar investment products; and (iii) 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 73.4% from RMB973.6 million as of December 31, 2023 to RMB1,688.1 million as of December 31, 2024, primarily due to an increase in bank acceptance bills. Our restricted deposits decreased by 25.0% from RMB1,688.1 million as of December 31, 2024 to RMB1,266.6 million as of December 31, 2025, primarily due to the reduction in required restricted deposits for the issuance of 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,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	3,955,863	4,200,256	5,400,146
Bills payables	4,168,745	8,168,459	7,740,750
Total	**8,124,608**	**12,368,715**	**13,140,896**

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 increased by 6.2% from RMB12,368.7 million as of December 31, 2024 to RMB13,140.9 million as of December 31, 2025, generally in line with our revenue growth.

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,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	8,056,929	12,275,328	13,032,453
One to two years	12,947	44,191	27,477
Two to three years		6,675	37,891
Over three years	50,124	42,521	43,075
Total	**8,124,608**	**12,368,715**	**13,140,896**

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

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade and bills payables turnover days(1)	213.3	244.4	296.9

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

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,		
	2023	2024	2025
		(days)	
Trade and bills payables turnover days by related parties[1]	111.6	130.3	164.3
Trade and bills payables turnover days by independent third parties[2]	237.0	267.9	321.9

Notes:

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

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

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 increased from 244.4 days in 2024 to 296.9 days in 2025. Our trade and bills turnover days by related parties increased from 130.3 days in 2024 to 164.3 days in 2025. Our trade and bills payables turnover days by independent third parties increased from 267.9 days to 321.9 days in 2025. Such increases were primarily due to our general increase in settlement periods with certain suppliers.

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 April 30, 2026, approximately RMB8,068.4 million, or 61.4% of our trade and bills payables as of December 31, 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,		
	2023	2024	2025
		(RMB in thousands)	
Payroll and welfare payable	178,797	188,852	201,681
Other tax payables	82,770	66,264	56,311
Accruals	517,032	632,780	615,203
[**REDACTED**] payable	–	–	2,200
Deposits	233,303	230,884	261,579
Payables for purchase of non-current assets	79,361	51,824	414,729
Other payables	31,470	30,786	24,520
Total	**1,122,733**	**1,201,390**	**1,576,223**

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 31.2% from RMB1,201.4 million as of December 31, 2024 to RMB1,576.2 million as of December 31, 2025, mainly due to an increase in payables for purchase of non-current assets, primarily due to the construction of our Intelligent Tractor Manufacturing Hub.

Contract Liabilities

Our contract liabilities primarily representing advances from customers for purchasing agricultural machinery. 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 18.2% from RMB970.8 million as of December 31, 2024 to RMB793.7 million as of December 31, 2025, primarily due to 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.

As of April 30, 2026, approximately RMB578.9 million, or 72.9% of our contract liabilities as of December 31, 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 remained relatively stable at RMB400.7 million, RMB383.6 million and RMB378.1 million as of December 31, 2023, 2024 and 2025, respectively. Our provision of litigation compensation was RMB17.6 million, RMB18.8 million and nil as of December 31, 2023, 2024 and 2025, respectively. We did not have provision of litigation compensation as of December 31, 2025, primarily because our two litigation cases related to litigation compensation had been settled as of December 31, 2025. See Note 31 of Appendix I to this document.

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 RMB405.4 million, RMB464.9 million and RMB577.4 million in 2023, 2024 and 2025, respectively. Our reimbursement from suppliers was RMB238.5 million, RMB468.1 million and RMB245.2 million in 2023, 2024 and 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 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.

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 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 RMB361.9 million as of December 31, 2024 and 2025, respectively.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2023	2024	2025
Gross profit margin (%)[1]	13.2	13.2	14.2
Net profit margin (%)[2]	5.9	5.5	5.4
Adjusted net profit margin (*non-IFRS measure*) (%)[3]	5.9	5.6	5.5
Quick ratio[4]	0.7	0.8	0.7
Current ratio[5]	1.0	1.0	0.9
Debt-to-equity ratio[6]	4.1	4.1	3.6

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 divided by revenue for the year and multiplied by 100%.

(3) Adjusted net profit margin (*non-IFRS measure*) equals adjusted net profit (*non-IFRS measure*) for the year divided by revenue for the year 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 indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows from operating activities	852,429	3,813,110	646,056
Net cash flows used in investing activities	(1,284,612)	(4,373,928)	(619,265)
Net cash flows used in financing activities	(11,504)	(121,878)	(294,491)
Net decrease in cash and cash equivalents	(443,687)	(682,696)	(267,700)
Cash and cash equivalents at end of year	5,451,296	4,780,087	4,520,550

Net Cash Flows from 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 2025, our net cash flows generated from operating activities was RMB646.1 million, which was primarily attributed to our profit before tax of RMB1,052.1 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB194.9 million; and (ii) changes in working capital, which primarily comprised (a) an increase in trade and bills payables of RMB879.7 million, and (b) an increase in trade and bills receivables of RMB1,101.9 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.

Nevertheless, in light of our net operating cash inflows in 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 Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB619.3 million, which was primarily attributable to (i) placement of time deposits of RMB3,079.2 million; (ii) purchases of financial assets at fair value through profit or loss of RMB1,020.0 million; and off-set by withdrawal of time deposits of RMB3,959.7 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.

Net Cash Flows Used in Financing Activities

In 2025, our net cash flows used in financing activities was RMB294.5 million, which was primarily attributable to dividend paid of RMB229.2 million, partially offset by repayments of bank loans of RMB74.8 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.

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 April 30,**
	2023	**2024**	**2025**	**2026**
				(Unaudited)
		(RMB in thousands)		
Current assets				
Inventories and other contract costs	3,642,158	2,831,956	3,093,910	3,372,305
Trade and bills receivables	435,353	544,861	1,596,808	3,404,291
Prepayments, other receivables and other assets	534,795	1,003,899	1,312,772	1,255,279

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
	(RMB in thousands)			
Financial assets at fair value through profit or loss ("FVTPL")	940,250	1,092,068	2,114,702	1,450,702
Current portion of long-term time deposits	–	85,297	–	140,116
Restricted deposits	973,586	1,688,104	1,266,618	1,314,291
Cash and bank balances	5,451,296	7,951,595	5,572,163	5,635,723
Total current assets	11,977,438	15,197,780	14,956,973	16,572,707
Current liabilities				
Trade and bills payables	8,124,608	12,368,715	13,140,896	13,970,087
Other payables and accruals	1,122,733	1,201,390	1,576,233	1,913,225
Contract liabilities	2,022,496	970,808	793,710	674,127
Interest-bearing bank borrowings	–	22,523	–	–
Lease liabilities	28,007	38,995	37,401	34,923
Provisions	400,692	383,600	378,106	441,260
Tax payable	21,056	18,968	21,339	229
Total current liabilities	11,719,592	15,004,999	15,947,675	17,033,851
Net current assets/ (liabilities)	257,846	192,781	(990,702)	(461,144)

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 RMB990.7 million as of December 31, 2025 compared to net current assets of RMB192.8 million as of December 31, 2024, primarily due to (i) a decrease in cash and bank balances, primarily due to the purchase of new wealth management products in 2025; and (ii) an increase in trade and bills payables, generally in line with our revenue growth, partially offset by (i) an increase in trade and bills receivables, primarily due to (a) our increase in trade receivables from customers have not reached their settlement periods as of December 31, 2025, and (b) 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 financial assets at FVTPL, primarily due to the purchase of new wealth management products in 2025.

Our net current liabilities decreased by 49.1% from RMB990.7 million as of December 31, 2025 to RMB461.1 million as of April 30, 2026, primarily due to (i) an increase in trade and bills receivables, primarily due to our increase in trade receivables from customers have not reached their settlement periods; and (ii) an increase in inventories and other contract costs, primarily due to an increase in finished goods to meet customer demand, partially offset by a decrease in financial assets at FVTPL primarily because we redeemed our wealth management products upon maturity.

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 complete the construction of the new factory for large-capacity harvesting machines by the end of 2027. See "Business — Our 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 April 30, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB61.0 million. As of April 30, 2026, we did not have unutilized banking facilities. The following table sets forth the details of our indebtedness as of April 30, 2026:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
		(RMB in thousands)		
Lease liabilities	49,369	60,725	58,057	61,025
Interest-bearing bank borrowings	–	22,523	–	–
Total	**49,369**	**83,248**	**58,057**	**61,025**

Lease Liabilities

Our lease liabilities were primarily related to our lease of buildings. As of December 31, 2023, 2024, 2025 and April 30, 2026, our total lease liabilities were RMB49.4 million, RMB60.7 million, RMB58.1 million and RMB61.0 million, respectively.

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
	(RMB in thousands)			
Non-current lease liabilities	21,362	21,730	20,656	26,102
Current lease liabilities	28,007	38,995	37,401	34,923
Total	**49,369**	**60,725**	**58,057**	**61,025**

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 remained relatively stable at RMB60.7 million, RMB58.1 million and RMB61.0 million as of December 31, 2024 and 2025 and April 30, 2026, respectively.

Interest-bearing Bank Borrowings

As of December 31, 2023, 2024, 2025 and April 30, 2026, our interest-bearing bank borrowings were nil, RMB22.5 million, nil and nil, respectively. The effective interest rate of our interest-bearing bank borrowings was 2.50% per annum during the Track Record Period and in the first month ended April 30, 2026. Our interest-bearing bank borrowings increased from nil as of December 31, 2023 to RMB22.5 million as of December 31, 2024, primarily because we scaled up our borrowings for the construction, upgrade and optimization of our Intelligent Tractor Manufacturing Hub. Our interest-bearing bank borrowings decreased from RMB22.5 million as of December 31, 2024 to nil as of December 31, 2025 and April 30, 2026, primarily due to the repayment of interest-bearing bank borrowings. 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 April 30, 2026 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, 2023, 2024 and 2025 were RMB1,254.1 million, RMB1,798.9 million and RMB1,835.2 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, 2023, 2024 and 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 RMB1,128.1 million, RMB1,166.2 million and RMB75.4 million as of December 31, 2023, 2024 and 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 RMB391.3 million, RMB697.0 million and RMB577.1 million in 2023, 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,		
	2023	2024	2025
	(RMB in thousands)		
Sales of goods to related parties			
Shandong Heavy Industry and its subsidiaries	967	1,883	14,960
Weichai Group and its subsidiaries	70,325	70,935	37,972
Weichai Group's associates	448	–	–
Weichai Power and its subsidiaries	166,271	208,114	398,729
Total	**238,011**	**280,932**	**451,660**
Provision of services to related parties			
Shandong Heavy Industry and its subsidiaries	30	5	2
Weichai Group and its subsidiaries	1,810	1,083	67
Weichai Power and its subsidiaries	4,067	463	6,510
Total	**5,907**	**1,551**	**6,579**

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of goods from related parties			
Shandong Heavy Industry and its subsidiaries	7,476	7,376	4,310
Weichai Group and its subsidiaries	33,944	46,188	20,561
Weichai Power and its subsidiaries	2,382,721	2,629,989	2,608,432
Total	**2,424,141**	**2,683,553**	**2,633,303**
Receipt of services from related parties			
Shandong Heavy Industry and its subsidiaries	1,113	6,217	1,563
Weichai Group and its subsidiaries	9,783	13,481	14,013
Weichai Group's associates	37	–	2,471
Weichai Power and its subsidiaries	63,858	62,981	54,182
The Group's associates	3,827	3,425	1,000
Total	**78,618**	**86,104**	**73,229**

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Rental income as lessor			
Shandong Heavy Industry and its subsidiaries	5	10	20
Weichai Power Group and its subsidiaries	2,239	–	1,327
Total	**2,244**	**10**	**1,347**
Rental expense as lessee[1]			
Weichai Group and its subsidiaries	233	9	–
Weichai Power Group and its subsidiaries	34,871	37,207	39,804
Shandong Tongxin Zhixing's subsidiary	1,093	826	647
The Group's associates	2	2,047	3,583
Total	**36,199**	**40,089**	**44,034**

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,		
	2023	**2024**	**2025**
			(unaudited)
		(RMB in thousands)	
Purchases property, plant and equipment of from related parties			
Shandong Heavy Industry and its subsidiaries	93	868	123
Weichai Group and its subsidiaries	328	142	3,067
Weichai Power Group and its subsidiaries	23,544	19,977	14,236
The Group's associates	–	–	378
Total	**23,965**	**20,987**	**17,804**
Sales of property, plant and equipment to related parties			
Weichai Group and its subsidiaries	184	8	345

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Establishment of bank acceptance bills	929,319	1,557,730	1,354,361
Bank deposit placed	1,379,635	1,544,586	1,926,142
Interest income	14,843	24,425	30,630
Interest expenses	–	8	1,483
New interest-bearing borrowings	–	22,523	52,308
Repayment of borrowings	–	–	74,831

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 46.5% from RMB70.9 million in 2024 to RMB38.0 million in 2025, primarily due to the decrease in customer demand.

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 91.6% from RMB208.1 million in 2024 to RMB398.7 million in 2025, primarily due to the increased sales of rice transplanters to the subsidiary of Weichai Power, driven by 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 purchase of goods from Weichai Power and its subsidiaries increased by 10.3% from RMB2,382.7 million in 2023 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 remained relatively stable at RMB2,630.0 million and RMB2,608.4 million in 2024 and 2025, respectively.

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.

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 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. We currently do not have a formal dividend policy.

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 December 31, 2025, our Company had distributable reserves of RMB2,388.0 million.

[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**] expenses 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 December 31, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since December 31, 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.