Application Proof of

SANY HEAVY INDUSTRY CO., LTD.
三一重工股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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SANY HEAVY INDUSTRY CO., LTD.

三一重工股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of Hong Kong [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of International [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

[REDACTED]

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IMPORTANT

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[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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OVERVIEW

Founded in 1994, we have established ourselves as an innovation-driven global leader in the construction machinery industry. Guided by our mission that "Quality Changes the World" and our vision embedded in our "SANY" brand to "Build a First-class Enterprise, Foster First-class Talent and Make First-class Contributions," we are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery, including excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024. During the Track Record Period, our products have reached customers in over 150 countries and regions globally. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue. Our products are highly recognized by global customers due to their exceptional technological advantages and superior performance, and have been used in numerous landmark construction projects globally, such as the Hong Kong-Zhuhai-Macao Bridge, London Olympic stadiums, Burj Khalifa and Beijing Olympic stadiums.

Since our inception, our continuous efforts have earned us extensive recognition from customers worldwide and high acclaim in the market, leading to the following achievements:

No. 3 Globally Construction Machinery Company(1)	**No. 1 Globally** Excavator(2)	**No. 1 Globally** Concrete Machinery(3)
150+ Countries and Regions(4)	**62.3%** Overseas Revenue Contribution in 2024	**15.2%** Overseas Revenue 2022-2024 CAGR
7.8% R&D Expenses as a % of Revenue 2022-2024 Average	**8,900+** No. of Patents Worldwide(5)	**World's Only Two Lighthouse Factories** in Construction Machinery Industry(5)(6)

(1) According to Frost & Sullivan, in terms of core construction machinery's cumulative revenue from 2020 to 2024.

(2) According to Frost & Sullivan, in terms of cumulative sales volume from 2020 to 2024.

(3) According to Frost & Sullivan, in terms of cumulative revenue from 2020 to 2024.

(4) The number of countries and regions in which our products have reached customers during the Track Record Period.

(5) As of December 31, 2024.

(6) Lighthouse Factories recognized by the World Economic Forum.

Our Key Milestones

Since our inception, through organic growth, strategic acquisitions and partnerships, we have evolved from a single-country business with a modest product portfolio into a global leader in the construction machinery industry with diversified product offerings and global operations.

Product Portfolio Expansion

- 1995: Successfully developed and launched the sale of trailer pumps
- 1998: Expanded our product portfolio to include truck-mounted concrete pumps
- 1999: Expanded our product portfolio to include road machinery
- 2007: Expanded our product portfolio to include piling machinery
- 2010: Expanded our product portfolio to include excavating machinery, hoisting machinery and truck mixers

Globalization

- 2002: Successfully commenced overseas exports, becoming one of the pioneering Chinese construction machinery companies to enter the global market
- 2010: Indian Industrial Park commenced production
- 2011: German and U.S. Industrial Parks commenced production
- 2012: Acquired a 90% equity interest in Putzmeister, a German company that, at the time, was the world's largest concrete machinery manufacturing company outside China
- 2013: Overseas revenue exceeded RMB10 billion
- 2022: Indonesian Industrial Park commenced production

Industry Leadership[1]

- 2000: Ranked first in China in terms of market share for both the trailer pumps and truck-mounted concrete pumps
- 2011: Ranked first in China in terms of excavators' annual sales volume for the first time; ranked first globally in terms of concrete machinery's annual sales revenue for the first time
- 2019: Ranked among the top three construction machinery companies globally in terms of annual revenue
- 2020: Ranked first globally in terms of excavators' annual sales volume for the first time
- 2021: Beijing Piling Machinery Plant was recognized by the World Economic Forum as the first "Lighthouse Factory" in the global construction machinery industry
- 2021: Debuted on the Forbes Global 500 list
- 2022: Changsha No. 18 Plant was recognized by the World Economic Forum as the second "Lighthouse Factory" in the global construction machinery industry
- 2024: Our overseas revenue exceeded 60% of our total revenue, significantly surpassing domestic peers

(1) According to Frost & Sullivan.

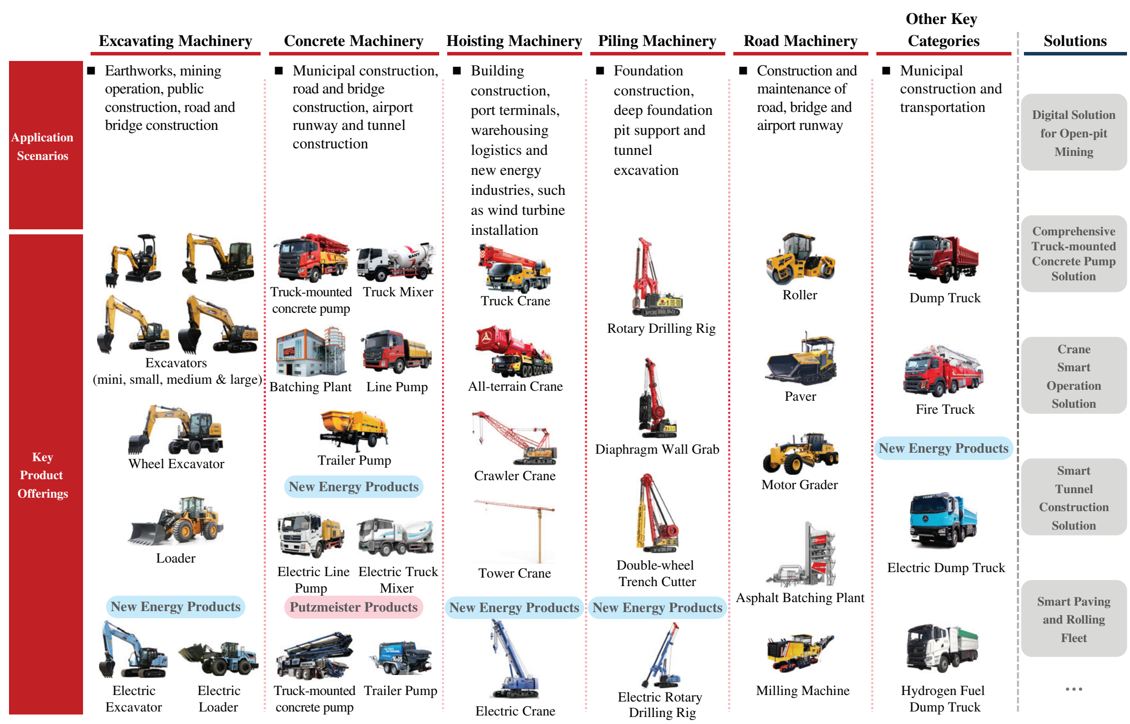
Our Products

Our industry-leading diversified product portfolio caters to the varied needs of our customers in construction projects. We primarily provide excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery, along with other rapidly-growing products, such as dump trucks and fire trucks. We deliver customized products and solutions for various scenarios spanning earthworks, public construction, road and bridge construction, airport runway construction, building construction, mining operation, energy development, ports and logistics, among others. This diversified presence across multiple sectors strengthens our business resilience throughout economic cycles.

As a pioneer in the digitalization and decarbonization transformation of construction machinery, we continuously drive innovation to meet evolving customer demand and capitalize on market growth opportunities. In 2024, we successfully launched more than 40 new energy products, including excavators, loaders, truck-mounted concrete pumps, truck mixers and cranes. For product categories that we cover, the variety of our new energy products surpasses that of our competitors, according to Frost & Sullivan. We have continuously achieved breakthroughs in digitalization, launching the world's first 5G remote-controlled excavator, as well as other smart products such as smart cranes, smart road rollers and smart loaders.

Leveraging years of technological expertise and product innovation, we have developed integrated solutions for multiple scenarios, such as the digital solution for open-pit mining, comprehensive truck-mounted concrete pump solution, crane smart operation solution, smart tunnel construction solution and smart paving and rolling fleet, among others.

The following table sets forth our major products and representative solutions as of December 31, 2024:



Our Global Footprint

As one of the pioneering Chinese construction machinery companies to enter the global market, we prioritize globalization as one of our key development strategies and have consistently implemented this strategy throughout our development. Since our first product export in 2002, we have been dedicated to transforming ourselves into a global company, continuously expanding our global footprint and establishing an integrated ecosystem spanning operations, products, services, R&D and manufacturing. During the Track Record Period, our products have reached customers in over 150 countries and regions globally, including Germany, the United Kingdom, France, Indonesia, India, Saudi Arabia, the U.S. and Brazil. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue, with a CAGR of 15.2% from 2022 to 2024. Both the contribution and the growth rate of our overseas revenue continue to outpace the industry average in China, according to Frost & Sullivan.

Adhering to our overseas market operation philosophy of "Group-led Strategy, Localized Operations, Service-first Approach (集團主導、本土經營、服務先行)," we had established eight overseas region-level and 31 country-level business divisions globally as of December 31, 2024, which serve as platforms for comprehensive strategic planning at their respective levels. We actively recruit front-line employees with deep insights into local markets, enabling us to better understand local customer demand and effectively adapt to the local operating environment. As of December 31, 2024, we had 4,583 overseas employees and had achieved localized operations in all our major overseas markets. In terms of R&D, we have established overseas R&D centers, where we conduct R&D targeting regional market demand, effectively accelerating the local market penetration of our products. In terms of manufacturing, we have built overseas manufacturing bases in Germany, Indonesia, India and the U.S., among others. Our Indonesian manufacturing base stands out as the first overseas smart factory built by a Chinese construction machinery company that was benchmarked against the "Lighthouse Factory" standards. In terms of sales network, as of December 31, 2024, we had built a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services. In addition, as of December 31, 2024, we had 430 distributors globally across approximately 100 countries and regions. By leveraging a comprehensive global sales network, we are able to swiftly respond to local customer demand, achieving product distribution in over 150 countries and regions during the Track Record Period.

The following table sets forth our global industrial bases as of December 31, 2024:

◆ Representing the nine factories owned by Putzmeister worldwide, located in Germany, France, Spain, Slovenia, Turkey, India, Brazil, Chile and the U.S.

Our Sales and Services Network

Our distribution network provides us with channels to establish connections with global customers, enabling us to effectively diversify our customer base. As of December 31, 2024, we had 101 distributors in China and 329 distributors across approximately 100 countries and regions overseas. The extensive local reach of our distributors allows us to provide efficient and high-quality services to support our customers. Furthermore, their first-hand customer insights keep us closely attuned to evolving market dynamics, offering critical feedback that informs our strategic decisions and business development, and ultimately reinforcing a sustainable virtuous cycle of growth. We have also established direct sales outlets in overseas markets to directly reach end customers and provide individualized services as well as enhance the global presence of the "SANY" brand. As of December 31, 2024, we had over 240 direct sales outlets globally.

We are dedicated to delivering high-quality and efficient services to our global customers, strengthening our overall competitiveness and enhancing customer loyalty. We actively allocate dedicated teams and resources to project sites, providing comprehensive services that include consultation, planning, implementation, operation and maintenance. As of December 31, 2024, we had approximately 2,700 service engineers and a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services. We have launched our MySANY application to provide services such as real-time display of machinery status, service outlet coordination, online customer service support and 24/7 spare parts purchase. We have achieved online management of equipment through our IoT technology, which facilitates early fault warnings and enables remote diagnostics, ensuring the proper functioning of equipment.

Our R&D Capabilities

We adhere to the principle that "Everything Originates from Innovation," continuously developing advanced technologies and products to solidify our competitive edge. Through years of investments, we have established robust R&D mechanisms that enable us to launch products that match market demand at an industry-leading pace. Our core R&D mechanisms consist of: (i) first-hand market demand insights, which identify customer pain points and industry trends through in-depth customer engagement; (ii) efficient development processes, which leverage mature technologies and modular systems, and conduct virtual trials through digital simulation and digital twin technologies to ensure both speed and quality in product development; (iii) technology pre-research efforts, which maintain product innovation continuity through the "three generations" R&D model, namely "the first generation for sales, the second generation for development and the third generation for reservation (銷售一代、研發一代、儲備一代)." Our R&D mechanisms empower us to quickly optimize products based on customer feedback, ensuring alignment with market demand and efficient commercialization.

We have consistently invested substantial resources in R&D. As of December 31, 2024, we had 21 R&D centers globally. During the Track Record Period, our cumulative research and development expenses amounted to RMB18,168.1 million. The research and development expenses as a percentage of our revenue surpassed the average level of our global peers during the same period, according to Frost & Sullivan. As of December 31, 2024, we had 5,867 R&D employees, representing 23.1% of our total workforce, with 42.3% of them holding a master's degree or above. As of December 31, 2024, we had over 8,900 patents, making our patent portfolio one of the largest in China's construction machinery industry. Our technological innovation capabilities have earned us the "Prize of the National Award for Science and Technology Progress" four times and the highest honor in China's industrial sector, the "China Grand Award for Industry."

Our Intelligent Manufacturing Capabilities

We strive to pioneer global intelligent manufacturing and forge industry-leading production capabilities by building smart factories empowered by digitalization. As of December 31, 2024, we owned the world's only two Lighthouse Factories recognized by the World Economic Forum in the construction machinery industry, namely Beijing Piling Machinery Plant and Changsha No. 18 Plant. As of December 31, 2024, we had built 35 smart factories worldwide, including overseas manufacturing bases in Germany, Indonesia, India and the U.S.. We have been systematically upgrading all of our factories to meet "Lighthouse Factory" standards by incorporating advanced intelligent and digital technologies. Our plants have extensively adopted automation, smart planning, machine vision, process simulation, and other advanced technologies. We have implemented digital control and monitoring throughout the entire process, from orders to delivery, using our proprietary plant management software, which includes the Manufacturing Operating Management platform, the Warehouse Management System, and the Production and Scheduling System. Additionally, our industrial IoT platform integrates with manufacturing equipment and monitors the manufacturing process and key metrics such as energy consumption, continuously collecting and analyzing data. By utilizing modeling to create digital twin and simulate operations, we enable the pre-verification of production plans and process optimization, thereby consistently enhancing product quality, reducing costs and increasing efficiency.

As of December 31, 2024, our manufacturing bases included domestic manufacturing bases located in Jiangsu, Shanghai, Hunan, Beijing, Zhejiang and Chongqing, as well as overseas manufacturing bases located in Germany, Indonesia, India and the U.S., among others. In 2024, the designed production capacity of our excavating machinery, concrete machinery and hoisting machinery reached 150,000, 49,000 and 29,400 units, respectively. See "— Manufacturing and Quality Control — Manufacturing Bases."

Our Supply Chain

We have built a self-sufficient and resilient supply chain through a combination of in-house R&D and strategic partnerships. As of December 31, 2024, we had established more than ten subsidiaries dedicated to developing and manufacturing parts and components. These subsidiaries have successfully developed various core parts and components, such as engines, controllers, hydraulic cylinders, pumps, valves, motors, reducers and slewing bearings for our products. In 2024, our overall self-supply rate for parts and components reached approximately 60%. Specifically, we have achieved a self-supply rate of approximately 90% for certain excavator components, including drive wheels, guide wheels, carrier rollers, track rollers and track chains. Enhancing the self-supply rate helps minimize supply chain disruption risk and ensures the timely delivery of customer orders. It also significantly reduces the cost of spare parts, enabling us to maintain an industry-leading level of gross margin during the Track Record Period. Moreover, it allows us to flexibly adjust the pace of production and procurement, enhancing the efficiency of inventory management. In addition to in-house development, we have maintained long-term strategic partnerships with key suppliers, securing a stable supply of core parts and components through exclusive or priority supply mechanisms. Our stable supply chain enhances our after-sales services by ensuring the timely delivery of spare parts, effectively reducing losses from machine downtime and thus strengthening customer trust.

Our Financial Performance

During the Track Record Period, our financial performance exhibited robust resilience. Our revenue, profitability and operational quality have maintained a leading position in the industry, continuously creating value for our shareholders. With continuous overseas expansion, our total revenue has stabilized and recovered with the contribution of our overseas revenue continuously increasing during the Track Record Period. Our revenue increased by 5.9% from RMB74,018.9 million in 2023 to RMB78,383.4 million in 2024, of which overseas revenue was RMB48,861.7 million, representing 62.3% of our total revenue in 2024. We have achieved sizable revenue in established overseas markets and rapid growth in emerging overseas markets. We have strengthened our product price bargaining position through technological innovation, product performance enhancement and expansion into high-value-added overseas markets. In addition, we have optimized our cost structure with our self-sufficient and resilient supply chain and robust manufacturing capabilities. Our gross profit margin increased from 22.6% in 2022 to 26.4% in 2023, and further increased to 26.7% in 2024. We have continuously optimized our operating expenses through our cost control capability. Our net profit margin increased from 5.5% in 2022 to 6.2% in 2023, and further increased to 7.8% in 2024.

We have adhered to the philosophy of high-quality development, with the emphasis on cash flow risk management and operational efficiency optimization. By focusing on high-value sales, optimizing inventory management and maintaining strict control over down payment percentages, along with rigorous customer qualification reviews, standardized contractual terms, receivables tracking and a dynamically optimized production-to-sales ratio, our core financial indicators consistently outperform the industry average. This is evidenced by superior operating cash flow, payment collection ratio and inventory turnover.

OUR STRENGTHS

We believe the following competitive strengths position us well to capitalize on future opportunities and deliver continued growth:

- A global leader in the construction machinery industry through over three decades of relentless efforts;
- Well-established global ecosystem fueling remarkable growth in international business and enhancing global competitive advantages;
- A diversified and high-quality product portfolio, advancing customer experience through digitalization and decarbonization;
- Outstanding and comprehensive services, backed by an extensive global network, consistently delivering value to our customers;
- Excellent R&D capabilities continuously powering technological innovation leveraging deep insights into market demand;
- Manufacturing, operations and services empowered by digitalization, driving enhancements in quality and breakthroughs in efficiency; and
- Visionary and experienced management team committed to the mission that "Quality Changes the World," guiding us through economic cycles and towards global leadership.

OUR STRATEGIES

We plan to pursue the following strategies:

- Committed to our globalization strategy to better serve customers worldwide;
- Advancing our digital transformation to comprehensively enhance our competitiveness; and
- Continuously implementing our decarbonization strategy in pursuit of a more sustainable future.

CUSTOMERS AND SUPPLIERS

Our Customers

Our end customers primarily include equipment contractors, construction companies, mining operators, infrastructure developers, and industrial enterprises, which operate in the power, steel, bridge construction, shipbuilding and petrochemical industries, among others. Our customers also include distributors. Revenue from our five largest customers amounted to RMB7,354.3 million, RMB4,645.6 million and RMB5,937.4 million in 2022, 2023 and 2024, respectively, representing 9.1%, 6.3% and 7.6% of our total revenue for the same respective years. See "Business — Our Customers."

Our Suppliers

Our suppliers primarily include raw material and component suppliers. Our raw materials and components mainly comprise steel, automobile chassis, engines, hydraulic pumps, main oil pumps, transfer cases, various hydraulic valves and slewing bearings. Purchases from our five largest suppliers during the Track Record Period amounted to RMB9,568.7 million, RMB7,825.1 million and RMB8,168.0 million in 2022, 2023 and 2024, respectively, representing 21.1%, 22.0% and 21.2% of our total purchases for the same respective years. See "Business — Suppliers and Supply Chain Management."

COMPETITION

We primarily compete with a number of domestic and international construction machinery companies. The current global construction machinery industry is highly competitive and concentrated. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024. With leading positions in the industry, deep industry experience, strong R&D and manufacturing capabilities, broad product offerings and large and stable customer base, we believe that we are well positioned to excel in the competition in our industry.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks related to our business and the industry in which we operate and (ii) risks related to the [**REDACTED**], which are set out in the section headed "Risk Factors". You should read that section in its entirety carefully before you decide to [**REDACTED**] in the [**REDACTED**]. Some of the major risks we face include, but are not limited to: (i) if the market demand for our products and services changes or the construction machinery market fails to achieve the anticipated growth or lacks growth momentum, our sales and profitability may be materially and adversely affected; (ii) the construction machinery industry is highly competitive and we may not be able to respond successfully to changes in the global and regional competitive landscape; (iii) our business and long-term competitiveness rely on ongoing investment in R&D, access to advanced technologies and the development of innovation capabilities; (iv) failure to retain our existing customers or attract new ones could materially and adversely affect our business, financial condition and results of operations; (v) we depend on the business expansion opportunities offered by overseas markets and the complexity of the global operating environment could materially impact our business, operating results and financial condition; (vi) maintaining our brand image is critical to our success, and any failure to do so could severely damage our reputation and brands, which would have an adverse effect on our business, financial condition and results of operations; and (vii) our success depends on our ability to maintain stable and trusted distributor relationships in both the Chinese and global markets.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants' Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Revenue	80,838,530	100.0	74,018,936	100.0	78,383,379	100.0
Cost of sales	(62,542,239)	(77.4)	(54,442,726)	(73.6)	(57,480,390)	(73.3)
Gross profit	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**
Selling and marketing expenses	(4,930,139)	(6.1)	(5,101,926)	(6.9)	(5,464,214)	(7.0)
Administrative expenses	(3,056,223)	(3.8)	(3,117,183)	(4.2)	(3,487,700)	(4.4)
Research and development expenses	(6,922,913)	(8.6)	(5,864,595)	(7.9)	(5,380,621)	(6.9)
Other income and gains, net	2,845,206	3.5	2,137,022	2.9	2,322,172	3.0
Impairment losses on financial instruments and contract assets, net	(560,199)	(0.7)	(1,173,917)	(1.6)	(897,319)	(1.1)
Loss on derecognition of financial assets at amortized cost	(21,819)	(0.0)	–	–	(363)	(0.0)
Other expenses, net	(188,041)	(0.2)	(175,445)	(0.2)	(300,422)	(0.4)
Finance costs	(624,875)	(0.8)	(1,013,550)	(1.4)	(845,080)	(1.1)
Share of profits and losses of:						
Joint ventures	9,726	0.0	51,597	0.1	45,159	0.1
Associates	16,896	0.0	(1,659)	(0.0)	13,169	0.0
Profit before tax	**4,863,910**	**6.0**	**5,316,554**	**7.2**	**6,907,770**	**8.8**
Income tax expense	(431,086)	(0.5)	(710,444)	(1.0)	(815,232)	(1.0)
Profit for the year	**4,432,824**	**5.5**	**4,606,110**	**6.2**	**6,092,538**	**7.8**
Profit attributable to:						
Owners of the parent	4,301,041	5.3	4,527,451	6.1	5,975,451	7.6
Non-controlling interest	131,783	0.2	78,659	0.1	117,087	0.2
	4,432,824	**5.5**	**4,606,110**	**6.2**	**6,092,538**	**7.8**

Revenue

Revenue by Business Segment

During the Track Record Period, we derived our revenue primarily from sales of excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. The following table sets forth a breakdown of our revenue by business segment both in absolute amounts and as percentages of total revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Excavating machinery	35,755,616	44.2	27,635,692	37.3	30,373,600	38.8
Concrete machinery	15,080,363	18.7	15,314,574	20.7	14,368,034	18.3
Hoisting machinery	12,669,948	15.7	12,999,205	17.6	13,115,027	16.7
Piling machinery	3,065,233	3.8	2,085,179	2.8	2,076,069	2.6
Road machinery	3,080,834	3.8	2,485,494	3.4	3,001,227	3.8
Others[(1)]	11,186,536	13.8	13,498,792	18.2	15,449,422	19.8
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

Note:

(1) Others mainly included sales of other machinery, such as sales of dump trucks and overseas resales of port machinery and mining trucks.

Revenue by Geographical Region

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

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Mainland China	44,049,835	54.5	30,454,900	41.1	29,521,685	37.7
Overseas	36,788,695	45.5	43,564,036	58.9	48,861,694	62.3
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Business Segment

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

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)					
Excavating machinery	9,167,225	25.6	8,527,198	30.9	9,666,046	31.8
Concrete machinery	3,130,432	20.8	3,317,262	21.7	2,947,573	20.5
Hoisting machinery	1,757,631	13.9	2,990,011	23.0	3,570,786	27.2
Piling machinery	1,062,439	34.7	680,306	32.6	679,935	32.8
Road machinery	643,079	20.9	706,114	28.4	825,325	27.5
Others[(1)]	2,535,485	22.7	3,355,319	24.9	3,213,324	20.8
Total gross profit/overall gross profit margin	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**

Note:

(1) Others mainly included sales of other machinery, such as sales of dump trucks and overseas resales of port machinery and mining trucks.

Gross Profit and Gross Profit Margin by Geographical Region

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

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)					
Mainland China	8,784,035	19.9	6,664,876	21.9	6,353,053	21.5
Overseas	9,512,256	25.9	12,911,334	29.6	14,549,936	29.8
Total gross profit/overall gross profit margin	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**

Profit for the Year

Our profit for the year increased by 3.9% from RMB4,432.8 million in 2022 to RMB4,606.1 million in 2023 and further increased by 32.3% to RMB6,092.5 million in 2024. See "Financial Information — Year-to-Year Comparison of Results of Operations."

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Non-current assets	53,156,166	53,569,013	50,639,757
Current assets	105,766,231	97,634,345	101,505,319
Total assets	**158,922,397**	**151,203,358**	**152,145,076**
Non-current liabilities	25,115,730	27,614,311	15,474,249
Current liabilities	67,723,901	54,427,014	63,669,228
Total liabilities	**92,839,631**	**82,041,325**	**79,143,477**
Net current assets	**38,042,330**	**43,207,331**	**37,836,091**
Total equity	**66,082,766**	**69,162,033**	**73,001,599**

See "Financial Information — Discussion of Certain Key Balance Sheet Items."

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected cash flow statement information from our consolidated cash flow statements for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		(RMB'000)	
Net cash generated from operating activities	4,097,135	5,708,220	14,814,278
Net cash used in investing activities	(1,836,614)	(2,693,824)	(1,157,848)
Net cash generated from/(used in) financing activities	4,826,439	(7,529,791)	(10,279,150)
Net increase/(decrease) in cash and cash equivalents	7,086,960	(4,515,395)	3,377,280
Cash and cash equivalents at the beginning of the year	5,694,253	12,695,771	8,141,859
Effect of foreign exchange rate changes	(85,442)	(38,517)	57,330
Cash and cash equivalents at the end of the year	**12,695,771**	**8,141,859**	**11,576,469**

Key Financial Ratios

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

	As of December 31,		
	2022	2023	2024
Gross profit margin (%)(1)	22.6	26.4	26.7
Net profit margin (%)(2)	5.5	6.2	7.8
Return on equity (%)(3)	6.7	6.8	8.5
Current ratio(4)	1.6	1.8	1.6
Gearing ratio (%)(5)	58.4	54.3	52.0

Notes:

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

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

(3) Return on equity equals profit attributable to owners of the parent divided by the average of the beginning and ending total equity attributable to owners of the parent multiplied by 100%.

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

(5) Gearing ratio equals total liabilities divided by total assets multiplied by 100%.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since July 2003, our Company has been listed on the Shanghai Stock Exchange. Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or material regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Controlling Shareholder Group, including SANY Group, Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery, by virtue of the acting-in-concert arrangement among them, collectively held approximately 33.73% of our total share capital. See "History, Development and Corporate Structure — The Controlling Shareholder Group" in this document for details.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the [**REDACTED**] share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Controlling Shareholder Group will hold approximately [**REDACTED**]% of the [**REDACTED**] share capital of our Company, and will remain as a group of our Controlling Shareholders upon the [**REDACTED**]. For further details about our Controlling Shareholder Group, please see the section headed "Relationship with our Controlling Shareholders."

Our Company has entered into certain continuing connected transactions with our Controlling Shareholders and/or their respective associates. For more details, see "Connected Transactions".

[REDACTED]

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are newly [**REDACTED**] in the [**REDACTED**], (ii) the [**REDACTED**] for the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are [**REDACTED**] and outstanding following the completion of the [**REDACTED**]

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2)(3)	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] H Shares expected to be [**REDACTED**] and [8,474,978,037] A Shares in issue (representing in aggregate [**REDACTED**] Shares expected to be in [**REDACTED**]) immediately after completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document and on the basis that [**REDACTED**] Shares were in issue, assuming that the [**REDACTED**] had been completed on December 31, 2024, but does not take into account of treasury shares and any Shares which may be [**REDACTED**] and [**REDACTED**] by the Company pursuant to the exercise of the [**REDACTED**].

(3) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2024.

For the calculation of the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share, see "Unaudited [**REDACTED**] Adjusted Statement of Consolidated Net Tangible Assets" in Appendix II to this document.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]) and assuming that the [**REDACTED**] is not exercised. We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to further develop our global sales and service network, so as to raise global awareness of our brand, market penetration and service efficiency.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to enhance our R&D capabilities.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand overseas manufacturing capabilities and optimize production efficiency.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

DIVIDENDS AND DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》) and the Articles of Association, we are required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long-term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant. We are committed to creating and delivering value to our shareholders. Since our listing on the Shanghai Stock Exchange in 2003, we have declared cash dividends of approximately RMB29.3 billion in aggregate.

During the Track Record Period, we declared or paid cash dividends to our shareholders as follows:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	3,800,033	1,350,137	1,859,656

No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period.

See "Financial Information — Dividends and Dividend Policy."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

On May 9, 2025, our shareholders approved a proposal of our Board and Supervisory Committee to declare a cash dividend of RMB3,034.4 million to holders of our A Shares on the relevant record date in respect of the year ended December 31, 2024.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

[**REDACTED**]

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

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"2020 SANY Group Exchangeable Bonds"	has the meaning ascribed to it in the section headed "Substantial Shareholders — Exchangeable Bonds Issued by SANY Group" in this document
"A Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shanghai Stock Exchange and are traded in Renminbi
"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on April 21, 2025 with effect from the [**REDACTED**], and as amended from time to time, a summary of which is set out in Appendix III to this document
"Asia-Oceania"	primarily includes Asia (excluding China), Australia and the Middle East
"Beijing Sany Heavy Machinery"	Beijing Sany Heavy Machinery Co., Ltd. (北京市三一重機有限公司), a limited liability company established in the PRC on December 18, 2003 and one of our Controlling Shareholders
"Board" or "Board of Directors"	the Board of directors of our Company
"Business day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China", "mainland China" or "PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	SANY Heavy Industry Co., Ltd. (三一重工股份有限公司), a joint stock company established in the PRC with limited liability on November 22, 1994, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 600031)
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)" or "Controlling Shareholder Group"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to SANY Group, Mr. Liang Wengen (梁穩根), Mr. Tang Xiuguo (唐修國), Mr. Xiang Wenbo (向文波), Mr. Mao Zhongwu (毛中吾), Mr. Yuan Jinhua (袁金華), Mr. Yi Xiaogang (易小剛), Mr. Zhou Fugui (周福貴) and Beijing Sany Heavy Machinery, as further detailed in the section headed "Relationship with Our Controlling Shareholders" in this document
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"EU"	European Union

[**REDACTED**]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"Group," "our Group," "we" or "us"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"H Share(s)"	overseas [**REDACTED**] shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and are to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$" or "HK dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"International Sanctions"	International laws and regulations relating to the economic sanctions and export control restrictions administered and enforced by the Relevant Jurisdictions
"International Sanctions Legal Advisor"	Ashurst (Tokyo), our legal advisors as to International Sanctions laws in connection with the [**REDACTED**]

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	May 14, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"North America"	includes Canada and the United States
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"OFAC"	the U.S. Treasury Department's Office of Foreign Assets Control

[**REDACTED**]

"overseas"	outside mainland China
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles of PRC
"PRC Legal Advisor"	Hunan Qiyuan Law Firm, the PRC legal advisor of our Company

[**REDACTED**]

[**REDACTED**]

"Primary Sanctioned Activity"	any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Putzmeister"	Putzmeister Holding GmbH, a company with limited liability incorporated in Germany on August 20, 1998 and a subsidiary of our Company
"QIB" or "Qualified Institutional Buyer"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"Relevant Jurisdictions"	the U.S., the EU, the United Nations, the United Kingdom, Australia and Canada
"Relevant Persons"	the Group, its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**] of its shares, including the Sole Sponsor, [**REDACTED**] and Hong Kong Stock Exchange
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Rule 144A"	Rule 144A under the US Securities Act
"SAC"	the Securities Association of China (中國證券業協會)
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國中國國家外匯管理局)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SANY Group"	SANY Group Co., Ltd. (三一集團有限公司), a limited liability company established in the PRC on October 18, 2000 and one of our Controlling Shareholders

[**REDACTED**]

"Sole Sponsor"	the sole sponsor named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" of this document
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)

"SDN"	Specially Designated Nationals designated pursuant to the U.S. sanctions programs
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)

[**REDACTED**]

"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2022, 2023 and 2024

"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"%"	per cent

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"5G"	the fifth-generation mobile network, a new global wireless standard after 1G, 2G, 3G, and 4G networks
"ASME"	the American Society of Mechanical Engineers
"°C"	degree Celsius
"boom"	an extendable or fixed arm of a crane or concrete pump that supports the lifting mechanism or delivery system
"bridge"	the structural component that supports the boom and the pumping mechanism
"bucket capacity"	a measure of the maximum volume of the material that can be accommodated inside the bucket of the excavator
"CAGR"	compound annual growth rate
"CCC"	China Compulsory Certification, a compulsory safety mark for many products imported, sold or used in the Chinese market
"CE certificate"	a regulatory standard that verifies certain products are safe for sale and use in the EU
"core construction machinery"	including excavators, loaders, hoisting machinery, road machinery, concrete machinery and piling machinery
"CO_2"	carbon dioxide
"DC"	direct current, a one-directional flow of electric charge
"decarbonization"	the reduction or elimination of carbon dioxide emissions from industrial processes, particularly through transitioning from fossil fuels to renewable energy sources

"digital twin"	a virtual representation of a physical object or system that serves as a real-time digital counterpart for simulation and testing
"excavating machinery"	mainly includes crawler excavators, wheeled excavators and loaders
"GFA"	gross floor area
"IATF 16949"	international technical specification of automotive industry quality management system, which was prepared by International Automotive Task Force (IATF) and ISO
"Industrial IoT"	Industrial Internet of Things, the extension of internet connectivity to industrial devices and machinery, enabling data collection, exchange and analysis
"IoT"	Internet of Things, a system of interrelated computing devices with the ability to transfer data over a network without requiring human interaction
"IP67/68"	an international standard rating used to measure the level of protection provided by electronic devices against dust, dirt and water
"ISO"	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
"ISO14001"	an internationally recognized standard for environmental management system published by the ISO
"ISO45001"	an internationally recognized standard for occupational health and safety management published by the ISO
"ISO9001"	an internationally recognized standard for Quality Management Systems published by the ISO
"kg"	kilogram
"km"	kilometer

"km/h"	kilometer per hour
"kN•m"	kilonewton-meters
"kW"	kilowatt
"kWh"	kilowatt-hour
"L/h"	liter per hour
"Lighthouse Factory"	a manufacturing facility recognized by the World Economic Forum for adopting advanced intelligent manufacturing technologies
"m"	meter
"m^3"	cubic meter
"mm"	millimeter
"Mpa"	megapascal
"N•m"	newton-meter
"OTA"	over-the-air
"R&D"	research and development
"rated load"	the maximum allowable load that a wheel loader can carry without causing damage or loss of performance
"rated output torque"	the amount of rotational force that a machine's engine or motor can produce at a specified speed
"self-supply rate"	the procurement expenses of in-house produced parts as a percentage of the total procurement expenses
"sq.m."	square meter
"t/h"	ton per hour
"total cost of ownership"	the purchase price of an asset plus operating costs over its lifespan

"ton"	the metric ton, a unit of weight, with one metric ton equal to 1,000 kilograms
"V2X"	Vehicle to Everything, a communication technology that allows vehicles to communicate with moving parts of the traffic system around them
"WVTA"	Whole Vehicle Type Approval, under which a manufacturer can obtain certification for a vehicle type in one EU country and market it EU-wide without further tests

We have included in this Document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;

- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and

- various business opportunities that we may pursue.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

RISKS RELATED TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

If the market demand for our products and services changes or the construction machinery market fails to achieve the anticipated growth or lacks growth momentum, our sales and profitability may be materially and adversely affected.

Uncertainty and weakness in the macroeconomic environment may prompt our customers to reduce their business activities, especially amid rising capital costs and declining business and customer confidence. These factors may discourage customers from upgrading, replacing existing equipment or purchasing new equipment. Demand for our products may in addition be adversely affected by the condition of public finances and fiscal austerity initiative measures in regions where we have a significant customer base.

Our results of operations depend on the economic conditions of the markets in which we operate. Given the high proportion of revenue attributable to China, we consider this region to be the most important to our business. Demand for construction machinery in developed countries is driven by maintaining and restoring existing infrastructure, as well as infrastructure development. While emerging overseas markets provide significant infrastructure development potential, actual growth may not meet expectations. If demand for our products is weaker than anticipated, we may experience issues associated with overcapacity and underutilization of personnel and other resources, which may also have an adverse effect on our business, financial condition and results of operations. Moreover, in certain developing countries and regions, demand for construction machinery is closely tied to infrastructure development. Should future investments in these areas be postponed or projects face obstacles, our efforts to expand in these markets could be negatively impacted.

In addition, economic downturns and adverse market conditions could adversely affect the ability of our customers to obtain financing for their construction projects or product purchases, which could result in a decline in demand for or the prices of our products. Delaying and lengthening sales cycles may have a material adverse effect on our business, financial condition and results of operations.

The construction machinery industry is highly competitive and we may not be able to respond successfully to changes in the global and regional competitive landscape.

We face direct competition globally across all product lines and various price segments. Our competitors include established multinational companies and domestic construction machinery manufacturers. Competition in the industry continues to intensify as Chinese manufacturers expand their international presence and improve their overall competitiveness.

Key factors affecting competition in the construction machinery industry include initial purchase price, fuel or recharge efficiency, product reliability, safety, ease of operation, the availability and stability of after-sales and other services as well as the pace of iterations and pricing strategy for new products.

Some of our international competitors may benefit from stronger local brand recognition, broader access to financing, longer operating histories, more established customer relationships, superior R&D capabilities, and greater marketing and operational resources compared to us. While we have achieved rapid growth and significant market share in certain emerging overseas markets, we have not yet matched the scale of the industry leaders in these regions. In addition, our domestic competitors may also become more competitive, and they may continue to expand in the Chinese market and other markets in which we operate, thereby intensifying competition. These competitors may be able to reduce our market share by offering lower prices or by developing more advanced technologies and services than those we offer. Existing and potential competitors may also develop relationships with our distributors and customers in a manner that could significantly harm our ability to sell, market and develop our products. If we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition and results of operations may be materially and adversely affected.

In addition, the construction machinery industry is facing a number of evolving market trends, such as growing environmental awareness, increasingly strict energy efficiency standards and a growing customer focus on digitalization and decarbonization. Our future success will be dependent on the ability to correctly assess and respond to these developments with innovative, commercially attractive products and services that are able to compete in the market.

We are investing significantly in our digitalization strategy. We have made extensive efforts to construct "Lighthouse Factories" to promote standardized, automated and intelligent processes, to leverage industrial software and to facilitate data management and utilization. We are actively advancing a low-carbon strategy, exploring the use of renewable energy to power our production equipment and products. However, we cannot guarantee that our investments in these rapidly developing fields will fully meet the diverse needs of downstream customers.

If we fail to address prevailing trends or customer requirements with a commercially attractive product portfolio in a timely manner, or if our products and services do not offer competitive terms, this could result in unprofitable R&D investments and associated costs, pricing pressure and lower margins, all of which could negatively impact our business, financial condition and results of operations.

Our business and long-term competitiveness rely on ongoing investment in R&D, access to advanced technologies and the development of innovation capabilities.

The construction machinery market is characterized by evolving technologies and the introduction of upgraded products. Additionally, it is shaped by the continually changing needs of end customers. We are actively promoting the electrification and intelligent capabilities of our products. To enhance our core competitiveness, we have relied on R&D initiatives and external strategic partnerships to develop core technologies and produce key parts.

Our competitors may develop construction machinery that is equipped with advanced technologies to operate more efficiently and cost effectively which, if successful, could reduce the competitiveness of our products. Our future performance and reputation depend on our ability to continue developing new products, which in turn depends largely on our R&D capabilities. We have made significant investments in our R&D of new technologies and new products, with our cumulative research and development expenses of RMB18,168.1 million during the Track Record Period. However, there is no assurance that such R&D efforts may yield the anticipated level of economic benefits. The cost of any unexpected results of our R&D may not be recovered and may have a negative impact on our financial performance. Even if our R&D efforts succeed, we might not be able to integrate these newly developed technologies into products that gain market acceptance, or implement them swiftly enough to capitalize on market opportunities. Although we are continually enhancing our technological capabilities, failure to consistently develop products that align with evolving customer demand or mainstream industry trends could limit our product competitiveness. Furthermore, inadequate investment in R&D or delays in project execution could impede breakthroughs in core technologies and slow down product upgrades, thereby impacting our business, profitability and long-term development prospects.

Failure to retain our existing customers or attract new ones could materially and adversely affect our business, financial condition and results of operations.

To increase our revenue and sustain our growth, we are committed to maintaining existing customers and attracting new customers. We cannot guarantee that our existing customers will continue to procure our products or will maintain their partnerships with us. Our ability to maintain existing customers or attract new customers depends on the following factors, some of which are beyond our control:

- the competitiveness of our pricing and payment terms for customers, which may, in turn, be constrained by our capital and financial resources;
- the market acceptance of our new products, technologies and services;
- our ability to continue investing in R&D to meet our customers' needs;
- mergers and acquisitions among market players; and
- the effects of domestic and global economic conditions on the development of the construction machinery industry in general.

It may be challenging to offer products tailored to the specific needs of our customers, as well as to maintain high-quality customer support, as our customer base grows and becomes more diverse. This may result in customer dissatisfaction, a decline in overall demand for our products and a loss of expected revenue. Moreover, failing to meet customer expectations could harm our reputation, thereby hindering our ability to maintain existing customers and attract new ones. If we are unable to maintain our existing customers or attract new customers due to any of the foregoing factors, our business, financial condition and results of operations will be materially and adversely affected.

We depend on the business expansion opportunities offered by overseas markets and the complexity of the global operating environment could materially impact our business, operating results and financial condition.

During the Track Record Period, we derived a substantial portion of our total revenue from overseas markets. Our revenue from overseas markets was RMB36,789 million, RMB43,564 million and RMB48,862 million in 2022, 2023 and 2024, respectively, accounting for 45.5%, 58.9% and 62.3% of our total revenue in the same respective years. During the Track Record Period, our products have reached customers in over 150 countries and regions globally. Compared with operations in China, our home market, conducting our business internationally, particularly in markets and countries in which we have limited prior experience, subjects us to additional risks and challenges, including, among others:

- limited brand recognition and localized capability;
- inability to maintain or enhance operational efficiency and cost savings, including operational challenges due to distance, language and cultural differences, increasing difficulty for us in directing and monitoring day-to-day overseas operations and increasing difficulty to hire and retain qualified personnel on commercially reasonable terms, or at all;
- compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, operation, distribution network, transportation, logistics, tariffs, trade protection and other activities important to our business;
- difficulties in managing, growing and staffing international operations, in particular manufacturing bases and R&D centers;
- challenges in cultivating and maintaining productive relationships with local business partners, such as distributors;
- impact of import and export restrictions and changes in tariff and trade regulations; and
- changes in geopolitical dynamics.

Our ability to maintain and expand our presence in the global market will be critical to the success of our business. However, there is no guarantee of achieving this, and any of the aforementioned risks could present significant challenges for us. If we are unable to manage one or more of these risks adequately, our business, financial condition and results of operations may be materially and adversely affected.

Maintaining our brand image is critical to our success, and any failure to do so could severely damage our reputation and brands, which would have an adverse effect on our business, financial condition and results of operations.

Our brands have worldwide recognition and our success depends on our ability to maintain and enhance our brand image and reputation. The value and reputation of our brands depend on factors such as the quality, design, performance, functionality and durability of our products, product innovation and customer experience. We intend to continue making investments in these areas in order to develop, maintain and enhance our brand image. Costs associated with maintaining our brand image can be significant, and we may further incur substantial expenses to establish our brand image in new markets we have decided to, or will, enter. However, we cannot assure you that our investments in these areas would be successful, and expenses related to maintaining our brand image may have an adverse impact on our business, financial condition and results of operations if they do not yield the expected results.

Our brands, reputation and product sales could be harmed if, for example, our products fail to meet the expectations of our customers or contain defects. In addition, adverse publicity about regulatory or legal actions against us could damage our reputation and brand image, undermine customer confidence in us and reduce long-term demand for our products. See "— We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings."

In addition, negative publicity concerning our Company, including our shareholders, affiliates, directors, officers, employees, business partners and other third parties, as well as the broader industry, can have detrimental effects. Such publicity, regardless of its accuracy, can tarnish our reputation, result in loss of customer trust, decreasing sales and challenges in maintaining or establishing business relationships with our customers. It can also result in heightened scrutiny from regulators and stakeholders, potentially leading to increased compliance costs or legal challenges, subsequently impacting our business operations, financial condition, results and future prospects.

Our success depends on our ability to maintain stable and trusted distributor relationships in both the Chinese and global markets.

We have developed a broad distribution network in global markets, collaborating with distributors for product sales, service delivery and customer support. However, failing to maintain a stable and effective distributorship system, due to factors such as unsatisfactory distributor performance, lack of internal management control, inadequate services, resource disruptions, weakened relationships or changes in the external environment, could adversely affect our sales network coverage, customer satisfaction and after-sales response capabilities.

We face fierce competition from other construction machinery companies in China and abroad for distributors. Some competitors may have advantages in their local reputation, financial resources, products and after-sales services, which can aid them in developing distributors. We regularly review and update our contractual arrangements with distributors. However, upon the expiration of these agreements, we may encounter challenges, including the risk of being unable to continue to cooperate with distributors on favorable terms.

Moreover, we have allocated more resources to markets to build a channel system that includes direct sales outlets and high-quality distributors. Some of our distributors also collaborate with competitors, and if competitors offer more attractive product portfolios or incentive policies, it may impact the loyalty of our distributors.

Our business development relies on effective supplier management and supply chain stability. Shortages or price fluctuations of raw materials and components could severely impact the delivery of our products and services.

Our manufacturing process heavily relies on a stable supply chain for raw materials and components. We source essential materials, such as steel, hydraulic systems, electronic control systems, engines and transmissions, from multiple suppliers to support the manufacturing of our products. Significant fluctuations in the prices of key raw materials, or suppliers' inability to deliver on time due to capacity constraints, operational issues, delivery capabilities, compliance problems or other external factors, could result in production delays, increased costs or even an inability to fulfill customer orders. In 2022, 2023 and 2024, our cost of raw materials was RMB53,042.8 million, RMB45,673.9 million and RMB47,704.6 million, respectively, accounting for 65.6%, 61.7% and 60.9% of our total revenue in the same respective years. Any unexpected shortage, delay in delivery or price fluctuations of raw materials, parts and components may interrupt the supply and in turn disrupt our manufacturing schedule, in which case we would then have to source the raw materials, parts and components from alternative suppliers, which may affect the quality and stability of our products as well as our profitability. Furthermore, to the extent that we are dependent on a limited number of suppliers for certain raw materials, parts and components, or where certain parts and components are custom-made for specific products and unsuitable for use in others, our capacity to procure them from alternative suppliers may be further constrained. Failure to secure a sufficient and high-quality supply of raw materials, parts and components for our operations at a reasonable cost, or at all, may have a material and adverse impact on our business, results of operations and financial condition.

The price of the raw materials, parts and components used in our production may also be subject to volatility due to external factors, such as fluctuations in commodity prices and changes in economic conditions and government policies. While we strive to mitigate these risks by closely monitoring the market, we may not be able to pass on incremental costs to our customers, or ensure continued supply from our suppliers at reasonable prices. Any shortage or increase in the price of raw materials, parts and components may materially and adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to maintain and/or enhance our manufacturing capabilities and to produce high quality products in response to the market trend.

Our success depends in part on our ability to maintain and/or enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency and modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, reduce manufacturing costs to the level that will allow us to compete effectively, or maintain our pricing and other competitive advantages. Our ability and efforts to maintain and/or enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our manufacturing capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts and components and energy, shortages of workers, transportation constraints, disputes with suppliers and service providers as well as equipment malfunctions and breakdowns;

- our ability to obtain or renew the required permits, licences and approvals from the relevant government authorities;

- availability of the necessary technology or equipment from third parties or our internal research and development department; and

- manufacturing interruption caused by natural disasters or other unforeseen events.

We plan to enhance our manufacturing capability and upgrade facilities in China and overseas to meet the increasing demand. These projects may not be completed in time or within budget. Any material delay in these projects or any substantial increase in costs or quality issues in connection with these projects could materially and adversely affect our business, financial condition and results of operations, and result in a loss of business opportunities.

We are subject to the risks involved in expanding into new markets and the expansion of product lines.

Our future revenue and profit growth partially rely on the continuous expansion into new markets and the launch of new products. This involves establishing sales channels across various countries and regions, introducing product portfolios tailored to local markets, completing product certifications and integrating into supply chain systems. These initiatives typically require significant upfront investments, including channel development, certification registration, technical adjustments and team building. If these investments do not yield substantial sales returns, our business, operational performance and financial condition may be adversely affected. In addition, we are subject to risks in connection with the expansion and development of new businesses or product lines with which we have limited or no experience or entering into markets in which our brand may be less recognized.

We cannot guarantee that we will be able to effectively manage these risks, in which case our ability to expand business will be impaired, which in turn could have a material and adverse effect on our business, financial condition and results of operations.

Moreover, the successful implementation of the growth strategies depends on various factors, including, among other things, market condition and demand, availability of resources, competition and government policies, and some of these factors are beyond our control. As such, we may not be able to expand as planned or the costs incurred under our growth strategies may not follow the original expectation. If we have allocated resources to expand our business based on our business plan but subsequently the demand for our products reduces due to various uncontrollable factors such as market changes, our financial position may be adversely affected.

Our products may have defects, fail to meet performance standards or cause product liability incidents during use, which could affect our reputation and customer relationships.

Our products may expose us to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in, or is alleged to have caused or resulted in personal injuries, project delays or damages or other adverse effects. If our products do not meet specifications or requirements enforced by regulators in China or overseas jurisdictions or requested by our customers, we may be subject to product liability claims or litigation. We cannot guarantee that no product liability claim will arise in the future. Any such claim, regardless of whether relating to personal injuries, project delays or damages, or related regulatory actions could prove costly and time-consuming to defend and could potentially harm our brand reputation and our relationship with our customers.

We have developed a supplier management system to enhance supplier quality control, but we cannot rule out that certain product liability claims may be the result of defects in, or poor quality, parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product liability claim. Any product liability claim, regardless of its justification, may result in significant negative publicity and thus adversely affect the marketability of our products and our reputation, our relationship with customers, and our business, financial condition and results of operations.

We are subject to risks associated with geopolitical challenges and our business, financial condition and results of operations could be adversely affected.

Our operations may be negatively affected by deterioration in the political and economic relations among countries. For example, we may be materially and adversely affected by sanctions and export controls and other geopolitical challenges, including, but not limited to, increased tariffs, duties, taxes and other costs and political instability. Sales of our products in certain countries and sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations. For example, certain foreign jurisdictions may impose investment restrictions, economic sanctions and trade restrictions, directly or indirectly affecting China-based companies, due to source of products, ownership of businesses or other reasons. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be burdensome or costly to comply with and may materially and adversely affect us, business partners and our key suppliers' and customers' abilities to obtain technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations, and may affect our sales to certain foreign markets. We have an extensive global operation network, and there is no guarantee that we will continue to be able to operate in existing geographic markets or enter into new markets given the investment restrictions, economic sanctions and trade restrictions that may be promulgated from time to time. In addition, our suppliers, customers and other business counterparties, either in China or overseas, may be subject to sanctions or other restrictions themselves. If we are unable to effectively and timely identify high-risk counterparties and adopt compliance measures accordingly, we may be subject to the risks of investigations, penalties or reputational damage.

Certain countries or organizations, including the Relevant Jurisdictions, have implemented economic sanctions against Sanctioned Countries or against targeted industry sectors, companies, individuals, and/or organizations.

During the Track Record Period, we sold our products to non-sanctioned customers located in countries and territories for which the Relevant Jurisdictions administer various forms of sanctions on individuals and entities in such countries and territories ("Relevant Countries"). Our International Sanctions Legal Advisor has advised that our activities in the Relevant Countries did not constitute Primary Sanctioned Activity.

The U.S., through Executive Order 14024, provided grounds for agencies, including OFAC, to designate entities viewed to be operating in certain sectors of the Russian economy, including the "construction" sector. There is a risk that OFAC may view the Group as operating in the "construction" sector of the Russian economy by virtue of the Group's sales of construction machinery and equipment to Russian customers. However, our International Sanctions Legal Advisor has advised that the risk that OFAC would impose sanctions on the Group for operating in the construction sector of the Russian economy is remote. This is mainly because (1) we do not engage in local manufacturing but simply conduct sales into the Russian Federation, which reduces our exposure to the Russian economy, (2) we appreciate the sanctions risks of conducting business with Russian entities and have therefore implemented various sanctions compliance measures to avoid transacting with Sanctioned Targets, and (3) we are not aware of any non-Russian companies being designated as SDNs for operating in the construction sector of the Russian economy under Executive Order 14024. Our International Sanctions Legal Advisor has further advised that with our continued commitment to sanctions compliance measures and the potential geopolitical developments, the risk that maintaining the Group's current business operations in Russia would create increased U.S. secondary sanctions risks is remote. Our International Sanctions Legal Advisor has not identified other secondary sanctions risks in relation to our sales activities involving the Relevant Countries. Thus our

International Sanctions Legal Advisor has advised that the risk that our sales activities involving the Relevant Countries including the Russian Federation would result in the imposition of secondary sanctions on the Relevant Persons is remote.

We will comply with applicable laws in the jurisdictions where we have operations, including not knowingly or intentionally conducting any business in any Sanctioned Country that will cause us to violate International Sanctions, and will not use the [**REDACTED**] from the [**REDACTED**] or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business involving, or for the benefit of, parties with ties to the Sanctioned Countries or Sanctioned Targets. However, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Our business and reputation could be materially and adversely affected if the government of the U.S., the EU, the United Kingdom, Australia the United Nations or any other governmental entities were to determine that any of our activities constitute violations of the sanctions they impose. In addition, because sanctions programs evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. We cannot assure you that investors who are subject to the jurisdictions of the U.S., the EU, the United Kingdom, Australia, Canada and/or other jurisdictions will be willing to make [**REDACTED**], or may divest their [**REDACTED**], in us, which may have an adverse impact on the [**REDACTED**] and the future prevailing market price of our H Shares, despite our commitment not to direct the [**REDACTED**] from the [**REDACTED**] to dealings with Sanctioned Targets. In addition, if any of our customers, end users or suppliers becomes subject to International Sanctions in the future, we may have to discontinue our business with such customers, end users or suppliers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected.

Changes in international trade policies and tariffs may adversely impact our business and operating results.

Significant political, trade, or regulatory developments in the jurisdictions in which we operate, such as those stemming from the current U.S. government, are difficult to predict and may have a material adverse effect on us. Changes to international trade policy implemented by the U.S. government have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations and other areas.

Our business may also be impacted by the imposition of tariffs by the U.S. and any resulting adjustment tariffs in the countries in which we operate. During the course of February and April 2025, the U.S. government implemented tariffs on several major trading partners, including Canada, China, the EU and Mexico, with a baseline of tariffs on all countries and an additional individualized reciprocal higher tariff on the countries with which the U.S. has large trade deficits ("**U.S. Reciprocal Tariffs**"). The U.S. government imposed a 10% tariff on all imports from China under the International Emergency Economic Powers Act on February 4, 2025, and further increased the duty rate to 20% on March 4, 2025. These U.S. Reciprocal Tariffs were soon updated for several rounds, resulting in a total of 145% tariff on imports from

China, as well as additional tariffs on imports from various other countries or regions, including where we have manufacturing facilities, such as the EU, Indonesia and India. In response to the U.S. Reciprocal Tariffs, China adopted a series of trade measures including raising its tariffs on U.S. goods. A 34% tariff on all U.S. goods was announced on April 4, 2025, followed by an increase to 85% announced on April 9, 2025 and 125% on April 11, 2025. On April 9, 2025, President Trump announced that the U.S. Reciprocal Tariffs would be paused for 90 days on trading partners who did not retaliate after such policy took effect, but the 10% baseline tariff would apply to nearly all other U.S. trading partners. On May 12, 2025, China and the U.S. agreed to temporarily lower tariffs on each other's goods, which became effective from May 14, 2025. The U.S. removed the additional reciprocal tariffs it imposed on China on April 8 and April 9, 2025, suspended its 34% reciprocal tariff imposed on April 2, 2025 for 90 days, but retained a 10% tariff during the period of the pause. All duties imposed on China prior to April 2, 2025 were retained, including tariffs imposed under Section 301 of the U.S. Trade Act of 1974 and Section 232 of the U.S. Trade Expansion Act of 1962, tariffs imposed in response to the fentanyl national emergency invoked pursuant to the International Emergency Economic Powers Act, and Most Favored Nation tariffs. As a result, the additional U.S. tariffs on Chinese goods decreased from 145% to 30%. China removed the additional tariffs it announced since April 4, 2025, and suspended its initial 34% tariff on the U.S. it announced on April 4, 2025 for 90 days, but retained a 10% tariff during the period of the pause. These tariffs as well as their scope of application remain subject to further negotiations and adjustments. There is also substantial uncertainty in relation to the interpretation, implementation and administration of the tariffs. Existing bilateral or multilateral trade agreements between the U.S. and other countries may also affect the scope of application of the U.S. Reciprocal tariffs.

During the Track Record Period, our revenue generated from the U.S. and our supply chain exposure to the U.S. were not significant, and the impacts of the increased tariffs by the U.S. and the countermeasures taken by China are limited as of the Latest Practicable Date. However, the uncertainty surrounding potential changes in U.S. trade policies, particularly regarding tariffs on Chinese imports, could adversely affect our business operations and financial performance. Any substantial increases in tariffs or trade restrictions implemented by the U.S. administration could lead to retaliatory measures by affected countries, potentially disrupting global supply chains. If we are unable to successfully manage the impact and the increased costs resulting from the increased tariffs, our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to risks involving personal safety, property loss and operational disruption in the course of our production and operation processes.

During our production and operations, we implement and require employees to adhere to safety measures and procedures as stipulated by applicable laws, regulations and internal policies. However, our production and operation processes involve activities related to operating construction machinery, processing hazardous substances and operating with high pressures and temperatures, which may be dangerous. Even if we manage to comply with the high safety standards these dangers require, it cannot be ruled out that work accidents will occur. Such dangers may result in personal safety issues, damage to property and equipment and operational disruption, which may cause personal damages claims, third-party claims, cessation of business, administrative penalties, civil or criminal liabilities. Although we have set up internal control policies for the safety production and construction processes, there is no assurance that our staff will strictly follow those policies all the time. In addition, while we have taken necessary measures concerning the safeguarding of production and operation safety, there is no guarantee that any such work accidents will not occur. If any such accident occurs, we may be subject to penalties and also be liable for claims from third parties. While during the Track Record Period, we were not subject to any administrative penalties for non-compliance with safety related rules that would materially and adversely affect our operation, if we fail to protect third parties or ourselves from such potential liabilities, we may incur significant costs, which would have a material and adverse effect on our business, financial condition and results of operations. Moreover, the occurrence of such accidents may also result in negative publicity and consequently adversely affect our reputation.

We are subject to credit risk related to defaults of customers.

We are exposed to credit risk related to delays in payment and defaults of our customers. We cannot guarantee that all our customers will settle payment in full as it falls due. If any of our customers becomes insolvent or delays its payment of our fees, our cash flow, financial position and results of operations could be materially and adversely affected. As of December 31, 2022, 2023 and 2024, our trade and bills receivables were RMB31,841.4 million, RMB29,423.9 million and RMB31,256.8 million, respectively, and we made provision of trade and bills receivables of RMB2,752.6 million, RMB3,755.6 million and RMB4,284.4 million, respectively. In 2022, 2023 and 2024, the trade and bills receivables turnover days were 133 days, 151 days and 141 days, respectively. While we have adopted credit control measures to enhance the management of our trade and bills receivables, we may not be able to collect all such trade and bills receivables due to a variety of factors that are outside of our control, including the adverse operating conditions or financial situation of customers and customers' inability to pay. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Trade and Bills Receivables." In particular, any financial difficulties experienced by our customers may result in a reduction in their engagement with our products and solutions and expose us to higher credit risks, which could in turn materially and adversely affect our financial condition.

In addition, we offer our customers financial services by providing them with mortgage loans and finance lease. Our financial services are influenced by the overall economic situation and the ability of the end customers to repay their mortgage loans and finance lease upon maturity. As of December 31, 2022, 2023 and 2024, our loans and advances were RMB11,156.9 million, RMB6,779.4 million and RMB3,301.9 million, respectively. As of December 31, 2022, 2023 and 2024, our receivables under finance lease were RMB12,083.3 million, RMB16,032.1 million and RMB16,429.7 million, respectively, and we made provision of receivables under finance lease of RMB347.0 million, RMB492.3 million and RMB532.4 million, respectively. If the economic condition or financial performance of the end customers deteriorates, our business would be negatively impacted.

We are required to obtain, maintain and renew various approvals, permits, licenses, registration and certificates for our business operations, and there is uncertainty concerning potential delays or changes in standards associated with these processes.

We are required to maintain certain permits, licenses, registrations and certificates issued by the relevant government agencies in China and the overseas jurisdictions in which we operate to conduct our business operations. For example, we are required to obtain the Special Equipment Manufacturing Permit from the relevant product quality administrative authorities to manufacture our cranes. In addition, we are required to obtain certifications and approvals from the relevant overseas regulatory agencies for the export of our products to overseas markets, such as the EU CE certificate, which are pre-requisites for us to export our products to the EU, respectively. We provide financial services for customers through financial institutions (in certain cases, through subsidiaries that primarily offer equipment mortgage and finance lease services-related financial services to purchasers of our products). However, the financial services we provide are subject to financial regulation, particularly increasingly stringent and numerous compliance rules. The cost of complying with such rules can be very high, and failure to comply may result in fines, penalties and the suspension or termination of such services.

While we believe that we will be able to renew these licenses and permits during the ordinary course of business, there is no assurance that we will be able to renew our existing approvals, permits, licenses, registrations and certificates without any condition or that we will be able to successfully obtain, retain or renew future permits, licenses, registrations and certificates in a timely manner, or at all, or that such permits, licenses, registrations and certificates will not be revoked by the relevant authorities. Failure to obtain or renew such permits, licenses, registrations and certificates as planned may cause us to experience delays in the sales and manufacturing of our construction machinery products or our expansion plans, thereby adversely affecting our business, financial condition and results of operations.

We are subject to risks associated with off-balance sheet commitments.

We provide certain off-balance sheet commitments to certain end customers in the ordinary course of business, primarily consisting of the mortgage loan guarantee and finance lease guarantee obligations. Such arrangements are not reflected on our balance sheet but constitute contingent liabilities. As of December 31, 2024, our off-balance sheet commitments totaled RMB13.9 billion. See "Financial Information — Indebtedness — Contingent liabilities and guarantees." We are subject to credit risks associated with these off-balance sheet commitments and are required to provide funds when our end customers are unable to perform their obligations. If we are required to fulfill these guarantees and unable to recover payment from our end customers, our financial condition and results of operations may be materially and adversely affected.

We provide guarantees for end customers' financing arrangements from time to time, and ineffective risk management in this regard could adversely affect our business and financial performance.

To enable our end customers to obtain financial services that better meet their needs when purchasing our products from us or from our distributors, we have strategically partnered with financial institutions, such as finance lease companies and finance companies, to provide guarantees for our end customers' financing arrangements, facilitating their access to capital. The guarantees included in our agreements with financial institutions expose us to heightened default risks. Our distributors and we may jointly provide guarantees for end customers' repayment obligations to financial institutions when they choose to use mortgage loans or finance leases to finance their purchases of our products through our distributors. In the event that the end customer fails to make the repayment and the distributor fails to fully fulfill its guarantee obligation, we may facilitate the fulfillment of the guarantee obligations. We are thus subject to risks related to defaults of end customers. Although we have implemented control measures to reduce our risk exposure, failure to effectively control and manage these risks may lead to cash flow constraints and losses, which would subject us to financial pressure and adversely affect our business.

Our success relies on key management and other highly qualified personnel with specialized skills.

Our success is significantly dependent upon the continued service of our management and highly qualified personnel with specialized skills. Our ability to compete effectively depends on our ability to retain and motivate existing employees and attract new employees. We may need to offer competitive compensation and other benefits to attract and retain key personnel and our compensation and benefits payments may increase unexpectedly or at a greater rate than expected. If we lose the services of any member of management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner at reasonable cost, or at all. Our failure to attract and retain key management or qualified personnel and any increase in employee compensation to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business and may have a material adverse effect on our business, financial condition and results of operations.

Our key management and employees are subject to confidentiality terms and noncompete arrangements. However, we cannot guarantee that such terms or arrangements can be fully and legally enforced. If any of our management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business, financial condition and results of operations.

Our future strategic acquisitions or investments, if any, may not be successful, and we may not realize the anticipated strategic benefits and financial returns from such transactions.

We may engage from time to time in acquisitions and other strategic investments in order to expand our production capacity, diversify our product portfolio, gain access to new markets and stable sources of raw materials or acquire new technologies. However, there can be no assurance that our efforts, or any future acquisitions or investments, will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions.

There are various risks associated with our acquisitions and investments, which include the following:

- challenges related to integration of acquired company's or investee's operations into our business;
- substantial delays or reduction in anticipated synergies;
- events beyond our control, including changes in regulations, technology and economic conditions, which could adversely affect our ability to realize benefits and returns from such transactions;
- potential increase in indebtedness that could constrain our operations;
- exposure to unknown or contingent liabilities that could require significant expenditures and capital injections;
- failure to train, motivate, integrate and retain employees of acquired company or investee;
- diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; and
- unanticipated write-offs or charges and impairment of goodwill.

If we fail to address any of the foregoing risks, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to effectively manage our inventory, our business, financial condition and results of operations may be adversely affected.

Our inventory primarily includes raw materials, work-in-progress and finished goods. As of December, 31, 2022 and 2023 and 2024, we had inventories of RMB19,738.4 million, RMB19,767.8 million and RMB19,948.0 million, respectively. Maintaining an optimal level of inventory is important for the success of our business. We determine our level of inventory based on experience, number of orders from customers and assessment of customer demand. Nevertheless, we cannot guarantee that we can succeed in managing our inventory risk. Meanwhile, we may be exposed to inventory obsolescence and inventory shortage risks as a result of a variety of factors beyond our control, including but not limited to, changes of customer needs and the inherent uncertainty of the success of product launches. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on our profitability. In addition, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and harm our reputation. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We are subject to certain regulatory requirements over foreign currency conversion and remittance and the fluctuations in foreign currency exchange rates could adversely affect our business.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate we shall have sufficient foreign exchange to meet our foreign exchange needs. Under existing PRC foreign exchange regulations, payments of current account items can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

Our revenue, costs of sales and services, expenses and our borrowings and loans are currently denominated primarily in Renminbi, Euro, US dollar and others, while our financial statements are reported in Renminbi. As a result, fluctuations in exchange rates, particularly among the Renminbi, Euro, US dollar or other currencies, could affect our profitability and result in foreign currency exchange losses of our net foreign currency-denominated assets and liabilities. In 2022, 2023 and 2024, we recognized foreign exchange gains of RMB267.5 million, RMB538.7 million and net foreign exchange loss of RMB306.0 million, respectively. We cannot accurately predict the impact of exchange rate fluctuations on our results of operations and may incur net foreign exchange losses that may have a material and adverse effect on our financial condition and results of operations.

In addition, an appreciation in the value of the Renminbi against foreign currencies could increase the prices of some of our products, thereby making them less competitive in markets outside of China, which could adversely affect our globalization strategy and lead to a decrease in sales in such markets. On the other hand, depreciation in the value of the Renminbi against foreign currencies could result in an increase in the costs of certain raw materials, parts and components that are primarily sourced from overseas suppliers, which could in turn adversely affect our profit margin for certain products.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes an EIT rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, value-added and other taxes. Non-compliance with China tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to China tax laws and regulations and tax penalties or fines could affect our business, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expense." Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, our global operations covered multiple countries and regions. We could face material and adverse tax consequences if the relevant tax authorities determine that the certain intra-group transactions of us do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

We are subject to fair value changes for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.

In 2022, 2023 and 2024, we had invested in financial assets at fair value through profit and loss ("**FVPL**") and financial assets at fair value through other comprehensive income ("**FVOCI**"), which were mainly related to investments in bank wealth management products, funds, bonds and equity. As of December 31, 2022, 2023 and 2024, we recorded financial assets at FVOCI of RMB1,627.1 million, RMB1,336.7 million and RMB1,065.0 million, respectively, and financial assets at FVPL of RMB15,156.9 million, RMB11,159.8 million and RMB11,347.5 million, respectively.

Our investment in the financial assets at FVPL and financial assets at FVOCI is subject to uncertainties in accounting estimates and would affect our financial condition. Since the value of our investments depends on the performance of the underlying financial products, our investments are subject to all of the risks associated with those underlying financial products, including the possibility of default by or bankruptcy of the issuers of such financial products. Any potential realized or unrealized losses in our investments in the future resulting from the fair value changes for the financial products in which we invest may adversely affect our financial condition.

Our interest-bearing indebtedness exposes us to interest rate risk and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund operations.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022, 2023 and 2024, we had bank and other borrowings of RMB33,973.0 million, RMB31,025.8 million and RMB24,910.9 million, respectively. The interest rate on our fixed-rate bank borrowings ranges from 0.95% to 3.95%. See "Financial Information — Indebtedness — Interest-Bearing Bank and Other Borrowings."

We are exposed to interest rate risk resulting from interest rate fluctuations for our long-term debt obligations with a floating interest rate. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

High indebtedness levels could necessitate a greater allocation of our cash flow towards principal and interest repayments, limiting funds available for working capital and strategic initiatives. Additionally, it may constrain our flexibility in adapting to industry changes or pursuing new opportunities, restrict access to further financing, and heighten our exposure to interest rate fluctuations and unforeseen adverse events. Additionally, restrictive covenants in the indebtedness may further limit our capacity to raise additional debt or equity financing, potentially leading to defaults that could accelerate repayment obligations, jeopardizing our financial stability. If we fail to manage our indebtedness properly, our business, results of operations and financial condition may be materially and adversely impacted.

Our business requires a significant amount of capital expenditure for maintenance, upgrades and expansion of production capacity, and there can be no assurance that we will be able to have enough cash to successfully implement our capital expenditure plans.

Our operations depend on the continuous maintenance, upgrades and expansion of production capacity to meet evolving customer demands and market trends. As a construction machinery company, we require significant capital expenditure to ensure the quality, efficiency and competitiveness of our products. During the Track Record Period, we primarily funded our cash requirements principally from cash generated from operations and bank borrowings.

During the Track Record Period, our capital expenditures were RMB5,662.6 million, RMB4,525.2 million and RMB2,938.3 million in 2022, 2023 and 2024, respectively. There can be no assurance that we will be able to generate sufficient cash from operations, or at all, to fund our planned capital expenditures. Any delays or failures in securing necessary funding and any unforeseen increases in costs or delays in the implementation of our capital expenditure plans could adversely affect our operations and financial results. Moreover, the development in industries where we operate may require us to make additional, unforeseen investments to remain competitive. If we fail to allocate sufficient resources toward adapting to these technological changes or if our investments do not yield the expected benefits, our market position and profitability may be adversely impacted.

We may need additional capital, but we may not be able to obtain financing on favorable terms or at all.

We primarily relied on cash flow generated from operating activities and financing activities to fund our business operations during the Track Record Period. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document. We may, however, require additional cash resources due to changed business conditions or other future developments, including any launch of new products and services, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. Moreover, if we raise additional capital by issuing shares or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments for relevant indebtedness that could create additional cash demands and financial risk for us.

We may record impairments of non-financial assets (other than contract assets).

We may record impairments of non-financial assets (other than contract assets), which may adversely affect our financial condition and results of operations. Goodwill and intangible assets with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. We measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-financial assets also requires management judgment regarding such assets.

We have investments in associates and joint ventures, and our financial condition and results of operations may be affected by the fluctuation of share of results of such investments.

During the Track Record Period, we invested in certain associates and joint ventures, which were accounted for using the equity method. As of December 31, 2022, 2023 and 2024, the balances of our investments in associates and joint ventures were RMB2,239.1 million, RMB2,400.9 million and RMB2,424.5 million, respectively. Our equity investments may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates and joint ventures have economic or business objectives that are inconsistent with ours, suffers financial difficulties, or is unable or unwilling to fulfill its obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

Failure to fulfill our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities are recognized when payment from a customer is received or is due (whichever is earlier) before we transfer the related goods or services. As of December 31, 2022, 2023 and 2024, we had contract liabilities of RMB1,896.7 million, RMB2,177.7 million and RMB2,520.8 million, respectively. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognized as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively.

Our historical financial information is not expected to be indicative of our future financial results. Such financial information is not intended to represent or predict the results of operations of any future periods.

Our future growth is, to a certain extent, based upon our forward-looking assessment of market prospects. We cannot guarantee that our assessment will always turn out to be correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control. Such factors include changes in the general economic conditions and the competitive landscape of the industries where we operate, as well as the relevant regulations and policies and the supply and demand for our products.

Managing our growth will require significant expenditures and allocation of resources. We need to effectively manage our growth and maintain profits as we expect our costs and expenses to continue to increase in the future. We will also need to expand, train, manage and motivate our workforce and manage our relationships with suppliers, customers and other business partners. All these endeavors entail risks and demand considerable management efforts, skills and significant additional expenditures, which could strain our capacity to enhance our operational, auditing, human resources, financial and management controls. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, financial condition and results of operations may be materially and adversely affected.

Changes in Environmental, Social and Governance (ESG) compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of ESG issues, including with respect to waste disposal, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Increased compliance costs, environmental remediation expenses and fines or penalties may result in an increase in our capital investment and operating expenses. Furthermore, with the growing environmental and energy-saving awareness by customers, regulators and other stakeholders, many jurisdictions are imposing increasingly strict energy efficiency and exhaust emissions regulations. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See "Business — Environmental, Social and Governance (ESG)." There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our business, financial condition and results of operations.

We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims.

We may, from time to time, be subject to legal proceedings and claims relating to the intellectual property rights of third parties. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our products, solutions, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert our management's attention and other resources from our business and operations to defend these claims, regardless of their merits. Additionally, the application and interpretation of the PRC laws relating to intellectual properties, and the procedures and the standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in the PRC are still evolving, and there can be no assurance that the PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of any third party, we may be subject to liability for our infringing activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. In such events, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

There can be no assurance that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual properties, unfair competition, defamation or other violations of our rights by our employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which may be time-consuming and expensive to resolve and could divert our management's attention regardless of the outcome, and adversely affect our business, financial condition and results of operations.

It can be difficult to register, maintain and enforce intellectual property rights in the jurisdictions where we operate. Laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition and results of operations.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

We are susceptible to claims, controversies, fines and various legal and administrative proceedings. Claims arising out of actual or alleged violations of law, breach of contract, torts or liability allocation with other third parties could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings, and could take the form of either individual action or class action. In addition, the result of such legal and regulatory proceedings cannot be predicted with certainty, and ongoing or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources, thereby disrupting our business operations and adversely impacting our financial conditions. For some matters, such as class actions, insurance may not be cost-effectively available. Regardless of the merit of the particular claim, legal and administrative proceedings may be expensive, time-consuming or disruptive to our operations and distracting to management. Such proceedings could also lead to adverse publicity and have a negative impact on our reputation and brand image. In recognition of these considerations, we may enter into agreements to settle litigation and resolve such disputes. We cannot guarantee that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our expenses. New legal or administrative proceedings and claims may arise in the future, which may cause us to incur defense costs, and our business, financial condition and results of operations could be materially and adversely affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our business, financial condition and results of operations.

Our employees and business partners may engage in intentional or negligent misconduct, or violate our internal policies and laws, which could impair the quality of our service, cause us to lose customers or subject us to liabilities.

We risk compromising the quality of our products if our employees and business partners do not perform in accordance with our standards. We have internal policies and guidelines to monitor and ensure the products delivered to our customers are of satisfactory standard. In addition, we have adopted and strictly implemented a series of procedures designed to verify the integrity and qualifications of our employees before they are engaged, and of partners prior to any cooperation. Nevertheless, we cannot guarantee that our employees and business partners will not engage in any intentional or negligent misconduct. Furthermore, we may be exposed to the risks of fraud or other unlawful activities committed by our employees and business partners. Fraud or other unlawful activities by our employees and business partners may include making unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive customer information and engaging in bribery or other unlawful payments. In any such event, we could incur liability to our customers or any other third parties. Any claims could subject us to costly litigation and affect our business, financial condition and results of operations, and may distract the attention of our management regardless of whether the claims have merit. Any claims could result in complaints from our customers or other third parties, regulatory or legal liabilities or damages to our reputation.

We are subject to environmental, fire control and health and safety directives, laws and regulations.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including, but not limited to, the treatment and discharge of pollutants into the environment during our business operations. In addition, our production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, fire control and health and safety have examined and approved the relevant facilities in China or other jurisdictions. We cannot guarantee that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products and solutions in line with our plans. As requirements imposed by such laws and regulations may change and more stringent laws or regulations adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business, financial condition and results of operations. Other adverse effects could result from such liability, including reputational damage.

Any disruption to our information technology systems or any system security threats may pose a risk to our systems, networks, products and services.

The efficient operation of our business depends on the smooth and efficient operation of our information technology systems. We rely on these systems for, among other things, management of customer information, inventory, and billing, financial and budgeting data.

Notwithstanding the smooth operation of our information technology systems in the past, there is no guarantee that any disruption to our information technology systems will not occur in the future. If any of uncontrollable factors including but not limited to damage or interruptions from earthquakes, fire, flood and other natural disasters; power disruption or loss; attacks from computer viruses or hackers; network failures or other unauthorized tampering occurs, it may cause interruptions in the manufacturing capacity and maintenance of proper business operations and further adversely impact our reputation and the perception of our product quality.

We cannot guarantee that any disruption to our information technology systems or any system security risks will not occur in the future and we could repair or replace information technology systems in a timely and cost-efficient manner, all of which could adversely affect our business, financial condition and results of operations.

Security breaches and other disruptions of our systems, infrastructure, integrated software and related data, or those of third parties we partner with, could endanger the trust of our customers and materially and adversely affect our business, financial condition and results of operations.

Our products and solutions contain complex information technology. We have designed, implemented, and tested security measures intended to prevent unauthorized access to these systems. See "Business — Data Privacy and Information Security Risk Management." However, our systems, infrastructure, integrated software and related data may be vulnerable to security breaches. Hackers may attempt in the future to gain unauthorized access to modify, alter, and use such systems to gain control of, or to change, the functionality, user interface and performance characteristics of vehicles incorporating our products and solutions, or to gain access to data stored in or generated by the vehicle. Unauthorized third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. In addition, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with our customers and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our owned properties.

As of December 31, 2024, our Company and Major Subsidiaries in the PRC had not obtained real estate certificates for certain owned properties, including five industrial plants, which are designated for production and operations, along with five properties, each with GFA exceeding 5,000 sq.m., mainly used for canteens, warehouses and dormitories. Considering: (i) according to the confirmation letters issued by the relevant competent authorities, we have not been subject to any significant violations or received any related administrative penalties for these properties in relation to land and resources and urban-rural planning, housing, urban-rural construction and fire management during the Track Record Period; (ii) the aforementioned properties constitute a small portion of the aggregate GFA of our owned properties in China; (iii) during the Track Record Period and up to the Latest Practicable Date, there had been no ownership disputes or claims concerning our occupation and use of these properties; and (iv) we are in the process of obtaining some of the relevant title certificates, our PRC Legal Advisor is of the view that, the defect of such owned properties would not materially and adversely affect our production and business operations.

Additionally, regarding the five industrial plants, which constitute a small portion of our aggregate GFA of the owned properties in China, our PRC Legal Advisor is of the view that the defect of such owned properties would not materially and adversely affect our production and business operations, on the ground of the aforementioned reasons and that: (i) according to confirmation letters issued by the relevant competent authorities, the construction, occupation and use of these properties do not involve material legal violations and will not result in any relevant administrative penalties, and we may continue to occupy and use the properties before we obtain the relevant title certificates, with no risk of relocation or demolition; and (ii) we have obtained the land use right for the land parcel on which all such owned properties are situated, and approvals or permits required for the planning, construction, and completion process.

Any deterioration in labor relations, shortage of labor or material increase in wages may have a material adverse effect on our business, financial condition and results of operations, and failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

Our success depends on our ability to hire, train, retain and motivate our employees. We have not experienced any material work stoppages or strikes in the past. However, we cannot guarantee that any of such events will not arise in the future. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our business, financial condition and results of operations. We have employees across our global network, and are subject to varied laws and regulations in different countries. We may, from time to time, be involved in labor disputes, experience labor shortage, face difficulties with localized management of employees, and may make adjustments to our labor force in line with our business needs. In addition, we may have to increase our total compensation to attract and retain the experienced professionals required to achieve our business objectives. However, these increased costs might not be able to be passed onto customers by increasing our products selling prices in light of market competition. In such circumstances, our profit margin may decrease, which could have an adverse effect on our business, financial condition and results of operations. In addition, we may incur compensation and other costs that, if not sufficiently covered by insurance, we would need to bear at our own expense. As certain of our employees are represented by labor unions, any deterioration in our labor relations with employees or the labor union could cause labor disputes, which could result in the disruption of production and operations. There is no guarantee that we will always be able to maintain a stable and quality labor force at favorable costs. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and interventions related to a workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Any deterioration in our labor relations could result in the disruption of production and operations, and may subject us to legal proceedings, as well as monetary and reputational damages.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC. There is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant laws and regulations in mainland China by government authorities. If they are deemed not in compliance, competent authorities may require us to make supplementary payments for social insurance shortfalls. If we fail to fulfill these obligations within the specified timeframe, we may face fines or other administrative penalties, which could adversely affect our financial condition and results of operations. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the shortfall. Regarding the aforementioned issues, we and our PRC Legal Advisor have engaged in discussions with the relevant competent authorities, and we are committed to actively cooperating with these authorities in addressing any potential rectification requests. As advised by our PRC Legal Advisor, considering the aforementioned factors, the risk of the Company or any of its Major Subsidiaries in China being required to pay the historical shortfalls collectively, or subject to overdue fines or material administrative penalties by the relevant government authorities for the above-mentioned issues related to social insurance and housing provident funds is remote.

The interpretation and implementation of labor-related laws or regulations are still evolving. The application of such laws or regulations may be subject to substantial changes and we cannot predict how these laws or regulations will be interpreted and enforced. There can be no assurance that our practice in handling employment related matters does not and will not violate such laws and regulations in markets where we operate, which may subject us to labor disputes or administrative measures. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Certain equity interests of our Controlling Shareholder, SANY Group, are charged as security interests, pursuant to the 2020 SANY Group Exchangeable Bonds.

As of the Latest Practicable Date, SANY Group pledged 422,627,942 A Shares, representing approximately 4.99% of the total issued share capital of our Company as security for its obligations under the 2020 SANY Group Exchangeable Bonds and for shares reserved for exchange. See "Substantial Shareholders." Based on the outstanding principal amount of the 2020 SANY Group Exchangeable Bonds and the exchange price as of the Latest Practicable Date, the maximum number of pledged A Shares which may be exchanged and transferred to the bondholders thereof amounted to 137,071,886 A Shares, representing approximately 1.62% of the Company's issued share capital as of the Latest Practicable Date. In the event that the beneficial interest of certain of the A Shares are transferred pursuant to the terms of the 2020 SANY Group Exchangeable Bonds, or in the event that any of the aforementioned share pledges are enforced, SANY Group may no longer be able to maintain the current level of interest in our Company, which could adversely affect its influence over us.

Our risk management and internal control systems may not be adequate or effective.

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective to fulfill our business needs from time to time. See "Business — Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties would always follow these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and some of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management resides within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult. As a result, it may be difficult and time-consuming to effect service of process upon our Directors, Supervisors and senior management outside the PRC. In addition, investors may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

The insurance coverage we have may not adequately protect us against all operating risks.

We believe we maintain insurance policies in line with industry standards. See "Business — Insurance." Nevertheless, the insurance coverage for our products and business operations is limited. Any uninsured occurrence of business disruption, litigation or natural disaster or significant damages to our uninsured equipment or facilities could have a material adverse effect on our business, financial condition and results of operations. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our business, financial condition and results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there can be no assurance that we will be able to successfully claim losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We may not be successful in implementing our business plans and strategies effectively or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our business plans and strategies are based on our assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans and strategies. As such, we cannot guarantee that our business plans and strategies will be implemented successfully as scheduled or at all.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities as expected or remain competitive in the industry. Furthermore, even if we implement our business plans and strategies effectively and efficiently, there may be other unexpected events or factors beyond our control that may prevent us from achieving the desirable and profitable results, such as the changes in laws and regulations and governmental policies, the availability of skilled professionals and changes in customer demand. Moreover, our business plans and strategies may increase our operating costs, such as higher staff costs, as well as greater depreciation for production equipment and facilities, and increase our cash outflows for operating and investing activities. Accordingly, if our business plans and strategies cannot be successfully implemented, or if they do not yield ideal results, we may have significant difficulties in recovering our costs and therefore our business, financial condition and results of operations may be adversely and materially affected.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future financing activities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for our future financing activities. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and their implementation guidelines. The Overseas Listing Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see "Regulatory Overview — PRC Laws and Regulations — Regulations on Securities and Overseas Listings." We are required to file with the CSRC in accordance with the Overseas Listing Trial Measures in our future financing, and there is uncertainty as to whether we will be able to complete the filing procedures or obtain approval in a timely manner or at all, the failure of which may restrict our ability to complete the future financing and have a material and adverse effect on our financial performance and business prospects.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with Archives Rules may materially affect our business, financial condition and results of operations.

We are closely monitoring how they will affect our operations and our future financing. In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or explanations imposing further requirements that we obtain their approvals or complete the required filing or other regulatory procedures for future financing activities, there can be no assurance that we will be able to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt future capital raising activities before settlement and delivery of the H Shares offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

We are subject to anti-corruption and anti-bribery and similar laws, and non-compliance with such laws can subject us to administrative penalties, civil or criminal liabilities, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned entities in the ordinary course of business. These interactions subject us to compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal liabilities, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, financial condition and results of operations.

Our business may be materially and adversely affected by force majeure events, natural disasters or other issues beyond our control.

Any future occurrence of force majeure events, natural disasters, wars or outbreaks, epidemics or pandemics of contagious diseases, including COVID-19, monkeypox, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. Outbreaks, epidemics or pandemics of contagious diseases could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business, financial condition and results of operations. Moreover, there have been natural disasters such as earthquakes, floods and droughts in the past few years around the globe. Any future occurrence of severe natural disasters in the PRC or other jurisdictions where we operate may materially and adversely affect regional and global economy and therefore our business.

We are also vulnerable to natural disasters, wars and other calamities because our production facilities, warehouses and information systems are susceptible to damage or disruption from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, damage to our property, delays in production, breakdowns, system failures, technology platform failures or Internet failures, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the [**REDACTED**] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of [**REDACTED**] rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed on the Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

There has been no prior public market for our H Shares, and their liquidity and market price may be volatile.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, trading volume and market price of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to investors.

The price at which our H Shares will [**REDACTED**] after the [**REDACTED**] will be determined by the marketplace, which may be affected by various factors beyond our control, including:

- our financial performance;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, ourselves and the industry in which we operate;
- an assessment on the prospects for, and timing of, our future revenue and cost;
- structures that independent research analysts may publish, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities;
- general market sentiment regarding the industry we operate in;
- changes in laws and regulations of relevant jurisdictions where we operate;
- our actual or perceived failure to compete effectively in the market; and
- political, economic, financial and social conditions.

In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in [**REDACTED**] prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, investors in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain [**REDACTED**] periods beginning on the date on which [**REDACTED**] in our H Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the [**REDACTED**] periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while investors subscribing shares in the [**REDACTED**] are generally not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

Our Controlling Shareholders have substantial influence over the Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors and other significant corporate actions. The interests of our Controlling Shareholders might differ from the interests of our other shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other shareholders, our other shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of China, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business Enterprises ("**PRC GAAP**") may differ in certain respects from the calculation under the International Financial Reporting Standards ("**IFRS Accounting Standards**"). As a result, even if we report a profit for the year under IFRS Accounting Standards, we may not have distributable profits as determined by PRC GAAP. Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would affect the remittance of RMB into or out of China.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by

Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular of the MOF and the STA Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your [**REDACTED**] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

There are risks that the U.S. Outbound Investment Rule may subject U.S. investors of the H Shares to regulatory requirements.

On October 28, 2024, the US Department of the Treasury (the "**Treasury**") released a final rule (the "**Outbound Investment Rule**"), implementing Executive Order 14105, prohibiting or requiring the notification of certain outbound foreign investments by US persons into certain "countries of concern," currently defined to include only China (including Hong Kong and Macao). Effective January 2, 2025 and subject to certain exceptions, the Outbound Investment Rule prohibits US persons from, or requires notification to the US government of, any "covered transaction" involving a "covered foreign person" who is engaged in any "covered activity" involving the semiconductors and microelectronics, quantum information technologies and artificial intelligence sectors. A "covered transaction" includes equity investment and a "covered foreign person" is defined as any entity with meaningful ties to China that engages in "covered activities."

Moreover, on February 21, 2025, the Trump administration issued the "America First Investment Policy," which proposes to broaden the restrictions under the Outbound Investment Rule, including expanding the sectors and investment types covered by the Outbound Investment Rule.

As of the Latest Practicable Date, we do not believe that we are a covered foreign person as defined under the Outbound Investment Rule. The America First Investment Policy will likely broaden the scope of the Outbound Investment Rule. As such, there are uncertainties under the Outbound Investment Rule, and we cannot assure you that the Treasury will not take a different view from us and treat an equity [**REDACTED**] in our H shares by a US person as a covered transaction that requires notification in a timely manner or is prohibited. In addition, we cannot predict how the Outbound Investment Rule will be enforced, neither can we guarantee that there will not be a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future.

The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. In such a case, the [**REDACTED**], the future prevailing market price and the liquidity of our H Shares may be adversely affected. It could also be detrimental to our business, financial condition and prospects.

Should the [REDACTED] be higher than the net tangible book value per [REDACTED], subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional [REDACTED] in the future.

The [**REDACTED**] of the [**REDACTED**] may be higher than the net tangible book value per [**REDACTED**] immediately prior to the [**REDACTED**]. As a result, you and other purchasers of the [**REDACTED**] in the [**REDACTED**] may experience an immediate dilution in [**REDACTED**] net tangible asset value. In order to expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional [**REDACTED**] in the future. Purchasers of the

[**REDACTED**] may experience dilution in the net tangible asset value per share of their [**REDACTED**] if we [**REDACTED**] additional [**REDACTED**] in the future at a price which is lower than the net tangible asset value per [**REDACTED**] at that time. Furthermore, we may [**REDACTED**] pursuant to share incentive schemes, which would further dilute Shareholders' interests in our Company.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective investors in our H Shares are reminded that, in making their [**REDACTED**] decisions as to whether to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may:

- further limit our ability or discretion to pay dividends;
- increase our risks in adverse economic conditions;
- adversely affect our cash flows; or
- limit our flexibility in business development and strategic plans.

Certain facts, forecasts and statistics derived from external sources contained in this document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this document, particularly those relating to the general economy and the industry in which we operate, from information provided by various public sources, industry associations, independent research institutes and other third-party sources, including the Frost & Sullivan Report that we commissioned. We have not independently verified information and statistics from official government sources. While we have taken reasonable care in the reproduction of the information, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics. Market opportunity estimates included in this document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time and there is no guarantee that our market opportunity estimates will materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this document, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

The [**REDACTED**] is being made solely on the basis of the information and representations contained in this document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being offered.

Prior to the publication of this document, there has been coverage in the media regarding us and the [**REDACTED**], which may have contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules .	Appointment of joint company secretaries
Paragraph 26 of Appendix D1A to the Listing Rules	Particulars of any alterations in the capital of any member of our Group
Chapter 14A of the Listing Rules	Continuing connected transactions

[**REDACTED**]

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that relocation of existing executive Directors or appointment of additional executive directors who will be ordinarily resident in Hong Kong solely for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. Yu Hongfu, our executive Director, and Ms. Lai Siu Kuen, our joint company secretary;

(ii) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(iii) we will endeavor to ensure that each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as compliance advisor (the "**Compliance Advisor**"), who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the CWUMPO and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company appointed Ms. Qin Zhiyu (秦致妤) ("**Ms. Qin**"), our board secretary, and Ms. Lai Siu Kuen (黎少娟) ("**Ms. Lai**") as joint company secretaries of our Company. For further details, see "Directors, Supervisors and Senior Management — Joint Company Secretaries" for their biographies.

Ms. Lai is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Qin, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Ms. Qin has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [**REDACTED**], in accordance with paragraphs 11 to 17 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Qin must be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Qin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure that Ms. Qin has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [**REDACTED**] on the Stock Exchange. Before the end of the three-year period, we shall demonstrate to the Stock Exchange's satisfaction and seek its confirmation that Ms. Qin, having had the benefit of Ms.

Lai's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

As of the Latest Practicable Date, we have over 200 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to investors. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential investors.

We have identified 14 subsidiaries (collectively, the "**Major Subsidiaries**" and each a "**Major Subsidiary**") that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. By way of illustration, before intercompany eliminations and based on the consolidated statements of financial position as of December 31, 2022, 2023 and 2024, the aggregate assets of the Company and its Major Subsidiaries represent approximately 115.0%, 121.9% and 124.2% of our total assets and for each of the financial years ended December 31, 2022, 2023 and 2024, the aggregate revenue of the Company and its Major Subsidiaries represents approximately 141.2%, 129.7% and 135.3% of our total revenue respectively; the aggregate profit before tax of the Company and its Major Subsidiaries (without intercompany eliminations) represent approximately 124.0%, 168.4% and 219.4% of the Group's total profit before tax for each of the financial years ended December 31, 2022, 2023 and 2024; and the net profit of the Company and its Major Subsidiaries (without intercompany eliminations) represent approximately 125.2%, 179.5% and 236.1% of the Group's total net profit for each of the financial years ended December 31, 2022, 2023 and 2024. None of the other subsidiaries of our Company that are not Major Subsidiaries individually contributes to 5% or more of our Group's total assets as of December 31, 2022, 2023 and 2024 or 5% or more of our Group's revenue, profit before tax or net profit for each of the financial years ended December 31, 2022, 2023 and 2024. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries in the section headed "Statutory and General Information — 1. Further Information About Our Group — B. Changes in Share Capital of Our Company" and "Statutory and General Information — 1. Further Information About Our Group — C. Further Information about Our Major Subsidiaries" in Appendix VI to this document.

We have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the announcement requirement or the announcement, circular and independent Shareholders' approval requirements under the Listing Rules. For further details in this respect, see the section headed "Connected Transactions."

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xiang Wenbo (向文波先生)	Room 1303, Building 5 No. 9, Dongfeng Road Kaifu District Changsha, Hunan Province PRC	Chinese
Mr. Yu Hongfu (俞宏福先生)	Room 601, Building 1 No. 150, Wanbao Avenue Furong District Changsha, Hunan Province PRC	Chinese
Non-executive Directors		
Mr. Liang Wengen (梁穩根先生)	No. 15, Sapphire Bay Country Garden Venice City Changsha, Hunan Province PRC	Chinese
Mr. Liang Zaizhong (梁在中先生)	No. 17, Sapphire Bay Country Garden Venice City Changsha, Hunan Province PRC	Chinese
Independent non-executive Directors		
Mr. Wu Zhongxin (伍中信先生)	Room B-802, Building 2 No. 103, Bihai Avenue Haikou, Hainan Province PRC	Chinese
Ms. Xi Qing (席卿女士)	Room 2702, Unit 1, Building 5 Phase 1, Yuanyang Wanhe Mansion Beijing PRC	Chinese
Mr. Lam Yuk Kun Lawrence (藍玉權先生)	House 3 39 Deep Water Bay Road Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Mr. Liu Daojun (劉道君先生)	Room 1206, Building 3 Evergrande Feicui Huating Xingsha Economic Development Zone Changsha, Hunan Province PRC	Chinese
Mr. Li Daocheng (李道成先生)	Room 805, Building C5 Shenye Ruicheng Changsha County Changsha, Hunan Province PRC	Chinese
Mr. Yao Chuanda (姚川大先生)	No. 78, Lane 388, Weiye Road Minhang District Shanghai, PRC	Chinese

See "Directors, Supervisors and Senior Management" for further details.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited
(a licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities)
18/F, One Pacific Place
88 Queensway
Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong
	As to PRC laws **Hunan Qiyuan Law Firm** 63/F, Shimao World Financial Center No. 393 Jianxiang Road Furong District Changsha, Hunan Province PRC
	As to International Sanction laws **Ashurst (Tokyo)** Shiroyama Trust Tower 30th Floor 4-3-1 Toranomon, Minato-Ku Tokyo Japan
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws* **Linklaters** 11/F, Alexandra House Chater Road Central Hong Kong
	As to PRC laws **Jingtian & Gongcheng** 34th Floor, Tower 3, China Central Place 77 Jianguo Road, Chaoyang District Beijing, PRC

Independent Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountant* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai, PRC

[**REDACTED**]

CORPORATE INFORMATION

Registered Office and Headquarters in Mainland China	5/F, Building 6 No. 8, Beiqing Road Changping District, Beijing PRC
Principal Place of Business in Hong Kong	Room 1808-10, 18/F, Landmark North 39 Lung Sum Avenue, Sheung Shui N.T. Hong Kong
Company Website	https://www.sany.com.cn/ *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. Qin Zhiyu (秦致妤女士)** SANY Industrial Park Economic and Technological Development Zone Changsha, Hunan PRC **Ms. Lai Siu Kuen (黎少娟女士)** *(Fellow Member of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1918, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Yu Hongfu (俞宏福先生)** Room 601, Building 1 No. 150, Wanbao Avenue Furong District Changsha, Hunan Province PRC **Ms. Lai Siu Kuen (黎少娟女士)** *(Fellow Member of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1918, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Mr. Wu Zhongxin (伍中信先生) *(Chairperson)* Mr. Lam Yuk Kun Lawrence (藍玉權先生) Ms. Xi Qing (席卿女士)
Remuneration and Evaluation Committee	Mr. Lam Yuk Kun Lawrence (藍玉權先生) *(Chairperson)* Mr. Wu Zhongxin (伍中信先生) Ms. Xi Qing (席卿女士)
Nomination Committee	Ms. Xi Qing (席卿女士) *(Chairperson)* Mr. Xiang Wenbo (向文波先生) Mr. Lam Yuk Kun Lawrence (藍玉權先生)
Strategy Committee	Mr. Xiang Wenbo (向文波先生) *(Chairperson)* Mr. Yu Hongfu (俞宏福先生) Mr. Wu Zhongxin (伍中信先生)
Sustainability Committee	Mr. Xiang Wenbo (向文波先生) *(Chairperson)* Mr. Yu Hongfu (俞宏福先生) Ms. Xi Qing (席卿女士)

[**REDACTED**]

Compliance Advisor	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong
Principal Banks	**Industrial and Commercial Bank of China Hunan Provincial Branch** No. 615, Furong Middle Road, Section 1 Furong District Changsha, Hunan Province PRC
	China Construction Bank Hunan Branch Yin'gang Plaza No. 85, Furong Middle Road, Section 2 Furong District Changsha, Hunan Province PRC

Agricultural Bank of China Limited Hunan Branch
25-42 Floor, No. 540, Furong Middle Road, Section 1
Furong District
Changsha, Hunan Province
PRC

Bank of China Limited Hunan Branch
No. 593, Furong Middle Road, Section 1
Furong District
Changsha, Hunan Province
PRC

Bank of Communications Hunan Provincial Branch
No. 447, Wuyi Avenue
Furong District
Changsha, Hunan Province
PRC

Export-Import Bank of China Hunan Branch
44/F, Huayuanhua Center
No. 36, Xiangjiang Middle Road, Section 2
Tianxin District
Changsha, Hunan Province
PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan, an independent global consulting firm that was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor,* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**] *(other than Frost & Sullivan), and no representation is given as to its accuracy. For a discussion of risks related to the Group's industry, see "Risk Factors — Risks Related to Our Business and Industry" in this document.*

SOURCE AND RELIABILITY OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the global construction machinery industry for use in this Document (the "Frost & Sullivan Report"), which was commissioned by us for a fee of RMB400,000. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) the global, social, economic, and political conditions currently discussed will remain stable during the forecast period; (ii) government policies on the global construction machinery market will remain consistent during the forecast period; and (iii) the construction machinery market will be driven by the factors which are stated in this report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-efforts basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

Our Directors confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

GLOBAL CONSTRUCTION MACHINERY MARKET OVERVIEW

Definition and Main Categories of the Global Construction Machinery Market

Construction machinery refers to heavy-duty mechanical equipment extensively deployed in building construction, infrastructure development, urban renovation, mining operations, logistics handling, port operations, and other industrial sectors. This category of equipment typically features high power output, durability, and operational precision, making it as a critical enabler of global modernization.

With accelerating economic development and urbanization, the construction machinery industry continues to evolve to adapt to various geographical environments, construction conditions, and application scenarios. The global construction machinery market can be broadly categorized as follows by products:

Excavators mainly include crawler excavators and wheeled excavators, widely used in earthworks, road construction, bridge construction, mining operations, urban development, and infrastructure development.

Loaders mainly include wheeled loaders and crawler loaders, mainly used for earthworks, mining operations, road construction and site preparation.

Hoisting machinery mainly includes truck cranes, tower cranes, crawler cranes, and truck-mounted cranes, among others, widely applied in building construction, port terminals, logistics and new energy industries, such as wind turbine installation.

Road machinery mainly includes rollers, pavers, milling machines and asphalt batching equipment, among others, widely used in road construction and maintenance, airport runways and other infrastructure.

Concrete machinery mainly includes concrete batching plants, truck-mounted concrete pumps, concrete buggies and mixing trailers, among others, mainly used in municipal construction, road and bridge projects, airport runways and tunnel construction.

Piling machinery mainly includes rotary drilling rigs, continuous wall grabs and pile drivers, among others, used for foundation treatment, deep foundation pit support and tunnel excavation.

Other construction machinery mainly includes earthmoving and transport machinery (mainly dozers, scrapers, forklifts, mining dump trucks, etc.), aerial work platforms, underground tunnelling equipment and rock drilling machinery, among others.

Size of the Global Construction Machinery Market

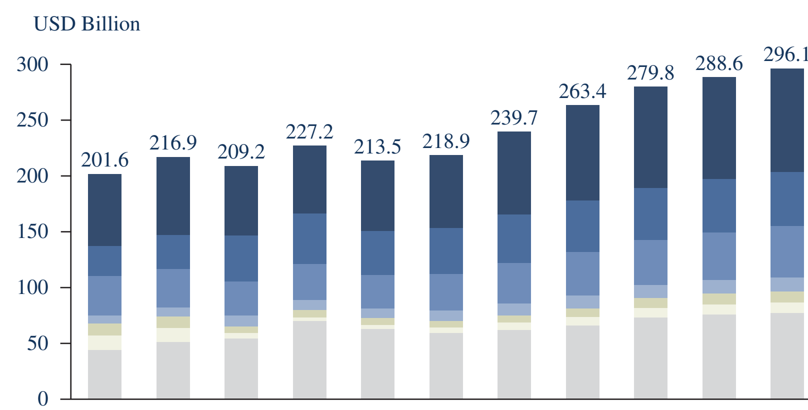
The global construction machinery market continues to grow steadily, driven by rising infrastructure investment, increasing energy and energy demand, the sector's shift toward intelligent construction, technological upgrades in mining and excavation, a stronger focus on sustainability, and the rapid adoption of electrification and smart technologies. According to Frost & Sullivan, the overall market size reached US$213.5 billion in 2024 and is expected to increase to US$296.1 billion in 2030, representing a compound annual growth rate (CAGR) of 5.6% from 2024 to 2030.

Global Construction Machinery Market by Core Segments

The core market of the global construction machinery industry, represented by excavators, loaders, hoisting machinery, road machinery, concrete machinery, and piling machinery, reached US$150.5 billion in 2024, and is anticipated to reach US$218.9 billion in 2030, with a projected CAGR of 6.4% between 2024 and 2030. These equipment categories cover the main areas of construction machinery industry: excavators are widely used in earthwork and infrastructure construction; loaders are crucial in large-scale material transportation, such as ports and road construction, and earthwork projects; hoisting machinery plays an important role in wind power, new energy infrastructure, and port logistics; road machinery is core equipment for the construction and maintenance of transportation infrastructure; concrete machinery is indispensable in urban development, bridge construction and prefabricated buildings; piling machinery plays a key role in major construction projects such as subways and high-speed railways.

With the growing demand for equipment upgrade in established markets and continued infrastructure investment in emerging markets, these six core segments not only benefit from technological innovations such as digitalization and decarbonization, while continuing to serve as key drivers of a steady growth in the global construction machinery market.

Total Revenue of Construction Machinery Market (by product), Global, 2020-2030E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	CAGR (2020-2024)	CAGR (2024-2030E)
Excavators	64.5	70.1	62.7	60.9	63.2	65.7	74.3	85.6	90.5	91.5	92.8	-0.5%	6.6%
Loaders	26.8	30.6	40.9	45.2	39.0	40.9	43.3	46.0	47.0	47.8	48.4	9.9%	3.7%
Hoisting Machinery	35.7	34.2	30.7	32.4	30.2	32.8	36.6	39.0	40.0	42.6	46.2	-4.1%	7.3%
Road Machinery	6.8	8.0	9.5	8.9	8.3	9.2	10.8	11.7	11.9	12.2	12.5	5.3%	7.0%
Concrete Machinery	10.9	10.3	6.2	6.7	6.4	6.0	6.1	7.4	8.8	9.7	10.0	-12.6%	7.8%
Piling Machinery	13.0	12.4	4.8	3.1	3.4	4.9	6.7	7.9	8.3	8.7	9.0	-28.3%	17.4%
Others	44.0	51.4	54.3	70.0	63.0	59.2	61.9	65.8	73.3	76.0	77.3	9.4%	3.5%
Total	**201.6**	**216.9**	**209.2**	**227.2**	**213.5**	**218.9**	**239.7**	**263.4**	**279.8**	**288.6**	**296.1**	**1.4%**	**5.6%**

Source: Frost & Sullivan

Excavator Market

As the largest core segment of the global construction machinery industry, the excavator segment has demonstrated a sustained expansion in market share, a momentum that is anticipated to continue and further solidify its dominant market share in the coming years. The size of the global excavator market reached US$63.2 billion in 2024, accounting for 29.6% of the global construction machinery market. This market is projected to reach US$92.8 billion in 2030, with a CAGR of 6.6%.

The growth of the excavator market is primarily driven by the acceleration of global infrastructure construction, urban development in emerging markets, expansion of the global mining industry, and the popularization of digitalized and decarbonized equipment.

In terms of application scenarios, excavators are widely used in infrastructure construction, mining operations, and municipal development. Their versatility and efficiency make them the core equipment for various construction projects. In recent years, the accelerated application of intelligent, energy-efficient, and environmentally friendly technologies has further enhanced construction efficiency and equipment durability, especially in mining and large-scale infrastructure projects, where the demand for new and replacement excavators continues to expand.

Loader Market

Loaders are the second largest segment in the global construction machinery industry. In 2024, the size of the global loader market reached US$39.0 billion, accounting for 18.3% of the global construction machinery market. The market size is anticipated to reach US$48.4 billion by 2030, with a CAGR of 3.7%.

The growth of the loader market is mainly driven by the increase in global demand and the need for green transformation. Currently, its penetration rate of new energy product is the highest among the six core segments.

Loaders are primarily used for shoveling loose materials, short-distance transportation, and site clearing. Given their broad application across building construction, mineral extraction, port logistics and municipal engineering, market demand for loaders has continued to expand accordingly.

Hoisting Machinery Market

The hoisting machinery market is growing steadily, with its market size expected to increase from US$30.2 billion in 2024 to US$46.2 billion in 2030, with a CAGR of 7.3%.

The strong growth of the hoisting machinery market is mainly driven by demand from wind power, new energy infrastructure, port logistics, and large industrial projects. High-tonnage cranes and intelligent equipment have become the main trends in industry development.

Hoisting machinery is widely deployed in wind power installation, port logistics, and industrial plant construction. With the accelerated advancement of new energy projects and the growing demand of port logistics, the importance of hoisting machinery in efficient and precise construction is increasingly prominent.

Road Machinery Market

The road machinery market maintains a stable share in the global construction machinery industry, with its market size expected to grow from US$8.3 billion in 2024 to US$12.5 billion in 2030, with a CAGR of 7.0%.

The growth of road machinery mainly relies on the continued increase in the maintenance and expansion of global transportation infrastructure, and urban renewal demand. The accelerated application of intelligent paving and intelligent driving technologies has further promoted its market development.

Road machinery is widely deployed in road construction, municipal development, and airport runway development. With the broader adoption of intelligent and energy-efficient technologies, its role in enhancing construction efficiency and reducing energy consumption has become increasingly prominent.

Concrete Machinery Market

The concrete machinery market maintains a steady growth in the global construction machinery industry, with its market size expected to grow from US$6.4 billion in 2024 to US$10.0 billion in 2030, with a CAGR of 7.8%.

The growth of concrete machinery is primarily driven by urban development, bridge construction, and the rise of prefabricated buildings. The adoption of intelligent technologies has further enhanced construction efficiency and equipment performance.

Concrete machinery is widely deployed in the construction of high-rise buildings, municipal engineering projects, and large-scale infrastructure developments. With the rapid development of prefabricated buildings and super high-rise buildings, the role of concrete machinery in improving construction quality and efficiency has become increasingly prominent.

Piling Machinery Market

The piling machinery market is one of the fastest segments in the global construction machinery industry, with its market size expected to grow from US$3.4 billion in 2024 to US$9.0 billion in 2030, with a CAGR of 17.4%.

The growth of piling machinery is primarily driven by large-scale infrastructure projects such as building construction, subways, and high-speed railways. The increased demand for high-precision and high-stability equipment has become the main driving force for its market development.

Piling machinery is widely used in bridge foundations, subway construction, and underground engineering projects. As infrastructure development accelerates, piling machinery plays an increasingly strategic role in ensuring construction safety and efficiency.

Overall, the global construction machinery market is expected to maintain stable growth, underpinned by infrastructure investment and expanding resource development activities. As the global economy continues to develop and urbanization accelerates across emerging markets, the application scenarios for construction machinery are anticipated to broaden, supporting not only global infrastructure construction but also serving as a key driver of economic growth.

Global Construction Machinery Market by Regions

The global construction machinery market can be divided into established markets and emerging markets based on different stages of development. In recent years, the global construction machinery market has shown a clear differentiation trend. Established markets have entered a phase of equipment renewal, characterized by stable market growth, steady replacement demand, and sustained market vitality. In comparison, emerging markets have become the main driving force for the growth of the overseas construction machinery industry, due to accelerated urbanization and increased investment in large-scale infrastructure construction.

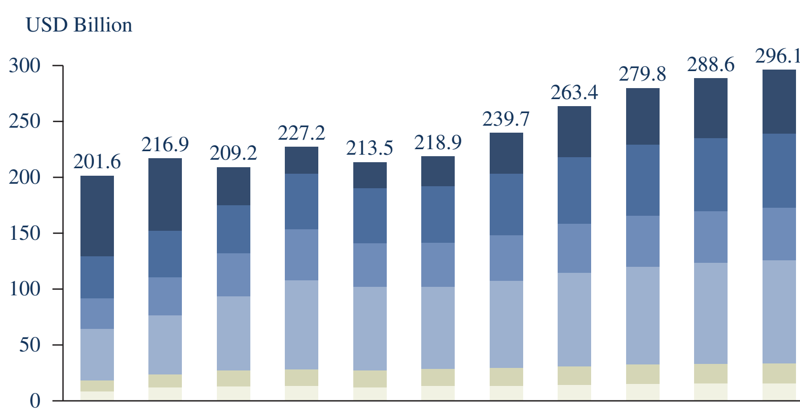
Market Division

Established markets are mainly in North America and Europe. Having developed earlier, these regions now demonstrate stable and established market dynamics. Growth in these markets is primarily driven by equipment renewal and the increasing adoption of intelligent and electric machinery.

Emerging markets include China, Asia-Oceania, Latin America, and Africa. These regions are experiencing rapid economic development, accelerated infrastructure construction and urbanization, with huge market potential, and faster growth.

The distinctions between established and emerging markets are reflected not only in economic levels but also in growth drivers: established markets focus more on technological upgrades and the equipment renewal, while emerging markets rely on large-scale infrastructure investment and industrialization progress. Such a regional differentiation pattern provides diverse growth momentum for the global construction machinery industry, driving continued market expansion.

Total Revenue of Construction Machinery Market (by region), Global, 2020-2030E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	CAGR (2020-2024)	CAGR (2024-2030E)
China	72.5	64.9	34.4	24.4	23.4	26.9	36.5	45.3	50.6	53.7	57.0	-24.6%	16.0%
Asia-Oceania	37.5	41.6	42.8	49.3	49.1	51.0	54.9	59.8	63.9	65.3	66.2	6.9%	5.1%
Europe	27.5	34.2	38.5	45.8	39.4	39.0	41.1	43.8	45.3	46.5	47.3	9.4%	3.1%
North America	45.8	52.9	66.2	80.0	74.8	73.7	78.0	83.9	87.7	90.1	92.3	13.1%	3.6%
Latin America	9.8	11.7	14.6	14.4	14.8	15.1	15.8	16.6	17.1	17.7	17.8	10.8%	3.2%
Africa	8.5	11.7	12.7	13.3	12.0	13.2	13.4	14.0	15.2	15.3	15.4	9.0%	4.3%
Total	**201.6**	**216.9**	**209.2**	**227.2**	**213.5**	**218.9**	**239.7**	**263.4**	**279.8**	**288.6**	**296.1**	**1.4%**	**5.6%**

Source: Frost & Sullivan

Established Markets

Established markets currently make up the majority of the global construction machinery industry, with a combined market size reaching US$114.2 billion in 2024, accounting for 53.5% of the global market, and expected to reach US$139.6 billion by 2030, with a CAGR of 3.4%.

North America

The North American market is the largest construction machinery market globally, which market size reaching US$74.8 billion in 2024, accounting for 35.0% of the global market, and expected to reach US$92.3 billion by 2030, with a CAGR of 3.6%. Growth in the North American market is mainly driven by equipment renewal and electrification, and the development of intelligent construction technologies. As the world's largest economy, the U.S. has a strong demand for advanced equipment in the construction, mining, and agriculture sectors. The North American market leads globally in the application of intelligent technologies. Additionally, the Infrastructure Investment and Jobs Act (IIJA) passed in the U.S. in 2021 is expected to bring investment of US$1.2 trillion, with US$550 billion thereof specifically for infrastructure construction, including bridges, roads, airports, ports, and public transportation, providing long-term growth momentum for the construction machinery industry. Simultaneously, government policies supporting environmental protection equipment, including subsidies and tax incentives for low-emission and electric construction machinery, have accelerated industry transformation. For example, various states in the U.S. offer financial incentives for the procurement of electric excavators, electric forklifts, and other equipment, further driving the adoption of electric machinery.

Europe

The size of the European market reached US$39.4 billion in 2024, accounting for 18.5% of the global market, and it is expected to reach US$47.3 billion by 2030, with a CAGR of 3.1%, benefiting from policy support such as the EU Recovery Plan and Regulation (EU) 2019/1242. The EU Recovery Plan invests €750 billion, focusing on green energy and decarbonized construction, with a large amount of funding flowing to infrastructure construction and the construction machinery sector, for example, renewable energy projects (wind power and solar power), and upgrade of transportation networks. Furthermore, Regulation (EU) 2019/1242 mandates a reduction in carbon emissions from heavy-duty vehicles by 15% by 2025 and 30% by 2030, thereby promoting the adoption of electric construction machinery. Established regions such as Germany, France, and the United Kingdom have a particularly strong demand for environmentally friendly and efficient equipment. For example, Germany provides subsidies for the procurement of electric excavators and electric hoisting machinery, while France supports the R&D and application of decarbonized construction equipment through its "Green Growth Plan." Additionally, the Eastern European market has demonstrated growth potential in infrastructure construction and industrialization processes, especially in the energy and transportation sectors, offering new growth opportunities for the construction machinery industry.

In Europe and North America, stable demand for equipment renewal continues to support market growth. Established markets are actively leveraging a substantial existing market base and technological innovation to identify new growth opportunities in areas such as decarbonization and intelligent technologies. Demand is increasingly concentrated in high-end, high-value equipment, particularly in automated construction, remote control systems, and new energy machinery, where global leaders maintain a dominant position.

Growth in established markets is mainly driven by two aspects:

Steady rise in demand for existing equipment renewal: Established markets have a large amount of construction machinery equipment which has been used for more than 10 years, with maintenance costs rising each year. Companies are more inclined to replace such equipment with energy-efficient, environmentally friendly and intelligent equipment, so as to improve their construction efficiency.

Accelerated trends in digitalization and decarbonization development: Established markets have strict carbon emission requirements and increasingly stringent environmental regulations, promoting the transition from fuel-powered equipment to new energy equipment. Europe plans to completely ban the sale of fuel construction machinery starting from 2035. This policy will accelerate the penetration of electric equipment in the European and American markets.

In the future, as new energy and intelligent construction technologies continue to develop, established markets still have their growth potential, especially in the fields of intelligent construction, remote control, and high-end intelligent construction machinery, and such fields are expected to become important markets for advanced equipment manufacturers.

Emerging Markets

Emerging markets are the fastest-growing regions in the global construction machinery industry, with a combined market size reaching US$99.3 billion in 2024, accounting for 46.5% of the global market, and expected to reach US$156.4 billion by 2030, with the proportion rising to 52.8% and a CAGR of 7.9%. This increase highlights the strong growth potential in the emerging markets, driven primarily by massive infrastructure investments, urbanization processes, and industrial development.

China

China is the fastest-growing construction machinery market, with a size of US$23.4 billion in 2024 (11.0% of the global total), projected to reach US$57.0 billion by 2030 (CAGR 16.0%). Growth is fueled by equipment renewal and infrastructure investment in sectors like transport, energy, and urban development. As infrastructure matures, demand is shifting toward equipment upgrades and digitalization. Government initiatives — such as "new infrastructure," "Intelligent Manufacturing 2025," and the "Dual Carbon" goals — are driving the adoption of electric and smart machinery, advancing green and tech-driven transformation. These trends make China a key global growth engine.

Asia-Oceania

The size of the Asia-Oceania market, as defined in this document, reached US$49.1 billion in 2024, accounting for 23.0% of the global market, and it is expected to reach US$66.2 billion by 2030, with a CAGR of 5.1%. Asia-Oceania region with growth mainly benefiting from large-scale infrastructure investment and rapid urbanization progress. In Southeast Asia, Indonesia, Vietnam, Thailand, and other countries benefit from accelerated urbanization and industrialization processes, as well as support from the Master Plan on ASEAN Connectivity, with notably increased infrastructure investment, driving the growth of construction machinery demand. For example, "National Strategic Projects" of Indonesia and "Transport Infrastructure Development Plan" of Vietnam both focus on upgrading transportation networks and energy infrastructure, providing strong momentum for the industry. The Middle East, represented by Saudi Arabia and the UAE, is accelerating infrastructure construction and economic diversification under strategies such as "Vision 2030" and "Abu Dhabi Economic Vision 2030," especially in smart cities and renewable energy sectors, creating substantial demand for the construction machinery industry. Additionally, technological upgrades and the widespread adoption of intelligent equipment are driving the transformation and expansion of the Asia-Oceania market, making it a notable growth engine for the global construction machinery industry.

Latin America

The size of the Latin American market reached US$14.8 billion in 2024, accounting for 6.9% of the global market, and it is expected to reach US$17.8 billion by 2030, with a CAGR of 3.2%. The Latin American market is mainly driven by mining machinery demand, with a resurgence of demand for metal mineral resources in countries such as Brazil, Chile, and Argentina being the main driving force. For example, Brazil has increased investment in mining and infrastructure through the "National Mining Plan" and the "Infrastructure Investment Partnership Program," driving demand for construction machinery. Chile, as the world's largest copper producer, has promoted the upgrade of mining and energy infrastructure through the "National Copper Mining Development Strategy" and the "Green Hydrogen Plan," further boosting equipment demand. Argentina, through its "National Infrastructure Plan," focuses on supporting transportation, energy, and water projects, providing growth opportunities for the construction machinery industry. Additionally, the Mexican market benefits from growth in manufacturing and infrastructure investment, particularly in the energy and transportation sectors. For example, Mexico's "National Infrastructure Plan" and "Energy Transition Strategy" focus on renewable energy and transportation network construction, offering new growth points for the construction machinery industry.

Africa

The size of the African market reached US$12.0 billion in 2024, accounting for 5.6% of the global market, and is expected to reach US$15.4 billion by 2030, with a CAGR of 4.3%. This growth is primarily driven by mining and infrastructure development demands. For instance, South Africa's "2025 Budget Review" report plans to invest over ZAR1 trillion in infrastructure over the next three years, focusing on transportation, energy, and water sanitation sectors. Similarly, Kenya's "Vision 2030" strategy emphasizes developing efficient and effective infrastructure to facilitate the transformation of other sectors. All these factors create new growth opportunities for the construction machinery industry in Africa.

Overall, the future growth of the global construction machinery market is expected to be driven by equipment renewal in established markets and infrastructure investment in emerging markets. With the recovery of the global economy, the construction machinery industry will embrace broader application scenarios and market demand. In the future, the global construction machinery market will continue to expand its market share under the impetus of a multi-polar growth model, and become one of the important engines of global economic growth.

Compared to established markets, the construction machinery industry in emerging markets, such as Southeast Asia, the Middle East and Latin America, is growing more rapidly. Economic growth, accelerated urbanization and increased government investment in infrastructure are driving a sustained increase in demand in these regions. Although their market sizes are relatively small, their growth rates are notably higher than the global average, making them important engines for industry growth. In the future, with the acceleration of infrastructure construction and industrialization, emerging markets will occupy more important positions in the global construction machinery industry, providing ample development space for us.

Growth in emerging markets is mainly driven by the following factors:

Substantial increase in infrastructure investment: Governments accelerate the construction of roads, railways, airports, ports and other infrastructure, driving demand for construction machinery

Accelerated urbanization process: Urban construction and real estate development drive demand growth for small and medium-sized construction machinery equipment

Mineral resource development: Increased mining investment in Latin America, the Middle East, Africa and other regions enhances demand for mining machinery and large-tonnage excavators

Major Development Trends in the Global Construction Machinery Market

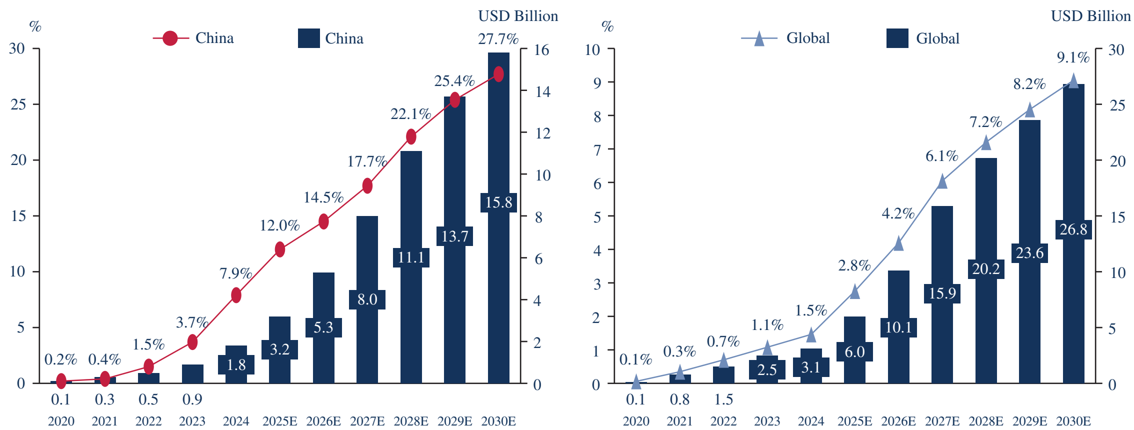
The global construction machinery industry is undergoing profound transformation, with future growth primarily driven by three major trends: electrification transition, intelligent innovation, and optimization of after-sales service systems. These trends are not only reshaping the competitive landscape but also bringing new growth opportunities for companies.

Decarbonization Transition Becomes the New Industry Norm

The decarbonization transition in the global construction machinery industry is accelerating, with rising penetration of new energy products has become one of the primary drivers shaping industry development. This trend is driven by global carbon neutrality goals, stricter environmental regulations, and advancements in battery technology.

According to Frost & Sullivan, the adoption of new energy equipment is rising. By 2030, revenue share of new energy equipment is expected to increase from 1.5% in 2024 to over 9.1%. This growth reflects the industry's emphasis on environmental protection and sustainable development, while also bringing new market opportunities for manufacturers.

Penetration Rate of New Energy Construction Machinery Market* (by revenue), Global and China, 2020-2030E

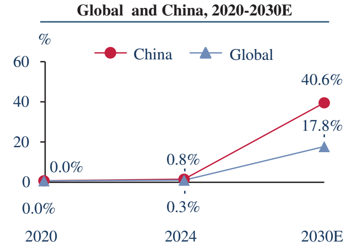


Source: Frost & Sullivan

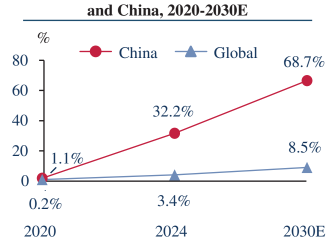
* *Excluding High-Altitude Platform*

Specifically, taking excavators, the largest segment in the industry, as an example, in 2024, new energy excavators account for only a 0.8% revenue share in China, but as the new energy transition is gaining pace, this percentage is expected to rise notably to 40.6% by 2030. The global market lags relatively behind, with new energy excavators accounting for a 0.3% revenue share in 2024, expected to rise to 17.8% by 2030. This difference is mainly due to government support for new energy equipment, including subsidy policies, infrastructure construction, and the strict implementation of environmental regulations.

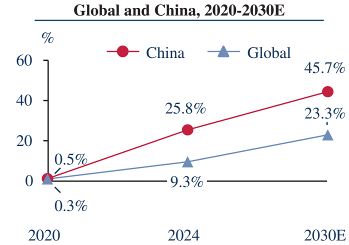
Penetration Rate of New Energy Excavator Market (by revenue), Global and China, 2020-2030E



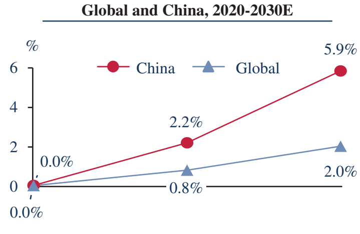
Penetration Rate of New Energy Loaders (by revenue), Global and China, 2020-2030E



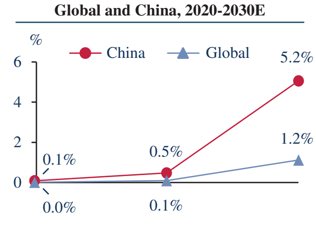
Penetration Rate of New Energy Concrete Market (by revenue), Global and China, 2020-2030E



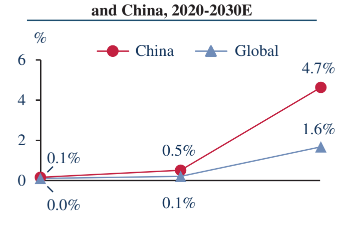
Penetration Rate of New Energy Hoisting Machinery Market (by revenue), Global and China, 2020-2030E



Penetration Rate of New Energy Road Machinery Market (by revenue), Global and China, 2020-2030E



Penetration Rate of New Energy Piling Machinery Market (by revenue), Global and China, 2020-2030E



Source: Frost & Sullivan

The adoption of new energy equipment is reducing carbon emissions and operating costs, thanks to lower energy use, minimal maintenance, and stronger long-term economic returns compared to traditional fuel machinery. As a result, it has become a key tool for enhancing competitiveness. Leading global manufacturers are expanding their electric product lines — such as electric excavators and loaders — to meet growing demand for environmentally friendly solutions.

Looking ahead, as battery technology matures and policy support strengthens, electrification is expected to become a major driver of industry growth. Industry players must align with this trend by optimizing product strategies and technology roadmaps. The shift toward electrification will unlock new growth opportunities, while advancing sustainability and operational efficiency across the construction machinery sector.

Intelligent Innovation Drives Industry Upgrade

The application of intelligent technologies is profoundly changing the operation modes of the construction machinery industry, becoming the second core trend of development in the industry.

Intelligent solutions such as intelligent driving, and remote monitoring are gradually becoming standard in the industry, notably improving construction efficiency and safety.

The application of intelligent technologies not only reduces manual operation errors but also greatly improves construction efficiency. For example, the intelligent all-terrain cranes launched by global construction machinery leaders, equipped with different intelligent control technologies, are able to optimize operation parameters in real-time according to the construction environment, thereby improving operation efficiency and construction safety. The application of these technologies is gradually penetrating into various types of construction machinery equipment, including hoisting machinery, loaders, and road machinery, becoming an important means for companies to enhance market competitiveness.

In the future, as technology continues to mature and applications become more widely adopted, digitalization is expected to become one of the core driving forces for the development of the construction machinery industry, driving the industry towards greater efficiency and intelligence.

After-Sales Service System as a Key Differentiator

After-sales service capability has become a key differentiator for global construction machinery companies to enhance customer stickiness and brand loyalty. As market competition intensifies, after-sales service has transformed from a traditional auxiliary business to a new profit growth point, marking the third core trend of development in the industry.

Due to high unit prices and long lifespan, customers are highly dependent on services such as maintenance, parts supply, and second-hand equipment repurchase. Global leaders in the industry are increasing investment in the after-sales market to improve customer satisfaction and market competitiveness.

Global leaders have all positioned themselves well in the after-sales market, building comprehensive service networks. They have established numerous service points globally, providing 24-hour equipment maintenance services to ensure uninterrupted construction and minimize customer downtime. Additionally, they also provide remote diagnostics, online training, and other services through digital platforms, further enhancing the convenience and response speed of after-sales service.

As competition intensifies, after-sales service has evolved from a support function into a key profit driver. Its share of total revenue is rising across the industry, with some global leaders generating over 20% from after-sales. As the market matures, lifecycle management and service offerings are expected to become major profit sources. High-quality after-sales service boosts customer retention and opens new revenue streams through parts sales, rentals, and second-hand equipment repurchase, supporting long-term sustainable growth.

Main Entry Barriers to the Global Construction Machinery Industry

The global construction machinery industry has notable entry barriers, mainly reflected in seven aspects: capital, technology, brand, channel, manufacturing capability and industry experience, supply chain, and after-sales service:

Capital. The industry demands huge capital investment and long payback periods, particularly in design, production lines, and raw material procurement. New entrants with limited capital face high upfront costs and significant financial risk, posing major barriers to rapid market entry.

Technology. The industry is also technology-intensive, with long-term competitiveness closely tied to R&D strength. As electrification, intelligence, and digitalization accelerate, technology barriers continue to rise. Leading players build strong moats through sustained R&D and advanced technologies like intelligent driving, remote control, and data analytics — posing significant challenges for new entrants.

Brand. Brand awareness and industry reputation are also important factors in customer purchasing decisions. Global leaders have built strong customer trust through years of market presence, consistent product quality, and reliable service capabilities, strengthening their resilience against market cycles. In contrast, new entrants face significant challenges in achieving comparable brand recognition in the short term, making it difficult to gain customer traction.

Channel. Building sales networks is costly and time-intensive, but essential for market coverage and customer access. Global leaders have established mature dealer systems and formed stable partnerships, with the ability to quickly respond to customer needs. New players would find it difficult to replicate their global layout and channel depth in the short term, facing practical bottlenecks in channel expansion.

Manufacturing capability and industry experience. Strong manufacturing capabilities and deep industry experience are key to competitiveness. Global leaders leverage automated production lines and rigorous quality control to meet customization needs and ensure efficient, consistent delivery. These advantages are difficult for new entrants to replicate quickly, making it challenging to match production efficiency and cost control.

Supply chain. Construction machinery involves numerous components (such as chassis, hydraulic systems, engines, slewing bearings, etc.), requiring high stability in the supply chain. Global leaders typically maintain years of cooperation with global quality suppliers, and build efficient, low-cost procurement systems. New entrants, lacking supply chain foundations and experience in dealing with unexpected issues, would find it time-consuming and costly to build a mature system.

After-sales service. Construction machinery products typically have high unit prices and long usage cycles, requiring high after-sales guarantees. Global leaders have established comprehensive service points and parts networks worldwide, providing round-the-clock maintenance and fault response services, greatly enhancing customer satisfaction and loyalty. New entrants need to invest notable time and resources to establish comparable service systems, making it difficult to compete in the short term.

CHINA'S CONSTRUCTION MACHINERY INDUSTRY MARKET OVERVIEW

China's Construction Machinery Industry Has Strong Cyclicality

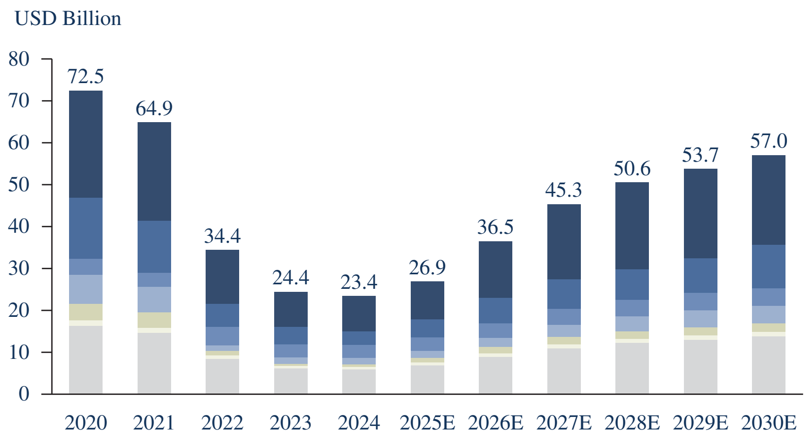
China's construction machinery industry is characterized by strong cyclicality. The industry experienced a market adjustment period from 2022 to 2023, with industry demand under pressure. However, since the second half of 2024, the market has shown steady recovery, with month-on-month growth in sales of key equipment such as excavators and hoisting machinery, marking the beginning of a new industry growth cycle.

The previous industry cycle began in 2015, reaching its peak in 2020 to 2021, with market sizes of US$72.5 billion and US$64.9 billion, respectively. Subsequently, market demand declined during 2022 and 2023, primarily due to the sector downturn in the real estate market, a slowdown in infrastructure investment, and increased global economic uncertainty, with the overall market size dropping to US$24.4 billion in 2023, entering an adjustment period.

However, with the government introducing multiple growth-stabilizing policies and increasing infrastructure investment, market demand rebounded in the second half of 2024, with players seeing a gradual recovering new orders. The industry is expected to enter a new upward cycle in 2025.

According to Frost & Sullivan, the size of China's construction machinery market is projected to grow from US$23.4 billion in 2024 to US$57.0 billion by 2030, representing a CAGR of 16.0% from 2024 to 2030, entering a recovery path.

Total Revenue of Construction Machinery Market (by product), China, 2020-2030E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	CAGR (2020-2024)	CAGR (2024-2030E)
Excavators	25.6	23.4	12.8	8.3	8.4	9.1	13.5	17.9	20.8	21.3	21.4	-24.3%	16.8%
Hoisting Machinery	14.6	12.5	5.5	4.3	3.3	4.3	6.1	7.1	7.2	8.3	10.4	-31.2%	21.2%
Loaders	3.8	3.3	4.5	3.1	3.1	3.3	3.5	3.8	4.0	4.2	4.2	-4.8%	5.2%
Concrete Machinery	7.0	6.2	1.2	1.5	1.5	1.6	2.2	2.9	3.5	4.0	4.2	-31.9%	18.6%
Piling Machinery	4.0	3.6	1.2	0.6	0.6	1.1	1.5	1.8	1.9	2.0	2.1	-37.5%	23.0%
Road Machinery	1.2	1.2	0.8	0.6	0.5	0.7	0.8	0.9	0.9	1.0	1.0	-18.1%	10.6%
Others	16.3	14.7	8.4	6.1	6.0	6.9	8.9	11.0	12.2	13.0	13.8	-22.3%	15.0%
Total	**72.5**	**64.9**	**34.4**	**24.4**	**23.4**	**26.9**	**36.5**	**45.3**	**50.6**	**53.7**	**57.0**	**-24.6%**	**16.0%**

Source: Frost & Sullivan

Excavator Market Gradually Recovering, Becoming a Driving Force

As the largest core segment in China's construction machinery industry, the excavator market strongly influences overall industry trends. From 2020 to 2023, market cycles drove a sharp decline in its size, from US$25.6 billion to US$8.3 billion, reflecting a CAGR of -31.3%.

However, starting in 2024, the excavator market has gradually rebounded, with the market size reached US$8.4 billion in 2024, and expected to further increase to US$21.4 billion by 2030, with a projected CAGR of 16.8% from 2024 to 2030, restoring strong growth.

Concrete Machinery Market Expected Long-Term Growth

Impacted by real estate market adjustments, the concrete machinery segment saw significant fluctuations, with market size dropping from US$7.0 billion in 2020 to US$1.5 billion in 2024, a CAGR of -31.9% from 2020 to 2024, making it one of the most impacted segments.

However, with the advancement of China's urban renewal, new infrastructure, affordable housing, and other projects, the concrete machinery market is expected to stabilize and recover from 2024, further recovering to US$4.2 billion by 2030, with a projected CAGR of 18.6% from 2024 to 2030.

Trends in Other Segments

The hoisting machinery market is driven by demand growth in new energy (wind power), port logistics, and other industries, with a market size reached US$3.3 billion in 2024, and expected to reach US$10.4 billion by 2030, with a CAGR of 21.2% from 2024 to 2030, becoming one of the fastest-growing segments. The rapid development of the wind power industry and intelligent upgrade of port logistics are the main driving forces.

The loader market is driven by growth in demand from industries such as ports and infrastructure, the market size is expected to increase from US$3.1 billion in 2024 to US$4.2 billion in 2030, with a CAGR of 5.2%.

The road machinery market is driven by road construction and urban road maintenance demand, with stable market growth. It reached US$0.5 billion in 2024, and is expected to reach US$1.0 billion by 2030, with a CAGR of 10.6% from 2024 to 2030. Urbanization processes and continued investment in transportation infrastructure provide stable growth momentum for the industry.

The piling machinery market is expected to be driven by increased infrastructure investment, with a market size of US$0.6 billion in 2024, and expected to reach US$2.1 billion by 2030, with a CAGR of 23.0% from 2024 to 2030. Major construction projects such as subways, high-speed railways, and urban underground space development are the main sources of demand.

Overall, China's construction machinery market is gradually recovering following a period of adjustment, expected to enter a stable growth period from 2025 to 2030. Among them, the excavator market will lead the recovery, while concrete machinery, hoisting machinery, road machinery, piling machinery, and other segments will also see growth driven by infrastructure investment and equipment renewal.

Different Drivers in the Current Cycle

Currently, China's construction machinery industry is welcoming a new round of growth, with the main driving factors showing new characteristics, including more diversified, counter-cyclical end-user demand, and growth shifting from being mainly incremental to driven by renewal.

Government infrastructure investment, transformation of the real estate market towards urban renewal, and global mining investment recovery bring long-term market momentum. Meanwhile, a large amount of construction machinery equipment is entering the renewal cycle, coupled with new energy and intelligent technology progress, which will further accelerate the equipment upgrade in the market.

Diversifying End-Market Demand Driven by Multiple Industries

In the coming years, investment across various industries is expected to continue expanding, driving diversified construction machinery demand growth. According to Frost & Sullivan, from 2025 to 2030, China's cumulative investment in infrastructure, municipal public facilities, and mining industries is expected to exceed RMB206 trillion, becoming long-term support for the construction machinery market:

Infrastructure driving demand for large machinery. The government continues to increase investment in infrastructure construction such as road, railways, hydraulic engineering, electricity, and energy, promoting a steady growth in the construction machinery market. According to Frost & Sullivan, from 2025 to 2030, China's cumulative infrastructure construction investment is expected to exceed RMB183 trillion, with transportation and energy infrastructure investment growing most notably. The steady rollout of major transport projects — such as roads, high-speed rail, and urban rail — continues to drive demand for excavators, hoisting machinery, and piling equipment. At the same time, expansion in power infrastructure, including ultra-high voltage grids, smart distribution networks, and energy storage, is boosting demand across construction machinery categories. Accelerated investment in photovoltaic, hydraulic, and other energy infrastructure projects is further expanding the market for specialized and hoisting machinery, supporting counter-cyclical growth.

Real estate industry transition fuels demand for urban renewal machinery. China's real estate sector is shifting from traditional development to renovation of existing stock, driving demand for urban renewal, affordable housing, and municipal infrastructure upgrades. According to Frost & Sullivan, fixed asset investment in urban municipal utilities is projected to exceed RMB14 trillion from 2025 to 2030, directly boosting demand for small and medium-sized construction machinery. This counter-cyclical trend has notably increased demand for equipment like small excavators and truck-mounted concrete pumps, used in urban renewal, pipeline construction, and road maintenance.

Meanwhile, the rise of intelligent and prefabricated buildings is accelerating the adoption of smart construction equipment. Technologies such as BIM (Building Information Modeling) and remote-operated excavators are enhancing efficiency. As the industry advances toward automation and sustainability, digitalization and intelligence are becoming key competitive factors in construction machinery.

Mining sector expansion boosts demand for mining machinery. The warming up of the global commodity market and rising mineral resource demand provide strong support for mining investment growth. From 2025 to 2030, China's cumulative fixed asset investment in mining is anticipated to reach RMB8.8 trillion, directly driving the expansion in the mining machinery market. Affected by the rise in coal and metal mineral demand, market demand for mining equipment, heavy excavators, and mining dump trucks continues to grow.

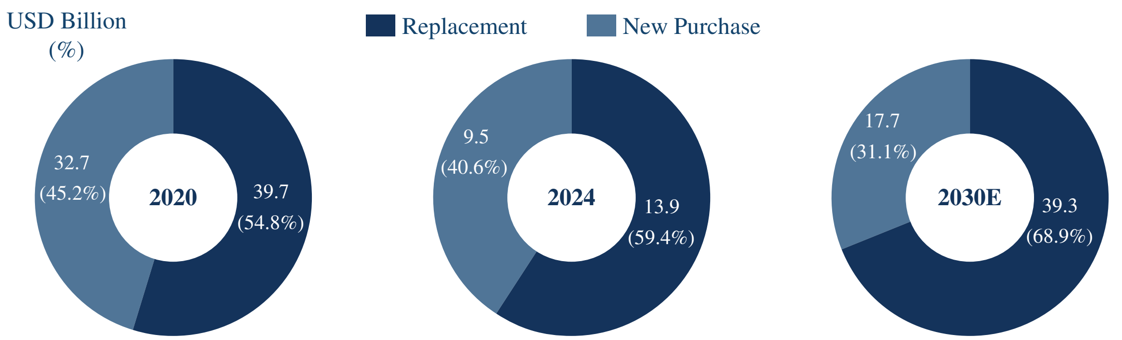
At the same time, intelligent and green mining is emerging as a core focus of industry development. An increasing number of mining companies are turning to electrified and automated equipment to boost efficiency and cut emissions. In the coming years, the penetration rate of electric mining equipment will rapidly increase, further changing the industry competitive landscape.

Diversified end-market demand is reinforcing preference for global leaders with broad product portfolios and strong R&D and manufacturing capabilities. As these leaders gain market share, small and mid-sized firms face mounting pressure. China's construction machinery industry is thus entering a phase of accelerated consolidation, with rising market concentration.

Equipment Renewal Accelerates, Replacement Market Leads Demand

As China's construction machinery industry enters a mature stage, market growth is shifting from new machine sales to the renewal of existing product. According to Frost & Sullivan, by sales revenue, existing equipment renewal demand accounted for 59.4% of overall market demand in 2024, and is expected to rise to 68.9% by 2030, becoming the core driving force for market growth.

The Share of Replacement Machinery in the Overall Construction Machinery Market (by revenue), China, 2020 & 2024 & 2030E



Source: Frost & Sullivan

Equipment purchased between 2015 and 2021 is now gradually reaching its renewal peak, and in the next 5-10 years, the replacement demand for core equipment will continue to grow. According to Frost & Sullivan, taking excavators as an example, by sales revenue, excavator equipment renewal demand accounted for 59.5% of overall sales in 2024, and as equipment life cycles gradually enter the replacement stage, this proportion is expected to further expand to 82.8% by 2030.

The average lifespans of different equipment determine the pace of the renewal cycles. Excavators typically enter the renewal period in 8-10 years, loaders in 10-12 years, hoisting machinery in 10-15 years, and mining machinery can reach 12-15 years. As equipment enters the scrapping stage or maintenance costs become uneconomical, market demand has notably increased for more efficient and intelligent replacement equipment.

New Technologies Fuel Equipment Upgrades as Electrification and Intelligence Accelerate

China's construction machinery industry is undergoing a key phase of technological innovation and market transition. Rapid advances in new energy and intelligent technologies are driving the shift toward greater efficiency and sustainability, with the rising adoption of electrified and smart equipment emerging as a major industry trend.

With changing market demand, electric construction machinery is being adopted in an increasingly broad range of applications. Its low carbon emissions, high energy efficiency, and strong stability enhance equipment economics and also promote industry development towards sustainability.

Meanwhile, the accelerated deployment of smart technologies is reshaping how the industry operates. The implementation of technologies such as intelligent driving, and remote monitoring not only notably improves construction efficiency but also reduces human dependence and enhances operation safety. The widespread application of these technologies creates new growth space for the industry.

In addition, the integration of decarbonized environmentally friendly materials and new energy technologies further extends equipment service lifespan and increases whole life cycle value. As the industry moves towards sustainable development, energy-saving, environmentally friendly, intelligent, and energy-efficient equipment is expected to become the focus of market competition, prompting companies to continuously conduct technological upgrades and product innovation. Global leaders capable of meeting market demand gradually form brand premiums and product competitiveness, with growing advantages in market competition, prompting the industry competition to shift from price to value.

In the future, China's construction machinery market will continue to move towards electrification and intelligent development paths under the dual drivers of market demand growth and equipment renewal, bringing new opportunities and challenges to the industry.

CHINESE CONSTRUCTION MACHINERY COMPANIES ACCELERATING OVERSEAS EXPANSION

In recent years, as domestic market growth has slowed, Chinese construction machinery companies have accelerated their overseas expansion to capture greater growth potential. Supported by high cost-effectiveness, strong manufacturing capabilities, localized business operation strategies, and comprehensive after-sales systems, their global competitiveness has continued to strengthen, particularly in emerging markets. Meanwhile, intensified global market competition, trade barriers, geopolitical risks, technological standard differences, and other factors also bring new challenges to Chinese companies' overseas expansion. Against this backdrop, accelerating technological advancement, enhancing localized service networks, and amplifying brand influence are expected to become key strategies for Chinese companies in a competitive global market.

Overseas Markets Becoming Long-Term Growth Engines for Chinese Companies

The overseas expansion progress of Chinese industry leaders, represented by Sany Heavy Industry, began in the 2000s, though meaningful global breakthroughs have only been realized in recent years. In the early stages, companies mainly relied on export trade to enter overseas markets, whereas nowadays, more and more Chinese companies are deeply positioning themselves in overseas markets through localized production, international mergers and acquisitions, dealer network expansion, and other methods, to enhance global competitiveness.

According to Frost & Sullivan, in 2024, the proportion of overseas revenue for leading Chinese companies has risen notably from 9.6% in 2020 to 55.8%, with overseas markets becoming these companies' important growth engines for revenue.

With the continued growth of global infrastructure investment, in the next 10 years, overseas markets will continue to be the key engine for Chinese companies' business expansion. In emerging markets, Chinese brands are expected to further increase their proportion of market shares through price advantages, localized services, and financing support.

Key Factors for Success in Overseas Markets

Against the backdrop of a continuously evolving global competitive landscape, to sustain long-term competitiveness in overseas markets, companies must demonstrate excellence in manufacturing cost efficiency, technological innovation, localized operations, and after-sales service capabilities. These factors not only determine an company's market share but also affect its sustainable development capability in different regional markets.

Competitive Manufacturing Cost

Cost control is a core element of competitiveness in the global construction machinery industry. Global leaders enhance market competitiveness by lowering production costs while maintaining product quality through scaled production, intelligent manufacturing, and global supply chain integration. Additionally, global leaders optimize supply chains through global procurement and local manufacturing, such as establishing factories in Brazil, to reduce import tariffs and logistics costs and enhance local market competitiveness.

Cost control advantages of Chinese construction machinery companies. Chinese companies have more advantages in large scale production, supply chain integration, and manufacturing costs, making their products more competitive in overseas markets.

Larger scale production, capacity: Chinese companies produce over 500,000 units annually, with a larger production scale than international peers and lower per-unit manufacturing costs compared to European and American counterparts, achieving economies of scale.

Lower labor and manufacturing costs: Leveraging China's comprehensive supply chain ecosystem, Chinese companies benefit from lower labor costs than their European and American counterparts, significantly driving down overall production expenses.

Stronger localized supply chain management: By setting up production facilities in target markets, Chinese companies effectively lower logistics and raw material sourcing costs.

Through strong cost control capabilities, Chinese companies maintain price advantages in emerging markets while penetrating high-end markets, engaging in competition with international global leaders.

Localized Operation

Global leaders accelerate localization processes in manufacturing footprint, integrated supply chains, and localized product offerings to adapt to different market demand and increase market penetration. In localized manufacturing, supply chain management, and product customization, global leaders establish factories overseas locally, shortening delivery cycles, and reducing tariffs and logistics costs. They optimize local procurement and logistics, enhance parts supply efficiency and service responsiveness, and introduce construction machinery tailored to local needs — boosting equipment adaptability and market competitiveness.

Localized operation advantages of chinese construction machinery companies. Chinese companies show greater flexibility in deploying production bases, managing supply chains, and customizing for local markets, enabling stronger adaptability to market shifts.

Localized manufacturing for faster response: Establishing factories in Europe, the Americas, Southeast Asia, and Latin America helps reduce transportation costs and accelerate market responsiveness.

Robust local supply chains: Local warehousing ensures timely parts delivery in key markets, enhancing customer satisfaction and service reliability.

Deeply localized teams: Deploying local teams enables better understanding of cultural nuances and regional demand, driving product iteration. These teams also provide fast after-sales support, strengthening customer loyalty and boosting overseas market penetration.

With quicker market response capabilities, better supply chain management, and more precise product customization, Chinese companies' competitiveness in localized operations continues to improve.

Technological Innovation Competitiveness

The global construction machinery industry is shifting toward greater efficiency, sustainability, and intelligence, as industry leaders invest in new energy, smart equipment, and productivity enhancements to stay ahead. For example, they have introduced electric excavators and hybrid equipment to cut carbon emissions and reduce long-term fuel costs; intelligent mining trucks enhance safety and efficiency in complex sites; and intelligent construction systems minimize errors, improve precision, and lower overall costs.

Technological innovation advantages of Chinese construction machinery companies. Chinese companies are making rapid breakthroughs in new energy, intelligence, and construction efficiency optimization, achieving surpassing in some fields.

More cost-effective new energy equipment: Chinese-made electric excavators are more affordable than their European and American counterparts and better aligned with emerging market needs, accelerating new energy adoption.

Advanced intelligent construction solutions: Chinese companies' 5G remote-control technologies are widely applied in mining and infrastructure, boosting equipment intelligence and operational efficiency.

Precise localized customization: By tailoring equipment to regional needs — such as heat-resistant models for Africa, dust-proof versions for the Middle East, and low-emission machines for Europe and North America — Chinese companies enhance brand recognition and expand global market share.

Through breakthroughs in new energy, intelligent technology upgrades, and localized adaptation, Chinese companies are gradually entering high-end markets and achieving leadership in some fields.

After-Sales Service

Competition in the global construction machinery industry lies not only in product performance and innovation, but also in after-sales service, a critical battleground. Global leaders dominate the high-end market with extensive global service networks and advanced intelligent operation and maintenance technologies. Their dense network of service points ensures rapid response, while predictive maintenance tools reduce downtime and enhance customer satisfaction.

In comparison, Chinese companies still face certain gaps in after-sales service: service network coverage remains insufficient, particularly in high-end markets, while intelligence levels require improvement, with greater precision needed in predictive maintenance and fault diagnostics; and cost control pressure is relatively high, with higher costs of parts supply and maintenance in high-end markets. Chinese construction machinery industry companies need to continuously improve in these aspects by expanding service networks, improving intelligence levels, and optimizing cost control, to narrow the gaps with international global leaders and enhance their competitiveness in global markets.

Amid Growing Global Challenges, Chinese Players Need to Bolster Their Competitive Advantage

Chinese construction machinery companies are expanding globally with cost-effective products, strong manufacturing, and localized strategies. To stay competitive amid rising global pressure, they must further build brand strength and soft power.

Brand: Chinese brands still lag in global recognition. They need to enhance brand influence and customer trust through participating in international exhibitions, sponsoring large engineering events, and other methods, to gradually narrow the gap with global leaders.

Deepened localized operations: Amid rising trade barriers and technological standards (e.g., U.S. tariffs, EU CE marking, EPA emissions rules), companies must strengthen local adaptation. Establishing overseas production and optimizing supply chains help cut tariffs and logistics costs, boosting competitiveness.

Comprehensive service: A unified global after-sales platform, supported by digital tools, enables faster response and tailored services, especially in high-end markets. Regular customer feedback and data-driven process optimization improve satisfaction, loyalty, and brand trust.

Operational resilience: To navigate global uncertainties, Chinese firms must invest in R&D for intelligent and electric technologies, strengthen innovation, and diversify supply chains to enhance product competitiveness and risk resistance.

In the future, with Chinese companies' continuous improvement in localized operations, services, brands, and operational resilience, their global competitiveness in construction machinery is set to strengthen, with increasing potential to secure key positions in premium market.

COMPETITIVE LANDSCAPE OF THE GLOBAL CONSTRUCTION MACHINERY INDUSTRY

The global construction machinery industry is undergoing major shifts, with rising market concentration, growing dominance of leading players, and faster industry consolidation. Chinese companies are quickly closing the gap with global leaders and making breakthroughs across segments. As competition intensifies, firms must strengthen their positions through innovation, supply chain efficiency, global expansion, and brand development.

In recent years, market concentration in the global construction machinery industry has continuously increased, with a steadily rising market share of top companies. As industry competition intensifies, small and medium-sized companies face notable financial, technological, and market pressures with their room for growth narrows as market concentration accelerates.

According to Frost & Sullivan, the market share of the top five global construction machinery manufacturers reached 45.7% in 2024, an increase of 3.7 percentage points compared to 2020.

In the coming years, the concentration of the global market is expected to further increase, with global leaders continuing to expand their market share. The trend towards industry oligopoly is expected to become increasingly evident.

Rapid Rise of Chinese Companies in the Global Market

In various core construction machinery categories, Chinese companies are rapidly enhancing their market competitiveness, with those in some segments already reaching global leading positions.

Overall Revenue

From 2020 to 2024, in the cumulative revenue ranking of the six core global construction machinery products (excavators, loaders, hoisting machinery, road machinery, concrete machinery, and piling machinery), Company A ranked first globally with US$173.3 billion, followed by Company B at US$113.6 billion. Sany Heavy Industry placed third with cumulative revenue of US$56.5 billion, leading among Chinese firms and ahead of Company C (US$53.5 billion) and Company D (US$52.2 billion). The ranking highlights a market still dominated by global leaders, though Chinese companies are steadily closing the gap through innovation and expansion.

Ranking of Construction Machinery Companies by Cumulative Revenue of Six Core Construction Machinery Categories, Global, 2020-2024*

Rank	Company Name	Country	Cumulative Revenue (USD Bn)
1	Company A	The U.S.	173.3
2	Company B	Japan	113.6
3	**Sany**	**China**	**56.5**
4	Company C	The U.S.	53.5
5	Company D	China	52.2

* *The ranking includes the revenue of six core categories of construction machinery (including excavators, loaders, concrete machinery, hoisting machinery, piling machinery, and road machinery) for Chinese companies, while including the whole construction machinery revenue for overseas companies due to data availability.*

Notes: Company A established in 1925 is a company listed on NYSE and headquartered in Illinois, The U.S., and its main products include excavators, piling machinery, loaders, and off-highway trucks.

Company B established in 1921 is a company listed on TSE and headquartered in Tokyo, Japan, and its main products include excavators, pavement machinery, and loaders.

Company C established in 1837 is a company listed on NYSE and headquartered in Illinois, The U.S., and its main products include construction machinery and agricultural machinery.

Company D established in 1943 is a company listed on SZSE and headquartered in Jiangsu, China, and its main products include excavators, concrete machinery, and hoisting machinery.

Source: Interviews with Industry Experts, Public Information, Frost & Sullivan

Position of Chinese Companies in Global Market Segments

From a segment perspective, Sany Heavy Industry is a global leader in excavators and concrete machinery. Company H has a strong presence in hoisting machinery. Companies C and J hold significant market share in road machinery, while Companies K and L are leading suppliers in piling machinery.

Notes: Company H established in 1949 is a company headquartered in Fribourg, Switzerland, and its main products include concrete machinery and hoisting machinery.

Company J established in 1957 is a company headquartered in Nouvelle-Aquitaine, France, and its main products include road construction equipment, civil engineering services, and energy infrastructure solutions.

Company K established in 1790 is a company headquartered in Bavaria, Germany, and its main products include foundation construction equipment, construction services, and groundwater management solutions.

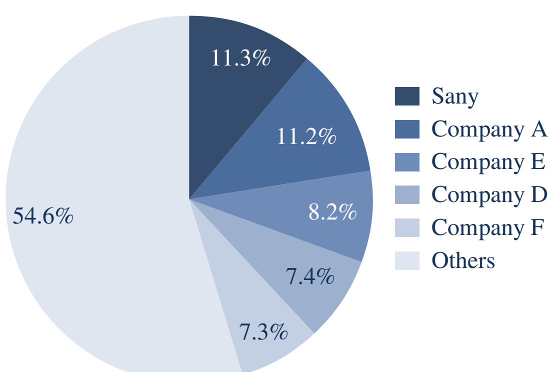
Company L established in 1970 is a company listed on TSE and headquartered in Tokyo, Japan, and its main products include hydraulic excavators, wheel loaders, and mining dump trucks.

Excavator Market

Excavators represent one of the most competitive segments in the global construction machinery industry, long dominated by international companies such as Company A and Company E. However, in recent years, Chinese companies have continuously increased their global market shares. From 2020 to 2024, the cumulative sales volume of the global excavator market reached 3,299 thousand units, with Sany Heavy Industry ranking first globally with 380,000 units sold, accounting for 11.3% of the market, ahead of Company A (376,000 units, 11.2%) and Company E (270,000 units, 8.2%). Company D ranked fourth with cumulative sales volume of 243,000 units and a 7.4% share. These figures reflect the growing global presence and competitive position of Chinese brands. The top five manufacturers together hold 45.4% of the market share, demonstrating the high concentration of global leaders in the industry. In the future, with the growth of emerging market demand and the popularization of intelligent technologies, the competitive landscape of the excavator market will further evolve.

Market Share of Excavator Manufacturers by Cumulative Sales Volume, Global, 2020-2024

Total = 3,299 thousand units



Ranking of Excavator Manufacturers by Cumulative Sales Volume, Global, 2020-2024

Rank	Company Name	Country	Cumulative Sales Volume (thousand units)	Market Share
1	**Sany**	**China**	**380**	**11.3%**
2	Company A	The U.S.	376	11.2%
3	Company E	Japan	270	8.2%
4	Company D	China	243	7.4%
5	Company F	Sweden	240	7.3%
	Others		1,791	54.6%
	Total		**3,299**	100.0%

Notes: Company E established in 1890 is a company listed on TSE and headquartered in Osaka, Japan, and its main products include tractors, agricultural machinery, construction equipment, engines, and water treatment systems.

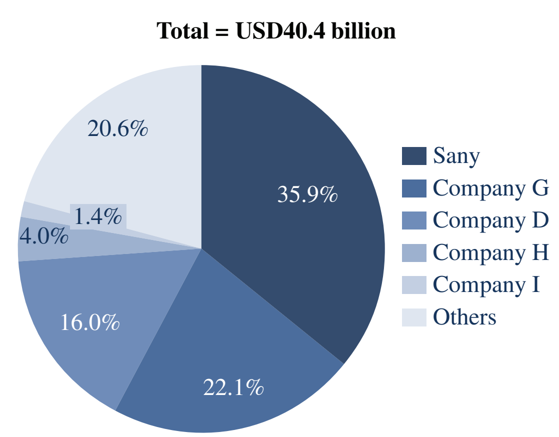
Company F established in 1832 is a company headquartered in Vastra Gotaland, Sweden, and its main products include excavators, pavement machinery, and loaders.

Source: Interviews with Industry Experts, Public Information, Frost & Sullivan

Concrete Machinery Market

The concrete machinery market presents a highly concentrated competition landscape, with Chinese companies holding a dominant position. From 2020 to 2024, the cumulative revenue of the global concrete machinery market reached US$40.4 billion, with Sany Heavy Industry ranking first globally in concrete machinery with cumulative revenue of US$14.5 billion in revenue and a 35.9% market share. Company G followed with cumulative revenue of US$8.9 billion (22.1%), and Company D ranked third with cumulative revenue of US$6.5 billion (16.0%). Together, the top three account for over 74.0% of the market, underscoring the dominance of Chinese companies in this segment. Company H (Germany) and Company I (China) ranked fourth and fifth, with 4.0% and 1.4% market share, respectively. This concentration highlights the strong competitive position Chinese firms have established, one that is increasingly difficult for international peers to challenge. Continued global infrastructure and urbanization are expected to support further growth and consolidation.

Market Share of Concrete Machinery Manufacturers by Cumulative Revenue, Global, 2020-2024



Ranking of Concrete Machinery Manufacturers by Cumulative Revenue, Global, 2020-2024

Rank	Company Name	Country	Cumulative Revenue (USD Bn)	Market Share
1	**Sany**	**China**	**14.5**	**35.9%**
2	Company G	China	8.9	22.1%
3	Company D	China	6.5	16.0%
4	Company H	Germany	1.6	4.0%
5	Company I	China	0.6	1.4%
	Others		8.3	20.6%
	Total		**40.4**	100.0%

Notes: Company G established in 1992 is a company listed on SZSE and headquartered in Hunan, China, and its main products include concrete machinery, hoisting machinery, road machinery, and agricultural equipment.

Company I established in 1958 is a company listed on SZSE and headquartered in Guangxi, China, and its main products include wheel loaders, excavators, bulldozers, motor graders, and forklifts.

Source: Interviews with Industry Experts, Public Information, Frost & Sullivan

Hoisting Machinery Market

The global hoisting machinery market is dominated by traditional overseas industrial powerhouses, such as European countries and regions, with longstanding technological and brand strength. Currently, leading overseas companies like Company H occupy a relatively dominant position, with the top five companies having a market concentration of 56.6%, making the market relatively concentrated. However, with the development of Chinese hoisting machinery manufacturers in the fields of globalization and electric technology innovation, it is expected that the global hoisting machinery market will gradually improve its position. From

2020 to 2024, the cumulative revenue in the global hoisting machinery market reached US$163.2 billion, with Sany Heavy Industry ranking eighth globally with US$11.7 billion in revenue, accounting for 7.2% of the proportion of market share.

Road Machinery Market

Global road machinery has seen significant consolidation through mergers and acquisitions, resulting in a highly concentrated competitive landscape. The top five companies have a market concentration of 77.4%, with leading American and European companies like Company C and Company J occupying a relatively dominant position. From 2020 to 2024, the cumulative revenue in the global road machinery market reached US$41.5 billion, with Sany Heavy Industry ranking seventh globally with US$2.1 billion in revenue, accounting for 4.9% of the market share. However, with the innovation breakthroughs of Chinese companies in the fields of electrification and intelligence in road machinery, as well as the acceleration of globalization strategies, the global road machinery market landscape is expected to be reshaped in the future.

Piling Machinery Market

The global piling machinery market features a diverse product range and a highly concentrated competitive landscape, with the top five companies having a market concentration of 71.1%. Over the years, European, American, and Japanese players like Company K and Company L have maintained a dominant presence in overseas markets, backed by long-standing technological expertise, global reach, and strong brand influence. From 2020 to 2024, the global piling machinery market generated US$36.7 billion in revenue, with Sany Heavy Industry ranking sixth globally with US$2.8 billion, representing an 7.7% market share. Chinese companies are steadily gaining ground. As overseas expansion continues and intelligent, low-carbon technologies advance, their global market share is expected to grow further.

HISTORICAL PRICE TRENDS OF MAJOR RAW MATERIALS

Steel is one of the core raw materials in the construction machinery industry, widely used in the manufacturing of structural parts, load-bearing parts, and functional parts, including chassis, frames, booms, body shells, buckets, crawler shoes, and other key items. Depending on equipment types, steel costs generally account for 20%-30% of total manufacturing costs, and can exceed 35% for the manufacture of some heavy equipment (such as mining trucks and high-tonnage hoisting machinery), making it one of the key factors determining product cost fluctuations and gross margin levels.

The main types of steel used in the construction machinery industry include:

Medium and thick plates: used for main structural components such as booms, chassis, and supporting platforms, requiring high strength and good welding performance

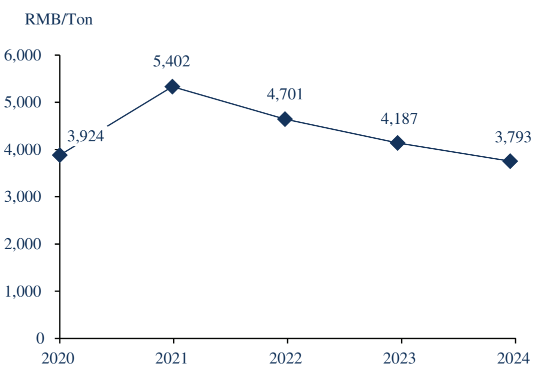
Cold-rolled plates: mostly used for equipment enclosures and precision sheet metal parts requiring dimensional accuracy and surface quality

High-strength steel and wear-resistant steel: widely used in heavy-load, high-wear conditions, especially suitable for excavator buckets, mining equipment, etc.

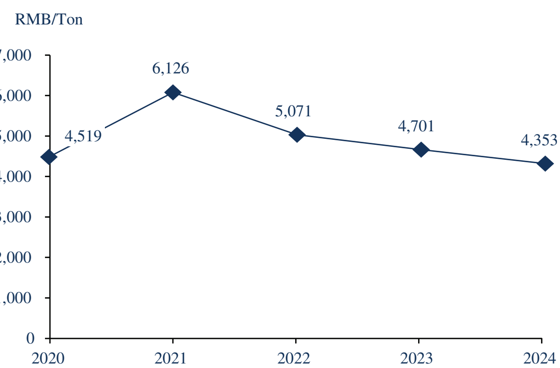
Section steel, steel tubes, and other special steel: used for hydraulic system pipeline brackets, construction vehicle frames, etc.

In recent years, steel prices in the Chinese market have experienced significant volatility, driven by global commodity cycles, raw material supply disruptions, and both domestic and international macroeconomic policies. Data shows that the average market price of medium and thick plates rapidly increased from RMB3,924/ton in 2020 to RMB5,402/ton in 2021 (an increase of 38%), then declined to RMB3,793/ton in 2024, while the average market price of cold-rolled thin plates reached a high of RMB6,126/ton in 2021, and then fell to RMB4,353/ton in 2024, showing a decrease of 29%.

Average Market Price of Steel Medium-Thick Plate, China, 2020-2024



Average Market Price of Cold-Rolled Thin Plate, China, 2020-2024



Source: Frost & Sullivan

Steel price fluctuations directly impact the gross margins of construction machinery manufacturers. Global leaders typically mitigate the impact of raw material cost fluctuations through centralized procurement, material substitution, and futures hedging. Additionally, some have begun promoting the use of domestically sourced alternatives and developing high-performance materials — such as ultra-high-strength steel plates and composite panels — to enhance equipment strength and durability. These efforts help reduce material consumption per unit and increase the output value per unit.

Additionally, other raw materials such as hydraulic components, engines, electronic control systems, and tire rubber also constitute a certain proportion of costs. However, the technology and supply chain are relatively mature, the procurement model tends to be stable, and the overall cost impact is relatively controllable.

In summary, steel prices, as a major upstream variable, have a notable impact on the profitability of the construction machinery industry. Steel price movements will remain a critical barometer for evaluating cost management and the profitability of the industry.

PRC LAW AND REGULATIONS

We are required to comply with various Chinese laws, rules, and regulations in multiple aspects. This section outlines the key Chinese laws, rules, and regulations relevant to us.

Regulations and Policies on Construction Machinery Industry

Regulations on Special Equipment Production

Pursuant to the Special Equipment Safety Law of the People's Republic of China (《中華人民共和國特種設備安全法》) (the "**Special Equipment Safety Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 29 June 2013 and implemented on 1 January 2014, and the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》) promulgated by the State Council on 11 March 2003 and amended in January 2009, the State carries out classified and entire process safety supervision and management for production, operation and use of special equipment.

The State implements licensing system for special equipment production in accordance with classified supervision and management. Special equipment manufacturers shall comply with the conditions prescribed by law and shall be subject to approval by the department in charge of special equipment safety supervision and management prior to engaging in production activities.

Special equipment production, operation, use, inspection and testing shall be in conformity with relevant special equipment safety technical code and related standards. Special equipment which is required for safety verification by model test in accordance with the requirements of safety technical code shall get a model test by inspection institutions approved by the department in charge of special equipment safety supervision and management. For lifting appliances and products requiring a manufacturing license, the model test shall be carried out after obtaining the corresponding production licenses and before the products are put into use, and the production and sales shall be subject to the completion of product model test certification.

Special Equipment Production License

Pursuant to the Special Equipment Safety Law and the Special Equipment Catalog (《特種設備目錄》), revised and issued by the General Administration of Quality Supervision, Inspection and Quarantine on 30 October 2014 and came into effect on the same day, loaders fall into the category of the special equipment.

Pursuant to the Decision of the First Session of the 13th National People's Congress on the State Council Institutional Reform Plan issued by the National People's Congress on 17 March 2018, the State Administration for Industry and Commerce, the General Administration of Quality Supervision, Inspection and Quarantine, and the China Food and Drug Administration were consolidated into the State Administration for Market Regulation ("**SAMR**"), a ministry directly under the State Council.

Pursuant to the Regulation for Production and Filling Licensing of Special Equipment issued by the SAMR on 13 May 2019, and amended on 8 December 2021 with effect from 1 June 2022, the SAMR and its authorized provincial-level regulatory authorities for safety supervision are responsible for issuing special equipment production and installation entities license. The license will remain valid for four years; Licensed entities that intend to continue conducting relevant activities after the expiration of their license must submit an application for license renewal to the licensing authority no earlier than 12 months and no later than 6 months prior to the expiry date of their licenses.

Special Equipment Model Test Certificate

Pursuant to the Special Equipment Catalog and the Regulations on Safety Supervision of Special Equipment, special equipment which is required for safety verification by model test in accordance with the requirements of safety technical norms shall get model test by inspection institutions approved by the department in charge of the supervision and administration of special equipment safety.

Pursuant to the Regulation on Safety Technology for Lifting Appliances (《起重機械安全技術規程》) issued by the SAMR on 24 May 2023 and implemented on 1 January 2024, the application procedures, review items and requirements for model test of lifting appliances are systematically stipulated. The inspection institutions approved by the SAMR shall carry out the model test for lifting appliances and products based on the specific types and varieties and issue the Special Equipment Model Test Certificate (《特種設備型式試驗證書》).

Regulations Relating to Production Access For Automobiles

Since 1 January 2001, the government authorities, from time to time, released the Public Notice of Automobile Vehicle Manufacturer and Products (《車輛生產企業及產品公告》) (the "**Public Notice**") to administer the new automobile vehicle products of manufacturers. The inclusion on the Public Notice is a prerequisite for automobile manufacturers to be able to manufacture automobiles, including assembling complete built-ups, and for customers to be able to register their automobiles with the public security authorities. The Ministry of industry and Information Technology (the "**MIIT**") has been the authority in charge of the release of the Public Notice since August 2008. The automobile manufacturers listed in the Public Notice shall only manufacture and sell the vehicle models authorized by the Public Notice. Any manufacturers that produce or sell automobile products or vehicles not included in the Public Notice shall be subject to penalties. The Policy provides that in order to be registered in the Public Notice, the automobile products must pass compliance tests of various safety standards, technical specifications and environmental protection requirements.

In order to optimize the administration on admission of the vehicle manufacturers and products, the MIIT promulgated the Administrative Regulation on Admission of Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品准入管理辦法》) (the

"**New Admission Regulation**") on 27 November 2018, which took effect on 1 June 2019. The New Admission Regulation unifies various admission regulations for different types of road vehicle manufacturers and products and simplifies the admission administrative procedures on the vehicle manufacturing.

Regulations on Work Safety

Pursuant to Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) promulgated by the SCNPC on 29 June 2002 and amended in August 2009, August 2014 and June 2021 respectively, and the Regulations on Work Safety Permits (《安全生產許可證條例》) promulgated by the State Council on 13 January 2004 and last amended in July 2014, in order to strengthen the supervision and management of work safety, prevent and reduce work safety accidents, protect the lives and properties of the people, and promote the sustained and healthy economic and social development, the State has made systematic and principled provisions on the rights and obligations of employees, supervision and management of work safety, emergency rescue, investigation and treatment of work safety accidents, and corresponding legal responsibilities.

Regulations on Products Quality and Liability

The principal legal provisions governing product liability are set out in the Product Quality Law of the People's Republic of China (2018 Amendment) (the "**Product Quality Law**"《中華人民共和國產品質量法(2018修正)》), which was promulgated by the SCNPC on 22 February 1993, became effective on 1, September 1993 and was last amended and became effective on 29 December 2018. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the manufacturers and sellers shall be liable for product quality in accordance with the Product Quality Law. In the event of a violation of any provisions of the Product Quality Law, manufacturers and sellers may be fined, suspended of operation, confiscated of any products illegally manufactured or sold and the proceeds gained therefrom, the business license shall be confiscated, and if the circumstances are serious, criminal liability shall be pursued. Consumers or other victims suffering personal injuries or property damage resulting from defects in commodities may demand compensations either from the sellers or from the manufacturers. If the liability lies with the manufacturers, the sellers shall have the right to recover the compensations from the manufacturers after paying the compensations, or vice versa.

The Civil Code of the People's Republic of China (the "**Civil Code**" 《中華人民共和國民法典》), which was adopted by NPC and promulgated accordingly by the President Order No. 45 on May 28, 2020 and became effective on January 1, 2021, stipulates that the producers and sellers are liable to the infringed for the personal injury or property damage caused by the defects of the products in the production, sale and distribution of the products.

Industry Policy

According to the 14th Five-Year Development Plan for the Construction Machinery Industry (《工程機械行業「十四五」發展規劃》), organized by the China Construction Machinery Association under the commission of the MIIT Equipment Industry Division I and released on July 8, 2021, a goal of an average annual growth of over 5% in the industry scale during the "14th Five-Year Plan" period is set, with international revenue accounting for more than 30% of total revenue. The plan aimed to advance the modernization of industrial foundations and the modernization of industrial chains. Additionally, it highlighted the implementation of six industrial innovation projects, including intelligent manufacturing, reliability improvement, and the development of industrial internet platforms. These initiatives focused on the domestic development of high-end components and breakthroughs in key core technologies, aiming to drive the industry toward intelligent and green transformation, enhance independent innovation capabilities, strengthen international competitiveness, and position construction machinery as a core participant in the global industrial chain.

According to the Mechanical Industry Stable Growth Work Plan (2023-2024) (《機械行業穩增長工作方案(2023-2024年)》), released by the MIIT in August 2023, expanding effective investment and consumer demand were emphasized, aiming for an average annual growth of over 5% in production and sales in key areas such as construction machinery. Enterprises are supported in expanding into international markets. The plan proposed to reduce enterprise costs through policies such as tax incentives and interest subsides for special loans, and encouraged collaborative innovation across the industrial chain, fostered the development of "specialized, refined, distinctive, and innovative" enterprises, boosted industry confidence, stabilized supply chains, and promoted the adoption of high-end and smart products. The plan also aimed to lay a foundation for the long-term high-quality development of the industry.

Regulations on Company, Foreign Investment and Overseas Investment

Company Law of PRC

The Company Law of People's Republic of China (《中華人民共和國公司法》) (the "Company Law") was promulgated by the SCNPC on 29 December 1993, last amended on 29 December 2023 and came into effect on 1 July 2024. All companies established in the PRC are subject to the Company Law. The Company Law regulates the establishment, operation, corporate structure, management of corporate entities as well as qualifications and obligations of directors, supervisors and senior managers, and classifies companies into limited liability companies and limited companies by shares. The Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

Regulations on Foreign-Invested Enterprises

Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) was promulgated by the NPC on 15 March 2019 and became effective on 1 January 2020. On 26 December 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020. On 30 December 2019, the Ministry of Commerce ("**MOFCOM**") and SAMR issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on 1 January 2020. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit the initial reports, change reports, annual reports and other investment information to the commerce authorities pursuant to these measures.

Investment activities in the PRC by foreign investors and foreign-invested enterprises shall comply with the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List 2024**") which was promulgated by the NDRC and the MOFCOM on 6 September 2024 and became effective on 1 November 2024, and the Catalog of Industries for Encouraging Foreign Investment (2024 Version) (《鼓勵外商投資產業目錄(2024年版)》) (the "**Encouraging Catalog 2024**") which was promulgated by the NDRC and the MOFCOM on 26 October 2022 and became effective on 1 January 2023. Pursuant to the Negative List 2024 and the Encouraging Catalog 2024, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign investments in areas not listed in the Negative List 2024 are permitted foreign investments.

Regulations on Overseas Investment

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by SAFE on July 2009 and become effective on 1 August 2009, enterprises in mainland China should apply for foreign exchange registration for their overseas direct investments after obtaining approval for such investments. The administrative approval of foreign exchange registration under overseas direct investment has been abolished by the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) and banks are entitled to directly review and conduct foreign exchange registration under overseas direct investment.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which is promulgated by the MOFCOM on 16 March 2009, amended on 6 September 2014 and became effective on 6 October 2014, the MOFCOM and its provincial commercial departments are responsible for the management and supervision of overseas investments. Except for overseas investments involving sensitive countries and regions or sensitive industries, overseas investments by enterprises in other cases are required to file with the competent commercial department.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC which become effect on 1 March 2018, investment entities carrying out overseas investment shall comply with the procedures of approval or filing to the competed authorities. For non-sensitive outbound investment projects which the amount of Chinese investment in the project is less than USD300 million and directly carried out by a local enterprise in mainland China, the filing shall be conducted to the provincial counterpart of the NDRC where the investment entity is registered. When an enterprise invests in an offshore enterprise to carry out offshore reinvestment, the enterprise should report to the competent commercial department after completing the offshore legal formalities.

Regulations on Environmental Protection and Construction

Regulations on Environmental Impact Assessment

Pursuant to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), promulgated by the SCNPC on 26 December 1989, amended on 24 April 2014 and became effective on 1 January 2015, effective measures shall be adopted to prevent and control the pollution or public hazards. The design, construction and commencement of operation of facilities for prevention and control of pollution shall be conducted at the same time with that of the main body of the operating project that causes such pollution. Facilities for the prevention and control of pollution shall conform to the requirements of the approved document of environment impact assessment and shall not be dismantled or left idle without permission.

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), promulgated on 28 October 2002 and last amended on 29 December 2018 and the Rule on Classification for Environmental Impact Assessment for Construction Projects (《建設項目環境影響評價分類規則》) promulgated by the Ministry of Ecology and Environment of the PRC on 16 January 2009 and came into effect on 1 March 2009, it is required that the environmental impact of any construction project be assessed and classified based on the degree of environmental impact caused by the project. In the event of significant environmental impact, an environmental impact report shall include a comprehensive appraisal on the possible environmental impact; in the event of slight environmental impact, an environmental impact form shall include a general analysis or appraisal on the environmental impact; and in the event of minimal environmental impact so that it is not necessary to conduct an environmental impact appraisal and an environmental impact registration form shall be filed instead.

Pursuant to the Regulation on the Administration of Environmental Protection Measures of Construction Projects (《建設項目環境保護管理條例》), which was promulgated on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017, for any project for which an environmental impact report or an environmental impact form is required to be prepared, the environmental impact report or environmental impact form shall be submitted by the developer of the project to competent authorities for approval prior to the commencement of the construction of the project. The construction of the project shall not start before the environmental impact report or environmental impact form is approved. In addition, construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance examination shall not be put into production or use. If the construction entity fails to complete the construction, acceptance and/or fail to pass the acceptance inspection of the environmental protection facilities as required before the construction project is put into production or use, the competent authority may order the construction entity to rectify within a specified period and impose a fine on such entity and directly responsible persons. If significant environmental pollution or ecological damage is caused, the project shall be ordered to cease production or use, or be closed upon approval by the competent authority.

Regulations on Pollution Prevention

Pursuant to the Law on Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》), which was promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017, enterprises that discharge industrial wastewater or medical sewage directly or indirectly into water bodies shall obtain a pollutant discharging license.

Pursuant to the Law on Air Pollution Prevention and Control of the People's Republic of China (《中華人民共和國大氣污染防治法》), which was promulgated by the SCNPC on September 5, 1987, and last revised on October 26, 2018 with effect from the same day, the environmental protection departments of local people's governments at or above the county level shall implement unified supervision and management of air pollution prevention and control. Enterprises that discharge industrial waste gas shall obtain pollutant discharge licenses and shall monitor the air pollutants emitted themselves in accordance with relevant provisions and monitoring norms of the State, and preserve the original monitory records. For enterprises that fail to install or operate automatic monitoring equipment for atmospheric pollutant emissions as required, or fail to connect such equipment with the monitoring system of the competent ecological and environmental authority and ensure its normal operation, as well as enterprises that emit atmospheric pollutants exceeding the emission standards or the total volume control targets for key atmospheric pollutants, the competent ecological and environmental authority of the people's government at or above the county level shall order them to rectify, restrict production, or suspend operations for remediation, and impose a fine. In cases of severe violations, upon approval by the people's government with the relevant authority, they may be ordered to cease business operations or shut down.

Regulations on Pollutant Discharge Permit

Pursuant to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》), promulgated by the State Council on December 9, 2020, and became effective from March 1, 2021, enterprises, public institutions, and other producers or operators subject to pollutant discharge permit management as required by law shall apply for pollutant discharge permits. The competent authorities shall implement classified permit management based on the levels of pollutant emissions. The municipal-level competent departments shall issue pollutant discharge permits with a validity period of five years, which may be renewed upon expiration.

For pollutant dischargers that fail to formulate self-monitoring plans or conduct self-monitoring as required by the pollutant discharge permit, the competent department of ecology and environment shall order them to rectify and impose a fine; if they refuse to rectify, they shall be ordered to suspend operations for remediation. For pollutant dischargers that exceed the permitted emission concentration or permitted emission volume, the competent department of ecology and environment shall order them to rectify, restrict production, or suspend operations for remediation, and impose a fine; in cases of severe violations, the pollutant discharge permit shall be revoked, and upon approval by the people's government with the relevant authority, they may be ordered to cease business operations or shut down.

Construction Work Planning Permit

Pursuant to the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province for a construction project planning permit. If construction proceeds without obtaining a construction project planning permit or not in accordance with the stipulations of the planning permit, the urban and rural planning authorities of the local People's Government at the county level or above shall order the construction to halt. If it is possible to take corrective measures to eliminate the impact on the planning implementation, these must be taken within a specified time, and a fine ranging from 5% to 10% of the construction project cost may be imposed. If it is not possible to take corrective measures to eliminate the impact, demolition must be carried out within a specified time. If demolition is not feasible, the physical objects or illegal income shall be confiscated, and a fine of up to 10% of the construction project cost may also be imposed.

Construction Permit

Pursuant to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and latest amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State. Any construction commenced without obtaining a construction permit shall be ordered to rectify; if the conditions for commencement are not met, the construction shall be ordered to stop, and a fine may be imposed.

Fire Protection

Pursuant to the Fire Safety Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and last amended on April 29, 2021, for any construction project that is legally required to undergo fire acceptance inspection but is put into use without passing such inspection or fails to meet acceptance standards, the department of housing and urban-rural development and the fire rescue agency shall, in accordance with their respective statutory authorities, order the suspension of construction, cessation of use, or shutdown of operations, and impose a fine of not less than RMB30,000 but not more than RMB300,000.

Completion Acceptance

Pursuant to the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000, and most recently amended on April 23, 2019, a construction entity shall, within 15 days from the date of passing the completion acceptance of a construction project, submit the construction project completion acceptance report the competent construction administrative department or other relevant authorities for record-filing. If a construction entity commits an act of putting a project into use without organizing completion acceptance, it shall be ordered to rectify the violation, fined 2% to 4% of the project contract value, and held liable for compensation for any losses incurred in accordance with the law.

Regulations on Real Property and Leasing

Pursuant to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

Pursuant to the Regulations on the Implementation of the People's Republic of Company Land Administration Law (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on 27 December 1998, last amended on 2 July, 2021 and became effective on 1 September 2021, in order to use state-owned land, the user should acquire the land in the form of paid use, including transfer of state-owned land use right. On May 19, 1990, the State Council promulgated the People's Republic of China Interim Regulations on the Assignment and Transfer of the State-owned Urban Land Use Rights (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was amended and became effective on 29 November 2020. These Interim Regulations stipulate that unless otherwise provided by law, companies, enterprises, other organizations and individuals within or outside the territory of the PRC may obtain from the State land use rights to the state-owned urban land for a term of certain years by entering into land use right assignment agreements and paying assignment fees to the State, and carry out land development, utilization and management.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on 1 February 2011. According to these measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations on Labor and Social Insurance

Labor Law of the People's Republic of China

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994 and last amended on 29 December 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights and interests of its employees. An employer shall develop and improve labor safety and health procedures, comply with national protocols and standards on labor safety and health, conduct labor safety and health education for its personnel, take measures to prevent labor safety accidents and reduce occupational hazards.

Labor Contract Law of the People's Republic of China and its Implementation Rules

The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on 29 June 2007 and amended on 28 December 2012 and the Implementation Rules for the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) which was promulgated and became effective on 18 September 2008 regulate parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms and conditions of the labor contract. Pursuant to the Labor Contract Law and its implementation rules, a labor contract must be made in writing.

Regulations on Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010, and revised and effective as of December 29, 2018, employers shall apply for social insurance registration with the social insurance agency within 30 days of establishment, and shall contribute to multiple social insurance funds for employees. If an employer fails to make full and timely social insurance contributions, it may be ordered to pay the arrears within a specified period. Failure to comply may result in penalties imposed by the relevant administrative authorities.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, and was latest amended on March 24, 2019, with the latest revision effective on the same date, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. If an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine may be imposed. If an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Interim Provisions on Labor Dispatch

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated on January 24, 2014 and effective as of March 1, 2014, employing entities may only utilize dispatched workers for temporary, auxiliary or substitutable positions, and shall strictly control the number of dispatched workers employed. The number of dispatched workers utilized shall not exceed 10% of the employing entity's total workforce.

Regulations on Intellectual Property Rights

Regulations on Copyright

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990, with the latest amendments adopted on November 11, 2020 and effective as of June 1, 2021, copyright includes moral rights such as the right of publication and right of authorship, as well as property rights including the right of reproduction and right of distribution. Protected works encompass computer software, artistic works, engineering design drawings, product design drawings, and other graphic works and model works.

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last revised on January 30, 2013, and came into effect on March 1, 2013, along with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) issued on February 20, 2002 and last amended on June 18, 2024, the National Copyright Administration oversees the registration administration of software copyright in China, with the China Copyright Protection Center designated as the registration authority. The China Copyright Protection Center shall issue registration certificates to computer software copyright applicants in accordance with relevant provisions.

Regulations on Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), promulgated by the SCNPC on August 23, 1982, with the latest amendments adopted on April 23, 2019 and effective from November 1, 2019, and the Implementing Regulations of the Trademark Law (中華人民共和國商標法實施條例》) issued on August 3, 2002 and revised on April 29, 2014, the Trademark Office under the SAMR is responsible for trademark registration. Trademark registrants enjoy exclusive rights to their registered trademarks, which are protected by law. The validity period of a registered trademark is ten years from the date of approval, and such period is renewable.

Regulations on Patent

Pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, with the latest amendments revised on October 17, 2020 and effective from June 1, 2021, and the Implementing Regulations of the Patent Law (《中華人民共和國專利法實施細則》) last revised by the State Council on December 11, 2023 with effect from January 20, 2024, the duration of invention patents is twenty years, utility model patents ten years, and design patents fifteen years, all calculated from the filing date.

Regulations on Domain Name

Pursuant to the Internet Domain Name Administration Rules (《互聯網域名管理辦法》), promulgated by MIIT on August 24, 2017 and effective from November 1, 2017, the MIIT is responsible for supervising and administering domain name services nationwide, while provincial communications administrations oversee domain name services within their respective jurisdictions. The domain name registration principle follows "first-to-file" basis. Domain name registration service providers shall require applicants to provide authentic, accurate and complete identity information of domain name holders and other registration details.

Regulations on Securities and Overseas Listings

Securities Laws and Regulations

Pursuant to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**"), which was promulgated by the SCNPC on December 29, 1998 and was latest amended on December 28, 2019, and took effect on March 1, 2020, activities in the PRC securities market are subject to comprehensive regulation, including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) together with five supporting guidelines. PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》). A domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing.

Regulations relating to Foreign Currency Exchange

The Foreign Exchange Administration Regulation of the People's Republic of China (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulation**"), which was promulgated in 1996 and last amended in August 2008 is the principle regulation on foreign currency exchange in China. According to the Foreign Exchange Administration

Regulations of the People's Republic of China, Renminbi can be freely converted for the purpose of paying for current account items without obtaining approval from the SAFE. However, Capital items such as overseas direct investments, repatriation of investments, investments in securities, derivative products or loans are not freely convertible unless prior approval or registration is obtained from the SAFE.

Pursuant to the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**") which was latest amended in March 2023, and the Notice of the SAFE on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which was further promulgated and latest amended on December 4, 2023, issued by the SAFE, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that, unless otherwise permitted under its business scope, Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023 ("**SAFE Circular 28**"), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) ("**SAFE Circular 8**"), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction, while the handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

Regulations on Import and Export of Goods and Anti-Foreign Sanctions

Regulations on Foreign Trade

Pursuant to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994, and subsequently amended and became effective on December 30, 2022, foreign trade operators have been exempted from the registration requirement as of the effective date. The Foreign Trade Law grants the PRC government the authority to allow the free import and export of commodities and technologies, except where specified otherwise by other laws and administrative regulations.

Regulations on Customs Law

In addition, pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

Regulations on Anti-Monopoly Law and Anti-Unfair Competition Law

Regulations on Anti-Monopoly

The currently effective Anti-Monopoly Law of People's Republic of China (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**") was promulgated by SCNPC in 2007 and latest amended in 2022. The Anti-Monopoly Law elaborates several circumstances that undertakings might be prohibited from monopolistic conducts, including entering into monopolistic agreements, abuse of dominant market position and concentration of undertakings which has or may have an effect of eliminating or restricting competition.

On March 10, 2023, the SAMR promulgated the Provisions on Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), and the Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查規定》). These provisions further elaborate on some more detailed factors which shall be considered in assessing monopoly agreements, abusive practices of dominant market positions and concentrations of undertakings, based on the principles established by the Anti-monopoly Law.

Regulations on Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**"), promulgated by the SCNPC on September 2, 1993 and last amended on April 23, 2019, business operators shall abide by the principles of voluntariness, equality, fairness and honesty, and abide by laws and business ethics in market transactions. The unfair competition as referred to in the Anti-Unfair Competition Law refers to the acts of business operators that violate the provisions of the

Anti-Unfair Competition Law in their production and operation activities, disturb the market competition order, and damage the legitimate rights and interests of other business operators or consumers. Operators who violate the provisions of the Anti-Unfair Competition Law shall bear civil liabilities, administrative liabilities and criminal liabilities depending on the specific circumstances.

Regulations Relating to Tax

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**") which was promulgated by the SCNPC on March 16, 2007, and was latest amended on December 29, 2018, with the latest revision effective on the same date and the Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Regulations for the Enterprise Income Tax Law**") which was promulgated by the State Council on December 6, 2007, and was latest amended on December 6, 2024, with the latest revision effective on January 20, 2025, a uniform income tax rate of 25% will be applied to resident enterprises and non-resident enterprises that have established institutions and premises in China. Besides, enterprises established within the PRC, enterprises established in accordance with the laws of other judicial districts whose "de facto management bodies" are within the PRC are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their income derived from both inside and outside the PRC. Corporate income tax for key advanced and new technology enterprises supported by PRC shall be at a reduced tax rate of 15%.

Pursuant to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) which was promulgated by the Ministry of Science and Technology, the MOF and the State Administration of Taxation on April 14, 2008 and amended on January 29, 2016 and came into effect on January 1, 2016, high-tech enterprises which accredited pursuant to these Measures may declare and claim tax incentives pursuant to the EIT Law and its Implementation Regulations, the Administrative Law of the People's Republic of China on the Levying and Collection of Taxes, the Implementation Regulations for the Law of the People's Republic of China on Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) etc. The qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate.

Value-Added Tax

Pursuant to the Interim Regulations on Value-Added Tax (the "**VAT**") of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December, 1993 and last amended on November, 2017, and the Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF and STA on December, 2008 and as amended on October 28, 2011, entities or individuals engaged in the sale of goods, the provision of processing services, repair and replacement services, the sale of services, intangible assets, immovable property or the import of goods in the within the PRC shall pay value-added tax, or VAT. The rate of VAT is generally 17% on sales and 6% on the services, and the VAT rate applicable to the small-scale taxpayers is 3%.

On April, 2018, the Ministry of Finance and the State Taxation Administration jointly promulgated the Circular of the Ministry of Finance and the State Taxation Administration on Adjustment of Value-Added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), according to which for taxable sales or imported goods originally subject to VAT rates of 17% and 11%, respectively, such tax rates shall be adjusted to 16% and 10%, and shall be further adjusted to 13% and 9% in accordance with the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) that took effect on April 1, 2019.

Dividend Distributions

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of China provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

GERMAN LAWS AND REGULATIONS

This section sets out a summary of certain aspects of laws and regulations of Germany and/or the EU, which are relevant to the business and operations of Putzmeister Holding GmbH and Putzmeister Concrete Pumps GmbH. It does not claim to provide a complete and comprehensive presentation of all relevant legal regulations.

Purchase Law

The sale of goods constitutes a sales contract (Sec. 433 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*; "**BGB**").

In Germany, sales law is largely governed by the German Civil Code, Sec. 433 et seq. BGB. Sales contracts concluded between two merchants (commercial transactions) are complemented and partially modified by the provisions of the German Commercial Code (*Handelsgesetzbuch*; "**HGB**").

According to the German Civil Code (BGB), the seller is obliged to hand over the item to the buyer and to procure ownership of it — free of material defects and defects of title, Sec. 433 (1) BGB. The buyer is therefore entitled to a fulfillment claim for the handover and transfer of ownership of a defect-free item, Sec. 433 (2) BGB.

If the item is defective at the time of the transfer of risk (Sec. 446, Sec. 447 BGB), i.e. usually at the time of handover, this gives rise to warranty rights for the buyer.

The item is free of material defects if it fulfils the so-called subjective requirements, the objective requirements and the assembly requirements in the following sense at the time of transfer of risk (Sec. 434 (1) BGB). The item fulfils the subjective requirements if it has the agreed quality, is suitable for the use stipulated in the contract and is handed over with the agreed accessories and the agreed instructions, including assembly and installation instructions. This condition includes the type, quantity, quality, functionality, compatibility, interoperability and other characteristics of the item for which the parties have agreed requirements (Sec. 434 (2) BGB). Unless otherwise effectively agreed, the item meets the objective requirements if it is suitable for normal use, has a quality that is customary for items of the same type and that the buyer can expect, taking into account the type of item and the public statements made by the seller, in particular in advertising or on the label, corresponds to the quality of a sample or specimen that the seller has made available to the buyer before the conclusion of the contract, and is handed over with the accessories, including packaging, assembly or installation instructions and other instructions that the buyer can expect to receive. This usual condition includes the quantity, quality and other characteristics of the item, including its durability, functionality, compatibility and safety (Sec. 434 (3) BGB). If assembly is to be carried out, the item meets the assembly requirements if the assembly has been carried out properly or has been carried out improperly, but this is neither due to improper assembly by the seller nor to a defect in the instructions provided by the seller (Sec. 434 (4) BGB). If the seller delivers an item other than the contractually owed item, this is equivalent to a material defect, Sec. 434 (5) BGB.

The burden of proof that the goods were defective at the time of the transfer of risk generally falls to the buyer, Sec. 363 BGB.

If the item is defective, the buyer is entitled to request subsequent fulfillment (at his discretion, new delivery or rectification), to withdraw from the contract, to reduce the purchase price or to demand compensation for damages or expenses, Sec. 437 BGB. However, the buyer has to give the seller the opportunity for subsequent fulfillment and set a grace period for this purpose before the buyer can demand compensation or withdraw from the purchase contract. This grants the seller a second opportunity, Sec. 439 (1) BGB. As part of the subsequent fulfillment, the buyer must also bear the necessary expenses (e.g. transport costs), Sec. 439 (2) BGB.

According to Sec. 377 (1) HGB the buyer has to inspect and submit complaints upon receipt of the goods in a timely manner. Otherwise, the goods are considered to have been approved, unless the defect is one which was not apparent on inspection, Sec. 377 (2) HGB.

Warranty claims for movable goods generally expire within two years, beginning with the handover of the purchased item, Sec. 438 (1) No. 3 BGB.

In addition to these warranty rights, the manufacturer or seller may grant the buyer guarantee rights (guarantee), Sec. 443 (1) BGB. If such a guarantee of durability is given, it is assumed by law that a defect occurring during the guarantee period constitutes the guarantee rights.

The ownership of the sold goods does not pass to the buyer when the sale contract is concluded or performed. In addition to the sale contract the parties have to agree on transferring ownership to the buyer and the buyer must receive some form of possession over the good, Sec. 929 et seq. BGB.

Product Liability and Consumer Protection

Manufacturers and sellers of machines and devices of all kinds, in particular concrete pumps, mortar machines and other construction machines (including the respective spare parts), who bring their products into the European or German market, must ensure that their products are designed, manufactured and provided with appropriate user information so that any hazardous situation in the course of product use can be avoided. Products that do not comply with the regulations on product safety may not be placed on the market or made available on the market in Germany or the EU. The most important legal framework relating to product safety and compliance are currently the General Product Safety Regulation ("**GPSR**") together with the German Product Safety Act (*Produktsicherheitsgesetz*; "**ProdSG**"), the German Product Liability Act (*Produkthaftungsgesetz*; "**ProdHaftG**") and the BGB. These rules and regulations are compulsory and cannot be excluded nor modified by contractual agreement. Other than that, a product could be subject to further legal requirements imposing formal requirements on the economic operators.

Product Safety Law

The General Product Safety Regulation (EU) 2023/988 ("GPSR"), which has been directly applicable since 13 December 2024, focuses on regulating the safety-related requirements and obligations with regard to consumer products (B2C products) that are not subject to specific product safety legislation. The aim of European product safety legislation remains to ensure that only 'safe' products are placed or made available on the market. The aim remains to improve the functioning of the internal market while ensuring a high level of consumer protection. In order to achieve a high level of consumer protection, the GPSR is particularly aimed at countering new product- and distribution-related hazards and closing corresponding regulatory gaps in a digitalised and globalised product world. New technologies and the digitalisation of products and distribution channels have been identified as the specific challenges that have ultimately provided the impetus and legal policy background for the revision of product safety law. The GPSR covers new product phenomena that are not separately regulated on the basis of a risk-based concept that is open to technology, thereby acting as a catch-all. The stated aim was therefore to optimize the interaction of GPSR as a general part of European product safety law with the specific (sectoral) product safety regulations. In doing so, the declared aim was to achieve improved coherence, particularly with regard to European harmonisation legislation and the so-called EU Market Surveillance Regulation (EU) 2019/1020.

The requirements specified in the respective directives and regulations must be met to ensure the safety and health of persons are not endangered when the product is used as intended or in a foreseeable manner.

The so-called Machinery Directive (2006/42/EC) is particularly relevant in this case. This applies to machines (and incomplete machines) that are brought into circulation in the EU. According to this, a "machine" is to be regarded as a whole of interconnected parts or devices, of which at least one is movable and which are joined together for a specific application. A drive system must be present (or the machine must be designed for it), except for human or animal power. An exception applies to products used for lifting: here, human power can also be the only source of power for forming a machine. In addition to these machines "in the strict sense", interchangeable equipment, safety components, load-handling equipment, chains, ropes and belts, as well as detachable cardan shafts, also fall within the scope of the directive as 'machinery'. So-called "incomplete machines" also fall under the Machinery Directive. These are products that almost constitute a machine but cannot fulfill a specific function on their own. An incomplete machine is only intended to be instaled in another machine and, together with other incomplete machines, to constitute a machine system. From 20 January 2027 on, the Machinery Directive will be replaced by the new European Machinery Regulation (EU) 2023/1230 in order to meet current and future requirements regarding the safety of machinery.

For the products in question, the following selection of further rules and regulations shall be observed as a matter of priority, depending on the product:

- Radio Equipment Directive (2014/53/EU)

  The directive establishes a regulatory framework for the provision on the market and the commissioning of radio systems. According to Art. 2 (1) No. 1 of the directive an electrical or electronic product intended for the purpose of radio communication and/or radio location that emits and/or receives radio waves, or an electrical or electronic product that requires accessories, such as an antenna, in order to emit and/or receive radio waves for the purpose of radio communication and/or radio location.

- Electromagnetic Compatibility Directive (2014/30/EU)

  In accordance with Art. 1 of the directive, the directive addresses the electromagnetic compatibility of equipment and is intended to ensure the functioning of the internal market for equipment by setting an appropriate level of electromagnetic compatibility. With a few exceptions, the directive applies to any apparatus or fixed installation intended for the end user that is capable of causing electromagnetic disturbance, or the performance of which is capable of being affected by such disturbance.

- Pressure Equipment Directive (2014/68/EU)

  The Pressure Equipment Directive applies to the design, manufacture and conformity assessment of pressure equipment and assemblies with a maximum allowable pressure greater than 0.5 bar, Art. 1. According to Art. 2 No. 1 of the directive means vessels, piping, safety accessories and pressure accessories, including, where appropriate, the elements attached to the pressure-bearing parts, such as flanges, nozzles, couplings, supports and lifting lugs.

In addition, the so-called technical law must be observed, e.g. DIN EN 12001 for concrete pumps, DIN EN 13000 for cranes and DIN EN 12609 for truck mixers.

In other words, the existing EU regulations for harmonised products will remain in force (see Art. 2 of the GPSR: "Scope"). The GPSR is therefore aimed primarily at "non-harmonised products" intended for consumers or — and this could be important with regard to (mini) excavators, for example — used by them and for which there are no special requirements in separate legal acts — such as the Machinery Directive. However, there are also individual new provisions that apply to harmonised products (which are already subject to special regulations), such as the provisions on the right to information and to remedy (see Chapter VIII GPSR).

It should be noted that large parts of the national ProdSG will become obsolete as a result of the European regulation, and that the member states' scope for decision-making will thus be considerably reduced in the future. In the future, it will mainly contain the implementing provisions for the GPSR and the rules on fines in the event of non-compliance. In this context, it should be noted that a legislative draft of the Federal Government to amend the Product Safety Act and other product safety regulations dated 4 September 2024 is already available (BT-Drs. 20/12716). This draft aims to amend the Product Safety Act in line with Regulation (EU) 2023/988. The amendments are intended to transpose the provisions of the regulation into national law.

Product Liability Law

According to the ProdHaftG, either the seller or the producer, or both jointly, can be held liable if the products turn out to be defective. The harmed person may raise claims arising from product liability, producer liability, and warranty for defects. In the event a product has caused damage to persons or items (other than the defective product), the producer is strictly liable pursuant to the ProdHaftG. Liability under the ProdHaftG can neither be restricted nor excluded in advance. The ProdHaftG applies, if the harmed person has its habitual residence in Germany and the defective product was placed on the German market or if the defective product was bought in Germany and was placed on the German market or if the harm arose in Germany and the defective product was placed on the German market. It is sufficient that the producer could reasonably foresee that a product might be placed on the German market by another market participant, e.g. one of its customers, to be liable under the ProdHaftG. Thus, it is not necessary that the defective product was imported to Germany by the producer. Comparable regulations also apply in the other member States of the EU.

On 8 December 2024, the new EU Product Liability Directive (2024/2853) came into force. It will replace the almost 40-year-old Product Liability Directive (85/374/EEC), on which the current ProdHaftG is also based. The new Product Liability Directive aims to modernize the European product liability regime to adapt it to advancing technologies and the globalization of supply chains. It also seeks to remove obstacles for consumers in claiming damages for defective products. The new Product Liability Directive therefore significantly changes the current liability landscape for economic operators who manufacture or distribute products in the EU. This new Product Liability Directive must be implemented in the member states by 9 December 2026. The old Product Liability Directive 85/237/EEC will continue to apply even after that date to products that have already been placed on the market.

Alongside the German law recognizes an additional manufacturer liability under tort (so-called manufacturer's liability under Sec. 823 (1) BGB (*Produzentenhaftung*)).

Data protection law

Data protection is fundamentally regulated in the provisions of the EU General Data Protection Regulation (EU) 2016/679 ("**GDPR**", in German *Datenschutz-Grundverordnung*; "**DSGVO**") and the German Federal Data Protection Act (*Bundesdatenschutzgesetz*; "**BDSG**"). In addition, the Telecommunication and Telemedia Data Protection Act (*Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz*; "**TDDDG**") does apply and deal with the data protection for the Online Business. According to the so-called market place principle in Art. 3 (2) of the GDPR, the GDPR also applies to foreign companies for the processing of personal data of persons located in the EU, insofar as the processing is related to the offer of goods and services or the observation of the data subjects. The relevant connecting factor is the targeting of certain sales and advertising measures to persons located in the EU. The GDPR generally addresses the controller of the data processing regarding the obligations and duties in relation to the processed data, as the data controller is the main legally responsible entity in the context of the GDPR. In the case of an e-commerce platform where a platform operator offers on his platform to sellers and providers of goods and services the possibility to sell, platform operator and sellers usually are either independent controllers (each responsible for their own processing of data) or so-called joint controllers (together responsible for the data processing). Either way — joint or independent controller — the controller must in particular adhere to the GDPR principles for data processing and must ensure the existence of adequate legal bases for data processing as well as the availability of transparent information on the data processing from the customer's/user's point of view. Additional obligations and data protection relationships may exist depending on the individual case, for example data processing agreements may exist with payment service providers involved on behalf and according to the data processing directions by any one controller.

GDPR principles

The GDPR provides various principles that also run through the national regulations and must therefore always be observed. If these principles/requirements are not met and unlawful processing takes place, data subjects can assert their rights under the GDPR and sue for damages. There may also be a threat of proceedings by the supervisory authorities.

Some of the most relevant principles of the GDPR are regulated in Art. 5 GDPR. Any personal data must always be processed on a legal basis (Art. 5 (1) lit. a) GDPR), in a transparent manner (Art. 5 (1) lit. a), Art. 13 GDPR) and with the usage of such data limited to a specific, explicit purpose (Art. 5 (1) lit. b) GDPR). The personal data that is stored must be kept to a minimum (Art. 5 (1) lit. c) GDPR) and up-to-date (Art. 5 (1) lit. d) GDPR), and must be deleted as soon as it is no longer needed for the specified purpose (Art. 5 (1) lit. e) GDPR). The processing of personal data with/between several parties must be regulated by corresponding data processing agreements like a data processing agreement (Art. 28 GDPR) or a joint controller agreement (Art. 26 GDPR). This also applies for data processing between group companies and affiliates.

The transfer of personal data outside the EU/EEA must meet special requirements. There must either be an adequacy decision by the EU Commission for the country in which the recipient is located or additional guarantees in accordance with Art. 46 GDPR. This also applies for data transfers between group companies and affiliates. If data of European citizens will be stored on the servers in Hong Kong, appropriate guarantees (Art. 46 GDPR) must be in place.

Legal consequences of violations of the GDPR

Any person who has suffered material or non-material damage as a result of an infringement of this Regulation shall have the right to obtain compensation from the controller or processor for the damage suffered. The data subjects may therefore bring an action for damages before the civil courts. In May 2023, the European Court of Justice ruled that no materiality threshold is to be observed and thus also allows for "trivial cases." In addition to legal action in the civil courts, administrative proceedings can also be brought before the supervisory authorities. These can either carry out an inspection of the company on their own initiative or because someone, e.g. a data subject, has issued a notification. Infringements of the provisions of the GDPR can lead to fines of up to EUR 20,000,000 or up to 4% if the total worldwide annual turnover of the preceding financial year, whichever is higher. Strictly adhering to the GDPR is therefore important for any company operating within it's framework.

Each supervisory authority has the corrective powers to impose a temporary or definitive limitation including a ban on processing. In this case, the data processing that is not lawful in the opinion of the supervisory authority must be stopped accordingly. Depending on the circumstances, this can cause the entire operation of a company to come to a standstill.

Labor and Employment Laws

In Germany, the employment law is not completely codified. Basically, the employment relationships are governed by German Civil Code with employment specifications. Rather, the German employment law is to the extent that is governed by written legal norms and different specific laws with regard to termination protection, working hours, minimum wages, employee protects and etc. also governed and formed by judicial cases and development. It should also be noted that the employment disputes are jurisdiction of a specific court, namely the labor court.

The most important specific laws regarding the German employment relationships are, among others, the following:

German Protection Against Unfair Dismissal Act

An employer's ability to (unilaterally) terminate an employment relationship is substantially restricted by the *German Protection Against Unfair Dismissal Act* (*Kündigungsschutzgesetz*; "**KSchG**"). The KSchG is applicable if the operation has more than 10 employees and the employee to be dismissed has been employed for more than 6 months. Under the KSchG, an ordinary dismissal (i.e. with notice) will only be effective if based on one of the three reasons for termination explicitly permitted by the KSchG. These are conduct-related dismissal, dismissal for reasons connected with the individual employee and dismissal for operational reasons.

Federal Vacation Act

The Federal Vacation Act (*Bundesurlaubsgesetz*; "**BUrlG**") sets forth the rules regarding the minimum vacation entitlement of employees, the granting of vacation as well as the expiry of the vacation entitlement.

German Part-Time and Limited Term Employment Act

The German Part-Time and Limited Term Employment Act (*Teilzeit- und Befristungsgesetz*; "**TzBfG**") sets forth rules to promote part-time work, to define the requirements for the permissibility of employment agreements for limited terms and to prevent discrimination against part-time and limited term employees.

German Works Constitution Act

The German Works Constitution Act (*Betriebsverfassungsgesetz*; "**BetrVG**") stipulates employee code-termination within an establishment. The most important code-termining body under the BetrVG is the works council, an elected employee representative body which has rights of its own vis-à-vis the employer. It exercises most of the code-termination rights governed by the BetrVG.

German Collective Bargaining Agreements Act

The German Collective Bargaining Agreements Act (*Tarifvertragsgesetz*; "**TVG**") regulates the right to and content of collective bargaining agreements. Collective bargaining agreement, inter alia, set forth a minimum standard for working conditions, such as remuneration, working hours and holiday entitlement.

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity's legal form. Corporations are treated as nontransparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (*Körperschaftssteuergesetz*; "**KStG**"), solidarity surcharge and trade tax (*Gewerbesteuergesetz*; "**GewStG**").

Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (*Gesellschaft mit beschränkter Haftung*; "**GmbH**") or a stock corporation (*Aktiengesellschaft*, "**AG**"). The basis of taxation is the income earned during the calendar year. Corporation tax is levied at the rate of 15% on the taxable profits. An additional solidarity surcharge of 5.5% of the tax amount is levied on corporation tax so that the total tax rate (corporate tax and solidarity surcharge) currently amounts to 15.825%.

Trade Tax Act (GewStG)

All commercial businesses that operate in Germany are liable for trade tax (*Gewerbesteuer*). Businesses are deemed to operate in Germany if they have a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always deemed commercial business operations. Trade tax is collected by the relevant local authority who also determines its rate of tax. Therefore, the rates differ in accordance with the city in which the business is located. Current effective rates range from around 13 % to 18 % of business income, whereby smaller towns are on the lower, larger towns on the higher end.

Indirect tax

The most important indirect tax is the value added tax (*Umsatzsteuer*; "**VAT**").

Value Added Tax Act (UStG)

Principally, VAT is chargeable on all public and private consumption (i.e. goods and service purchased by final consumers). The main tax rates under the Value Added Tax Act (*Umsatzsteuergesetz*; "**UStG**") are 19%, the general rate and 7%, the reduced rate. The tax base is the consideration for the goods or services provided. If certain requirements are met, goods are exempt from VAT if they are delivered to another EU Member State (intra-Community deliveries of goods), as are goods delivered to a non-EU country (export deliveries). Also exempt are certain activities as medical treatments and the granting and brokering of loans. Land rentals are also exempt from value-added tax, although in some cases one may opt to be subject to VAT.

Regulations on the Importation and Distribution of the Company's Products in Germany

In accordance with Foreign Trade and Payment Act (*Außenwirtschaftsgesetz*; "**AWG**"), as part of import clearance, checks will be made to ensure that all legal provisions regulating the import of the goods in question have been observed. There are a large number of regulations governing imports into the EU and to Germany. Besides customs regulations and foreign trade regulations, attention must also be paid to prohibitions and restrictions, most of which serve non-commercial interests such as protecting human health interests or environmental protection.

In Germany, in accordance with AWG, in principle, goods, services, capital, payments and other business transactions with foreign countries as well as foreign assets and gold within member countries (external trade transactions) may be transported freely. Import restrictions are dictated by European Community Law and the German Foreign Trade Ordinance from 2 August 2013 (*Außenwirtschaftsverordnung*; "**AVV**"). In principle, quantitative restrictions on imports are no longer imposed. However, for particular goods originating from particular countries, import permits are needed, and quantitative restrictions can on occasion be imposed. Approval must be obtained from the Federal Office of Economics and Export Control (*Bundesamt für Wirtschaft und Ausfuhrkontrolle*; "**BAFA**") (for commercial products).

Customs Law

In principal, Germany's Constitution grants exclusive authority to legislate customs duties to domestic federal competence. The core regulation is the Customs Administration Act and the Customs Regulation. However, as a member of the EU, Germany has transferred this authority to the European Union to a vast extent. The legal foundation for the levying of customs duties arises on the one hand from Community customs law, in particular the Union Customs Code.

The responsibility for legislative measures and the entitlement to this revenue lies with the federal government. Customs duties (import or export duties) are therefore administered by the Federal Finance Administration. As a result of developments in Community customs law, legislative and revenue competence has been transferred almost entirely to the European Union as the legal successor to the European Community.

EU Sanctions Laws and Regulations

Set out below is a summary of the sanctions regimes imposed by the EU. This summary has not and is not intended to set out all relevant laws and regulations relating to the sanctions regimes of the EU in their entirety.

EU Sanctions Regimes

The EU implements all sanctions adopted by the UNSC and strengthens UN sanctions through additional measures and/or sanctions on its own initiative. The EUEU does not generally ban dealing with a counterparty in or with a jurisdiction targeted by sanctions measures, provided that the counterparty is not a person or an entity listed on OFAC's SDN List or other restricted parties lists maintained by the UN, U.S., EU, U.K. or Australia or not engaged in prohibited activities, such as, directly or indirectly, exporting, selling, transferring or making certain controlled or restricted products available to, or for use in a jurisdiction subject to sanctions measures.

All EU sanctions apply: (1) within the EU (including its airspace); (2) on board any aircraft or vessel under the jurisdiction of any EU Member State; (3) to any EU nationals, regardless of their residency or location; (4) to any legal person, entity or body incorporated or constituted under the laws of any EU Member State; and (5) to any legal person, entity or body in respect of any business done in the EU, EU sanctions are directly applicable in any EU Member State without national legislation. However, penalties for breaches of EU sanctions depend on national legislation in each EU Member State.

KEY LAWS AND REGULATIONS IN INDIA

The description hereunder is an indicative summary of key laws and regulations in India, which are applicable to Sany Heavy Industry India Private Limited, a company incorporated under the laws of India (the "**Relevant Company**"). The laws and regulations set out below are not exhaustive, are only intended to provide general information and are not intended to be a substitute for professional legal advice. The indicative summaries are based on current provisions of the applicable law, which may be amended by the Government of India from time to time.

Law Relating to Employment and Labor in India:

1. **The Factories Act, 1948 ("Factories Act"):** The Factories Act consolidates law regulating factories including provisions for the health, safety, welfare and service conditions of workers working in factories. It contains provisions for registration and issue of license, working hours of adults, leaves, overtime, etc.

2. **The Payment of Bonus Act, 1965 ("Bonus Act"):** The Bonus Act provides for the payment of bonus to persons employed in certain establishments in India and is applicable to all employees drawing a remuneration of less than or equal to Rs. 21,000/- per month in a factory and every establishment in which twenty or more persons are employed. The Bonus Act provides for the payment of bonus between 8.33% (minimum) to 20% (maximum) of the salary or wage earned by the employee during the accounting year.

3. **The Employees' State Insurance Act, 1948 ("ESI Act"):** The ESI Act is a social welfare legislation, which applies to providing benefits to employees in case of sickness, maternity and employment injury. It is applicable to all factories and establishment employing 10 or more persons with respect to the employees drawing wages less than Rs. 21,000/- per month. The existing total employee state insurance contribution is 4% of wages, where the employer contribution is 3.25% and employees' contribution is 0.75% of wages.

4. **The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPF Act"):** The EPF Act provides for the creation of provident funds, pension funds, and deposit linked insurance funds for the benefit of employees. It applies to all factories and establishments employing 20 or more persons or class of persons. At present, an employee contributes 12% of the basic wages, dearness allowance and retaining. The employer also pays 12% of pay out of which 8.33% of pay is diverted to pension fund and the rest 3.67% is diverted to provident fund.

5. **Payment of Gratuity Act, 1972 ("Gratuity Act"):** This Gratuity Act is applicable to all the factories. An employee needs to provide continuous service of 5 years to be eligible to receive gratuity. Gratuity becomes payable to an employee on retirement, resignation or termination of employment due to death/disablement on

account of accident/disease, at the rate of 15 days wages based on the wages last drawn, for every year of completed service or part thereof in excess of six months, subject to an aggregate amount of Rs. 2,000,000-.

6. **Contract Labor (Regulation and Abolition) Act, 1970 ("CLRA"):** CLRA regulates working conditions of contract laborers. CLRA applies to every establishment or contractor wherein/with whom 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labor. CLRA provides that no contractor shall undertake any work through contract labor, except with a license issued under the Act.

7. **The Maternity Benefit Act, 1961 ("Maternity Benefit Act"):** The Maternity Benefit Act regulates the employment of women in establishments and provides for maternity benefits, and certain other benefits including maternity leave, wages, bonus, nursing breaks, leave on account of miscarriage and medical termination of pregnancy, etc.

8. **Shops and establishments legislations:** The various states in India have their respective Shops and Establishment Acts. The said Acts inter alia, regulate working and employment conditions of the employees working there, provides for matters relating to fixation of working hours, rest intervals, overtime, holidays, leave, termination of service and other rights and obligations of the employers and employees.

9. **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"):** The POSH Act provides for protection against sexual harassment of women at workplace and redressal of complaints connected therewith. The POSH Act mandates organization to: (a) frame an anti-sexual harassment policy; (b) constitute an Internal Complaints Committee to entertain complaints that may be made by an aggrieved woman; and (c) file annual return regarding sexual harassment and related matters dealt with in a year.

10. **The New Labor Law Codes in India**: Government of India to foster a conducive labor environment amalgamated twenty-nine existing labor laws into four codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Occupational Safety, Health and Working Conditions Code, 2020 and the Code of Social Security, 2020 (collectively referred to as the "**Codes**"). These four Codes together consolidate laws relating to: (i) wages; (ii) safety, working conditions and welfare; (iii) industrial relations; and (iv) social security. President of India has accorded its consent to the Codes, they will however, be brought into force only once the appointed date for their implementation is notified by the Central Government, which is still awaited. Accordingly, till date the earlier labor laws are in force and governing conditions of employment in India.

Industry Specific Laws in India:

1. **The Bureau of Indian Standards Act, 2016 ("BIS Act"):** BIS Act and Bureau of Indian Standards are responsible for standardization, conformity assessment, and quality assurance of goods, articles, etc in India. The BIS Act read in conjunction with the Machinery and Electrical Equipment Safety (Omnibus Technical Regulation) Order, 2024, mandates the Relevant Company, that its products conform to the labeling and marking requirements specified in Scheme X of the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018, and comply with any required safety instructions or symbols.

2. **Maharashtra Industrial Development Act, 1961 ("MIDC Act"):** MIDC Act was established for securing and assisting in establishment and organization of industries in industrial areas in the State of Maharashtra and setting up of Maharashtra Industrial Development Corporation ("**MIDC**"). Relevant Company's plant/factory land located at Chakan, Pune, Maharashtra is governed by MIDC Act and regulated under the norms prescribed by MIDC.

3. **Fire Prevention Laws:** Maharashtra Fire Prevention and Life Safety Measures Act, 2006 is applicable to the factory of the Relevant Company at Pune, and inter alia provides for fire prevention and safety measures to be adopted by the Relevant Company.

4. **The Legal Metrology Act, 2009 ("Legal Metrology Act"):** The Legal Metrology Act and rules thereunder inter alia establishes and enforces standards of weights and measures, regulates trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number, regulates labeling and packaging of commodities, verification of weights and measures used, amongst other things.

Environmental Laws in India:

1. **The Environment (Protection) Act, 1986 ("Environment Act"):** The Environment Act regulates protection and improvement of the environment in India. The Central Pollution Control Board has been given the power to take all such measures for protecting and improving the quality of the environment, to prevent environmental pollution and give directions to any person or officer or any authority for any of the purposes of the Act, such as closure, prohibition or regulation of any industry, operation or process.

2. **The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act"):** The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**") and consent mechanism for establishment and operation of an entity.

3. **The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act"):** The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity.

4. **Regulations governing Import and Export of Goods**: In India, the import and export of goods is governed by the Foreign Trade (Development & Regulation) Act, 1992 and India's Export Import (EXIM) Policy. India's Directorate General of Foreign Trade is the nodal authority to regulate all matters related to EXIM Policy. Importers are required to register and obtain an Importer Exporter Code Number for undertaking import activities.

Intellectual Property Laws in India:

In relation to the intellectual property laws in India, patents are governed by the Patents Act, 1970, copyrights are governed by way of the Copyrights Act, 1957, trademarks are governed by the Trademarks Act, 1999, designs are governed by the Designs Act, 2000, just to name a few.

Foreign Exchange Laws in India:

1. **Foreign Exchange Management Act, 1999 ("FEMA"):** The foreign exchange control regime in India is regulated by FEMA and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India ("**RBI**") from time to time, read with the Foreign Direct Investment Policy of India.

2. **Foreign Direct Investment ("FDI") Policy of Government of India and Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("NDI Rules"):** FDI is freely permitted in almost all sectors in India and no prior approval of Government of India is necessary, subject to entry routes and sectoral caps prescribed. However, certain sectors are regulated and any investment in such sectors (including FDI beyond prescribed thresholds) may necessitate prior approval of Government of India. Since the Relevant Company is engaged in the 'manufacturing' sector, 100 % FDI is allowed under automatic route, subject to the provisions of the FEMA and NDI Rules. Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry on April 17, 2020 issued Press Note 3 which inter alia provides that an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in/or is a citizen of any such country, can invest only after seeking prior approval of the Government of India.

3. **Overseas Investment Regime:** In keeping with the spirit of liberalisation and to promote ease of doing business, the Central Government and the Reserve Bank of India enacted Foreign Exchange Management (Overseas Investment) Rules, 2022, Foreign Exchange Management (Overseas Investment) Regulations, 2022, and

Foreign Exchange Management (Overseas Investment) Directions, 2022. The overseas investment regime simplifies the existing framework for overseas investment by 'persons resident in India to cover wider economic activity and significantly reduces the need for seeking specific approvals and accordingly reduces compliance burden and associated compliance costs.

Law Relating to Taxation in India:

1. **Direct Taxation:** Under the Indian Income Tax Act, 1961, domestic companies are taxed on global income and foreign companies on income sourced from India. Corporate tax for companies is 30%, with a concessional 22% rate available subject to conditions. Additional surcharge and 4% health and education cess apply. Dividends are taxable in the hands of shareholders from FY 2020-21 onward, replacing the earlier Dividend Distribution Tax. Capital gains from sale of unlisted shares are subject to short or long-term capital gains tax, depending on the holding period. Transfer pricing, withholding tax, and tax treaty benefits under DTAA are applicable to cross-border transactions. All companies earning income in India must file annual tax returns by the prescribed due dates.

2. **Indirect Taxation:** Goods and Services Act, 2017 ("**GST Act**") is applicable on supplying of goods and services by business enterprises in India. An Indian company must register for GST in each state where it operates. The registration is based on the Permanent Account Number and is state-specific. An Indian Company, having turnover more than Rs. 50 million, is required to generate electronic invoices for its business-to-business (B2B) transactions, which are authenticated by a government portal.

Other Miscellaneous Laws:

In addition to the aforementioned material legislations, various laws and regulations including the Companies Act, 2013, Indian Contract Act, 1872, Information Technology Act, 2000, Digital Personal Data Protection Act, 2023, Industrial Disputes Act, 1947, Payment of Wages Act, 1936, Minimum Wages Act, 1948, Industrial Employment (Standing Orders) Act, 1946, Negotiable Instruments Act, 1881, Stamp Act, 1899, State-specific legislations in relation to professional tax labor welfare fund, municipal laws, etc. are also applicable to the operations of the Relevant Company.

OVERVIEW

Our history can be traced back to 1989 when Mr. Liang Wengen, our founder, established Lian Yuan City Welding Materials Factory (漣源市焊接材料廠) ("**Lianyuan Factory**"), our predecessor, together with Mr. Tang Xiuguo, Mr. Mao Zhongwu and Mr. Yuan Jinhua. Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Mao Zhongwu and Mr. Yuan Jinhua are members of our Controlling Shareholder Group. In 1994, our Company split from its predecessor and was restructured into a limited liability company in the PRC focusing on the construction machinery manufacturing business. In 2000, Mr. Liang Wengen and other initial shareholders jointly established SANY Group with their equity interests in our Company and other assets, and our Company became controlled by SANY Group.

Over the three decades, we have become an innovation-driven global leader in the construction machinery industry. We are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company by core construction machinery's cumulative revenue from 2020 to 2024.

In December 2000, our Company was converted into a joint stock limited company from a limited liability company. In July 2003, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 600031). As of the Latest Practicable Date, our total issued share capital was RMB8,474,978,037, comprising 8,474,978,037 A Shares, of which approximately 33.73% in aggregate was held by our Controlling Shareholder Group, including SANY Group, Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery. See "Relationship with our Controlling Shareholders" for further details.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
1989	Mr. Liang Wengen co-founded Lian Yuan City Welding Materials Factory, the predecessor of our Company.
1994	Our Company was established in Hunan Province, the PRC.
1995 – 1998 . .	We successfully developed and launched trailer pumps and truck-mounted concrete pump for sale.
2003	Our Company was listed on the Shanghai Stock Exchange (stock code: 600031).

Year	Milestone
2005	We were among the first to implement a share reform, and since then, the Non-tradable Shares of our Company became converted, listed and traded as A Shares.
2007	Our product offerings expanded to piling machinery.
2009	Our Indian Industrial Park commenced production.
2010	Our product portfolio further expanded to excavating machinery, hoisting machinery and concrete machinery.
2011	Our U.S. and German Industrial Parks commenced production.
2012	We acquired 90% equity interest in Putzmeister, which was at that time the world's largest concrete machinery manufacturer outside China.
2013	Our overseas revenue exceeded RMB10 billion.
2021	Our Beijing Piling Machinery Plant was recognized by the World Economic Forum as the first "Lighthouse Factory" in the global construction machinery industry.
	We ranked among the Forbes Global 500 for the first time.
2022	Our Indonesian Industrial Park commenced production.
	Our Changsha No. 18 Plant was recognized by the World Economic Forum as the second "Lighthouse Factory" in the global construction machinery industry.
2023	Our overseas revenue exceeded 50% of our total revenue for the first time.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our Major Subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Principal business activities
SANY Heavy Machinery Co., Ltd. (三一重機有限公司) ("**SANY Heavy Machinery**")	PRC	April 4, 2001	Manufacturing and sales of excavating machinery
SANY Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司) ("**SANY Automobile Manufacturing**")	PRC	April 28, 2003	Manufacturing and sales of truck-mounted concrete pump and truck mixer
Zhejiang SANY Equipment Co., Ltd. (浙江三一裝備有限公司) ("**SANY Equipment**")	PRC	July 15, 2008	Manufacturing and sales of crawler crane
SANY Automobile Hoisting Machinery Co., Ltd. (三一汽車起重機械有限公司) ("**SANY Automobile Hoisting Machinery**")	PRC	December 11, 2008	Manufacturing and sales of truck crane
Shanghai SANY Heavy Machinery Co., Ltd. (上海三一重機股份有限公司) ("**Shanghai SANY Heavy Machinery**")	PRC	October 20, 2009	Manufacturing and sales of medium excavators
SANY Auto Finance Co., Ltd. (三一汽車金融有限公司) ("**SANY Auto Finance**")	PRC	November 15, 2010	Financial service
Shanghai Huaxing Digital Technology Co., Ltd. (上海華興數字科技有限公司) ("**Shanghai Huaxing**")	PRC	June 17, 2011	Software technology service
Beijing SANY Intelligent Technology Co., Ltd. (北京三一智造科技有限公司) ("**SANY Intelligent**")	PRC	June 17, 2015	Manufacturing and sales of pile driver
Hunan SANY Medium Hoisting Machinery Co., Ltd. (湖南三一中型起重機械有限公司) ("**SANY Medium Hoisting Machinery**")	PRC	March 26, 2020	Manufacturing and sales of medium truck crane

Name of subsidiary	Place of incorporation	Date of incorporation	Principal business activities
SANY Heavy Machinery (Chongqing) Co., Ltd. (三一重機(重慶)有限公司) ("**SANY Heavy Machinery Chongqing**")	PRC	September 30, 2020	Manufacturing and sales of excavating machinery
SANY Financial Leasing Co., Ltd. (三一融資租賃有限公司) ("**SANY Financial Leasing**")	PRC	October 27, 2016	Finance lease service
Putzmeister Holding GmbH ("**Putzmeister**")	Germany	August 20, 1998	Manufacturing and sales of concrete machinery
SANY Heavy Industry India Private Limited ("**SANY India**")	India	December 2, 2002	Manufacturing and sales of construction machinery in India
SANY International Development Limited (三一國際發展有限公司) ("**SANY International Development**")	Hong Kong	June 20, 2007	Sales of construction machinery

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

(1) Early Development of our Company

In June 1989, Mr. Liang Wengen co-founded Lianyuan Factory, the predecessor of our Company, together with Mr. Tang Xiuguo, Mr. Mao Zhongwu and Mr. Yuan Jinhua, the founding management team of our Group. In November 1994, our Company split from Lianyuan Factory and was restructured into a limited liability company established in the PRC. In October 2000, Mr. Liang Wengen and other initial shareholders jointly established SANY Group by consolidating their equity interests in our Company along with other assets, and our Company became controlled by SANY Group.

(2) Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange

In December 2000, our Company was converted from a limited liability company to a joint stock limited company, and our name was changed to SANY Heavy Industry Co., Ltd. (三一重工股份有限公司).

In July 2003, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 600031) (the "**A-Share Listing**"). We offered a total of 60,000,000 A Shares in the A-Share Listing, accounting for 25% of our Company's then enlarged share capital. Upon completion of the A-Share Listing, the total share capital of our Company amounted to 240,000,000 Shares, comprising 180,000,000 non-tradable Shares (the "**Non-tradable Shares**") and 60,000,000 A Shares, and our Company became owned as to approximately 72.42% by SANY Group and 27.58% by other Shareholders.

(3) Share Reform

In June 2005, in accordance with applicable PRC laws and regulations, our Company conducted a share reform proposed by the holders of Non-tradable Shares for the conversion of the 180,000,000 Non-tradable Shares into A Shares (the "**Share Reform**"). Pursuant to the Share Reform, the holders of Non-tradable Shares offered 3.5 Shares and RMB8 in cash to each A Shareholders for every 10 A Shares held by such A Shareholders as consideration, which was determined with reference to the appraised value of the respective trading rights of the A Shareholders. Upon completion, the total share capital of our Company remained unchanged as 240,000,000 Shares, with all Non-tradable Shares became converted, listed and traded as A Shares.

(4) Subsequent Shareholding Changes

Since our A-Share Listing in 2003, there have been several instances of share capital changes of our Company. For details of changes in share capital of our Company within the two years immediately preceding the date of this document, see "Statutory and General Information — 1. Further Information about our Group — B. Changes in Share Capital of Our Company" in Appendix VI to this document. As of the Latest Practicable Date, the total issued share capital of our Company was 8,474,978,037 A Shares.

EMPLOYEE INCENTIVE SCHEME

In order to incentivize our employees, we adopted the Employee Incentive Schemes. See "Statutory and General Information — 3. Further Information about our Directors and Supervisors — 4. Our Incentive Schemes" in Appendix VI to this document for details.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or material regulatory measures imposed by PRC securities regulatory authorities, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to promote our globalization strategy, gain enhanced access to the capital markets and further improve our operational transparency and corporate governance. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

Previous Listing Attempts

As approved by the Board on April 26, 2010 and by the shareholders of the Company on May 20, 2010, we submitted our listing application for the proposed listing of our H Shares on the Main Board of the Stock Exchange (the "**Previous H Share Listing Attempt**"). The Previous H Share Listing Attempt was then approved by the CSRC on August 22, 2011 and passed the hearing by the Listing Committee of the Stock Exchange on September 1, 2011. Nevertheless, given the changes in the then market conditions, we decided to refocus and prioritize the time and resources to our business development and terminated the Previous H Share Listing Attempt.

In March 2022, our Company announced its intention to offer and list global depositary receipts ("**GDR**") on the SIX Swiss Exchange. In view of our digitalization strategy and our established presence in Germany, we decided to change the GDR listing venue to Frankfurt Stock Exchange. As approved by the Board on December 22, 2022 and by the shareholders of the Company on February 27, 2023, we proposed to offer and list GDRs of the Company on the Frankfurt Stock Exchange (the "**Proposed GDR Application**", together with the Previous H Share Listing Attempt, the "**Previous Listing Attempts**"). The listing application was submitted to the Frankfurt Stock Exchange in March 2023. However, considering the changes in the then market conditions and having reviewed the capital needs of the Company, our Board resolved to terminate the Proposed GDR Application in April 2024.

To the best of our Directors' knowledge, our Directors are not aware of (1) any other matters relating to the Previous Listing Attempts that are relevant to the [**REDACTED**] and should be reasonably highlighted in this document for investors to form an informed assessment of our Company; (2) any enquiries from the CSRC, the Stock Exchange, the SFC, the Shanghai Stock Exchange or the Frankfurt Stock Exchange relating to the Previous Listing Attempts that would affect our Company's suitability for the [**REDACTED**]; (3) any other matters relating to the Previous Listing Attempts that may have implications on our Company's suitability for [**REDACTED**] on the Stock Exchange or on the truthfulness, accuracy or completeness of information disclosed in this document; (4) any disagreement or dispute between us and the professional parties involving in the Previous Listing Attempts; or (5) any other matters that need to be brought to the attention of the Stock Exchange and investors in Hong Kong in relation to the Previous Listing Attempts.

THE CONTROLLING SHAREHOLDER GROUP

SANY Group (directly and indirectly through the Asset Management Plans[*Note*]), Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery (the "**Concert Parties**") have been parties acting in concert (as defined in the applicable PRC securities regulations) in exercising their respective voting rights in the Company. Each of the Concert Parties has confirmed and acknowledged that they have been and will be acting in concert with each other by aligning their votes at the shareholders' meetings of our Company in accordance with the consensus achieved among them until the relevant Concert Parties cease to hold any interests in our Company, and shall vote in accordance with the view and decision of SANY Group in the event that they are unable to reach consensus on any matter presented.

Among the Concert Parties, (i) Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang and Mr. Zhou Fugui are shareholders and directors of SANY Group, (ii) Beijing Sany Heavy Machinery is a subsidiary of SANY Group, and (iii) the Asset Management Plans were established by SANY Group to hold interests in our Company in the name of such financial products for and on behalf of SANY Group.

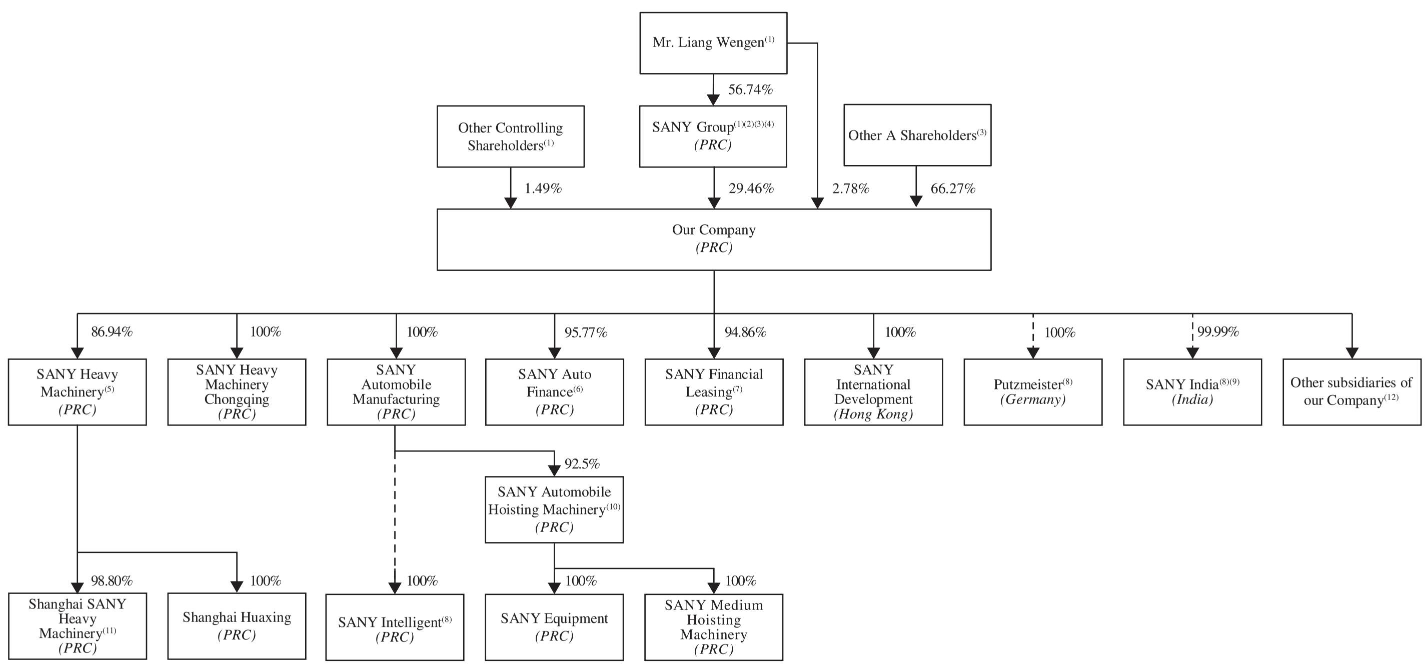
For purpose of the Hong Kong Listing Rules, SANY Group, Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery constitute a group of our Controlling Shareholders. See "Relationship with our Controlling Shareholders" for further details. As of the Latest Practicable Date, our Controlling Shareholders held in aggregate approximately 33.73% of the total issued Shares of our Company.

Note: See note (4) to the corporate structure chart immediately prior to the completion of the [**REDACTED**] as set out below for details of the Asset Management Plans. The Asset Management Plans are not separate legal entities, and are financial products managed by independent professional asset managers. The relevant Shares of our Company, being the assets under management, are registered in the name of the Asset Management Plans and held for and on behalf of SANY Group. As such, the Asset Management Plans are not treated as close associates or associates of our Controlling Shareholders for purpose of the Hong Kong Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart sets forth a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]):



Notes:

(1) Other Controlling Shareholders include Mr. Tang Xiuguo (0.35%), Mr. Xiang Wenbo (0.32%), Mr. Mao Zhongwu (0.26%), Mr. Yuan Jinhua (0.20%), Mr. Yi Xiaogang (0.03%), Mr. Zhou Fugui (0.03%) and Beijing Sany Heavy Machinery (0.31%), all of whom, together with SANY Group and Mr. Liang Wengen are a group of Controlling Shareholders of our Company. See "Relationship with our Controlling Shareholders" for further details.

(2) As of the Latest Practicable Date, SANY Group was held as to (i) 92.74% by members of our Controlling Shareholder Group, including 56.74%, 8.75%, 8%, 8%, 4.75%, 3.50% and 3%, by Mr. Liang Wengen (our non-executive Director), Mr. Tang Xiuguo, Mr. Xiang Wenbo (our executive Director), Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Zhou Fugui and Mr. Yi Xiaogang (our executive president), respectively; (ii) 0.50% by Mr. Liang Linhe (梁林河), nephew of Mr. Liang Wengen; and (iii) 3%, 1%, 1%, 0.69%, 0.60%, 0.40% and 0.08% by Ms. Wang Haiyan (王海燕), Mr. Zhao Xiangzhang (趙想章), Mr. Wang Zuochun (王佐春), Mr. Duan Dawei (段大為), Mr. Zhai Xian (翟憲), Ms. Zhai Chun (翟純) and Mr. Huang Jianlong (our senior vice president), respectively.

(3) As of the Latest Practicable Date, 422,627,942 A Shares held by SANY Group in our Company were under pledge as security in favor of the holders of the 2020 SANY Group Exchangeable Bonds. For details, see "Substantial Shareholders."

(4) The 29.46% shareholding interest held by SANY Group in our Company comprised of (i) 29.26% shareholding interest directly held by SANY Group and (ii) 0.20% shareholding interest indirectly held by SANY Group through two asset management plans established by SANY Group, including Guosen Securities Directed Asset Management Plan Chaoyang No. 5 (國信證券定向資產管理計劃朝陽5號) and Fortune Asset Weixin No. 1 Mixed Asset Management Plan (富國資產維信1號混合型資產管理計劃) (the "**Asset Management Plans**"), which hold interests in our Company in the name of such financial products for and on behalf of SANY Group.

(5) SANY Heavy Machinery is a wholly-owned subsidiary of our Company. As of the Latest Practicable Date, the remaining shareholding interest of SANY Heavy Machinery was owned by SANY Heaving Machinery (China) Limited and SANY Chuangzhi (Kunshan) Investment Co., Ltd. (三一創智(昆山)投資有限公司) as to 12.03% and 1.02%, each a subsidiary of our Company.

(6) As of the Latest Practicable Date, the remaining 4.23% shareholding interest of SANY Auto Finance was owned by Hunan Caixin Trust Co., Ltd. (湖南財信信託有限責任公司) and Hunan Steel Group Co., Ltd. (湖南鋼鐵集團有限公司) as to 3.75% and 0.48%, each an Independent Third Party.

(7) As of the Latest Practicable Date, the remaining 5.14% shareholding interests of SANY Financial Leasing was held by Tenancy Co., Limited, a company wholly owned by SANY Group.

(8) Each of our Company and SANY Financial Leasing indirectly holds the interests in Putzmeister and SANY India, and SANY Intelligent, respectively.

(9) As of the Latest Practicable Date, the remaining 0.01% interest of SANY India was held by China Wealth (Asia) Machine Limited, a subsidiary of SANY Group.

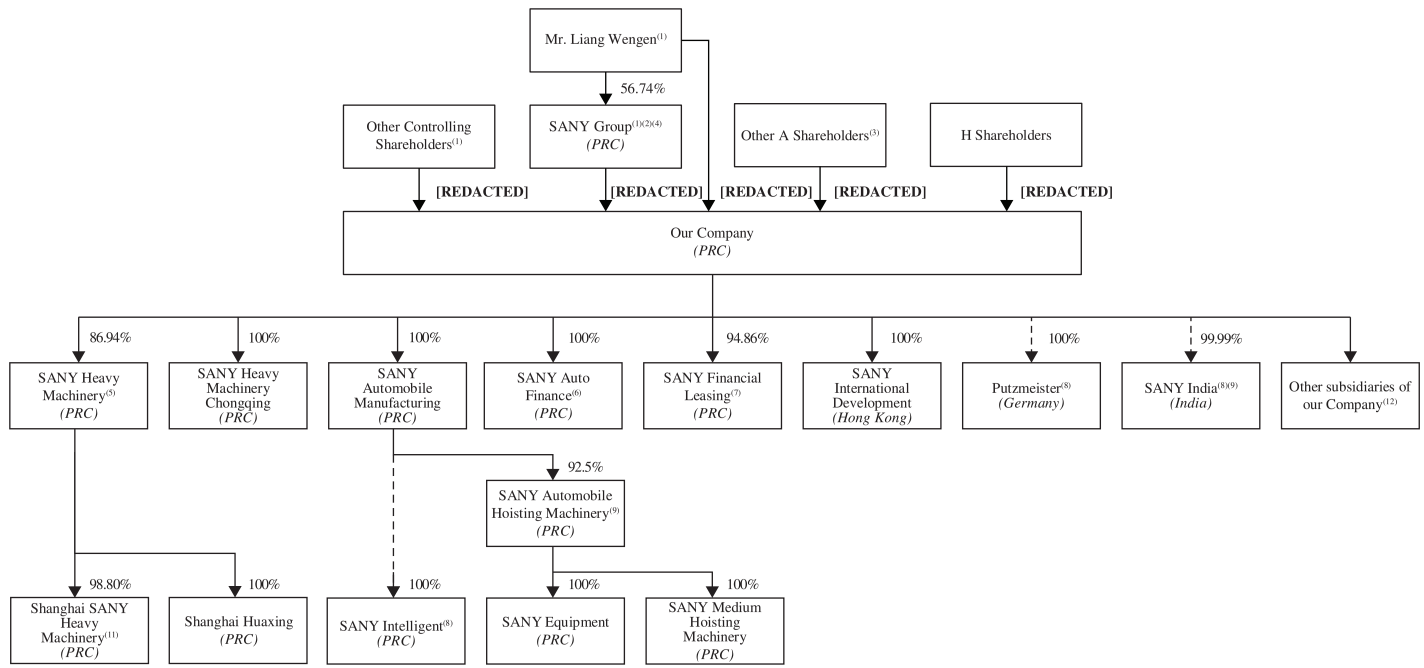
(10) SANY Automobile Hoisting Machinery is a wholly-owned subsidiary of our Company. As of the Latest Practicable Date, the remaining 7.5% interest of SANY Automobile Hoisting Machinery was held by SANY Europe Gmbh, a subsidiary of our Company.

(11) Shanghai SANY Heavy Machinery is a wholly-owned subsidiary of our Company. As of the Latest Practicable Date, the remaining 1.20% shareholding interest of Shanghai SANY Heavy Machinery was held by Kunshan SANY Machinery Co., Ltd. (昆山三一機械有限公司), a subsidiary of our Company.

(12) Other subsidiaries include, in aggregate, over 200 subsidiaries established in various jurisdictions.

Shareholding and Corporate structure immediately following the [REDACTED]

The following chart sets forth the shareholding and beneficial ownership structure of our Group immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] are not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]:



Notes:

(1)-(12) See the respective notes to the corporate structure chart immediately prior to the completion of the [**REDACTED**] as set out above.

OVERVIEW

Founded in 1994, we have established ourselves as an innovation-driven global leader in the construction machinery industry. Guided by our mission that "Quality Changes the World" and our vision embedded in our "SANY" brand to "Build a First-class Enterprise, Foster First-class Talent and Make First-class Contributions," we are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery, including excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024. During the Track Record Period, our products have reached customers in over 150 countries and regions globally. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue. Our products are highly recognized by global customers due to their exceptional technological advantages and superior performance, and have been used in numerous landmark construction projects globally, such as the Hong Kong-Zhuhai-Macao Bridge, London Olympic stadiums, Burj Khalifa and Beijing Olympic stadiums.

Since our inception, our continuous efforts have earned us extensive recognition from customers worldwide and high acclaim in the market, leading to the following achievements:

No. 3 Globally **Construction Machinery Company**[(1)]	**No. 1 Globally** **Excavator**[(2)]	**No. 1 Globally** **Concrete Machinery**[(3)]
150+ **Countries and Regions**[(4)]	**62.3%** **Overseas Revenue Contribution in 2024**	**15.2%** **Overseas Revenue 2022-2024 CAGR**
7.8% **R&D Expenses as a % of Revenue 2022-2024 Average**	**8,900+** **No. of Patents Worldwide**[(5)]	**World's Only Two Lighthouse Factories** **in Construction Machinery Industry**[(5)(6)]

(1) According to Frost & Sullivan, in terms of core construction machinery's cumulative revenue from 2020 to 2024.

(2) According to Frost & Sullivan, in terms of cumulative sales volume from 2020 to 2024.

(3) According to Frost & Sullivan, in terms of cumulative revenue from 2020 to 2024.

(4) The number of countries and regions in which our products have reached customers during the Track Record Period.

(5) As of December 31, 2024.

(6) Lighthouse Factories recognized by the World Economic Forum.

Our Key Milestones

Since our inception, through organic growth, strategic acquisitions and partnerships, we have evolved from a single-country business with a modest product portfolio into a global leader in the construction machinery industry with diversified product offerings and global operations.

Product Portfolio Expansion

- 1995: Successfully developed and launched the sale of trailer pumps
- 1998: Expanded our product portfolio to include truck-mounted concrete pumps
- 1999: Expanded our product portfolio to include road machinery
- 2007: Expanded our product portfolio to include piling machinery
- 2010: Expanded our product portfolio to include excavating machinery, hoisting machinery and truck mixers

Globalization

- 2002: Successfully commenced overseas exports, becoming one of the pioneering Chinese construction machinery companies to enter the global market
- 2010: Indian Industrial Park commenced production
- 2011: German and U.S. Industrial Parks commenced production
- 2012: Acquired a 90% equity interest in Putzmeister, a German company that, at the time, was the world's largest concrete machinery manufacturing company outside China
- 2013: Overseas revenue exceeded RMB10 billion
- 2022: Indonesian Industrial Park commenced production

Industry Leadership[(1)]

- 2000: Ranked first in China in terms of market share for both the trailer pumps and truck-mounted concrete pumps
- 2011: Ranked first in China in terms of excavators' annual sales volume for the first time; Ranked first globally in terms of concrete machinery's annual sales revenue for the first time

- 2019: Ranked among the top three construction machinery companies globally in terms of annual revenue
- 2020: Ranked first globally in terms of excavator's annual sales volume for the first time
- 2021: Beijing Piling Machinery Plant was recognized by the World Economic Forum as the first "Lighthouse Factory" in the global construction machinery industry
- 2021: Debuted on the Forbes Global 500 list
- 2022: Changsha No. 18 Plant was recognized by the World Economic Forum as the second "Lighthouse Factory" in the global construction machinery industry
- 2024: Our overseas revenue exceeded 60% of our total revenue, significantly surpassing domestic peers

(1) According to Frost & Sullivan.

Our Products

Our industry-leading diversified product portfolio caters to the varied needs of our customers in construction projects. We primarily provide excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery, along with other rapidly-growing products, such as dump trucks and fire trucks. We deliver customized products and solutions for various scenarios spanning earthworks, public construction, road and bridge construction, airport runway construction, building construction, mining operation, energy development, ports and logistics, among others. This diversified presence across multiple sectors strengthens our business resilience throughout economic cycles.

As a pioneer in the digitalization and decarbonization transformation of construction machinery, we continuously drive innovation to meet evolving customer demand and capitalize on market growth opportunities. In 2024, we successfully launched more than 40 new energy products, including excavators, loaders, truck-mounted concrete pumps, truck mixers and cranes. For product categories that we cover, the variety of our new energy products surpasses that of our competitors, according to Frost & Sullivan. We have continuously achieved breakthroughs in digitalization, launching the world's first 5G remote-controlled excavator, as well as other smart products such as smart cranes, smart road rollers and smart loaders.

Leveraging years of technological expertise and product innovation, we have developed integrated solutions for multiple scenarios, such as the digital solution for open-pit mining, comprehensive truck-mounted concrete pump solution, crane smart operation solution, smart tunnel construction solution and smart paving and rolling fleet, among others.

The following table sets forth our major products and representative solutions as of December 31, 2024:

Our Market Opportunities

As a cornerstone of the global economic development, the construction machinery industry is experiencing robust expansion and offers promising long-term growth potential. According to Frost & Sullivan, the size of the global construction machinery market was US$213.5 billion in 2024, and is expected to reach US$296.1 billion by 2030, with a CAGR of 5.6% from 2024 to 2030.

Geographically, the established overseas markets, namely Europe and North America, hold the largest market shares. The market size of these regions was US$114.2 billion in aggregate in 2024, accounting for 53.5% of the global construction machinery market. This figure is expected to reach US$139.6 billion by 2030, with a CAGR of 3.4% from 2024 to 2030. The size of emerging overseas markets is expected to increase from US$75.9 billion in 2024 to US$99.4 billion in 2030, with a CAGR of 4.6% from 2024 to 2030. This expected increase is attributable to factors such as accelerating infrastructure development, urbanization and industrialization. Additionally, the size of the construction machinery market in China was US$23.4 billion in 2024. Benefiting from factors such as policy support, accelerating infrastructure development, urban renewal, increasing mineral investment, equipment upgrades and decarbonization efforts, it is expected to increase to US$57.0 billion by 2030, with a CAGR of 16.0% from 2024 to 2030.

By product category, excavators and loaders represent the majority of the construction machinery market, supported by their broad application scenarios and sustained demand. Excavators and loaders in aggregate represented a global market size of US$102.2 billion in 2024, which is expected to increase to US$141.2 billion by 2030, with a CAGR of 5.5% from 2024 to 2030.

Our Global Footprint

As one of the pioneering Chinese construction machinery companies to enter the global market, we prioritize globalization as one of our key development strategies and have consistently implemented this strategy throughout our development. Since our first product export in 2002, we have been dedicated to transforming ourselves into a global company, continuously expanding our global footprint and establishing an integrated ecosystem spanning operations, products, services, R&D and manufacturing. During the Track Record Period, our products have reached customers in over 150 countries and regions globally, including Germany, the United Kingdom, France, Indonesia, India, Saudi Arabia, the U.S. and Brazil. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue, with a CAGR of 15.2% from 2022 to 2024. Both the contribution and the growth rate of our overseas revenue continue to outpace the industry average in China, according to Frost & Sullivan.

Adhering to our overseas market operation philosophy of "Group-led Strategy, Localized Operations, Service-first Approach (集團主導、本土經營、服務先行)," we had established eight overseas region-level and 31 country-level business divisions globally as of December 31, 2024, which serve as platforms for comprehensive strategic planning at their respective levels. We actively recruit front-line employees with deep insights into local markets, enabling us to better understand local customer demand and effectively adapt to the local operating environment. As of December 31, 2024, we had 4,583 overseas employees and had achieved localized operations in all our major overseas markets. In terms of R&D, we have established overseas R&D centers, where we conduct R&D targeting regional market demand, effectively accelerating the local market penetration of our products. In terms of manufacturing, we have built overseas manufacturing bases in Germany, Indonesia, India and the U.S., among others. Our Indonesian manufacturing base stands out as the first overseas smart factory built by a Chinese construction machinery company that was benchmarked against the "Lighthouse Factory" standards. In terms of sales network, as of December 31, 2024, we had built a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services. In addition, as of December 31, 2024, we had 430 distributors globally across approximately 100 countries and regions. By leveraging a comprehensive global sales network, we are able to swiftly respond to local customer demand, achieving product distribution in over 150 countries and regions during the Track Record Period.

The following table sets forth our global industrial bases as of December 31, 2024:

◆ Representing the nine factories owned by Putzmeister worldwide, located in Germany, France, Spain, Slovenia, Turkey, India, Brazil, Chile and the U.S.

Our Sales and Services Network

Our distribution network provides us with channels to establish connections with global customers, enabling us to effectively diversify our customer base. As of December 31, 2024, we had 101 distributors in China and 329 distributors across approximately 100 countries and regions overseas. The extensive local reach of our distributors allows us to provide efficient and high-quality services to support our customers. Furthermore, their first-hand customer insights keep us closely attuned to evolving market dynamics, offering critical feedback that informs our strategic decisions and business development, and ultimately reinforcing a sustainable virtuous cycle of growth. We have also established direct sales outlets in overseas markets to directly reach end customers and provide individualized services, as well as enhance the global presence of the "SANY" brand. As of December 31, 2024, we had over 240 direct sales outlets globally.

We are dedicated to delivering high-quality and efficient services to our global customers, strengthening our overall competitiveness and enhancing customer loyalty. We actively allocate dedicated teams and resources to project sites, providing comprehensive services that include consultation, planning, implementation, operation and maintenance. As of December 31, 2024, we had approximately 2,700 service engineers and a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services. We have launched our MySANY application, to provide services such as real-time display of machinery status, service outlet coordination, online customer service support and 24/7 spare parts purchase. We have achieved online management of equipment through our IoT technology, which facilitates early fault warnings and enables remote diagnostics, ensuring the proper functioning of equipment.

Our R&D Capabilities

We adhere to the principle that "Everything Originates from Innovation," continuously developing advanced technologies and products to solidify our competitive edge. Through years of investments, we have established robust R&D mechanisms that enable us to launch products that match market demand at an industry-leading pace. Our core R&D mechanisms consist of: (i) first-hand market demand insights, which identify customer pain points and industry trends through in-depth customer engagement; (ii) efficient development processes, which leverage mature technologies and modular systems, and conduct virtual trials through digital simulation and digital twin technologies to ensure both speed and quality in product development; (iii) technology pre-research efforts, which maintain product innovation continuity through the "three generations" R&D model, namely "the first generation for sales, the second generation for development and the third generation for reservation (銷售一代、研發一代、儲備一代)." Our R&D mechanisms empower us to quickly optimize products based on customer feedback, ensuring alignment with market demand and efficient commercialization.

We have consistently invested substantial resources in R&D. As of December 31, 2024, we had 21 R&D centers globally. During the Track Record Period, our cumulative research and development expenses amounted to RMB18,168.1 million. The research and development expenses as a percentage of our revenue surpassed the average level of our global peers during the same period, according to Frost & Sullivan. As of December 31, 2024, we had 5,867 R&D employees, representing 23.1% of our total workforce, with 42.3% of them holding a master's degree or above. As of December 31, 2024, we had over 8,900 patents, making our patent portfolio one of the largest in China's construction machinery industry. Our technological innovation capabilities have earned us the "Prize of the National Award for Science and Technology Progress" four times and the highest honor in China's industrial sector, the "China Grand Award for Industry."

Our Intelligent Manufacturing Capabilities

We strive to pioneer global intelligent manufacturing and forge industry-leading production capabilities by building smart factories empowered by digitalization. As of December 31, 2024, we owned the world's only two Lighthouse Factories recognized by the World Economic Forum in the construction machinery industry, namely Beijing Piling Machinery Plant and Changsha No. 18 Plant. As of December 31, 2024, we had built 35 smart factories worldwide, including overseas manufacturing bases in Germany, Indonesia, India and the U.S.. We have been systematically upgrading all of our factories to meet "Lighthouse Factory" standards by incorporating advanced intelligent and digital technologies. Our plants have extensively adopted automation, smart planning, machine vision, process simulation, and other advanced technologies. We have implemented digital control and monitoring throughout the entire process, from orders to delivery, using our proprietary plant management software, which includes the Manufacturing Operating Management platform, the Warehouse Management System, and the Production and Scheduling System. Additionally, our industrial IoT platform integrates with manufacturing equipment and monitors the manufacturing process and key metrics such as energy consumption, continuously collecting and analyzing data. By utilizing modeling to create digital twin and simulate operations, we enable the pre-verification of production plans and process optimization, thereby consistently enhancing product quality, reducing costs and increasing efficiency.

As of December 31, 2024, our manufacturing bases included domestic manufacturing bases located in Jiangsu, Shanghai, Hunan, Beijing, Zhejiang and Chongqing, as well as overseas manufacturing bases located in Germany, Indonesia, India and the U.S., among others. In 2024, the designed production capacity of our excavating machinery, concrete machinery and hoisting machinery reached 150,000, 49,000 and 29,400 units, respectively. See "— Manufacturing and Quality Control — Manufacturing Bases."

Our Supply Chain

We have built a self-sufficient and resilient supply chain through a combination of in-house R&D and strategic partnerships. As of December 31, 2024, we had established more than ten subsidiaries dedicated to developing and manufacturing parts and components. These subsidiaries have successfully developed various core parts and components, such as engines, controllers, hydraulic cylinders, pumps, valves, motors, reducers and slewing bearings for our products. In 2024, our overall self-supply rate for parts and components reached approximately 60%. Specifically, we have achieved a self-supply rate of approximately 90% for certain excavator components, including drive wheels, guide wheels, carrier rollers, track rollers and track chains. Enhancing the self-supply rate helps minimize supply chain disruption risk and ensures the timely delivery of customer orders. It also significantly reduces the cost of spare parts, enabling us to maintain an industry-leading level of gross margin during the Track Record Period. Moreover, it allows us to flexibly adjust the pace of production and procurement, enhancing the efficiency of inventory management. In addition to in-house development, we have maintained long-term strategic partnerships with key suppliers, securing a stable supply of core parts and components through exclusive or priority supply mechanisms. Our stable supply chain enhances our after-sales services by ensuring the timely delivery of spare parts, effectively reducing losses from machine downtime and thus strengthening customer trust.

Our Financial Performance

During the Track Record Period, our financial performance exhibited robust resilience. Our revenue, profitability and operational quality have consistently maintained a leading position in the industry, continuously creating value for our shareholders.

With continuous overseas expansion, our total revenue has stabilized and recovered with the contribution of our overseas revenue continuously increasing during the Track Record Period. Our revenue increased by 5.9% from RMB74,018.9 million in 2023 to RMB78,383.4 million in 2024, of which overseas revenue was RMB48,861.7 million, representing 62.3% of our total revenue in 2024. Both the contribution and the growth rate of our overseas revenue continue to outpace the industry average in China, according to Frost & Sullivan. We have achieved sizable revenue in established overseas markets. For example, European markets contributed 25.4% of our total overseas revenue in 2024. In addition, we have achieved rapid growth in emerging overseas markets. For example, our revenue from the African market increased by 44.1% from RMB3,714.5 million in 2023 to RMB5,351.1 million in 2024.

We have strengthened our product price bargaining position through technological innovation, product performance enhancement and expansion into high-value-added overseas markets. In addition, we have optimized our cost structure with our self-sufficient and resilient supply chain and robust manufacturing capabilities. Our gross profit margin increased from 22.6% in 2022 to 26.4% in 2023, and further increased to 26.7% in 2024. We have continuously optimized our operating expenses through our cost control capability. Our net profit margin increased from 5.5% in 2022 to 6.2% in 2023, and further increased to 7.8% in 2024.

We have adhered to the philosophy of high-quality development, with the emphasis on cash flow risk management and operational efficiency optimization. By focusing on high-value sales, optimizing inventory management and maintaining strict control over down payment percentages, along with rigorous customer qualification reviews, standardized contractual provisions, receivables tracking and a dynamically optimized production-to-sales ratio, our core financial indicators consistently outperform the industry average. This is evidenced by superior operating cash flow, payment collection ratio and inventory turnover.

We are committed to creating and delivering value to our shareholders. Since our listing on the Shanghai Stock Exchange in 2003, we have declared cash dividends of approximately RMB29.3 billion in aggregate. The cash dividends that we declared in 2022, 2023 and 2024 represented 30.6%, 40.4% and 49.8% of the net profit attributable to the shareholders in the same respective years.

OUR STRENGTHS

We believe the following competitive strengths position us well to capitalize on future opportunities and deliver continued growth:

A global leader in the construction machinery industry through over three decades of relentless efforts

Founded in 1994, we have established ourselves as an innovation-driven global leader in the construction machinery industry. Guided by our mission that "Quality Changes the World," we have been dedicated to creating value for our customers during the past three decades, with our products distributed in over 150 countries and regions globally during the Track Record Period. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024.

Through our continuous independent R&D and technological breakthroughs, we have achieved industry-leading positions across multiple product categories:

- ***Excavating Machinery***. We are a global leader in excavating machinery. According to Frost & Sullivan, (i) in terms of cumulative sales volume of excavators from 2020 to 2024, our global market share was 11.3%, ranking us first globally; and (ii) in terms of sales volume of excavators in 2024, our market share in China was 24.5%, ranking us first in China since 2011 for 14 consecutive years.

- ***Concrete Machinery***. We are a global leader in concrete machinery. According to Frost & Sullivan, (i) in terms of cumulative sales revenue of concrete machinery from 2020 to 2024, our global market share was 35.9%, ranking us first globally; and (ii) in terms of the annual sales revenue of concrete machinery, we have been ranking first globally since 2011 for 14 consecutive years.

- ***Hoisting Machinery***. According to Frost & Sullivan, (i) in terms of cumulative sales revenue of hoisting machinery from 2020 to 2024, our global market share was 7.2%, ranking us among the top eight globally; (ii) in terms of the sales revenue of hoisting machinery in 2024, our global market share was 6.0%; and (iii) in terms of the sales volume in 2024, the market share of our crawler cranes in China exceeded 40%, ranking us first in China.

- ***Globalization***. According to Frost & Sullivan, among Chinese construction machinery companies, we have achieved the highest level of globalization in terms of overseas revenue contribution. During the Track Record Period, our products have reached customers in over 150 countries and regions globally, including Germany, the United Kingdom, France, Indonesia, India, Saudi Arabia, the U.S. and Brazil. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue. We have achieved sizable revenue in established overseas markets. For example, European markets contributed 25.4% of our total overseas revenue in 2024.

- ***Decarbonization***. According to Frost & Sullivan, based on the revenue contribution of new energy products in 2024, we ranked among one of the world's most advanced leaders in decarbonization in the construction machinery industry. In 2024, the revenue from our new energy construction machinery products was approximately RMB4,025.0 million, with the revenue contribution ratio significantly exceeding the global industry average, according to Frost & Sullivan. In terms of sales volume in 2024, we ranked first in China for various new energy products, including electric excavators, electric truck mixers and electric dump trucks, according to Frost & Sullivan.

Leveraging our advanced products, we have built the industry-recognized "SANY" brand, trusted by customers worldwide and honored with prestigious awards, such as Forbes Global 500. Our products have been used in numerous global landmark projects, such as NEOM New City in Saudi Arabia, the Hong Kong-Zhuhai-Macao Bridge, Shanghai Tower, the Brazil World Cup venues, London Olympics stadiums, Burj Khalifa, the Hong Kong International Commerce Center and Beijing Olympic stadiums. Our products contributed to the successful completion of these projects, demonstrating the advanced technical capabilities and world-class performance standards of our products.

We believe that our market-leading position, first-mover advantages, widely recognized brand reputation and advanced core technologies will help us capture market growth opportunities, continuously enhance our competitive advantages and achieve long-term sustainable growth. These strengths will further solidify our position as a global leader in the construction machinery industry.

Well-established global ecosystem fueling remarkable growth in international business and enhancing global competitive advantages

As one of the pioneering Chinese construction machinery companies to enter the global market, we prioritize globalization as one of our key development strategies and have consistently implemented this strategy throughout our development. Expanding into global markets not only allows us to capture more growth and profitability opportunities, but also hedges against fluctuations in any individual market, thereby strengthening our business resilience throughout economic cycles. According to Frost & Sullivan, the market size of the overseas construction machinery industry is expected to reach US$239.0 billion in 2030, with a CAGR of 3.9% from 2024 to 2030, and the combined size of established overseas markets, namely Europe and North America, is expected to reach US$139.6 billion in 2030. During the Track Record Period, our products have reached customers in over 150 countries and regions globally, including Germany, the United Kingdom, France, Indonesia, India, Saudi Arabia, the U.S. and Brazil.

- Our overseas revenue increased from RMB36,788.7 million in 2022 to RMB48,861.7 million in 2024, representing a CAGR of 15.2% from 2022 to 2024. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue. Both the contribution and the growth rate of our overseas revenue continue to outpace the industry average in China, according to Frost & Sullivan. We have achieved significant success in multiple overseas markets. We have recorded sizable revenue in established overseas markets. For example, European markets contributed 25.4% of our total overseas revenue in 2024. In emerging overseas markets, we have made rapid progress, with the revenue from African markets, for example, increasing by 44.1% from 2023 to 2024. The gross profit margin of our overseas business has continuously increased from 25.9% in 2022 to 29.6% in 2023, and further to 29.8% in 2024.

- Our products are rapidly penetrating global markets, with multiple flagship products achieving a leading market share overseas. According to Frost & Sullivan, in terms of the sales volume in 2024, the market share of our excavators in the overseas markets was 5.9%, ranking us among the top five globally. In addition, in terms of sales revenue of hoisting machinery, our overseas market share increased from 3.0% in 2022 to 5.0% in 2024, according to Frost & Sullivan.

Since we began exporting our products in 2002, we have been proactively developing overseas manufacturing capabilities and expanding global market access by continuously broadening overseas sales channels. We are committed to addressing global demand, steadily enhancing our international presence and advancing globalization through effective and efficient global operations. We have built a globalized full-value-chain layout, achieving deep localization across business operations, products, services, manufacturing and sales.

- ***Operation Globalization***. We adhere to the overseas market operation philosophy of "Group-led Strategy, Localized Operations, Service-first Approach (集團主導、本土經營、服務先行)." Localized teams are fundamental to localized operations. We are continuously promoting the localization across the management team, culture and mechanism. As of December 31, 2024, we had established eight overseas region-level and 31 country-level business divisions globally. We have also established direct sales outlets in overseas markets to directly reach end customers and provide individualized services, as well as enhance the global presence of the "SANY" brand. As of December 31, 2024, we had over 240 direct sales outlets globally. We actively recruit front-line employees with deep insights into their local markets, enabling us to better adapt to local operating environments, regulatory developments and market opportunities. We have one of the largest international workforces among construction machinery industry in China, according to Frost & Sullivan. As of December 31, 2024, we had 4,583 overseas employees and have achieved localization in all our major overseas markets.

- ***Product Globalization***. As of December 31, 2024, we had 21 R&D centers globally. We have been undertaking tailored R&D for established overseas markets, such as Europe, to develop products that comply with local technical specifications, safety standards and environmental regulations. For example, our excavators were the first in China to comply with Euro 5 emission standards and obtain the EU CE certificate, while our electric truck mixer was China's first electric construction vehicle to obtain the EU WVTA certification and secure access to the European market, according to Frost & Sullivan. Based on insights into customer needs in different regions, we have made targeted innovations and improvements to our construction machinery, promoting the local market penetration of our products. For example, for the European markets, we launched five new models of small excavators with upgraded functionality, enhanced performance, improved mobility and outstanding operational safety.

- ***Service Globalization***. We actively allocate personnel and resources, deploying our professional teams to provide a full suite of services, encompassing consultation, planning, implementation and maintenance at project sites. For example, in 2023, we were involved in the construction of Saudi Arabia's NEOM New City project. To address the project's complex technical requirements, we assembled an on-site service team of more than 50 engineers and deployed over 2,000 units of equipment to ensure the project's smooth progression. As of December 31, 2024, we had approximately 2,700 service engineers, approximately 1,900 outlets and over 140 warehouses globally. Through 24/7 channels such as hotlines and our MySANY application, we deliver high-standard after-sales service to global customers.

- ***Manufacturing Globalization***. We have been expanding our global manufacturing footprint since 2006, setting up manufacturing bases in countries such as Germany, Indonesia, India and the U.S. We had 35 smart factories worldwide as of December 31, 2024, and are advancing the "Lighthouse Factories" recognition for more factories. Our overseas manufacturing bases are empowered by our world-class manufacturing capabilities and strategically coordinated and managed by our domestic global production control center, significantly enhancing our product quality and overall operational efficiency.

- ***Sales Network Globalization***. We have successfully established one of the most extensive overseas sales network among the construction machinery companies in China. As of December 31, 2024, we had built a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services. In addition, as of December 31, 2024, we had 430 distributors globally across approximately 100 countries and regions. Leveraging a robust sales network, we have been able to swiftly respond to local customer demand, achieving product distribution in over 150 countries and regions during the Track Record Period.

A diversified and high-quality product portfolio, advancing customer experience through digitalization and decarbonization

We started with concrete machinery products and have rapidly established industry leadership and earned a trusted global brand reputation. Leveraging our experience and industry position in the concrete machinery sector, we have continuously expanded our product portfolio and secured a leading position across various core categories of construction machinery, such as excavating machinery and hoisting machinery, thereby achieving rapid business growth. Our industry-leading diversified product portfolio caters to the varied needs of our customers in construction sector. It primarily includes excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery, along with other fast-growing products, including dump trucks and fire trucks. We deliver customized products and solutions for various scenarios spanning earthworks, public construction, road and bridge construction, airport runway construction, building construction, mining operation, energy development, ports and logistics, among others. This diversified presence across multiple sectors strengthens our business resilience throughout economic cycles.

We place enduring emphasis on technological excellence and product quality, continually striving to deliver maximum value to our customers. Through innovation and technological breakthroughs, our products have repeatedly set industry records. For example, we successfully developed a truck-mounted concrete pump with the world's longest boom of 86 meters, and our trailer pump achieved a super high-rise concrete pumping height of 632 meters. In January 2022, we launched the world's first 300-ton fully electric-controlled super-large excavator. In August 2022, we introduced the world's first mass-produced low-carbon smart micro-hybrid electric truck-mounted concrete pump. In August 2024, we unveiled the world's largest 240-ton mobile crane. In September 2024, we launched the world's first 4,000-ton all-terrain crane, which is the only crane in the industry capable of handling wind power fan installations at a height of 185 meters. In December 2024, we launched our first 400-ton front shovel hydraulic mining excavator, which demonstrates exceptional performance in core metrics such as power systems and control precision, achieving breakthroughs in 13 key industry technologies. While continuously driving product innovation, we maintain rigorous quality control, establishing an industry benchmark for product reliability and durability. Taking our excavators as an example, they integrate high-efficiency power systems and intelligent control systems to significantly enhance operational efficiency. Additionally, the use of high-strength materials and rigorous testing protocols ensures long-term durability of our products. See "— Manufacturing and Quality Control — Quality Control."

As a pioneer in the digital transformation in the construction machinery industry, we integrate intelligent technologies into construction machinery products. This integration offers various benefits to customers, including enhanced efficiency, lowered costs and innovative experiences, thereby significantly improving our product competitiveness. Through continuous innovation, we have expanded our product portfolio with the launch of advanced smart construction machinery, including remote-controlled excavators and smart cranes. In terms of construction process, we actively implement integrated connectivity and intelligent technologies throughout the entire process and have pioneered the industry with features including the visualization of construction projects, coordinated multi-vehicle operations, intelligent transportation coordination, system operation coordination, equipment online management and remote vehicle control. For example, we have developed the world's first 5G remote excavator, allowing operators to control mining excavators from remote locations, thereby allowing operators to stay away from hazards such as dust and landslides. This product has been commercialized and delivered at scale.

We have proactively developed new energy construction machinery solutions to deliver cost-effective and eco-friendly options for our customers. Our new energy products significantly reduce the total cost of ownership for our customers through substantial fuel and maintenance expense savings, enabling the faster recovery of initial equipment investment costs and empowering customers to achieve both economic and environmental benefits. Our new energy products fully align with global ESG regulatory frameworks. For example, in the EU market, our products assist our customers in meeting carbon emission targets and ESG rating requirements. Based on the revenue contribution of new energy products in 2024, we were one of the world's advanced leaders in decarbonization in the construction machinery industry, according to Frost & Sullivan. In 2024, we successfully launched over 40 new energy products, including excavators, loaders, truck-mounted concrete pumps, truck mixers and cranes. Notably, in specific product categories such as dump trucks and loaders, the proportion of new energy product types has exceeded 50%. Our forward-looking decarbonization strategy has not only helped us capture market growth opportunities, but also enabled us to achieve higher value-adds delivered by products and build technological barriers. According to Frost & Sullivan, in terms of sales revenue in 2024, the global penetration rates for new energy excavators, new energy loaders and new energy concrete machinery were 0.3%, 3.4% and 9.3%, respectively, and are expected to increase to 17.8%, 8.5% and 23.3% by 2030, respectively.

We have further developed integrated solutions for various scenarios, leveraging years of technological expertise and product innovation. For example, our digital solution for open-pit mining encompasses smart products such as remote-controlled excavators and mining loaders, keeping operators away from the frontline of operations and safeguarding production safety. Additionally, digital and automated mining management systems allow for optimal resource allocation, path planning and dynamic task scheduling, thereby enhancing overall operational efficiency. Such refined management capability also enables energy conservation and emission reduction, significantly reducing the pollution caused by traditional mining and thereby, empowering the industry to achieve sustainable development.

Outstanding and comprehensive services, backed by an extensive global network, consistently delivering value to our customers

We place emphasis on customer experience, committing to delivering industry-leading service efficiency and quality that continuously create value for customers and therefore establishing "SANY" as the preferred brand.

We provide customers with comprehensive services, from equipment procurement to operation and maintenance. We provide tailored product design, functional customizations and hardware/software solutions tailored to customers' specific needs, such as special operating conditions or environmental requirements. Additionally, we provide tailored financing solutions based on our customers' profiles, supported by digital systems that enable end-to-end online management of contract signing, order tracking and risk control, ensuring customers' access to flexible and efficient financial services. During product usage, we offer customers comprehensive digital services that encompass equipment utilization, maintenance and management through online equipment management system, continuously creating value for our customers. Based on customer requirements, we offer tailored performance optimization solutions for aging construction machinery, including energy efficiency enhancement, intelligent and digital upgrades and other retrofitting services to extend their operational lifecycle. Regarding the after-sales services for global customers, we have launched our MySANY application, providing 24/7 spare parts purchase and after-sales services. As of December 31, 2024, we had approximately 2,700 service engineers and approximately 1,900 outlets globally, committed to achieving industry-leading service quality and efficiency. In Indonesia, for example, we have set up nearly 80 service outlets over the past decade. As of December 31, 2024, we operated a multitiered parts warehousing system comprising 140 warehouses, including two regional central warehouses and 35 national warehouses. In 2024, we achieved an in-stock rate of more than 90% for our global spare parts offerings, ensuring timely parts supply to minimize customer downtime.

We effectively reach global customers and offer high-quality, efficient service support through our directly operated outlets and distributor networks. As of December 31, 2024, we had over 240 direct sales outlets globally. In addition, as of December 31, 2024, we had 430 distributors globally across approximately 100 countries and regions. Meanwhile, the customer insights gained during the service process help us refine our business layout and strategies, enabling us to stay attuned to market trends and launch more attractive products, thereby creating a sustainable virtuous cycle.

Excellent R&D capabilities continuously powering technological innovation leveraging deep insights into market demand

We adhere to the principle that "Everything Originates from Innovation," continuously developing advanced technologies and products to solidify our competitive edge. Through an agile response mechanism, continuous R&D investments and deep technological reserves, we have established industry's development direction with rapid rollout of products addressing market demand. Our continuous product iterations and technological advancements are empowered by continuous investments in R&D. We implement industry-leading innovation incentive systems to fully stimulate the enthusiasm of our R&D team and continuously attract top-tier industry talent. During the Track Record Period, our cumulative research and development expenses amounted to RMB18,168.1 million. The research and development expenses as the percentage of the revenue surpasses the average of our global peers. As of December 31, 2024, we had 5,867 R&D employees, representing 23.1% of our total workforce, with 42.3% of them holding a master's degree or above.

Our R&D mechanism is market-oriented based on customer pain points and industry trends collected through in-depth customer engagement. Through real-time demand analysis, we deliver tailored solutions that build customer trust, thereby encouraging proactive user feedback. The real-time inputs fuel rapid product optimization, driving us to quickly respond to the customer demand and forming a virtuous cycle of continuous improvement. For example, in response to the increasing demand for zero-emission construction machinery in Europe, we launched our first 20-ton electric excavator in 2024. Equipped with advanced technologies such as high-power motors and efficient thermal management battery systems, this model effectively addresses European customers' demand, including noise reduction, product durability and cost efficiency. This model has been widely recognized in the European market with promising orders.

We have focused on investments in software and hardware infrastructure for R&D in order to optimize efficiency. Leveraging technologies such as digital simulation, we have established virtual test fields to simulate and test the performance of construction machinery in a virtual environment, significantly reducing testing cycles and costs while enhancing product competitiveness and reliability. Additionally, we have developed in-house digital R&D Planning and Management Systems to ensure standardized R&D project execution and high-quality delivery. As a result, we have significantly reduced our product prototyping and testing cycles during the Track Record Period, demonstrating substantial improvements in our operational efficiency. In terms of hardware infrastructure, we have established global-leading development and testing facilities, including four advanced field test sites and eight prototyping centers, covering 90% of testing scenarios. For example, we are among the few in the world to possess joint test sites for excavators and loaders, as well as outdoor test sites in various climate zones and complex natural conditions, providing desired environments for product validation.

Our R&D resources are strategically allocated to pioneer industry transformation, with foresighted deployment in core technological domains.

- ***Globalization***. We conduct targeted R&D for global markets, focusing on compliance with stringent technical, safety and environmental standards. We have successfully obtained key international certificates, including the EU CE certificate and the North America ASME certificate.

- ***Digitalization***. We prioritize R&D investments in the Industrial IoT platform, automation and big data technologies across manufacturing and product applications and have achieved functions such as intelligent planning, intelligent operations and remote scheduling, thereby enhancing the efficiency and safety of our products and manufacturing processes.

- ***Decarbonization***. We are advancing three technological approaches, including pure electrical, hybrid and hydrogen, developing new energy products as well as critical components and technologies. Our integrated e-axle technology addresses inefficiencies in traditional mechanical transmissions and has been deployed in products such as truck mixers, significantly improving motion response times and reducing energy consumption. Our semi-distributed vehicle control units, integrating electric drive, energy management and adaptive mechanism, dynamically optimizing energy consumption. This technology is now applied to all of our electric excavators, achieving substantial energy savings.

Manufacturing, operations and services empowered by digitalization, driving enhancements in quality and breakthroughs in efficiency

We focus on advanced manufacturing technologies and conduct digital and intelligent upgrades of factories to establish global leading manufacturing competitiveness. As of December 31, 2024, we were the only company in the construction machinery industry that had obtained "Lighthouse Factory" certifications from the World Economic Forum for two factories, namely, the Beijing Piling Machinery Plant and Changsha No. 18 Plant, providing exemplary digitalization pathways for global manufacturing companies.

Leveraging our hardware and software capabilities, we are empowering factories with digitalization through data collection and intelligent analytics systems, and have built industry-leading smart factories.

- In terms of hardware, we have introduced smart machines to shift production modes from "machines assisting humans" to "humans assisting machines," significantly enhancing operational efficiency. For example, our industry-first automated material cutting and forming production line enables automated processing from steel plates to components, achieving 10% material savings. We have introduced lattice-type dual-machine collaborative system and heavy-duty system in welding, coating and other processes, achieving welding accuracy of 0.02 mm and 100% automation in part of the production line of coating workshops.

- We have developed in-house our software system that covers the entire manufacturing process. Our "Smart Factory Brain" centers around a manufacturing operations management platform, integrating multiple systems such as the workshop logistics management system and production planning system, creating a fully digital and smart production process.

- Our Industrial IoT platform is able to collect and analyze real-time manufacturing data to optimize the manufacturing process. For example, data analysis enables us to adjust production line parameters in real time, reduce waste in raw materials and lower the defect rate. Additionally, quality data analysis enables rapid identification of issues, improving product quality and reducing repair costs.

Our digitalization capabilities have empowered multiple dimensions of our operations, driving substantial operation efficiency enhancement:

- ***Supply Chain Transparency and Collaboration***. We have established an intelligent procurement system. The integration of supply chain data enables us to better coordinate inventory, manufacturing and transportation, reducing overstocking or supply shortages and lowering logistics costs while improving response speed and customer satisfaction.

- ***Sales and Market Forecasting***. By analyzing sales data, market trends and customer needs, we can predict market demand, optimize production plans, improve inventory management and enhance the effectiveness of product positioning and marketing strategies.

- ***Energy Efficiency Management***. By monitoring and analyzing energy consumption, we have implemented energy-saving measures to reduce energy costs. For example, we have developed in-house a smart dispatch system for peak, off-peak and flat periods to analyze the energy consumption for our production equipment, optimizing production scheduling to prioritize energy-intensive operations during off-peak hours. From 2022 to 2024, our energy-saving projects had cumulatively saved approximately RMB200 million in energy costs.

Our Industrial IoT platform provides us with multi-dimensional intelligent analysis and service support. This includes early warning of potential faults and proactive solution development, substantially mitigating losses caused by unexpected downtime. We have also adopted remote online management and diagnostic technologies to accelerate issue resolution, reducing service costs and enhancing customer experience. Additionally, we deliver comprehensive digital solutions to our customers, such as online management systems for the crane industry, enabling customers to track equipment distribution, operation progress and business indicators in real time.

Visionary and experienced management team committed to the mission that "Quality Changes the World," guiding us through economic cycles and towards global leadership

Both Mr. Liang Wengen, our founder, and Mr. Xiang Wenbo, our Chairman, each have more than three decades of experience in the construction machinery industry. Since our inception, they have exercised strategic foresight in aligning corporate vision with market dynamics, guiding us through economic cycles with exceptional performance and establishing our global leadership in the industry. We have a deep bench of top technical talent in the industry, such as Mr. Yi Xiaogang, who has driven the breakthroughs in our pumping technologies, and Mr. Yu Hongfu, who has enhanced the global competitiveness of our excavating machinery. Under the leadership of our management team and as a result of more than three decades of efforts, we have accomplished iterations and upgrades across various products, broadening our product portfolio from concrete machinery to a wide spectrum of construction machinery. Furthermore, we have successfully elevated the "SANY" brand to the global stage.

We uphold the mission that "Quality Changes the World," adhere to the business philosophy of "Everything for the Customer, Everything Originates from Innovation," and strive to achieve the vision to "Build a First-class Enterprise, Foster First-class Talent and Make First-class Contributions." Our corporate culture is the fundamental driving force for our long-term development. We foster a continuous learning culture to drive both individual development and corporate advancement. In 2024, we conducted 485 training sessions, recording 27,658 attendances, with an employee training participation rate of 93% and an average training duration of approximately 120 hours per employee.

Despite volatile market conditions, we have maintained high-quality development principles and are committed to building sustainable global operating capabilities. We drive profitability by enhancing product competitiveness and improve cash flow by strengthening inventory management and improving receivable collections. We adhere to a value-based sales policy, ensuring stringent deal terms with a high collection rate, thereby strengthening risk control. Our key financial metrics continue to lead the industry, with operating cash flow, sales collection ratio and inventory turnover ratio significantly outperforming industry peers.

We uphold the core value of prioritizing employees, emphasize employee incentive policies and strive to share business results with our workforce. We have established a fair and competitive compensation and benefits incentive system, which includes annual performance bonuses, medium- and long-term equity incentive plans, profit-sharing plans, extraordinary target rewards, special bonuses and annual salary increases, in addition to base salaries. This creates a floating compensation system that covers all employees. In 2024, we implemented a long-term employee stock ownership plan covering 6,241 employees, representing 24.6% of our total workforce. The plan totaled RMB570 million, with RMB550 million allocated to middle-level managers, key personnel, and core business and technical staff. Additionally, we implemented employee stock ownership plans valued at RMB466 million in 2022 and RMB591 million in 2023.

The expertise and foresight of our management team are pivotal to our success and will continue to drive our future growth. Under their leadership, coupled with our market leadership and multidimensional competitive advantages, we are confident in maintaining our market leader position while actively exploring new growth opportunities.

OUR STRATEGIES

We adhere to our strategy of "globalization, digitalization and decarbonization" to enhance our brand influence and competitiveness, and to better fulfill our mission that "Quality Changes the World" through exceptional products and services. We believe the following strategies will further solidify our position as the global leader in the construction machinery industry.

Committed to our globalization strategy to better serve customers worldwide

Globalization is one of the prioritized development strategies that we have been consistently pursuing. We plan to continue to implement our overseas market operation philosophy of "Group-led Strategy, Localized Operations, Service-first Approach (集團主導、本土經營、服務先行)" to increase our share in overseas markets and enhance the global presence of the "SANY" brand, thereby capturing global growth opportunities.

- ***Operation Globalization***. We will continue to recruit local talent, improve our overseas operating model, proactively engage with and expand our overseas high-value customer base and capture growth opportunities in overseas markets. We also plan to strengthen our overseas marketing channels. For example, in established markets such as Europe, we plan to leverage our high-quality and cost-effective products to increase brand recognition and market penetration, deepening relationships with high-quality local distributors. We plan to strengthen partnerships with financial institutions to provide overseas customers with cost-effective financing solutions and expand the geographic coverage of financing products, thereby providing efficient and individualized services.

- ***Product Globalization***. We will leverage enhanced marketing channels to deepen our insights into the localized needs of overseas customers. By utilizing our global R&D, manufacturing and service resources, we plan to develop customized products aligned with local customers' preferences and adapt to local operating conditions, thereby creating value for customers.

- ***Service Globalization***. We will leverage our global service network to further strengthen customer coverage and promote our digital service portal, as well as our intelligent dispatching system, to more countries and regions. Additionally, we plan to reinforce our allocation of overseas resources and expand the coverage of local service outlets and warehouse networks, further reducing the lead times for overseas parts delivery. Through these efforts, we aim to enhance overseas customers' satisfaction with after-sales service experiences and to enhance customer loyalty.

- ***R&D Globalization***. We will continue to enhance our global R&D system to develop products closer to markets and customers. By recruiting top R&D talent worldwide, we aim to gain greater insights into local market demand and dynamics and to deliver a localized product portfolio. As of December 31, 2024, we had established overseas R&D centers and formed an overseas R&D team of more than 900 members. Going forward, we plan to enhance R&D capabilities in more regions to better meet the needs of global customers.

- ***Manufacturing Globalization***. We will strengthen our overseas manufacturing capabilities and establish "Global Manufacturing" as a core competitive advantage by leveraging domestic smart manufacturing expertise in overseas plants. As of December 31, 2024, we had successfully established overseas manufacturing bases located in Germany, Indonesia, India and the U.S. We plan to continue to enhance the production capacity of existing overseas manufacturing bases and accelerate the development of new overseas manufacturing bases to better serve local market demand and streamline supply chain cycles.

Advancing our digital transformation to comprehensively enhance our competitiveness

We will further integrate digitalization into our products, manufacturing, operation and service to actively drive our digital transformation and enhance our competitiveness.

- ***Smart Products***. We will enhance the digitalization of products by leveraging advanced technologies. In addition to developing high-quality single-category products, we plan to continue to develop solutions for customers. For example, we have been able to provide one-stop intelligent solutions comprising pavers, rollers, motor graders, milling machines and asphalt batching plants in the road machinery sector. We plan to extend our intelligent solutions to broader application scenarios, delivering greater value to customers.

- ***Intelligent Manufacturing***. We will improve intelligent and flexible manufacturing capabilities, as well as promote "Lighthouse Factory" practices worldwide to meet delivery requirements more efficiently. In terms of hardware, we plan to continue to increase the proportion of automated operations, optimize per employee operational efficiency and further lower the labor cost per unit produced. In terms of software, we plan to upgrade our Manufacturing Operating Management Platform and optimize the Process Management Systems to iterate and improve the production and manufacturing capabilities of our smart factories.

- ***Intelligent Operations***. We are dedicated to leveraging advanced technologies such as big data analysis and machine decision-making to reduce costs and enhance efficiency by streamlining processes across marketing, customer acquisition, contract approval and product delivery. We have built up a "smart brain" for factory production and manufacturing, gradually achieving full-process digitalization. Going forward, we plan to pursue comprehensive data utilization, realize data value, enhance operational efficiency and achieve whole-process digital transformation.

- ***Intelligent Services***. Based on intelligent hardware, and by utilizing machine decision-making technology, we provide data intelligence and value analysis for customers, creating a smart operating ecosystem covering various scenarios and delivering a one-stop and full lifecycle service model. Going forward, we plan to leverage deep insights into user behavior and application use cases to develop individualized service solutions that meet end customers' needs, enabling a more efficient response to customer demand.

Continuously implementing our decarbonization strategy in pursuit of a more sustainable future

We remain steadfast in driving the green and decarbonization transition and enhancing sustainable development capabilities, creating long-term value for global customers and society.

- ***Capturing opportunities in new energy products***. Amidst the growing global demand for new energy products, we have successfully introduced a series of innovative solutions that have enabled numerous customers to significantly reduce operating costs while meeting their requirements for green and low-carbon transformation. These solutions address environmental challenges and other ESG concerns. For instance, we offer green technologies for sustainable mining operations, covering extraction, loading and transportation. Going forward, we will further enrich our green and decarbonization innovative solutions. Furthermore, we will expand our new energy product category, enhance and upgrade product performance, and strengthen key technologies and components to address critical issues. This will enable us to better seize global opportunities in green and low-carbon development. Going forward, we will introduce more new energy products, such as applying electric technology across all excavation models.

- ***Decarbonization across operations and the supply chain***. We are dedicated to reducing the carbon emission intensity across the entire industry chain through technological innovation. While promoting the transformation of products towards decarbonization, we have achieved significant progress by reducing carbon emissions throughout the entire production and operation process, via smart energy systems, energy data management and the construction of sustainable industrial parks. In addition, we will continue to decarbonize our supply chain to reduce product carbon footprint from the source. Going forward, we will continue to implement a green and sustainable development model, establishing a full-process green production chain that focuses on carbon reduction from the beginning of the process to the end, thereby supporting the achievement of decarbonization in each application scenario.

OUR BUSINESS

Founded in 1994, we have established ourselves as an innovation-driven global leader in the construction machinery industry. We are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery, including excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024.

Our industry-leading diversified product portfolio caters to the varied needs of our customers. The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Excavating machinery	35,755,616	44.2	27,635,692	37.3	30,373,600	38.8
Concrete machinery	15,080,363	18.7	15,314,574	20.7	14,368,034	18.3
Hoisting machinery	12,669,948	15.7	12,999,205	17.6	13,115,027	16.7
Piling machinery . .	3,065,233	3.8	2,085,179	2.8	2,076,069	2.6
Road machinery. . .	3,080,834	3.8	2,485,494	3.4	3,001,227	3.8
Others[(1)]	11,186,536	13.8	13,498,792	18.2	15,449,422	19.8
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

Note:

(1) Others mainly included revenue from sales of other machinery, such as sales of dump trucks and overseas resales of port machinery and mining trucks.

We are one of the pioneering Chinese construction machinery companies to enter the global market. We have consistently implemented the globalization strategy throughout our development. We have developed a global business with strong regional connections, leveraging our R&D capabilities, manufacturing capacity, sales and service network and brand recognition. During the Track Record Period, our products have reached customers in over 150 countries and regions globally. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue.

The following table sets forth a breakdown of our revenue by geographical region for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Mainland China	**44,049,835**	**54.5**	**30,454,900**	**41.1**	**29,521,685**	**37.7**
Overseas	**36,788,695**	**45.5**	**43,564,036**	**58.9**	**48,861,694**	**62.3**
– Asia-Oceania	16,675,634	20.6	18,047,152	24.5	20,813,283	26.6
– Europe	8,230,375	10.2	12,159,677	16.4	12,411,995	15.8
– Americas	8,874,196	11.0	9,642,670	13.0	10,285,295	13.1
– Africa	3,008,490	3.7	3,714,537	5.0	5,351,121	6.8
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

OUR PRODUCTS

Our diversified product portfolio primarily includes excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. In addition, we develop and offer a range of other construction machinery products, such as dump trucks and fire trucks. Our broad product offering is widely applied across diverse application scenarios spanning earthworks, public construction, road and bridge construction, airport runway construction, building construction, mining operations, energy development, ports and logistics and other downstream industries. Our diversified offerings across multiple product categories and industry sectors strengthen our business resilience throughout economic cycles.

Our products have significant competitive advantages in design, performance, quality, and user experience. In terms of design, we prioritize durability, operational efficiency and cost-effectiveness. Regarding performance and quality, we emphasize the superior performance, quality and integrated operation of key components, such as engines and hydraulic and electrical systems. Our products are renowned for their high performance, reliability and intelligent features. Our construction machinery employs advanced technologies and quality materials to ensure efficient operation, low failure rates and long service life, maintaining a leading position in the industry. Additionally, we prioritize user experience to ensure that our products are safe, highly functional and ergonomically designed. We emphasize quality, reliability and durability in the design and manufacturing of our products to minimize maintenance costs for our customers. Leveraging our advanced R&D capabilities and insights into customer needs in different regions, we have made targeted innovations and improvements to our equipment, promoting the penetration into local markets. For example, our electric truck mixer was China's first electric construction vehicle to obtain the EU WVTA certification and secure access to the European market, according to Frost & Sullivan. Our products have also obtained certificates for various countries and regions, such as China's CCC certificate, the EU CE certificate and the North America ASME certificate. Our products have been used in numerous global landmark projects, such as NEOM New City in Saudi Arabia, the Hong Kong-Zhuhai-Macao Bridge, Shanghai Tower, Brazil World Cup venues, the North American Niagara Tunnel Project, London Olympics stadiums, the Burj Khalifa, the Hong Kong International Commerce Center and Beijing Olympic stadiums.

Excavating Machinery

Our excavating machinery mainly includes crawler excavators and wheeled excavators. The crawler excavators are further categorized into mini, small, medium and large models. Such excavators are mainly used in various application scenarios, such as earthworks, mining operation, public construction and road and bridge construction, demonstrating their adaptability, stability and operational efficiency in diverse environments. We also offer loaders under this product category, which are commonly used in conjunction with excavators.

We are a global leader in excavating machinery. According to Frost & Sullivan, (i) in terms of cumulative sales volume of excavators from 2020 to 2024, our global market share was 11.3%, ranking us first globally; and (ii) in terms of sales volume of excavators in 2024, our market share in China was 24.5%, ranking us first in China for 14 consecutive years since 2011.

The following table sets forth the main types of our excavating machinery:

						
Product types	**Mini excavator**[(1)]	**Small excavator**[(1)]	**Medium excavator**[(1)]	**Large excavator**[(1)]	**Wheel excavator**	**Loader**[(1)]
Application scenarios	• Farmland transformation • Landscaping • Municipal utilities	• Farmland transformation • Landscaping • Building construction • Municipal utilities	• Rock engineering • Mining • Railway/tunnel construction • Landscaping • Building construction • Municipal utilities	• Rock engineering • Mining • Railway/tunnel construction	• Building construction • Landscaping • Municipal utilities	• Rock engineering • Port and waterway • Mining • Waste disposal • Quarrying operation • Municipal utilities
Key specifications of representative models	• Bucket capacity: 0.04 – 0.12 m^3 • Engine power: 14.6 – 22.2 kW • Overall weight: 2.0 – 3.8 tons	• Bucket capacity: 0.25 – 0.60 m^3 • Engine power: 36.0 – 95.0 kW • Overall weight: 6.0 – 13.5 tons	• Bucket capacity: 0.2 – 2.0 m^3 • Engine power: 114.0 – 212.0 kW • Overall weight: 21.5 – 35.0 tons	• Bucket capacity: 1.9 – 22.0 m^3 • Engine power: 210.0 – 1,620.0 kW • Overall weight: 36.8 – 400.0 tons	• Bucket capacity: 0.2 – 1.0 m^3 • Engine power: 36.0 – 128.4 kW • Overall weight: 6.0 - 21.5 tons	• Bucket capacity: 0.5 – 5.0 m^3 • Rated load: 1.3 – 5.8 tons • Overall weight: 17.0 – 19.0 tons

Note:

(1) New energy models are available.

Our excavating machinery has become an industry benchmark due to its outstanding performance and reliable quality. Our excavators integrate high-efficiency power systems and intelligent control systems to enhance operational efficiency. Furthermore, the maintenance-friendly design and global service network contribute to high equipment uptime, while durable construction and high residual value reduce customers' total cost of ownership. From mines to municipal projects, our excavators have earned the trust of global customers with their stable, efficient and durable performance, continuing to lead in technological innovation and market expansion. During the Track Record Period, the price range of representative models of excavating machinery was generally between RMB0.1 million and RMB40.0 million.

The following table sets forth key features and specifications of our selected excavating machinery models.

Products	**Key Features and Specifications**
SY19E Electric mini excavator 	(1) It is our first electric mini excavator, delivering zero-emission operation in confined spaces. (2) It features fast charging of generally less than 1.5 hours, for operational duration of up to six hours after a full charge. (3) It is equipped with a high-torque permanent magnet synchronous motor, achieving a pure electric output efficiency of 95%. (4) It is equipped with electric drive and hydraulic systems that work in coordination, offering rapid response and high-precision operational capabilities. (5) It offers various charging modes compatible with residential electricity, industrial electricity and DC charging stations. (6) It features a battery with a water-cooling system, enabling the equipment to function effectively even at high temperatures.
SY75C Small excavator 	(1) It employs high-pressure common-rail technology, offering high fuel efficiency. (2) It is equipped with a load-sensing system, enhancing both work efficiency and control performance. (3) It utilizes a high-power engine combined with an intelligent control program delivering strong performance. (4) It is equipped with a 7-inch smart touch screen, providing an intelligent control experience. (5) It features a reinforced, integrated welded X-shaped undercarriage, providing enhanced safety and reliability over the H-shaped design, thus extending its service life. (6) It is designed with a sound-proof steel-structure cab and an adjustable tilting seat with an adjustable armrest to enhance driving experience.

Products	Key Features and Specifications
SY215C Medium excavator 	(1) It is an excavator designed for rocky conditions. (2) It uses advanced all-electric control technology to enhance handling performance. (3) It features an optimized shape of the bucket to enhance digging force and improve operational efficiency. (4) It is equipped with a large-capacity multi-stage filter system designed for various oil products. (5) Attachments such as grapplers, demolition tools and extension arms can be equipped to meet specialized application scenarios. (6) It features an optimized valve core structure designed to minimize pressure loss and enhance operational coordination.
SY4000H Large excavator 	(1) It is our first 400-ton mining face shovel hydraulic super-large excavator. (2) It features a rapid refueling system, reducing service downtime. (3) It features an independent hydraulic circulation cooling system, enabling more precise temperature control. (4) It is equipped with a multi-pump, multi-valve fully electronic control hydraulic system, to enhance operational efficiency and reduce throttling losses. (5) It includes a dual-power hydraulic cross-control system, enabling independent control by a single engine in emergency mode, improving operational efficiency. (6) It utilizes digital twin models for verification, shortening the testing cycle and conducting full-process digital simulation of structural components.

Products	Key Features and Specifications
SY155W Wheel excavator 	(1) It employs a hydraulic brake circuit system, ensuring that if one circuit loses its braking capability, the performance of the other circuit remains unaffected, thereby enhancing safety during driving. (2) Its hydraulic system and power system are designed to work seamlessly to reduce fuel consumption during operation. (3) It utilizes a high-power engine and intelligent control program to achieve efficient matching of the engine, pump and valve, thereby enhancing efficiency. (4) It features a high-strength structural design, stable and durable performance, thereby reducing the failure rate. (5) It features rapid movement speed and exceptional maneuverability. (6) It is equipped with a 7-inch touchscreen and suspension seat, providing an intuitive and comfortable driving experience.
SW956E Electric loader 	(1) It reduces the operating costs compared to fuel-powered loaders, thereby lowering total cost of ownership. (2) It utilizes energy recovery technology to improve efficiency. (3) It utilizes silicone oil suspension technology to enhance vibration isolation performance of the cab. (4) It is equipped with a high-power air conditioning system that fully meets heating and cooling requirements in environmental temperatures ranging from -30°C to 50°C. (5) It utilizes intelligent start-stop technology to automatically shut down the motor when the loader is not in operation, thereby reducing energy consumption. (6) It utilizes advanced liquid cooling technology to cool the battery pack, improving energy efficiency.

Concrete Machinery

Our concrete machinery mainly includes truck-mounted concrete pumps, truck mixers, batching plants and line pumps. Such concrete machinery products are mainly used in municipal construction, road and bridge construction, airport runways and tunnel construction. In 2012, we strategically acquired Putzmeister, a globally renowned concrete machinery manufacturer headquartered in Germany, further expanded our global sales and service network and strengthened our leadership in the concrete machinery sector. Putzmeister also offers various concrete machinery products, such as truck-mounted concrete pumps, truck mixers and line pumps.

We are a global leader in concrete machinery. According to Frost & Sullivan, (i) in terms of cumulative sales revenue of concrete machinery from 2020 to 2024, our global market share was 35.9%, ranking us first globally; and (ii) in terms of the annual sales revenue of concrete machinery, we have been ranking first globally for 14 consecutive years since 2011.

The following table sets forth the main types of our concrete machinery:

				
Product types	**Truck-mounted concrete pump**[1]	**Truck mixer**[1]	**Batching plant**	**Line pump**[1]
Application scenarios	• Energy facility construction • Railway/tunnel construction • Building construction • Municipal utilities • Water conservancy and hydropower • Landscape architecture	• Highways • Railway/tunnel construction • Building construction • Bridges	• Highways • Building construction	• Energy facility construction • Railway/tunnel construction • Building construction • Municipal utilities • Water conservancy and hydropower
Key specifications of representative models	• Vertical reach: 32.2 – 70.2 m • Number of bridges: 2 – 5	• Mix capacity: 8.0 – 12.0 m^3	• Theoretical productivity: 180.0 – 240.0 m^3/h	• Pressure: 20.0 – 30.0 MPa

Note:

(1) New energy models are available.

Our concrete machinery is known for its optimal balance between high pumping efficiency and energy savings. Our concrete machinery adopts intelligent hydraulic systems and high-efficiency power matching technology to increase pumping speed, while reducing energy consumption through adaptive power adjustment. Core components, such as wear-resistant transportation components, undergo special treatment processes, resulting in extended operational lifespans and ensuring stable output even under high-intensity conditions. With sophisticated electronic control technology and optimized design, our concrete machinery is widely recognized in various applications, such as high-rise buildings and large-scale infrastructure projects, delivering high efficiency, low energy consumption and long service life. During the Track Record Period, the price range of our representative models of concrete machinery was generally between RMB0.3 million and RMB8.6 million.

The following table sets forth key features and specifications of our selected concrete machinery models:

Products	Key Features and Specifications
SYM5210THBF 330C-10 Truck-mounted concrete pump 	(1) It features a fuel-efficient engine to lower pumping cost per cubic meter. (2) It is equipped with a 42 MPa oil pump, offering an increase in pump pressure and displacement. (3) It has a small turning diameter and low overall vehicle height, offering greater flexibility in tight spaces. (4) Its loading height is reduced by 100 mm, making it compatible with small tankers. (5) It has a low boom deployment height, suitable for operations in confined areas.
SYM5318GJB1BEV Electric truck mixer 	(1) It reduces the costs of use compared to fuel-powered truck mixer, thereby significantly reducing customer operating expenses. (2) It utilizes energy recovery technology to improve the energy recovery rate. (3) It includes a remote diagnostic platform supporting fault diagnosis. (4) It features a power system equipped with IP68-rated waterproof protection, ensuring it remains resistant to short-circuiting and electrical leakage, even under waterlogged road conditions. (5) It is equipped with a 12.1-inch smart touch screen, providing an intelligent control experience.
HZS180C10H Batching plant 	(1) It features high production efficiency and automated operation. (2) It features a streamlined mixing arm design to reduce peak load and decrease energy consumption. (3) It utilizes code-free calibration technology, eliminating the need for weight calibration and reducing workload. (4) It employs dual-speed isolated water discharge technology, ensuring isolated water discharge to prevent admixtures from being deducted with water, thereby preserving concrete quality. (5) It adopts adaptive measurement technology, which requires no manual intervention for measurement parameters, offering self-adjustment capabilities that enhance precision and lower the skill level required for operation.

Products	Key Features and Specifications
SY5143THBF-10023 *Line pump* 	(1) It features high pressure and large displacement of concrete, making it suitable for pumping in high-rise buildings. (2) It offers reduced fuel consumption for greater cost efficiency. (3) It features improved material suction efficiency, increasing overall productivity (4) It features an optimized design of the subframe and outrigger structure to enhance the overall pumping stability. (5) It is equipped with a high-definition screen, providing real-time display of key operational parameters and fault warnings.

Hoisting Machinery

Our hoisting machinery mainly includes truck cranes, all-terrain cranes, crawler cranes and tower cranes. Such hoisting machinery products are mainly used in building construction, port terminals, warehousing logistics and new energy industries, such as wind turbine installation.

According to Frost & Sullivan, (i) in terms of cumulative sales revenue of hoisting machinery from 2020 to 2024, our global market share was 7.2%, ranking us among the top eight globally; (ii) in terms of sales revenue of hoisting machinery in 2024, our global market share was 6.0%; and (iii) in terms of the sales volume in 2024, the market share of our crawler cranes in China exceeded 40%, ranking us first in China.

The following table sets forth the main types of our hoisting machinery:

				
Product types	**Truck crane**[1]	**All-terrain crane**[1]	**Crawler crane**	**Tower crane**
Application scenarios	• Building construction • Railway/tunnel construction • Municipal utilities • Energy facility construction • Petrochemicals	• Municipal utilities • Petrochemicals • Energy facility construction • Bridges • Railway/tunnel construction • Building construction	• Energy facility construction • Railway/tunnel construction	• Building construction • Landscape architecture • Municipal utilities • Water conservancy and hydropower • Bridges
Key specifications of representative models	• Maximum lifting capacity: 50.0 – 100.0 tons • Maximum lifting torque: 2,009.0 – 3,557.0 kN•m • Maximum lifting height: 62.5 – 87.0 m	• Maximum lifting capacity: 160.0 – 4,000.0 tons • Maximum lifting torque: 5,200.0 – 78,400.0 kN•m	• Maximum lifting capacity: 150.0 – 2,200.0 tons • Maximum lifting torque: 8,643.0 – 372,400.0 kN•m • Maximum lifting height: 98.0 – 205.0 m	• Boom length: 20.0 – 65.0 m • Full boom length tip rated lifting capacity: 1.8 tons • Maximum rated load capacity: 10.0 tons

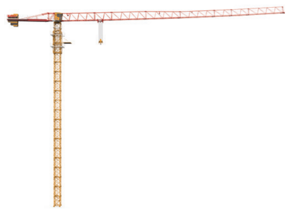
Note:

(1) New energy models are available.

Our hoisting machinery is widely recognized for its industry-leading performance and operational stability. Our hoisting machinery adopts high-torque lifting systems and intelligent balance control technology, offering outstanding lifting capacity and anti-tilt performance. Even under complex working conditions, our hoisting machinery can achieve millimeter-level precision control. With intelligent torque-limiting systems and adaptive energy-saving modes, our hoisting machinery provides efficient operation while reducing energy consumption, combining intelligent features with optimized efficiency. From building construction to wind power equipment installation, our hoisting machinery gains trust from global customers due to its high reliability, intelligent features and extended service life. During the Track Record Period, the price range of our representative models of hoisting machinery was generally between RMB0.7 million and RMB50.0 million.

The following table sets forth key features and specifications of our selected hoisting machinery models:

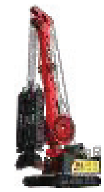
Products	**Key Features and Specifications**
STC900T5 Truck crane 	(1) It is a versatile truck crane combining long boom reach with competitive load capacity. (2) It is equipped with load-sensitive electronic power control technology to improve operational efficiency. (3) It is equipped with H-shaped movable outriggers and a high-strength rectangular section frame, enhancing the truck crane's torsional and bending resistance when lifting loads. (4) It has the capacity to carry 20.7 tons of balance weight, making it suitable for low-speed, short-distance travel. (5) It utilizes an intelligent controller to effectively pinpoint fault locations, facilitating easier maintenance.
SAC40000T All-terrain crane 	(1) It is equipped with intelligent recognition and active control technology for boom posture, enhancing the safety of telescoping ultra-long booms. (2) It features a low-temperature hydraulic system preheating technology, improving operational efficiency. (3) It is equipped with a multifunctional steering system, dual-circuit hydraulic cylinders and an emergency steering pump. (4) It is equipped with an all-round monitoring system for real-time blind spot detection. (5) It is equipped with an intelligent steering system that enhances steering precision.
SCC22000A Crawler crane 	(1) It features a maximum lifting capacity of 2,200 tons and a lifting torque of 372,400.0 kN•m. (2) Its fixed boom with extension length ranges from 54 to 120 meters. (3) It utilizes a modular design with each unit independently crafted. (4) It features data storage capability, providing customers with equipment performance analysis and fault analysis. (5) It adopts advanced technologies, such as a dual-screen monitoring system and a self-diagnosis system to enhance work safety.

Products	Key Features and Specifications
SFT165 (T6518-10H) Tower crane 	(1) It achieves an independent height of 51.5 meters, allowing for construction up to 15 stories without the need for any attachment. (2) It is equipped with a foldable guardrail system and harness integration technology, enhancing installation efficiency. (3) The intelligent cab features an extra-large driver's cabin and an ergonomic seat, extending the operational space and comfort. (4) Its sliding cabin reduces the transport vehicle width, balancing the driver's cabin view while meeting the requirements for maneuvering in narrow areas. (5) It is equipped with an intelligent control system providing various operating condition information and an alarm diagnostic system, enhancing fault handling efficiency.

Piling Machinery

Our piling machinery mainly includes rotary drilling rigs, diaphragm wall grabs and double-wheel trench cutters. Such piling machinery products are mainly used in foundation construction, deep foundation pit support and tunnel excavation. In terms of cumulative sales revenue of piling machinery from 2020 to 2024, our global market share was 7.7%, ranking us among the top six globally, and in terms of sales volume in 2024, we ranked among the top three in China, according to Frost & Sullivan. We are one of the market leaders for rotary drilling rig products. Our rotary drilling rigs have consistently led the Chinese market in sales volume, maintaining a market share of over 20% since 2011.

The following table sets forth the main types of our piling machinery:

			
Product types	**Rotary drilling rig[1]**	**Diaphragm wall grab**	**Double-wheel trench cutter**
Application scenarios	• Building construction • Municipal utilities • Bridges • Foundation excavation	• Building construction • Municipal utilities • Water conservancy and hydropower • Bridges • Foundation excavation	• Railway/tunnel construction • Municipal utilities • Pipeline construction • Transportation
Key specifications of representative models	• Pile diameter: 1300.0 – 2,200.0 mm • Pile depth: 36.0 – 73.0 m • Rated output torque: 130.0 – 275.0 kN•m	• Groove width: 600.0 – 1,500.0 mm • Groove depth: 85.0 m • Operating weight: 130.0 tons	• Grooving depth: 120.0 m • Grooving thickness: 800.0 – 1,800.0 mm • Milling wheel gearbox torque: 2*120 kN•m

Note:

(1) New energy models are available.

Our piling machinery is at the forefront of the industry with high performance and operational efficiency. Equipped with high-torque hydraulic systems and intelligent power adjustment technology, it effectively handles complex geological conditions such as hard rock layers and gravel layers. The modular design of our piling machinery enables the machinery to quickly adapt to various construction methods, including rotary drilling and long spiral drilling. This adaptability, combined with an intelligent control system, leads to high construction precision. We have strengthened the structural parts and incorporated a durable hydraulic system, enhancing the stability and reliability of the equipment under extreme working conditions, making it the preferred piling machinery product for major infrastructure projects such as high-speed railways and cross-sea bridges. During the Track Record Period, the price range of our representative models of piling machinery was generally between RMB1.4 million and RMB21.0 million.

The following table sets forth key features and specifications of our selected piling machinery models:

Products	Key Features and Specifications
SR285M Rotary drilling rig 	(1) It is designed for multiple purposes, with intelligent and efficient construction capabilities. (2) It features real-time power output allocation and adjustment based on load requirements, thereby enhancing drilling efficiency. (3) It drills quickly in soil layers while utilizing high torque and pressure for efficient rock layer cutting, resulting in high overall construction efficiency. (4) It is equipped with an automatic centralized lubrication system, requiring less downtime for maintenance, thus saving labor and time. (5) It is equipped with an intelligent management system, allowing for remote monitoring of equipment status.
SH750 Diaphragm wall grab 	(1) It is specialized equipment for large underground continuous wall trenching. (2) It features quick response with real-time power output adjustment based on load requirements, thereby enhancing energy efficiency. (3) It utilizes an optimized hydraulic control system to enhance work efficiency. (4) Its grab has a strong closing force and can excavate diverse types of hard soil conditions. (5) It provides high trenching precision and provides a real-time display of the trenching progress. (6) It adopts a modular design that can accommodate various trench widths and specifications.
SDC120 Double-wheel trench cutter 	(1) It is our wall-forming equipment for underground space construction. (2) It can automatically adjust power to enhance power utilization efficiency in varying geology. (3) Its powerful engine enhances rock-breaking efficiency. (4) It features adaptive adjustment of milling wheel speed and torque to enhance construction efficiency. (5) The flexible design of the mast cylinder effectively prevents the transmission of vibrations from the working device to the cab, thereby ensuring a smooth operating experience.

Road Machinery

Our road machinery mainly includes rollers, pavers, motor graders, asphalt batching plants and milling machines. Such road machinery products are mainly used in construction and maintenance of roads, bridges, airport runways as well as municipal utilities.

According to Frost & Sullivan, (i) in terms of cumulative sales revenue of road machinery from 2020 to 2024, our global market share was 4.9%, ranking us among the top seven globally, (ii) in terms of sales volume of road machinery in 2024, we ranked among the top three in China, (iii) in terms of the sales volume of asphalt batching plants in 2024, we ranked first in China, and (iv) in terms of the sales volume of pavers in 2024, we ranked second in China.

The following table sets forth the main types of our road machinery:

					
Product types	**Roller**	**Paver**	**Motor grader**	**Asphalt batching plant**	**Milling machine**
Application scenarios	• Highways construction • Municipal utilities • Railway/tunnel construction	• Highways construction • Municipal utilities	• Mining • Rock engineering	• Rock engineering • Highways construction • Municipal utilities • Bridges	• Municipal utilities • Highways construction • Pavement and bedrock breaking
Key specifications of representative models	• Operating weight: 12.0 – 22.0 tons • Rated power: 93.0 – 155.0 kW	• Paving capacity: 320.0 – 900.0 t/h • Maximum paving width: 4.5 – 9.2 m • Rated power: 110.0 – 200.0 kW	• Operating weight: 12.9 – 26.4 tons	• Rated productivity: 80.0 – 360.0 t/h	• Milling width: 500.0 – 2,000.0 mm

Our road machinery is renowned for its high quality construction work and advanced intelligent technology, covering all scenarios in road construction. Our road machinery adopts high-power, low-consumption engines and intelligent hydraulic systems to reduce fuel consumption while ensuring strong traction and high operating efficiency. Utilizing an intelligent leveling system and multistage vibration control technology, we have achieved millimeter-level paving accuracy and exceptional compactness. Additionally, monitoring and one-click self-diagnosis functions have significantly enhanced operational convenience. With extended service life and low maintenance costs, our road machinery has been widely used in diverse projects such as high-grade highways and airport runways, continuing to lead the industry towards intelligent and energy-efficient development. During the Track Record Period, the price range of our representative models of road machinery was generally between RMB0.3 million and RMB11.0 million.

The following table sets forth key features and specifications of our selected road machinery models:

Products	Key Features and Specifications
SSR120C-10S Roller 	(1) It is easy to operate, highly reliable, and offers high performance with a comfortable driving experience. (2) Its high excitation force improves compaction efficiency. (3) It is equipped with a high-mounted dual air filter, providing protection for the engine. (4) It features a planetary reducer with independent lubrication, ensuring durability for more than 5,000 hours. (5) It features a cabin suspension system and a temperature control system, enhancing the driving experience.
SAP90C-10A Paver 	(1) It is equipped with an advanced controller to enhance processing speed and improve responsiveness. (2) It is equipped with an assisted driving system to reduce operator fatigue. (3) It is able to automatically recognize road conditions, achieving automatic curb tracking with an accuracy of less than or equal to three centimeters. (4) It offers rapid heating and simultaneous paving and heating functions. (5) It utilizes flexible start-stop control technology to reduce starting impact and ensure smooth speed transitions. (6) It is equipped with a high-definition touch display screen for better data presentation.
STG230C-10 Motor grader 	(1) It offers effective control and high efficiency with energy savings, driving comfort, reliability and durability. (2) It is equipped with intelligent variable power control and gear linkage technology, delivering power as needed and reducing fuel consumption. (3) It is equipped with a high-performance power transmission system, improving operational efficiency. (4) It features a load-sensitive system and a lightweight steering system, enhancing the operational experience. (5) It is equipped with a control handle that provides light, nimble steering, delivering precise control and comfortable operation. (6) It is equipped with a blade featuring a floating design, allowing for one-touch control and easy operation.

Products	Key Features and Specifications
SLZ4000Pro Asphalt batching plant 	(1) It features a low fuel consumption rate. (2) It adopts various emissions treatment technologies to reduce pollution and comply with environmental protection requirements. (3) It can automatically control the feeding speed, enhancing production efficiency. (4) It uses multi-stage jet combustion technology to reduce fuel consumption. (5) It enhances the wear resistance of structures such as mixing blades and is equipped with predictive maintenance technology.
SCM2000C-10A Milling machine 	(1) It features a low fuel consumption rate. (2) It provides asphalt milling efficiency of up to 219.6 m^3/h. (3) It features a reinforced structural component design extending the operational lifespan. (4) It is equipped with dual smart screens enabling one-touch milling and an assisted driving system. (5) It reduces operating noise and features an efficient dust removal system to improve construction work environment. (6) It features fast material transfer speed and a large throw coverage radius.

Others

We also offer a range of machinery, including dump trucks, fire trucks and aerial work platforms. These products are extensively used in municipal construction and transportation, among others. For example, our new energy dump truck offers key advantages, including high reliability, enhanced safety, substantial load capacity, robust power and low energy consumption. It is well-suited for diverse operational scenarios, such as urban construction waste management, mining, steel mill and port operations. Both the chassis and upper structure are developed in-house, providing significant benefits in integrated design and development. The vehicle features a more compact layout, a low center of gravity and high stability against rollovers. Given our technological advantages in the sector of truck-mounted concrete pumps, our fire trucks can achieve high-rise buildings fire suppression from a distance which is the first of its kind in the industry, according to Frost & Sullivan. In addition, we manufacture and sell construction machinery-related parts, and we also engage in the resale of port machinery and mining trucks.

Our Solutions

As a leader in the digital transformation of the construction machinery industry, we are integrating intelligent technologies into our construction machinery products. This integration provides various advantages for customers, including increased operational efficiency, cost optimization and innovative user experiences, thereby increasing the competitiveness of our products. Furthermore, with our extensive experience across multiple core product lines, years of technical expertise and our digitalization and decarbonization capabilities, we have developed a range of integrated solutions for diverse scenarios by providing a combination of our various products.

Case Study: Digital Solution for Open-Pit Mining

Our digital solution for open-pit mining enables effective integration of data, equipment and management platforms. This solution connects digital terminals, sensor networks, and data acquisition modules with various equipment such as excavators and loaders. We possess the capability to increase the level of digitalization of excavation and transportation, offering our customers continuous access to a comprehensive array of statistical reports. This approach minimizes human error through automated measurements. Our sophisticated system captures equipment data and analyzes critical metrics such as cost, fuel consumption and efficiency, thereby providing data support for optimizing operational strategies. Our intelligent system monitors real-time conditions at the construction sites, facilitating prompt management and optimization of project timelines.

Case Study: Crane Smart Operation Solution

Our crane smart operation solution is leading the digital transformation of the hoisting machinery sector, providing digital management capabilities, according to Frost & Sullivan. Leveraging advanced technology, the solution achieves visualization of equipment operation processes as well as real-time early warning and alerts for safety risks. Based on an in-depth analysis of equipment operating data, the solution optimizes business management processes, helping companies to significantly reduce safety accident risks and improve equipment utilization efficiency. We have also developed tailored solutions for wind power and petrochemical equipment lifting scenarios. For example, in the field of wind power equipment lifting, our solution enables visualized management of all work procedures. Additionally, our crane smart operation solution provides a digital management solution for the scheduling and order dispatching operations of truck cranes, enhancing the enterprise's operational efficiency.

As of December 31, 2024, our crane smart operation solution had served more than 600 customers and successfully established multiple industry benchmark projects. For example, in an ethylene project spanning 907 days, our crane smart operation solution detected more than 5,000 potential risk events, thereby significantly reducing the likelihood of safety-related accidents. In a digital management project, our solution saved the customer more than RMB3 million annually in lifting costs. In a leasing management project, our solution improved equipment scheduling efficiency by 60%. These successful cases demonstrate the exceptional performance of our crane smart operation solution in enhancing business management efficiency and operational safety.

Case Study: Smart Tunnel Construction Solution

Tunnel construction requires the coordination of various types of equipment. Our smart tunnel construction solution includes construction machinery such as electric excavators, electric dump trucks, electric truck mixers and electric trailer pumps/truck-mounted concrete pumps. Our equipment collaborates intelligently to improve working efficiency. For example, after the electric excavator completes digging and loading, the electric dump truck can quickly transport materials, while the electric truck mixer forms a closed loop of concrete pumping. Additionally, the power distribution to all equipment is optimized via a centralized energy management system.

During tunnel construction, our solution addresses common challenges. For example, the narrow tunnel space makes it difficult to operate traditional machinery, but our new energy equipment is designed compactly to adapt to such confined spaces. To address concerns about inadequate ventilation and dust, we reduce reliance on fuel-powered equipment, thereby reducing the emission of harmful gases. In humid and high-temperature low-oxygen conditions, our electric equipment demonstrates strong environmental adaptability and stable performance. To tackle the issue of insufficient battery life, we employ large-capacity batteries and energy recovery technology.

Our smart tunnel construction solution has been applied in several landmark projects. For example, in the Sichuan Zizhong Water Conservancy Tunnel, Ya'an Erlangshan Pilot Tunnel, Heijing Tunnel and Yunnan Airport Tunnel, our equipment has demonstrated strong performance and technological advantages, providing intelligent solutions for tunnel construction.

OUR SERVICES

Customer satisfaction is crucial to our success. Our products and solutions are provided, along with high-quality and responsive customer services.

Service Resources and Capabilities

We have a robust global service team and service infrastructure, delivering localized, scaled and specialized services for our customers globally, which enhances our overall competitiveness and customer loyalty. As of December 31, 2024, we had approximately 2,700 service engineers and approximately 1,900 outlets globally. Our service engineers possess extensive expertise in our products and solutions, enabling them to effectively communicate the value of our offerings, as well as efficiently handle various customer needs. In addition, as of December 31, 2024, we had established a multi-tiered parts warehousing system globally, comprising 140 warehouses, including two regional central warehouses and 35 national warehouses. Using our Warehouse Management System, we monitor our inventory in real time to ensure the timely supply of spare parts. In 2024, we achieved an in-stock rate of more than 90% for our global spare parts offerings, ensuring timely supply to minimize customer downtime.

We integrate our digitalization capabilities with our service capabilities. We offer digital services covering equipment use, maintenance and management. Our MySANY application provides customers with services such as outlet coordination, online customer service support and 24/7 spare parts purchasing. Through MySANY application, customers can manage their equipment via a centralized platform. If a customer needs to locate one of our distributors, central warehouses or outlets, our MySANY application helps identify the nearest option. We have implemented an online service request feature in MySANY application, allowing customers to submit service requests online and track service progress in real time. Upon completion of the service, customers can rate the service, help maintaining consistent service quality. In addition, customers can order parts through our MySANY application for the ongoing maintenance of their equipment operations.

Comprehensive Services

Through our efforts in areas such as quality assurance, customer satisfaction and service branding, we have developed distinctive service processes and principles. These enable us to build a systematic service framework covering the entire product lifecycle, offering comprehensive and individualized services. By extending our service system and integrating digitalization capabilities, we have enhanced the economic benefits delivered by equipment to customers. We uphold the principle of "Leading the Future through Service, Putting Customers First" to support customer success.

- *Pre-sales consulting services.* We offer consulting services to potential and existing customers through our sales staff and distributors, including introducing and recommending suitable products based on their specific needs, organizing site visits to our facilities and providing technical advisory services. We also provide pre-sales product demonstration and training services tailored to their needs.

- *Customized services.* We provide individualized product design, functional customizations and hardware or software solutions tailored to customers' specific needs, such as special operating conditions or environmental requirements. For example, to address challenges such as elevated temperatures and frequent dust exposure in African mining regions, we have optimized the cooling system and improved the dust-proof sealing of our large excavator SY375H, enabling operation in high-temperature environments.

- *Loan and finance lease services.* To expand the market for our products, we offer customized loans and finance lease services, allowing our customers to efficiently access financial services tailored to their needs.

- *Training services.* We offer our customers systematic training courses covering equipment operations, safety regulations and maintenance skills, among others. Additionally, we provide technical documents, case libraries and fault simulation drills for our customers' operation and maintenance teams, enhancing their self-management capabilities.

- *Onsite services.* Upon customer requests, we can deploy professional teams to provide a diverse range of services, from consultation, planning, implementation to maintenance at project sites. For example, in 2023, we were involved in the construction of Saudi Arabia's NEOM New City project. To address the project's complex technical requirements, we assembled an on-site service team of more than 50 engineers and deployed over 2,000 units of equipment to ensure the project's progression.

- *Equipment upgrade and retrofitting services.* Based on customer requirements, we offer tailored performance optimization solutions for aging construction machinery, including energy efficiency enhancements, intelligent upgrades and other retrofitting services designed to extend the operational lifecycle.

- *Customer communication.* We regularly organize customer events to introduce our new products and solutions, creating a communication platform that fosters experience sharing and business collaborations. We regularly host various events, including the Heavy Machinery Customer Festival, the Global Crane Key Customer Summit, the African Region Key Customer Summit and the Intelligent Manufacturing Customer Festival, which facilitate relationship building and industry collaboration.

- *Equipment maintenance and service.* Our after-sales team provides prompt after-sales services to maintain customer satisfaction and improve our products. Our professional after-sales team has developed a multi-level service system, and implemented early fault warning and remote diagnosis, to ensure that we offer our customers a 24/7 service. We provide our customers with various after-sales services, including equipment repair, regular maintenance, technical consultation and operation training. For example, when a customer's equipment requires maintenance, we provide a service radius of up to 300 miles and dispatch a team of well-trained technicians to address the issue, restoring the equipment to normal operation in a timely manner.

- *Warranty.* Our warranty period varies based on the product type and local regulatory requirements. During this warranty period, customers may request our technicians to replace or repair defective components at no cost. If a product exhibits a material structural or mechanical defect, as examined and confirmed by our technicians, we will replace the product or its components upon the end customer's request. During the repair period, we provide alternative products tailored to customer needs to minimize disruption during repairs. Our warranty policy is applicable to all products sold worldwide.

OUR RESEARCH AND DEVELOPMENT AND TECHNOLOGY

Following the principle that "Everything Originates from Innovation," we continuously develop advanced technologies and products to strengthen our competitive edge. Since our inception, we have accumulated extensive R&D experience, established an advanced global R&D system and built an experienced team. Our R&D capabilities enable us to lead the industry, understand customer needs more effectively, seize market opportunities more swiftly and deliver products and technologies that meet our customers' requirements.

We place great importance on R&D investment. During the Track Record Period, our cumulative research and development expenses amounted to RMB18,168.1 million. We ranked 313th among the 2,000 companies that invested the most in R&D globally in the 2024 EU Industrial R&D Investment Scoreboard released by the European Commission, ranking highest within China's construction machinery industry.

Our R&D capabilities are recognized both domestically and internationally. As of December 31, 2024, we had over 8,900 patents. Our technological innovation capabilities have earned us the "Prize of the National Award for Science and Technology Progress" four times and the highest honor in China's industrial sector, the "China Grand Award for Industry."

R&D Capabilities

We have an experienced and highly professional team. As of December 31, 2024, we had 5,867 R&D employees, representing 23.1% of our total workforce, with 42.3% of them holding a master's degree or above. As of December 31, 2024, we had 36 senior engineers, including professorate senior engineers, a number that leads the industry.

We have established a global R&D layout to enhance our ability to adapt to various regional markets. As of December 31, 2024, we had 21 R&D centers globally, focusing on product R&D tailored to local markets with the support of multiple R&D bases in China. This model allows us to respond to changes in different markets and introduce new products that meet local needs.

Our core R&D mechanisms consist of: (i) frontline demand insights, which identify customer pain points and industry trends through in-depth customer engagement; (ii) efficient development processes, which leverage mature technologies and modular systems, and conduct virtual trials through digital simulation and digital twin technologies to ensure efficient, high-quality product development; (iii) technology pre-research efforts, which maintain product innovation continuity through the "three generations" R&D model, namely "the first generation for sales, the second generation under development and the third generation for reservation (銷售一代、研發一代、儲備一代)." Our R&D mechanisms enable us to quickly optimize products based on customer feedback, improving alignment with market demand and efficient commercialization.

In addition, we place great emphasis on R&D incentives, providing special rewards for R&D teams and individuals who achieve significant technological breakthroughs or receive important awards. Furthermore, we have established an incentive mechanism linked to the outcome of R&D projects, distributing rewards according to employee contributions to encourage ongoing innovation.

We have implemented a R&D Planning System developed in-house alongside an R&D Project Management System to manage and standardized end-to-end R&D processes, from concept to product, thereby significantly reducing the R&D cycle. For example, our Trial Production Management System and Test Online System, have significantly shortened product prototyping and testing cycles during the Track Record Period, improving operational efficiency through efficient material tracking and systematic issue management analysis, to support continuous product iteration. Our Integrated Product Development System has leveraged digital simulation and digital twin technology to enhance design efficiency. In 2024, we were honored with the "Digital Twin Innovation Award" at the Fourth Digital Twin International Conference as the only representative from the construction machinery industry.

We have established world-class development and testing facilities, including four field test sites and eight prototyping centers, covering 90% of testing scenarios. For example, we are among the few in the world to possess joint test sites for excavators and loaders, as well as outdoor test sites in various climate zones and complex natural conditions, high- and low-temperature testing chambers, salt spray test chambers, light aging test chambers, rain test chambers, integrated thermal management test benches, vibration fatigue test benches, undulating runways and fish-scale runways, providing suitable environments for product testing and validation.

Building on our advanced R&D capability, we have forged strategic partnerships with reputable customers and suppliers to develop innovative products. These partnerships provide early access to emerging customer needs and market trends, giving us a first-mover advantages. By remaining responsive to customer needs, we are well positioned to optimize our products and strengthen our competitive edge.

R&D Focus

Our R&D resources are strategically allocated to three key areas.

Globalization: We are expanding our global presence. Through overseas R&D centers and manufacturing bases, we have localized our products for the global market, from concept, design and development to production, to address market demands and comply with regulatory requirements in various regions. We conduct targeted R&D for established markets such as Europe, focusing on compliance with technical, safety and environmental standards. In 2024, our overseas R&D centers helped test 37 products overseas, defined 13 products locally and improved hundreds of products, promoting our global R&D synergy. We have implemented targeted innovations and improvements to our products, enhancing product penetration in local markets. For example, our electric truck mixer was China's first electric construction vehicle to obtain the EU WVTA certification and secure access to the European market, according to Frost & Sullivan. Our products have also obtained certificates for various countries and regions, including China's CCC certification, the EU CE certificate and the North America ASME certificate.

Digitalization: We value R&D in the Industrial IoT platform, automation and big data technologies across manufacturing and product applications, and have enabled functions such as intelligent planning, intelligent operations and remote scheduling, which improve efficiency and safety of our products and manufacturing processes. For example, we have developed intelligent dump trucks with capabilities including automatic unloading and parking, obstacle avoidance and V2X vehicle-excavator coordination, making them suitable for operation in confined environments including mines and ports. Our 5G remote operated excavators, equipped with perception sensors and intelligent dispatch systems, can perform autonomous excavation and remote-control operations, and have been used in scenarios such as mining and emergency rescue. Additionally, certain equipment, such as our excavating machinery, truck mixers and hoisting machinery, are equipped with large display screens that provide real-time updates on equipment status, to enhance operational convenience. Some of our products, such as the SY412C-8 truck mixer, features a remote diagnostic platform that supports partial OTA upgrades and fault prediction. We have developed an intelligent operation ecosystem covering major construction scenarios to provide one-stop construction services. By adopting technologies such as the industrial IoT, we have established a digital and intelligent construction machinery manufacturing system that enhances human-machine collaboration and production efficiency while reducing manufacturing costs.

Decarbonization: We focus on decarbonization, committed to promoting green and sustainable development of the construction machinery industry. Our R&D capabilities have positioned us as one of the leading global brands in construction equipment decarbonization. In 2024, we successfully launched more than 40 new energy products. In terms of sales volume in 2024, both of our electric mixers and electric dump trucks held the largest market share in China, according to Frost & Sullivan. We have also developed the world's first fully electric-controlled rotary drilling rig and China's first hydrogen-powered truck mixer equipped with a self-developed fuel cell system. Our integrated electronic axle technology addresses inefficiencies in traditional mechanical transmissions and has been deployed in products such as truck mixers, significantly improving response time and reducing energy consumption. In 2024, the sales volume of our electric truck mixers exceeded 2,300 units, representing a 27% year-on-year increase and securing the largest market share in China for three consecutive years. In addition, our electric dump trucks are equipped with high-density lithium iron phosphate batteries, achieving zero direct emission. The energy conversion efficiency of the electric system exceeds 90%, and the energy cost per kilometer is 30% lower than comparative diesel vehicles. The vehicles' regenerative braking system can extend the operational range by 10% to 15%.

Key R&D Achievements and Advanced Core Technologies

We have achieved technological breakthroughs recognized by prestigious awards. For example, our "Technology and Application of Ultra-long Boom of Truck-mounted Concrete Pump" won the Second Prize for the State Technological Invention Research Award granted by the State Council, "Key Technology R&D and Application of Concrete Pumps" and "Key Technologies in the Construction of Shanghai Tower" won the Second Prize for National Science and Technology Progress Award granted by the State Council, "Research and Application of Key Technologies for a New Generation of Intelligent Truck-mounted Concrete Pump" won the Third Prize for the Technological Invention Award granted by the China Machinery Industry Federation, and "An Energy-conservation Control Method for Concrete Delivery Pumps" and "Methods and Devices for Suppressing Boom Vibration in Truck-mounted Concrete Pump" won the Patent Gold Award granted by the National Intellectual Property Administration. As of December 31, 2024, we had 10 technological projects honored with the Science and Technology Progress Award of China's Machinery Industry, and more than 55 provincial/municipal science and technology awards.

Through continuous R&D efforts, we have enhanced our in-house capabilities in product design and production. We have built a self-sufficient and resilient supply chain through a combination of in-house R&D and strategic partnerships. As of December 31, 2024, we had established more than ten subsidiaries dedicated to developing and manufacturing parts and components. These subsidiaries have successfully developed core parts and components, such as engines, controllers, hydraulic cylinders, pumps, valves, motors, reducers and slewing bearings for our products. Notably, our self-developed oil cylinders have reached internationally leading standards in cushioning technology and wear resistance. Our electric loaders utilize our integrated thermal management technology, significantly reducing their energy consumption. In 2024, our overall self-supply rate for parts and components reached approximately 60%. Specifically, we have achieved a self-supply rate of approximately 90% for certain excavator components, including drive wheels, guide wheels, carrier rollers, track rollers and track chains. This mitigates the risk of supply chain disruptions and ensures the timely delivery of our products. For example, in 2020, when a public health event disrupted the supply of overseas chassis, our self-produced chassis were swiftly delivered. Consequently, the proportion of self-produced chassis used on our truck-mounted concrete pumps rapidly increased from less than 30% to 55%.

Our products consistently achieve notable technical milestones. For example, we successfully developed a truck-mounted concrete pump with the world's longest boom of 86 meters, and our trailer pump achieved a super high-rise concrete pumping height of 632 meters. In January 2022, we launched the world's first 300-ton fully electric-controlled super-large excavator. In August 2022, we introduced the world's first mass-produced low-carbon intelligent micro-hybrid electric truck-mounted concrete pump. In August 2024, we unveiled the world's largest 240-ton mobile crane. In September 2024, we launched the world's first 4,000-ton all-terrain crane, which is the only crane in the industry capable of handling wind power fan installations at a height of 185 meters. In December 2024, we launched our first 400-ton front shovel hydraulic mining excavator, which demonstrates exceptional performance in core metrics such as power systems and control precision, achieving breakthroughs in 13 key industry technologies.

Our R&D efforts have continuously reduced product design and production costs. We apply modular design to improve our production efficiency and optimize our product quality. For example, our SY75 small excavator and SCC98000TM crawler crane adopt a modular design, making the entire machine easy to disassemble and replace parts, thereby reducing production time and costs. Through the application of modular design principles, we have standardized product lines, improved manufacturing efficiency and reduced inventory obsolescence. Furthermore, we are dedicated to continuously reducing costs and enhancing efficiency through various strategies, including R&D collaboration, innovation in new materials and structures and lightweight design. By employing topology optimization and composite materials, we have achieved lightweight designs, reducing the weight of key structural components by 30%. This approach not only reduces the external procurement demand but also ensures supply chain stability and control, resulting in a decrease in material costs.

Our continuous R&D efforts have enhanced the economic efficiency of our products. For example, our patent "Outrigger Plate and Construction Machinery" employs a flexible friction slider and recessed design, which effectively disperses horizontal force, reduces stress-induced damage to structural components, and significantly improves the stability of our construction machinery under off-center loading or vibrating conditions, thus prolonging the service life of key parts. Our patent, "Pipeline and Wiring Harness Fixing Assembly and Excavator," features a dynamically adjustable structure that minimizes wear and tear on pipelines during operation, extending the service life of the pipeline and wiring harness system in excavating machinery and reduces the failure rate.

SALES AND MARKETING

We sell our products primarily through direct sales and distributorship both in China and overseas. We undertake a comprehensive evaluation when deciding whether to adopt a direct sales or distribution model, considering factors such as the characteristics of different product lines, the competitive landscape in the local market, customer size and sales costs. We are dedicated to enhancing the service quality of our sales personnel and distributors to improve customer experience. By actively managing our sales network, we effectively penetrate global markets and capture sales opportunities.

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

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Direct sales	34,723,017	43.0	41,039,535	55.4	48,584,674	62.0
Distributorship	46,115,513	57.0	32,979,401	44.6	29,798,705	38.0
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

During the Track Record Period, the increase in the proportion of our direct sales was primarily due to our efforts in strengthening direct sales channels to more effectively engage with end customers. This strategy enabled us to gain deeper insights into end customers' needs and preferences, allowing us to tailor our products and services accordingly and to respond more swiftly to market fluctuations.

Direct Sales

We adopt a direct sales model to reach end customers. For regions with high demand and for major customers, we primarily utilize this approach to gain better understanding of their business needs and deliver individualized services, thereby enhancing customer loyalty. Revenue from direct sales was RMB34,723.0 million, RMB41,039.5 million and RMB48,584.7 million in 2022, 2023 and 2024, respectively, representing 43.0%, 55.4% and 62.0% of our revenue for the same respective years. Our sales and marketing team possesses extensive professional expertise in our products and effectively communicates product features and performance to customers. They also play a vital role in delivering comprehensive customer service.

The typical salient terms of the sales agreements with our direct sales customers during the Track Record Period are set out below:

Specifications. We specify the product name, specifications, model, quantity and price in the agreement.

Price. The prices of the equipment are typically specified in each sales agreement.

Payment. The agreement specifies the payment method, which can be full payment, credit/installment payment or financing payment, and provides the corresponding payment schedule and amount.

Delivery. We typically deliver the products to the customer's designated location after receiving the down payment. The transportation costs are determined through negotiation and may be borne by either the customer or us.

Risk transfer. The risk is transferred to the customer upon acceptance of the products.

Warranty period. The warranty period for our products varies with the product type and model.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of the agreements with our customers.

Distributorship

We maintain an extensive distributor network, which enables us to efficiently reach and support global customers with high-quality service, enhancing our market expansion capabilities. As of December 31, 2024, we had 101 distributors in China, and 329 overseas distributors. As of December 31, 2022, 2023 and 2024, we had 428, 443 and 430 distributors globally. In 2022, 2023 and 2024, the revenue from our distributors was RMB46,115.5 million, RMB32,979.4 million and RMB29,798.7 million, respectively, representing 57.0%, 44.6% and 38.0% of our total revenue for the same respective years. Our distributors are also our customers, and we maintain buyer-seller relationships with them.

Distributor Selection

We have established criteria when selecting new distributors. We prioritize distributors with proven track records, strong operational credentials and a high level of market recognition and influence. Furthermore, we assess the distributor's reputation, alignment with our corporate culture, the scale of their distribution network and service teams and their capability to establish relationships with potential local end customers.

Distributor Management

We manage distributors across multiple dimensions, including marketing, after-sales service and compliance with policies and regulations, by establishing core indicators for distributor management and operations. This approach enables us to establish a robust distributor performance management system. We place great importance on the maintenance and management of our distribution network. Our sales personnel visit distributors to provide support, assess sales performance and understand business needs. We evaluate and categorize distributors and implement corresponding management measures based on their ratings. We have established compliance requirements and oversight measures as part of our distributor management.

We support our distributors' development through various measures, including: (i) providing support for distributors in their development of downstream customers by participating in exhibitions and organizing marketing activities; (ii) conducting training sessions on products and sales skills for distributors from time to time; and (iii) sharing the proven experiences of outstanding distributors among our distributors, to enhance their performance.

Our distributors and we may jointly provide guarantees for end customers' repayment obligations to financial institutions when they choose to use mortgage loans or finance leases to finance their purchases of our products through our distributors. In the event that the end-customer fails to make the repayment and the distributor fails to fully fulfill its guarantee obligation, we may advance funds for certain distributors to enable the distributors to satisfy their guarantee obligations as the primary guarantors. According to Frost & Sullivan, it is not uncommon for businesses using distribution models in China to jointly provide guarantees with distributors for end customers' repayment obligations to financial institutions.

With respect to risk management, we have implemented a robust risk management system: (i) there is a multi-tiered end customer credit management mechanism. Financial institutions verify the qualifications and conduct assessments of end customers, and we require distributors to perform proper due diligence and credit assessments on the end customers; and (ii) we adhere to internal control standards and continuously monitor the likelihood of defaults by end customers, as well as key financial indicators of distributors, including profitability, solvency, and cash flow status. In the event of end customer's failure to make the repayment, we analyze the causes together with the distributors and develop improvement strategies.

To enhance collaboration with our distributors and maintain stability of our distribution network, we typically hold minority equity interests in most of our distributors in China. We believe that, as a minority shareholder, we are able to (i) increase the availability of information within our distribution network by regularly obtaining updates on their financial and operational data, (ii) effectively monitor and analyze their operational and financial risks; and (iii) gain real-time insights into market conditions and end-customer demand through our distributor network. According to Frost & Sullivan, it is not uncommon for businesses using distribution models in China to hold minority equity interests in distributors. As a minority shareholder, we do not participate in the day-to-day operations of these distributors.

During the Track Record Period, a small number of our distributors were our joint venture entities. We entered into joint venture arrangements with these companies due to their extensive experience in overseas markets. These strategic collaborations aim to penetrate overseas markets and leverage both parties' comparative advantages, enabling us to promote our products effectively. During the Track Record Period, some distributors were controlled by our former employees. To the best of our knowledge, the majority of these former employees have been our distributors since 2011. They leveraged their industry experience and familiarity with our products, customers and standards, as well as trustworthy relationships with us to become our distributors. During the Track Record Period, a small number of our distributors were controlled by Connected Persons.

Nevertheless, we evaluate and select potential distributors based on their track record, qualifications and resources according to standardized selection criteria. In addition, we deal with all of our distributors at arm's length. For instance, we negotiate and arrange pricing, credit terms and marketing and promotion activities based solely on commercial considerations, without taking into account our equity interests or other connections with them. The transaction terms with distributors in which we hold an equity interest or have other connections are comparable to those with Independent Third Party distributors.

Low Risk of Channel Stuffing

We believe that our sales reflect actual demand from our end customers, thereby minimizing the risk of channel stuffing and inventory backlog within the distribution network, because: (i) we generally do not allow product returns from distributors, except for limited circumstances such as product defects; (ii) many of our construction machinery products require significant storage space, and some are customized according to customer needs, making it difficult to maintain excess inventory; (iii) we typically require our distributors to place orders cautiously and align their purchases with specific market demand; and (iv) we believe we can effectively monitor our distributors through our equity interests in them. We believe such arrangements encourage distributors to order products based on actual market demand.

Number of Distributors and Movement

The following table sets forth the movement of the number of our distributors in China for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Number at the beginning of the year	114	121	111
Number of distributors newly engaged	29	3	4
Number of distributors terminated	22	13	14
Number at the end of the year	121	111	101

During the Track Record Period, the number of our distributors in China decreased from 121 as of December 31, 2022 to 111 as of December 31, 2023, and further decreased to 101 as of December 31, 2024, primarily because (i) we optimized our strategy to prioritize direct sales, and (ii) we refined our distributor network to phase out certain underperforming distributors.

The following table sets forth the movement of the number of our overseas distributors for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Number at the beginning of the year	287	307	322
Number of distributors newly engaged	27	22	23
Number of distributors terminated	7	7	16
Number at the end of the year	307	322	329

During the Track Record Period, the number of our overseas distributors increased from 307 as of December 31, 2022 to 322 as of December 31, 2023, and further slightly increased to 329 as of December 31, 2024, primarily due to our continuous expansion of our overseas operations.

During the Track Record Period, we did not rely on any single distributor or a small number of distributors.

Standard Terms with Distributors

We typically enter into standard distribution agreements with our distributors. Revenue is recognized when the control of the products is transferred. We believe that our standard distribution agreement adequately incentivizes our distributors to actively promote and sell our products, while also providing us with proper control over the distribution network.

Standard Terms with Domestic Distributors

The following sets forth a summary of the key commercial terms and arrangements that we typically enter into with our domestic distributors:

Terms. The term of the distribution agreements is generally one year.

Designated Distribution Area. We normally designate geographic distribution regions for each distributor for their sales activities.

Scope of Distribution Rights. Distributors are prohibited from directly or indirectly purchasing or selling any third-party products that compete with our products. Failure to comply will result in the distributors being required to pay damages for breach of agreement.

Sales Performance. Annual forecasts and performance indicators are typically set in the agreement.

Pricing. Unless otherwise agreed by all parties, pricing shall be based on the rates most recently communicated by us at the time of signing the individual sales contract.

Inventory. The distributors shall maintain an adequate inventory of the equipment.

Return or Exchange of Equipment. We typically do not allow distributors to return products. Exchanges are permitted only for products with significant quality issues, as verified by us in writing.

Termination. Upon occurrence of certain customary termination events, such as, material misconduct or a significant breach by distributors, we may unilaterally terminate the distributorship agreement.

Standard Terms with Overseas Distributors

The following sets forth a summary of the key commercial terms and arrangements that we typically enter into with our overseas distributors:

Terms. The term of the distribution agreements is generally three years.

Scope of Authorization. The distributor is authorized to distribute, maintain and repair the relevant products within a specified territory, which may encompass an entire country or a specific region.

Sales and Marketing. The distributor is required to actively promote the products, establish showrooms or participate in exhibitions, utilize consistent branding and advertising materials, and regularly report market developments to us.

Market Performance. Annual forecasts and performance indicators are usually negotiated each year.

After-Sales Service. Our overseas distributors are required to maintain a spare parts warehouse and possess requisite technical expertise to ensure proper maintenance and servicing using high-quality parts.

Sub-Distributor. The distributor is generally required to obtain our approval before appointing any sub-distributor, which is only granted in limited circumstances.

Termination. Either party may terminate the agreement with prior written notice; however, a material breach by the distributor may lead to immediate termination by us.

Marketing Activities

We are committed to maintaining and enhancing our brand reputation through marketing activities to systematically showcase our product portfolio. Our marketing and promotion strategies are dynamic and focus on communication and collaboration with industry partners. We actively participate in industry forums, technical conferences and exhibitions, and use these platforms to present our latest products. In addition, we work closely with industry media to release information on technological innovations, product upgrades and application developments, ensuring continuous exposure and effective communication of our brand information.

Pricing

We are committed to providing competitive prices and continuously optimizing our cost structure by adopting more efficient technical designs and leveraging our supply chain resources. We formulate and adjust the prices of our products based on product specifications, production costs, product branding, market positioning, supply and demand dynamics, competition and technological improvements. Our prices vary across Chinese and overseas markets, as we take into consideration the local pricing conditions and the characteristics of product localization in respective markets. During the Track Record Period, our products had a relatively wide price range primarily because we offered a wide range of products with varying categories, models, specifications and customer requirements.

We engage in communication with our customers concerning fluctuations in raw material prices, logistics costs and exchange rates, as these factors directly impact the cost of our products. Through such communication, both parties can negotiate price adjustments to reflect these factors.

Payment

We offer a variety of payment methods to our customers based on their needs and our assessment of their credit risks. We believe that offering diversified payment options provides customers with greater flexibility.

Typically, we offer our customers three main payment methods: full payment, credit/installment payment and financing payment.

- *Full payment*. Customers normally pay the majority of the purchase price before product delivery, with the remaining amount held as a warranty deposit.

- *Credit/Installment payment*. We generally provide customers who choose credit/installment payment with a payment term ranging from three to 24 months. Shipment is typically arranged after the customer pays a fixed percentage of the product price as a down payment.

- *Financing payment*. Our end customers have the option to finance their purchase through mortgage loans or finance lease arrangements with financial institutions, which may require a certain amount of down payment prior to shipment.

Additionally, for overseas customers, we accept payment by letter of credit. Shipment is typically arranged after we receive the letter of credit issued by the customer's bank, and we collect the payment upon maturity of the letter of credit.

We mitigate credit risks by implementing risk control measures. For example, we conduct credit risk assessments for all customers requesting credits exceeding certain threshold based on their chosen payment methods. Such assessments focus on the customer's background, operating scale, financial condition, payment record and current repayment ability. For overseas customers, we also consider the economic condition of the customer's location into consideration. For example, we usually require customers with less favorable credit ratings to provide qualified guarantors or acceptable collaterals. Furthermore, we purchase export credit insurance for the sale of some products to overseas markets.

OUR CUSTOMERS

Our end customers primarily include equipment contractors, construction companies, mining operators, infrastructure developers and industrial enterprises, which operate in the power, steel, bridge construction, shipbuilding and petrochemical industries, among others. Our customers also include distributors. Our global and diverse customer base strengthens our resilience throughout economic cycles.

We serve both large and small to medium-sized customers to adapt to changing market conditions. For large-scale customers, we have established close relationships with leading companies in large projects through a direct sales model, such as infrastructure companies, mining and energy companies and real estate developers. Additionally, we serve large international customers through our global presence. For small and medium-sized customers, we primarily leverage our distributors to reach downstream markets through an extensive distribution network. Moreover, we address our customers' environmental and efficiency needs by providing intellignet and electric products, thereby further expanding our customer base.

Revenue from our five largest customers amounted to RMB7,354.3 million, RMB4,645.6 million and RMB5,937.4 million in 2022, 2023 and 2024, respectively, representing 9.1%, 6.3% and 7.6% of our total revenue for the same respective years. Revenue from our largest customer amounted to RMB1,868.2 million, RMB1,337.8 million and RMB1,956.9 million in 2022, 2023 and 2024, respectively, representing 2.3%, 1.8% and 2.5% of our total revenue for the same respective years. As of the Latest Practicable Date, except for Sany Heavy Equipment International Holdings Company Limited ("**Sany International**"), none of our Directors, Supervisors or their respective close associates or any of our shareholders (who, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

SUPPLIERS AND SUPPLY CHAIN MANAGEMENT

Raw Materials and Components

Our raw materials and components mainly comprise steel, automobile chassis, engines, hydraulic pumps, main oil pumps, transfer cases, various hydraulic valves and slewing bearings. We procure a number of raw materials and components from domestic and overseas suppliers. Meanwhile, through long-term investments, we have successfully developed certain core parts and components, such as engines, controllers, cylinders, pumps, valves, motors, speed reducers and slewing bearings for our products, ensuring the self-sufficiency and resilience of our core parts and components supply.

Our Suppliers

Our suppliers primarily include raw material and component suppliers. Purchases from our five largest suppliers during the Track Record Period amounted to RMB9,568.7 million, RMB7,825.1 million and RMB8,168.0 million in 2022, 2023 and 2024, respectively, representing 21.1%, 22.0% and 21.2% of our total purchases for the same respective years. Our purchases from the largest supplier amounted to RMB3,262.5 million, RMB3,369.4 million and RMB2,651.0 million in 2022, 2023 and 2024, respectively, accounting for 7.2%, 9.5% and 6.9% of our total purchase amounts for the same respective years.

The tables below set forth the basic information of our top five suppliers during the Track Record Period:

Year ended December 31, 2022

Supplier	Background	Products purchased	Purchase amount	% of total purchases	Length of business relationship
			(RMB'000)	*%*	
Sany International[1]	A public company located in Liaoning, China, and listed on the Hong Kong Stock Exchange, primarily engaging in the production and sale of mining equipment, logistics equipment, oil and gas equipment, and emerging industries covering solar modules, hydrogen production equipment, power battery modules and energy storage systems.	Mining equipment and logistics equipment, among others	3,262,485	7.2	More than ten years
Supplier A[2]	A state-owned company located in Hunan, China, primarily engaging in the development and processing of steel.	Steel plates, steel pipes and steel sections	1,992,071	4.4	More than ten years
Supplier B[2]	A limited liability company located in Hong Kong, primarily engaging in production, R&D and sales of engines.	Engines and exhaust systems	1,585,379	3.5	More than ten years
Supplier C[2]	A public company located in Jiangsu, China and listed on the Shanghai Stock Exchange, primarily engaging in R&D and manufacturing of electric cylinders, ball screws and linear guide rails.	Oil cylinders, hydraulic valves, hydraulic pumps and hydraulic reducers, among others	1,567,412	3.4	More than ten years
Supplier D[2]	A state-owned public company located in Shandong, China and listed on the Hong Kong Stock Exchange, primarily engaging in powertrain systems, commercial vehicles, agricultural equipment and smart logistics.	Engines, axles, hydraulic motors and hydraulic pumps, among others	1,161,374	2.6	More than ten years
Total			**9,568,721**	**21.1**	

Year ended December 31, 2023

Supplier	Background	Products purchased	Purchase amount	% of total purchases	Length of business relationship
			(RMB'000)	*%*	
Sany International[1]	A public company located in Liaoning, China, and listed on the Hong Kong Stock Exchange, primarily engaging in the production and sale of mining equipment, logistics equipment, oil and gas equipment, and emerging industries covering solar modules, hydrogen production equipment, power battery modules and energy storage systems.	Mining equipment and logistics equipment, among others	3,369,370	9.5	More than ten years
Supplier A[2]	A state-owned company located in Hunan, China, primarily engaging in the development and processing of steel.	Steel plates, steel pipes and steel sections	1,662,506	4.7	More than ten years
Supplier B[2]	A limited liability company located in Hong Kong, primarily engaging in production, R&D and sales of engines.	Engines, exhaust systems	1,005,265	2.8	More than ten years
Supplier C[2]	A public company located in Jiangsu, China and listed on the Shanghai Stock Exchange, primarily engaging in R&D and manufacturing of electric cylinders, ball screws and linear guide rails.	Oil cylinders, hydraulic valves, hydraulic pumps and hydraulic reducers, among others	923,340	2.6	More than ten years
Supplier D[2]	A state-owned public company located in Shandong, China and listed on the Hong Kong Stock Exchange, primarily engaging in powertrain systems, commercial vehicles, agricultural equipment and smart logistics.	Engines, axles, hydraulic motors and hydraulic pumps, among others	864,662	2.4	Since 2021
Total			**7,825,143**	**22.0**	

Year ended December 31, 2024

Supplier	Background	Products purchased	Purchase amount	% of total purchases	Length of business relationship
			(RMB'000)	*%*	
Sany International[1]	A public company located in Liaoning, China, and listed on the Hong Kong Stock Exchange, primarily engaging in the production and sale of mining equipment, logistics equipment, oil and gas equipment, and emerging industries covering solar modules, hydrogen production equipment, power battery modules and energy storage systems.	Mining equipment, logistics equipment and battery packs, among others	2,650,975	6.9	More than ten years
Sany Group Co., Ltd.[2]	A limited liability company located in Hunan, China, primarily engaging in R&D, manufacture and sales of construction machinery.	Steel plates, steel pipes, structural steel and hydraulic pumps, among others	1,747,952	4.5	More than ten years
Supplier B[2]	A limited liability company located in Hong Kong, primarily engaging in production, R&D and sales of engines.	Engines, exhaust systems	1,363,324	3.5	More than ten years
Supplier C[2]	A public company located in Jiangsu, China and listed on the Shanghai Stock Exchange, primarily engaging in R&D and manufacturing of electric cylinders, ball screws and linear guide rails.	Oil cylinders, hydraulic valves, hydraulic pumps and hydraulic reducers, among others	1,222,182	3.2	More than ten years
Supplier A[2]	A state-owned company located in Hunan, China, primarily engaging in the development and processing of steel	Steel plates, steel pipes and steel sections	1,183,543	3.1	More than ten years
Total			**8,167,976**	**21.2**	

Notes:

(1) The purchase amounts included amounts from the entities it controls.

(2) To the best knowledge of our Company and having made all reasonable enquiries, the purchase amounts included amounts from the entities it controls.

As of the Latest Practicable Date, except for Sany International and Sany Group Co., Ltd., none of our Directors, Supervisors or their respective close associates or any of our shareholders (who, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year during the Track Record Period.

During the Track Record Period, Sany International was both one of our top customers and top five suppliers in each year. See "Connected Transactions."

During the Track Record Period, Sany Group Co., Ltd. was one of our top five suppliers in 2024 and our customer in 2022, 2023 and 2024. In 2022, 2023 and 2024, we primarily purchased steel plates, steel pipes, structural steel and hydraulic pumps, among others from Sany Group Co., Ltd. with the purchase amount of RMB1,880.6 million, RMB1,154.1 million and RMB1,748.0 million, respectively, representing 4.1%, 3.3% and 4.5% of our total purchase amount in the same respective years. In separate transactions, we provided hydraulic cylinders and undercarriage components for Sany Group Co., Ltd. with the revenue of RMB146.9 million, RMB67.1 million and RMB130.8 million in 2022, 2023 and 2024, respectively, which was insignificant compared to our total revenue in the same respective years.

Negotiations of the terms of sales to the companies mentioned above and purchases from them were conducted separately, and the sales and purchases were neither connected nor conditional upon each other. Our Directors are of the view that such arrangements are mutually beneficial, given that we negotiated with such companies on an arm's-length basis. In addition, the terms of transactions with the companies mentioned above are in line with market practice and similar to those with our other customers and suppliers. Save as disclosed, to the best of our knowledge, none of our major customers during each year of the Track Record Period was a supplier of ours and vice versa.

Supplier Selection and Management

When selecting suppliers, we take into account a number of factors, including the supplier's duration of operation, compliance with onboarding standards, validity of qualification certificates, environmental qualifications, tax payment records and integrity in business operations. We have implemented a systematic supplier management system that governs the onboarding of suppliers, management of qualified suppliers and termination of unqualified suppliers to ensure the efficiency of our supplier management processes.

We carry out performance assessments of our suppliers on a regular basis to ensure the quality of their products and services, and inform them of our assessment results and rectification requirements. In addition, we examine the raw materials and components we receive to ensure the consistent quality of our products.

We also collaborate with multiple suppliers for core raw materials and components to ensure a stable supply. We generally do not enter into long-term supply agreements with fixed price arrangements, which is in line with industry norms. We typically enter into supply agreements with our suppliers, the salient terms of which are set forth below:

Product specifications. We typically specify the name, specification, price, quantity and other detailed items of the products and services, in each purchase agreement.

Price. The suppliers are generally required to provide us with competitive prices for the products and services we purchase.

Payment. We are responsible for making the payments to the suppliers and the suppliers shall provide us with the corresponding invoice.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of the agreements with our suppliers.

Our Supply Chain Management

We have built a self-sufficient and resilient supply chain through a combination of in-house R&D and strategic partnerships. As of December 31, 2024, we had established more than ten subsidiaries dedicated to developing and manufacturing parts and components. These subsidiaries have successfully developed core parts and components for our products. Furthermore, we maintain strategic partnerships with key suppliers, securing a stable supply of core parts and components through exclusive or priority supply mechanisms.

We focus on the integration of supply chain data. Integrating supply chain data enables us to better coordinate suppliers, inventory, production and transportation, reducing the risks of excess inventory and supply shortages, and lowering logistics costs, while improving response speed and customer satisfaction. For example, based on our Manufacturing Operating Management Platform, complemented by multiple digital systems such as Warehouse Management System, advanced Production and Scheduling System and digital twin, we have formed an "intelligent brain" for factory production and manufacturing, which has allowed us to achieve online, real-time and intelligent R&D and production management, contributing to optimal resource allocation, and science-based decision-making.

We prioritize compliance management of partners in the global supply chain, ensuring that all stages of the supply chain comply with relevant laws and regulations in their respective operating locations. To ensure integrity and transparency in our cooperation relationships, we enter into integrity cooperation agreements with our suppliers as a code of ethical conduct for both parties. During the Track Record Period, 100% of our suppliers signed the integrity cooperation agreements/commitments.

Procurement

We have established a global supplier network and maintained a global procurement system. We typically have multiple suppliers of raw materials and components in each location where we operate, to minimize any potential disruption to our operations, maintain procurement stability and secure competitive prices from suppliers. We manage procurement costs through various arrangements such as centralized procurement, competitive bidding processes and continuously developing new suppliers. To ensure a stable supply of raw materials and components, we have implemented several measures, such as avoiding exclusive supply, developing alternative sources and strengthening our supplier admission standards. For certain key raw materials and components that are with limited supply sources or manufactured specifically for a specific product type, we enter into strategic framework agreements to ensure supply security. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our raw materials and components that materially affected our operations.

Logistics

Our manufacturing bases are well positioned and easily accessible, allowing us to deliver our products to our customers on a timely basis and lower the transportation costs. Our products are delivered mainly by trucks to Chinese customers, and our export products are shipped mainly by ocean. We select experienced and capable logistics service providers to deliver our large and heavy products to our customers on time and in good condition. Our contracts with third-party logistics service providers contain specific standards for the transportation of our products. We periodically evaluate their compliance and performance to ensure smooth delivery. Additionally, we are committed to deepening our cooperation with our overseas logistics service providers to enhance our overseas logistics efficiency.

Inventory Management

Our inventories consist of raw materials, work-in-progress and finished goods. As of December 31, 2022, 2023 and 2024, our inventories were RMB19,738.4 million, RMB19,767.8 million and RMB19,948.0 million, respectively. We actively manage our inventory by adjusting our production, sales and inventory plans for the next six months on a monthly basis. This process is based on market demand forecasts and factors such as price fluctuations of raw materials and components. Through our sales and operations planning system and taking into consideration the procurement cycle, we place orders for raw materials and components, maintaining sufficient supply of general consumable parts. To minimize the risk of inventory impairment and ensure timely supply, we encourage suppliers to store frequently used raw materials and components in their warehouses, allowing for a swift response to our production needs. Our strategic inventory items primarily consist of engines, hydraulic components, axles and transmissions, and we maintain appropriate levels of stock to mitigate supply chain disruption risk.

MANUFACTURING AND QUALITY CONTROL

Our manufacturing process is designed to maintain efficiency and flexibility, and achieve high performance and reliability based on our robust manufacturing capabilities and rigorous quality control measures.

Manufacturing Bases

We have established manufacturing bases in strategic locations in China and overseas to better serve our major markets and target customers. As of December 31, 2024, our manufacturing bases included Chinese manufacturing bases located in Jiangsu, Shanghai, Hunan, Beijing, Zhejiang and Chongqing, as well as overseas manufacturing bases located in Germany, Indonesia, India, the U.S., among others. As of December 31, 2024, we had built 35 smart factories worldwide, and had been systematically advancing intelligent upgrades in alignment with the Lighthouse Factory standards. As of December 31, 2024, we were the only company in the construction machinery industry that had obtained the "Lighthouse Factory" certifications from the World Economic Forum for two factories, namely the Beijing Piling Machinery Plant and Changsha No. 18 Plant. Our Lighthouse Factories represent the internationally leading standards of intelligence and innovation. Our plants have extensively adopted automation, digitalization, smart planning, machine vision, process simulation and other advanced technologies.

The table below sets forth the production capacity, production volume and utilization rate for our main product lines during the years indicated:

	Year ended December 31								
	2022			2023			2024		
	Designed production capacity(1) *(unit)*	*Actual production volume(2)* *(unit)*	*Utilization rate(3)* *(%)*	*Designed production capacity* *(unit)*	*Actual production volume(2)* *(unit)*	*Utilization rate(3)* *(%)*	*Designed production capacity* *(unit)*	*Actual production volume(2)* *(unit)*	*Utilization rate(3)* *(%)*
Excavating Machinery	112,000	84,435	75.4	125,000	44,589	35.7	150,000	62,517	41.7
Concrete Machinery	44,000	24,373	55.4	45,000	21,691	48.2	49,000	17,563	35.8
Hoisting Machinery	26,400	9,985	37.8	29,400	9,341	31.8	29,400	7,647	26.0
Piling Machinery	3,000	1,003	33.4	3,000	538	17.9	3,000	719	24.0
Road Machinery	8,400	4,767	56.8	8,400	4,173	49.7	8,400	3,786	45.1
Total/Overall	**193,800**	**124,563**	**64.3**	**210,800**	**80,332**	**38.1**	**239,800**	**92,232**	**38.5**

Notes:

(1) The designed production capacity for the year is calculated based on the following assumptions: (i) all the production lines are operating at full capacity; (ii) our production facilities operate for 260 days on an annual basis; and (iii) our production facilities operate for eight hours on a daily basis.

(2) The actual production volume of the year represents the total quantity of products produced during that year.

(3) The utilization rate for the year is calculated by dividing the actual production volume by the designed production capacity for the same year.

During the Track Record Period, our designed production capacity, particularly for excavating machinery, gradually increased. This was primarily due to our strategic expansion of production capacity across different product lines within this category, as well as the expansion of overseas production capacity. Our total production volume fluctuated during the Track Record Period, generally in line with the industry trend. As a result of the foregoing, our overall production capacity utilization rate declined from 2022 to 2023, and remained relatively stable between 2023 and 2024.

Manufacturing and Assembly Process

Our manufacturing and assembly operations involve the procurement of raw materials and components, processing, assembly, coating, commissioning, testing and the warehousing and logistics of the final products.

Generally, our manufacturing and assembly process can be categorized into the following steps:

- *Procurement of raw materials and components*: We procure a number of raw materials and components from qualified suppliers. In addition, through long-term investments, we have successfully developed certain core parts and components for our products.

- *Processing of raw materials and components*: Through cutting, drilling, welding, bending, abrasive blasting, polishing, pre-coating, machining and heat treatment, we process raw materials and components according to the necessary technical specifications to produce the required components. Although we purchase some components processed by third parties, the processing of raw materials and components is typically either carried out by us or is outsourced to external third parties who conduct the processing according to our designs and technical specifications.

- *Assembly of components into semi-finished products*: Through processes such as welding and drilling, the raw materials and components are further processed to form semi-finished products ready for final assembly.

- *Assembly and integration of semi-finished products*: All semi-finished components are assembled and integrated to form the finished products.

- *Coating*: Finished products undergo a coating process in our coating workshops.

- *Commissioning*: Finished products are sent for commissioning and further fine tuning before being dispatched to the manufacturing sites for testing and quality inspection.

- *Logistics*: The final products are delivered to our warehouses for storage, dispatching and delivery to our customers.

As for hardware, we have implemented intelligent manufacturing equipment to assist in production. For example, we have introduced smart equipment in welding, coating and other processes, improving the operational precision and safety. As for software, we have developed the intelligent Manufacturing Operating Management Platform based on data analysis, completed the construction of the Manufacturing Practice Platform and used the Industrial IoT platform as the "industrial brain" to develop systems such as Warehouse Management System and Production and Scheduling System, laying down an intelligent foundation for the manufacturing system. Taking Changsha Plant No. 18 as an example, we leveraged IoT equipment for data analysis, Manufacturing Operating Management Platform for unified splitting, design and scheduling of the manufacturing process, Warehouse Management System for automated sorting of raw materials, remotely guided vehicle for intelligent delivery and production line control system for the scheduling of production task execution. Our digitalized management and production systems have achieved full-process intelligent manufacturing, including smart cutting, automatic beveling, automatic welding and final quality inspection of finished products using the Quality Information System. Through these processes, we have achieved digital, transparent, automated and intelligent manufacturing processes, and further improved the manufacturing techniques, enhancing product quality, reducing errors caused by manual operation, increasing product consistency and improving production efficiency. In addition, we constantly upgrade our equipment to improve our operational efficiency. We also perform routine and preventative maintenance to ensure that our equipment function properly at all times and comply with relevant laws and regulations.

Production Equipment

We utilize diverse equipment, specifically tailored to accommodate our various product types. In addition to sourcing equipment from third-party suppliers, we possess the capability to develop in-house certain manufacturing equipment.

We regularly maintain our production facilities. Each major piece of production equipment undergoes scheduled servicing and maintenance according to established schedules. We have established, and continue to update, internal procedures for each piece of production equipment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any prolonged suspension of the production process or significant interruption in our business operations due to production equipment failures or breakdowns.

Quality Control

Our mission is "Quality Changes the World." We have established quality control standards and methods aligned with construction machinery industry's requirements, overseeing the entire process from raw materials to finished products to ensure that our products meet international quality standards and customer needs. By establishing a quality information system, we can collect and analyze data throughout the R&D, procurement, production and testing processes, allowing for refined monitoring and management of every stage of the project. We have developed a quality control map to identify and manage quality risk control points. Furthermore we have obtained a series of quality system certifications, such as IATF16949, ISO14001, ISO45001 and ISO9001.

We attach great importance to quality control during the product development and design process, and have formulated specific development guidelines for R&D projects in order to clarify the development process for new products and the specific responsibilities of developers. Our product development and design procedures begin with the issuance of a project planning document, followed by technical demonstrations and design activities, leading to a technical solution. In this process, we conduct thorough evaluations and reviews of technical trends, market competitiveness, technical implementation costs, technical parameters and feasibility. Our goal is to ensure the highest quality standards in every aspect of product development and design, to meet market demands and customer expectations.

We have established policies and detailed procedures to ensure the quality of the components and raw materials sourced from suppliers. For example, we screen new suppliers before cooperation and regularly evaluate their performance and the quality of the goods they provide. When selecting suppliers, we take into account a number of factors, including the supplier's years in operation, compliance with admission review standards, validity of quality certificates, environmental qualifications, tax payment records and integrity in business operations. We require all of our suppliers to comply with our internal supply management policies. We conduct regular or irregular on-site inspections of suppliers, and require suppliers to promptly rectify quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return them based on our inspection and examination results, and suppliers are generally liable to us and our customers for any product quality issues of our products caused by them. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product quality issues with the products supplied by the suppliers that adversely affected our business.

We carry out small-scale production based on the reviewed design plan, and these products undergo rigorous verification. The verification process consists of two stages: testing verification and market validation. We have established a testing management system for the testing verification stage. Professional testing personnel verify the overall functions, performance and reliability of the product, as well as its systems and components. They are also responsible for analyzing and eliminating potential faults, thereby supporting activities such as technical research, product development, fault analysis and product inspections. For example, for certain models of our truck mixers and dump trucks, we simulate more stringent water immersion scenarios beyond normal usage conditions by performing water pool verification. During the market validation stage, we further optimize the product design and production processes based on customer feedback on their usage experience, to ensure the product's outstanding performance and customer satisfaction in applications. If issues are found during the validation process, we will optimize from the perspectives of design and development, as well as raw material procurement. For example, we have established the industry's largest testing base in a real mine environment, covering 12 common types of construction machinery. Particularly for multi-condition equipment and new energy equipment, we have developed seven specialized testing solutions. Through on-site validation by more than 400 customers, we have improved approximately 2,000 detailed issues, effectively addressing the challenges of complex construction environments. Only after our validation can our products enter the mass-production stage.

We have developed and implemented a set of monitoring and measurement control procedures covering products and processes. These procedures include quality testing of raw materials and components, and cover all stages of work in process and finished products, ensuring that all products comply with the established inspection standards or testing specifications. For example, to ensure the high quality of cranes, we adopt multiple testing measures during the manufacturing process. Certain models of our cranes undergo a one-meter deep immersion test and a 30-minute water spray test to ensure their waterproof performance reaches IP67 waterproof protection rating. We also conduct operational validation of several cranes models in a high-temperature environment of 105°C and perform a 2,000 kilometer driving test on bumpy roads. We have invested substantial resources and funds to establish a quality control system that includes production process and technical control, production equipment inspection, testing method evaluation, and clean production environment inspection.

If our products involve any quality defects that lead to personal injury or property damage, we may be liable for product liability. If such a claim arises from product defects in raw materials or components purchased from a supplier, we may have the right to require the supplier to assume the corresponding product liability. According to our sales agreement, we generally do not allow customers to return products after receipt, except for a few reasons such as product defects. During the Track Record Period and up to the Latest Practicable Date: (i) we have not received any significant administrative or other penalties from any governmental authority regarding product quality; (ii) we have not been ordered to conduct any mandatory product recalls that could have a material adverse impact on our business, financial condition and operating results; (iii) we have not encountered any incidents related to significant product liability risks; and (iv) we have not received any significant complaints from customers regarding product quality. However, we are faced with risks related to product quality. See "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — Our products may have defects, fail to meet performance standards or cause product liability incidents during use, which could affect our reputation and customer relationships."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We have integrated ESG considerations into our strategy and day-to-day operations management, ensuring that our business operations and commercial activities contribute positively to society and the environment while strengthening the global competitiveness of our products and services.

To strengthen our ESG management, we plan to establish a three-tier ESG governance structure comprising the "Governance Layer — Management Layer — Execution Layer." The Board of Directors serves as the highest governing body for ESG matters, responsible for reviewing our ESG risks, opportunities and materiality issues, evaluating ESG strategies and goals, regularly supervising and reviewing our ESG-related policies, management, performance and progress towards goals, and reviewing the public disclosure of our ESG-related matters. At the management layer, the Sustainability Committee is tasked with identifying, defining, managing and overseeing significant ESG risks we face. It assists the Board of Directors in risk analysis and decision-making, organizes and coordinates the supervision and inspection of our ESG-related policies, management, performance and progress towards our goals, and reviews and submits ESG-related reports to the Board of Directors. At the execution layer, the ESG Working Group is responsible for implementing various ESG initiatives, including formulating policies and action plans aligned with our strategies and ESG goals.

We have developed a set of internal policies addressing environmental, social and governance issues. Regarding environmental issues, we adopt policies and procedures related to (i) resource and energy conservation, (ii) climate change adaptation and (iii) waste gas, wastewater and solid waste treatment, among other aspects. For social matters, we employ policies and procedures concerning (i) supplier management, (ii) product liability, (iii) occupational safety and health, and (iv) customer complaints and handling, among other aspects. As for governance matters, we adopt policies on various aspects such as conflict of interest and anti-corruption, and regularly organize compliance training for employees to strengthen internal regulatory compliance and business ethics practices. We conduct regular audits to oversee our adherence to these policies and procedures.

To proactively manage ESG-related risks, we continuously identify and control risks that may significantly impact us, and identify applicable laws, regulations and industry standards covering environmental protection of products, employee rights protection, safety, community support and business ethics, among others. We have also formulated various mitigation methods and measures to prevent these risks from affecting our business.

Indicators and Goals

We expect to continually explore measures to reduce our carbon footprint by using clean energy, improving our energy efficiency and monitoring our GHG emissions. We collect and analyze quantitative information as part of our review of ESG-related risks. In 2024, our Scope 1 GHG emissions generated from the usage of petrol, diesel and refrigerants and Scope 2 GHG emissions generated from the usage of purchased electricity amounted to 69,757.6 tons and 254,371.9 tons of CO_2 equivalent, respectively, with the GHG emissions intensity of 4.2 tons of CO_2 equivalent per million in revenue (in RMB).

We have always attached importance to the management of energy use. To achieve this, we implement various measures, such as enhancing electricity and water efficiency and actively promoting employee awareness on resource management. For example, our water consumption per million in revenue (in RMB) decreased from 66.5 tons in 2022 to 39.9 tons in 2023 and 2024.

We have set quantitative targets to reduce GHG emissions and energy consumption. For example, we plan to reduce our GHG emissions per unit product by 35.1% by 2030 compared with 2021. In addition, we plan to improve our energy use efficiency to reduce the comprehensive energy consumption per million of output value (in RMB) by 22.5% by 2030 compared with 2022.

Environment

Green Design

We uphold the concept of green design and promote green design practices to reduce the use and consumption of traditional energy sources, achieving full coverage of clean energy product lines and efficient energy utilization. Our low-carbon development strategies primarily include: (i) advancing the electrification of major products across battery, hybrid and hydrogen fuel to reduce reliance on traditional energy; (ii) increasing investments in clean technology R&D, production facility upgrades and market expansion to achieve full coverage of clean energy product lines and efficient energy utilization; and (iii) independently developing zero-emission technologies to reduce greenhouse gas emissions during product use.

Green Procurement

We have developed internal regulations such as the Supplier Evaluation Process and Supplier Management System, which clearly define requirements for tiered supplier management and sustainability performance review management. We fully integrate ESG strategies into supply chain management, implementing measures such as qualification reviews and regular evaluations and audits of suppliers. For example, energy consumption is included as a criterion in product procurement assessments to promote green procurement.

Green Manufacturing

We strictly adhere to emissions management laws and regulations issued by authorities in our operational locations. We endeavor to manage our waste gas emissions, wastewater and waste through various practical initiatives, including continuous environmental technology upgrades, solid waste disposal and waste recycling, ensuring that our production complies with emission standards.

- Waste gas. We enforce stringent internal emission control standards, treating atmospheric pollutants such as dust and particulates using electric dust removal methods, and removing volatile organic compounds from waste gas through regenerative thermal oxidizers to reduce emissions and mitigate their impact on the surrounding atmospheric environment.

- Wastewater. We classify and treat various types of wastewater based on quality, specifying requirements such as discharge limits for chemical oxygen demand and ammonia nitrogen to ensure they meet emission standards. We conduct online pollutant monitoring to strictly control the treatment and discharge of industrial wastewater. Additionally, we continuously optimize treatment processes and enhance our management capabilities for comprehensive wastewater utilization.

- Solid waste. We implement targeted treatment measures for different types of waste, adhering to the principles of "harmless disposal, resource recovery and quantity reduction" to minimize impacts on surrounding areas. For general waste, we promote comprehensive utilization and recycling. Hazardous waste is disposed of strictly in accordance with national laws and regulations to ensure safety and compliance.

Our water conservation measures include optimizing production processes. In 2024, we upgraded our painting process by adopting dry paint mist removal technology instead of the wet paint mist removal process in coating work, reducing water consumption by directly capturing paint mist using high-efficiency filter materials.

Climate Change

As global climate change intensifies and extreme weather events become more frequent, we face growing impacts and challenges. To proactively address this global issue, we will extensively refer to advanced international and domestic climate change mitigation guidelines and policies. We will establish a climate change governance structure and actively engage in identifying and managing the risks and opportunities associated with climate change. Additionally, we will assess the financial impacts related to climate change and enhance our adaptability and response capabilities.

Social Responsibility

Employees

We are committed to complying with labor laws and regulations, safeguarding employees' rights and interests, and standardizing salaries, working hours, leave policies, overtime pay, social insurance and benefits. In our recruitment and employment practices, we prioritize equality and diversity, and strictly prohibit child labor, forced labor and employment discrimination, fostering an inclusive and non-discriminatory workplace. We place great importance on talent development and have formulated regulations such as the Training Management System to establish a talent training system, providing systematic training and career advancement pathways.

We place great importance on the health and safety of employees, suppliers and other stakeholders. We strictly comply with safety-related laws, regulations and conventions, and have developed regulations such as Occupational Disease Prevention and Control Management System to establish a health and safety management system.

To mitigate negative impacts on occupational health and safety, we actively implement safeguard measures, including: (i) defining safety risk classification standards and management measures, and systematically conducting safety risk identification, assessment, and control; (ii) establishing a safety training system to enhance employees' safety awareness and skills through assessment and incentive mechanisms; (iii) developing targeted emergency response plans and measures tailored to different accident types and specific sites to ensure a science-based and efficient emergency response; and (iv) providing occupational health checks and mental health care services for employees. In 2024, we organized specialized training on topics such as special equipment safety and fire prevention, with more than 176,000 attendances in health and safety training, accumulating more than 187,000 training hours.

Product Liability

We are dedicated to providing society with safe and reliable products through standardized production systems and rigorous quality management systems. To effectively address emergencies such as product safety incidents, we have established the Major Quality Accountability Management System to ensure prompt follow-up and appropriate handling of any product safety incidents that occur during production. Our quality headquarters and the board of director office will receive relevant feedback within 24 hours of an incident and manage it strictly according to the regulations. Additionally, we have developed a digital quality information system and created a quality control map to identify potential quality issues throughout the operational process. See "Manufacturing and Quality Control — Quality Control."

Social Welfare Contribution

Through the Sany Foundation, we have sustained our commitment to public welfare, rural revitalization and social rescue initiatives. In 2022, 2023 and 2024, we engaged in approximately 700 hours, 2,300 hours and 2,700 hours of charitable activities, respectively.

Corporate Governance

Business Ethics

We have developed internal management regulations, such as the Employee Code of Ethics and Business Conduct and the Anti-Commercial Bribery Policy. A business ethics management structure, led by the Board of Directors, has been established to continuously enhance the systematic framework for anti-corruption and integrity. We have organized an anti-commercial bribery working group to implement business ethics management.

We actively implement various business ethics control and capacity-building initiatives, including but not limited to: (i) continuously optimizing the intelligent supervision and audit system, conducting regular business ethics audits from the "pre-event, in-process, and post-event" perspectives to assess our business ethics risks; (ii) providing integrity training for all employees and directors, which includes education on significant fraud cases, distributing integrity posters and organizing training seminars; (iii) formulating the Whistleblowing and Complaint Management System, standardizing the whistleblowing management process, establishing a whistleblowing department and appointing dedicated personnel to handle whistleblowing and complaints; (iv) establishing multiple reporting channels and encouraging whistleblowers to submit reports through various means such as the internal smart supervision platform, corporate website and dedicated email; and (v) emphasizing whistleblower protection, implementing a recusal system and prohibiting the unauthorized disclosure of whistleblower identity information and report content without their explicit consent.

INTELLECTUAL PROPERTY

We rely on a combination of patent, trademark, copyright and other intellectual property laws in the jurisdictions in which we operate, fair trade practices, contractual arrangements and confidentiality procedures to establish and protect our proprietary technologies. As of December 31, 2024, we held a robust portfolio of intellectual property worldwide, and had over 8,900 patents. As of December 31, 2024, we had filed more than 5,900 patent applications in China and more than 200 patent applications in overseas jurisdictions. As of December 31, 2024, we owned more than 280 software copyrights. See "Appendix VI — Statutory and General Information — 2. Further Information About Our Business — B. Our Material Intellectual Property Rights."

We take a proactive approach to managing our intellectual property portfolio. We have established a series of processes regarding the application, analysis, invalidation, operation, purchase and asset evaluation of patents. These processes help us manage our intellectual property operations throughout their life cycle. Our legal department performs regular monitoring of our intellectual property rights. We take actions when we become aware of a potential infringement of our intellectual property rights. We also conduct various professional training programs and awareness campaigns for our employees to enhance the protection of our intellectual properties, standardize the intellectual property protection work processes and improve the awareness of intellectual property protection among our employees.

Despite our precautions, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims" and "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties." During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties.

SEASONALITY

Our construction machinery sales generally experience seasonal fluctuations. Sales in winter tend to be lower, mainly due to the impact of cold weather and the Spring Festival holidays, when construction activities decrease. During this period, many projects were suspended or slowed down, leading to a decrease in demand for construction machinery. However, with the arrival of spring and the rise in temperature, construction activities gradually increased, and many projects were either restarted or accelerated, typically resulting in an increase in sales. Furthermore, spring is also the season for the commencement of many new projects, further driving the demand for and sales growth of construction machinery.

COMPETITION

We primarily compete with a number of domestic and international construction machinery companies. See "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — The construction machinery industry is highly competitive and we may not be able to respond successfully to changes in the global and regional competitive landscape." The current global construction machinery industry is highly competitive and concentrated. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024.

With leading positions in the industry, deep industry experience, strong R&D and manufacturing capabilities, broad product portfolios and large and stable customer base, we believe that we are well positioned to excel in the competition in our industry. See "— Our Strengths" and "Industry Overview."

EMPLOYEES

We believe that our professional workforce is the driving force of our long-term growth. As of December 31, 2024, we had 25,363 full-time employees globally. As of December 31, 2024, we had 20,780 domestic employees and 4,583 international employees. The table below sets forth a breakdown of our employees by function as of December 31, 2024.

Employee function	Number of employees	Percentage of employees
		(%)
Manufacturing	9,125	36.0
Sales and marketing	6,481	25.6
R&D	5,867	23.1
Management	2,155	8.5
Administration	1,143	4.5
Finance	592	2.3
Total	**25,363**	**100.0**

Our workforce consists of skilled workers and professionals with extensive industry experience. We place significant emphasis on investing in our employees and have established a well-rounded talent development system. Our training programs are categorized into company-level, department-level and function-level training. Prior to commencing their roles, new employees are required to complete relevant training and pass examinations. We offer a wide range of specialized training aimed at enhancing the professional skills of our employees. In addition, we have developed a number of internal training courses and created a series of targeted professional courses to implement our talent development strategy, foster the growth of key talents and enhance the managerial proficiency of our team.

We uphold the core value of prioritizing employees, emphasize employee incentive policies and strive to share business results with our workforce. We have established a fair, just and competitive compensation and benefits incentive system, which includes annual performance bonuses, medium and long-term equity incentive plans, profit-sharing plans, extraordinary performance rewards, special bonuses and mid-year (annual) salary increases, in addition to basic salaries. This creates a flexible compensation system that covers all employees. Meanwhile, we provide various benefits for our employees, such as annual physical examinations and annual vacation. We believe our remuneration and benefits system motivates our employees' creativity, initiative and enthusiasm, helping us achieve our business goals.

We have established labor unions that protect employees' rights, encourage employee participation in management decisions and assist in mediating disputes between us and union members. During the Track Record Period and up to the Latest Practicable Date, we had maintained a good relationship with our employees and did not have any material labor dispute.

INSURANCE

We maintain property insurance for our manufacturing facilities, including those located in China and overseas. We have taken limited product liability insurance and transportation insurance for our products, such as export credit insurance. We have taken overseas investment insurance for our overseas investment to address the risk of business interruption caused by overseas expropriation, customer default, war and political unrest. We believe that these insurance policies cover the major risks in our day-to-day operations. In accordance with general market practices, we have not purchased some types of insurance that are not available or generally not required by laws in the locations where we operate. Please refer to "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — The insurance coverage we have may not adequately protect us against all operating risks." We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance program to align with our needs and industry practices. According to Frost & Sullivan, our insurance coverage during the Track Record Period and up to the Latest Practicable Date was in line with industry practices. We did not make any significant insurance claims related to our business during the Track Record Period and up to the Latest Practicable Date.

PROPERTY

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

As of December 31, 2024, our Company and Major Subsidiaries in the PRC owned the land use rights of 28 parcels in China which are designated for production and operations, with an aggregate site area of approximately 5,231.4 thousand sq.m.. All of these 28 land parcels have been granted land use right certificates. As of December 31, 2024, our Company and Major Subsidiaries in the PRC owned 30 properties in China which are designated for production and operations, with an aggregate GFA of approximately 2,008.2 thousand sq.m., and had obtained the real estate certificates for such 30 properties. As of December 31, 2024, our Company and Major Subsidiaries in the PRC had not obtained real estate certificates for certain owned properties, including five industrial plants which are designated for production and operations, along with other five properties, each with GFA exceeding 5,000 sq.m., (with an aggregate GFA of approximately 143.0 thousand sq.m.), mainly used for canteens, warehouses and dormitories. See "Risk Factors — Risks Related to Our Business and the Industry in Which We Operate — Failure to comply with PRC property-related laws and regulations regarding certain of our owned properties." As of December 31, 2024, none of our Company or Major Subsidiaries in the PRC leased any property which is designated for production and operations.

LICENSES, APPROVAL AND PERMITS

Our Directors are of the view that, we had obtained all necessary licenses, approvals and permits from the relevant authorities that are material for our operations in jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date, and such licenses, approvals and permits are valid and subsisting.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is important to us. We have established and are currently implementing risk management and internal control systems, and established a three-line defense risk control system comprising relevant business departments, headquarters for specific functions and the audit and supervision headquarters, integrating various risk management requirements into corporate management and business processes, building a risk prevention and control system. We are committed to continuously improving these regulations systems. In 2023, we utilized digitalized methods to develop risk assessment models to carry out dynamic risk assessments. We focused on key business scenarios in the four major areas of finance, business, marketing and overseas operation, achieving operating risk insight and identification, and providing real-time alerts for abnormal events. Additionally, we conduct risk prevention and control training sessions on a regular basis for employees to strengthen their risk prevention and control capabilities. We have adopted and implemented risk management policies in all material aspects of our business operations.

Legal and Compliance Risk Management

We have set up internal legal positions and engaged external legal advisors to supervise and manage our legal and compliance matters. This includes overseeing routine business operations, providing legal guidance and reviewing the legality of contracts.

To maintain our reputation and integrity, we aim to ensure compliance with applicable laws and regulations. We have formulated anti-bribery and anti-corruption policies, requiring our employees, distributors, suppliers and other business partners to conduct business activities in a legal and ethical manner. We require suppliers to commit in writing not to engage in non-compliant or bribery activities. Our anti-bribery and anti-corruption policies also provide reporting contact information, including hotlines and email addresses. The information of whistleblowers is strictly kept confidential. We have also established an anti-money laundering internal control system designed to detect and evaluate anti-money laundering risks. For example, our legal compliance department is responsible for anti-money laundering efforts across our group, and each department has designated one staff member for anti-money laundering duties.

Financial Reporting Risk Management

Our finance department manages our financial operations. It is primarily responsible for formulating our financial strategies, budgets, fund management and financial reports. We have established a series of systems (such as accounting management system, key accounting policies, accounting estimates management system and group financial report disclosure management system) to standardize accountant management, processes, internal control and audit, accounting policies and accounting estimates. We have also developed various procedures to standardize the preparation, approval, submission and disclosure of financial statements and reports.

Internal Control

We have established an internal audit management system that defines the scope of internal control review and evaluation, the content and process of internal control evaluation reports and supervision and management. We have set up an audit department under the audit committee to fulfill internal audit and investigation functions, assessing our internal controls, including those related to IT systems. The audit department is also responsible for the compliance, audit and supervision of economic activities conducted by us and various departments to prevent operational risks and protect the safety and integrity of our assets. In addition, the audit department conducts audits of each subsidiary on an annual basis, focusing on aspects such as contracts, guarantees, funds and procurement.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We are committed to ensuring data privacy and information security. In our business operations, we primarily collect personal data related to employee information, customer information, construction machinery data and other data essential for operation and management. We ensure that we obtain proper authorization and consent from our employees and customers for the collection and processing of their personal information. We adhere to the principle of data minimization regarding storage duration, setting appropriate retention periods based on actual business needs. Data exceeding these storage periods is either deleted or anonymized. Directly identifiable personal information is encrypted or desensitized, while other data undergoes database-level encryption. In addition, we enforce access controls for database queries.

We have implemented robust protective measures for the data we collect. These measures include: (i) we have formulated relevant management systems on data collection, storage, use, processing, transmission, provision, disclosure, deletion and destruction, such as the Data Compliance Management Red Lines and Guidance Manual (資料合規管理紅線與指導手冊) and the Regulations on Overseas Data Compliance (海外資料合規管理辦法); (ii) we regularly provide data security education and training through online and offline sessions, led by internal and external experts; and (iii) we have developed a data classification and tiered protection system, established an inventory of important and core data and submitted this information to the relevant authorities for filing.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incidents of theft, leakage, damage, illegal use or illegal export of core data, important data or a large amount of personal information; we had not received any investigations, inquiries, rectification orders or penalties from relevant government departments related to network security, data protection or any network security review; we had not been involved in any material lawsuits, arbitrations, penalties or potential disputes or controversies regarding network security and data protection. As advised by our PRC Legal Advisor, we have established internal control management systems for network security, data security and personal information protection, and have taken corresponding compliance measures.

AWARDS AND RECOGNITIONS

We received awards and recognitions for our products, technologies and innovations during the Track Record Period. The following table lists the major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Award or Recognition	Awarding Institution
2024	Second Prize of the National Award for Science and Technology Progress (國家科學技術進步獎二等獎)	Ministry of Science and Technology of the PRC
2024	Forbes China Top 30 Overseas Brands (福布斯中國出海品牌30強)	Forbes China
2024	2024 China Industrial Data Governance "Leader" (2024中國工業數據治理"領導者")	China Federation of Industrial Economics (中國工業經濟聯合會)
2024	Digital Twin Innovation Award	the Fourth Digital Twin International Conference
2023	Green Supply Chain Management Enterprise (綠色供應鏈管理企業)	Ministry of Industry and Information Technology of the PRC
2022	National Enterprise Technology Center (國家企業技術中心)	NDRC, Ministry of Science and Technology of the PRC, Ministry of Finance of the PRC, General Administration of Customs of the PRC, and State Taxation Administration of the PRC
2022	Second Prize of Science and Technology Progress Award of China's Machinery Industry (機械工業科學技術獎二等獎)	China Machinery Industry Federation & Chinese Mechanical Engineering Society (中國機械工業聯合會&中國機械工程學會)
2022	China Patent Silver Award (中國專利銀獎)	China National Intellectual Property Administration

OVERVIEW

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**]. Such transactions will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The following entities will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**] and have entered into certain transactions with us which will constitute continuing connected transactions under Chapter 14A of the Listing Rules:

Connected Persons	Connected Relationship
Mr. Liang Wengen and his associates, including SANY Group and excluding Sany International Group, Sany RE Group and Liang Zaizhong Connected Persons (each as defined below), collectively referred to as the "**Liang Wengen Connected Persons**"	Mr. Liang Wengen is the founder, a non-executive Director and one of our Controlling Shareholders
Mr. Liang Zaizhong and his associates ("**Liang Zaizhong Connected Persons**")	Mr. Liang Zaizhong is a non-executive Director and the son of Mr. Liang Wengen
Sany Renewable Energy Co., Ltd. (三一重能股份有限公司) ("**Sany Renewable Energy**", together with its subsidiaries, "**Sany RE Group**")	A company listed on the Shanghai Stock Exchange (stock code: 688349) and owned by Mr. Liang Wengen as to approximately 45.73%
Sany Heavy Equipment International Holdings Company Limited ("**Sany International**", together with its subsidiaries, "**Sany International Group**")	A company listed on the Stock Exchange (stock code: 00631) and owned by Mr. Liang Wengen as to approximately 80.79%
Loudi Zhongxing Hydraulic Components Co., Ltd. (婁底市中興液壓件有限公司), Loudi Zhongyuan New Materials Co., Ltd. (婁底市中源新材料有限公司), Hunan SANY Road Machinery Co., Ltd. (湖南三一路面機械有限公司) and SANY Hongxiang Battery Co., Ltd. (三一紅象電池有限公司) (collectively, the "**Connected Subsidiaries**").	Each of the Connected Subsidiaries is a non-wholly owned subsidiary of our Company and is owned as to more than 10% by SANY Group and/or its associates, and therefore constitutes a connected subsidiary of our Company under Rule 14A.16 of the Listing Rules

Connected Persons	Connected Relationship
Hunan Zhongwang Construction Machinery Equipment Co., Ltd. (湖南中旺工程機械設備有限公司) and Xiangtan Zhongwang Construction Machinery Equipment Co., Ltd. (湘潭中旺工程機械設備有限公司) (collectively with their respective subsidiaries, the "**Zhongwang Construction Machineries**")	Each of Hunan Zhongwang Construction Machinery Equipment Co., Ltd. and Xiangtan Zhongwang Construction Machinery Equipment Co., Ltd. is owned as to over 50% by Mr. Zhong Wenming (鍾文明), the brother-in-law of Mr. Zhou Fugui (周福貴), one of our Controlling Shareholders, and therefore constitutes a deemed connected person of our Company under Rule 14A.21 of the Listing Rules

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transactions	Counterparties	Applicable Listing Rules	Waiver Sought
Fully exempt continuing connected transactions			
1. IP licensing	SANY Group	14A.76(1)(a)	N/A
2. Procurement of materials. .	Sany RE Group	14A.76(1)(a)	N/A
3. Sharing of utilities and supporting services	Sany RE Group Sany International Group Liang Wengen Connected Persons Liang Zaizhong Connected Persons Connected Subsidiaries	14A.76(1)(a)	N/A
4. Lease of properties and/or equipment	Sany RE Group Sany International Group Liang Wengen Connected Persons Liang Zaizhong Connected Persons Connected Subsidiaries	14A.76(1)(a)	N/A
5. Provision of guarantees. . .	Liang Wengen Connected Persons Sany International Group Liang Zaizhong Connected Persons Sany RE Group Connected Subsidiaries	14A.76(1)(a)	N/A

Nature of transactions	Counterparties	Applicable Listing Rules	Waiver Sought
6. Provision of financial services	Liang Wengen Connected Persons Sany International Group Liang Zaizhong Connected Persons Sany RE Group Connected Subsidiaries	14A.76(1)(a)	N/A
7. Procurement of products and services	Zhongwang Construction Machineries	14A.76(1)(a)	N/A
Non-exempt continuing connected transactions			
1. Procurement of products	Liang Wengen Connected Persons	14A.34 to 14A.36, 14A.46, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement, circular, and independent Shareholders' approval requirements
2. Procurement of products and electricity	Sany International Group	14A.34 to 14A.36, 14A.46, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement, circular, and independent Shareholders' approval requirements
3. Provision of products and materials and logistics services	Connected Subsidiaries	14A.34 to 14A.36, 14A.46, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement, circular, and independent Shareholders' approval requirements
4. Guarantee and equipment sales under the finance lease and mortgage	Sany International Group Liang Wengen Connected Persons	14A.34 to 14A.36, 14A.46, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement, circular, and independent Shareholders' approval requirements
5. Guarantee and equipment sales under the finance lease and mortgage	Liang Zaizhong Connected Persons Zhongwang Construction Machineries Connected Subsidiaries	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement

Nature of transactions	Counterparties	Applicable Listing Rules	Waiver Sought
6. Provision of guarantees in favor of the Connected Subsidiaries	Connected Subsidiaries	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
7. Provision of products and operational services	Liang Wengen Connected Persons	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
8. Procurement of supporting services	Liang Wengen Connected Persons	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
9. Procurement of materials and cloud services	Liang Zaizhong Connected Persons	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
10. Provision of products . . .	Liang Zaizhong Connected Persons	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
11. Provision of supporting services	Sany International Group	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
12. Provision of products and operational services	Sany International Group	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
13. Procurement of materials and after-sales services . . .	Connected Subsidiaries	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
14. Provision of products and operational services	Sany RE Group	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement
15. Provision of products and services	Zhongwang Construction Machineries	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with our connected persons on normal commercial terms, which will continue after the [**REDACTED**]:

(1) licensing certain intellectual properties on a royalty-free basis, including (i) non-exclusive and exclusive licenses of the SANY-related trademarks, such as "三一", " ", " " and "SANY" to and from SANY Group, and (ii) an exclusive license of the domain name of sany.com.cn from SANY Group, for use in the ordinary course of business and operations (the "**IP licensing**"). The licensed trademarks pertaining to our principal businesses shall be exclusively licensed to our Group, and SANY Group undertakes not to use or authorize other parties to use such trademarks to conduct identical or similar businesses to those of our Group. The IP licensing agreements [will] end on the expiration date of the licensed intellectual properties and [will] automatically extend upon renewal of the licensed intellectual properties. As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including our independent non-executive Directors) are of the view that the IP licensing agreements [were] entered into on normal commercial terms and a longer duration of the licensing agreements will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity of our market recognition, and it is normal business practice for IP licensing agreements of similar type to be entered into for such duration. The Directors (including our independent non-executive Directors) are of the view that it is in the interests of our Company and the Shareholders as a whole to enter into the IP licensing agreements with a term longer than three years. The Sole Sponsor is of the view that nothing causes it to believe that it is not a normal business practice for similar IP licensing agreements to be of a team of longer than three years.

(2) procurement of materials from Sany RE Group in connection with the project construction by our Group. The pricing of the procurement shall be determined after arm's length negotiations between our Group and Sany RE Group, with reference to, among others, the market price of the materials and the cost incurred by Sany RE Group in respect of the relevant procurement.

(3) sharing of utilities and supporting services, such as human resource and information system support, tax advisory and property management services, with Sany RE Group, Sany International Group, Liang Wengen Connected Persons, Liang Zaizhong Connected Persons and Connected Subsidiaries. The pricing of the services shall be determined after arm's length negotiations between the parties, with reference to, among others, the cost incurred in respect of the relevant services, which are allocated to our Group or the counterparties on a fair and equitable basis.

(4) lease of properties and/or equipment, such as certain factories, working space, dormitories and testing equipment, to Sany RE Group, Sany International Group, Liang Wengen Connected Persons, Liang Zaizhong Connected Persons and Connected Subsidiaries. The pricing shall be determined after an arm's length negotiations with reference to the location, function and size of the properties, and the specification of the required equipment, and is to be no less favorable to our Group than the prevailing market price of the rent of similar property in the vicinity and of the similar equipment.

(5) provision of guarantees in favor of each of Liang Wengen Connected Persons, Sany International Group, Liang Zaizhong Connected Persons, Sany RE Group and Connected Subsidiaries in the form of letters of guarantee issued by our Group to independent third-party suppliers or customers of the relevant connected persons for the purposes of guaranteeing their tenders and contract performance. The guarantees are provided by our Group on normal commercial terms, which shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

(6) provision of financial services to each of Liang Wengen Connected Persons, Sany International Group, Liang Zaizhong Connected Persons, Sany RE Group and/or Connected Subsidiaries, where applicable, (i) in the form of letters of guarantee issued by our Group to guarantee their respective tenders and contract performance, and our connected persons shall pay the relevant service fee to us based on the guaranteed amount and/or (ii) in the form of payment commitment letters as a payment alternate for settlement with their suppliers through our digital finance platform. Through the platform, the suppliers of our connected persons may use the payment commitment letters to obtain financing from external financial institutions, for which we will charge a service fee, and no fees are charged for issuing the payment commitment letters. The financial services are provided by our Group on normal commercial terms, which shall not be less favorable than those for transactions between our Group and Independent Third Parties or other counterparties under the same conditions.

(7) procurement of products, such as second-hand equipment for training purpose, and services, such as after-sales services, from Zhongwang Construction Machineries. The pricing shall be determined after arm's length negotiations between the parties, taking into account the type of products/services required, the relevant labor costs, and the prevailing market price of similar products/services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

As the highest applicable percentage ratios for each of the abovementioned transactions for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis, each of such transactions will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(1) of the Listing Rules that will be fully exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

In our ordinary and usual course of business, we have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Procurement of products from Liang Wengen Connected Persons

Parties

Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of products framework agreement with Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons) on [●] (the "**Liang Wengen Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure from Liang Wengen Connected Persons (i) raw materials such as bulk steel, and components; and (ii) products, such as tractors and production lines, for our sales to customers. The initial term of the Liang Wengen Procurement Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the relevant products shall be determined based on arm's length negotiations between the parties with reference to the type and specification of product required, the relevant labor costs, raw material costs, production costs and the prevailing market price of similar product, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Our Group has been procuring certain products (such as materials, components) from Liang Wengen Connected Persons from time to time, which allows our Group to leverage the established facilities and sales network of Liang Wengen Connected Persons, thereby enhancing economies of scale and increasing cost efficiency. In addition, our Group has a comprehensive and well-established global sales network which enables us to effectively fulfill customer needs of diverse regions. We have been historically procuring finished products from Liang Wengen Connected Persons to facilitate sales of such products through our global sales network, meanwhile further promoting our global presence to cover a wide range of customer categories.

Through the long-standing and stable business relationship, Liang Wengen Connected Persons have gained a comprehensive understanding of our business needs, quality standards and operational requirements, and we consider that Liang Wengen Connected Persons are capable of effectively and stably satisfying our demand for the relevant products.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Procurement of products from Liang Wengen Connected Persons	1,090	1,294	2,534

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Wengen Procurement Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Procurement of products from Liang Wengen Connected Persons	3,425	3,892	4,470

The above proposed annual caps of procurements of products by our Group are determined with reference to:

(a) the historical transaction amounts and the growing trend during the Track Record Period;

(b) the estimated demands for the products for our sales globally and other materials, components offered by Liang Wengen Connected Persons for the three years ending December 31, 2027, which are expected to increase to meet increasing consumer needs and the needs of our further business development; and

(c) the estimated product prices to be charged by Liang Wengen Connected Persons, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

2. Procurement of products and electricity from Sany International Group

Parties

Sany International (for itself and on behalf of Sany International Group)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement framework agreement with Sany International (for itself and on behalf of Sany International Group) on [●] (the "**SANYI Procurement Framework Agreement**"), pursuant to which our Group may, from time to time, procure from Sany International Group, among others, (i) its finished products such as mining and logistics equipment for sales to customers, (ii) raw materials, parts and components for our production, and (iii) electricity to be generated by the photovoltaic equipment of Sany International Group. The initial term of the SANYI Procurement Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement from Sany International Group shall be determined based on arm's length negotiations between the parties with reference to the type and specification of product/service required, the relevant labor costs, raw material costs, production costs, the real-time energy price and the prevailing market price of similar product, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Sany International Group is a leading company engaged in the core business of mining equipment, logistics equipment, oil and gas equipment, and emerging industries covering solar modules, hydrogen production equipment, power battery modules and energy storage systems. We have been procuring finished products from Sany International Group to satisfy customer demand and also to facilitate sales of relevant products by Sany International Group through our global sales network, while further promoting our global presence to cover a wide range of customer categories.

In our ordinary and usual business, our Group has been procuring from Sany International Group raw materials, parts, components and electricity for use in our business, familiaring it with our business needs, quality standards and operational requirements. We believe that Sany International Group is capable of fulfilling our demand efficiently and reliably with a stable and high-quality supply of products.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Procurement of products and electricity from Sany International Group.	3,149	3,338	2,643

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the SANYI Procurement Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Procurement of products and electricity from Sany International Group.	4,628	5,030	5,318

The above proposed annual caps of procurement by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated demands for the products and electricity supplied by Sany International Group for the three years ending December 31, 2027, which are expected to increase taking into account the existing contracts or arrangements between our Group and Sany International Group and development plans of both groups; and

(c) the estimated prices to be charged by Sany International Group, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

3. Provision of products and materials and logistics services to Connected Subsidiaries

Parties

Connected Subsidiaries

Our Company (for itself and on behalf of its subsidiaries, other than the Connected Subsidiaries)

Principal terms

We entered into a provision of products and materials and logistics services framework agreement with Connected Subsidiaries on [●] (the "**Connected Subsidiaries Sales Framework Agreement**"), pursuant to which our Group may from time to time provide with Connected Subsidiaries (i) (a) certain products such as construction machinery products and accessories for sales to end-customers, and (b) raw materials such as battery cells, procured by Connected Subsidiaries through us from third-party suppliers; and (ii) logistics services. The initial term of the Connected Subsidiaries Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The pricing for the provision of the relevant products and materials to Connected Subsidiaries shall be generally in line with or better than the prices charged to Independent Third Parties for similar materials or products, with reference to the type and specification of products/materials required, the relevant labor costs and costs of products/materials, and the prevailing market price of similar materials/products. The prices for the relevant services shall be determined between Connected Subsidiaries and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

We have been selling machinery products through the relevant Connected Subsidiaries to our customers, enabling us to promote our brand recognition through centralized sales channel and achieve synergy effects. We have also been procuring raw materials for our subsidiaries, including the relevant Connected Subsidiaries, to enjoy enhanced economies of scale and enable a stable supply of raw materials for our Group. Further, Connected Subsidiaries have demand for logistics services to support their business operations, which they have been sourcing from our Group from time to time. Such cooperations provide mutual benefits to our Group and our Connected Subsidiaries, which in turn may improve synergies and enhance business growth.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Provision of products and materials and logistics services to Connected Subsidiaries	1,576	968	1,138

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Connected Subsidiaries Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Provision of products and materials and logistics services to Connected Subsidiaries	4,107	6,832	8,380

The above proposed annual caps of provision of products and materials and logistics services to Connected Subsidiaries are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated demands for materials and products and logistics services by Connected Subsidiaries, which are expected to increase to meet the needs of their further business development for the three years ending December 31, 2027, primarily due to the strategic business adjustment of our Group to expand and centralize sales through the Connected Subsidiaries, which now serve as one of our primary sales platforms to end-customers, leading to the significant increase in demand for the products and materials and the logistics services to support the shipment of such products to end-customers; and

(c) the estimated price of the product and materials and logistics services to be supplied to Connected Subsidiaries, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

4. Guarantee and equipment sales under the finance lease and mortgage

As part of our ordinary course of business, our Group has provided finance lease services through our subsidiaries to the end customers of Sany International Group and Liang Wengen Connected Persons by way of (i) direct lease, under which our Group purchase parts and equipment from such connected persons for leasing to their end customers, and (ii) sale and leaseback, under which the end customers purchase parts and equipment from Sany International Group or Liang Wengen Connected Persons, financed and directly paid by our Group, and sell and transfer the ownership of the relevant parts and equipment to us. We then lease such parts and equipment back to the relevant end customers as lessees for lease payments. In addition, our Group has also provided mortgage services through our subsidiaries to the end customers of Sany International Group and Liang Wengen Connected Persons, under which we finance such purchase and make payments directly to such connected persons on behalf of their end customers. Pursuant to the finance lease and mortgage arrangements, our connected persons, as seller of the relevant products, will provide guarantee to our Group for the benefit of their end customers to guarantee the performance of the obligations under the individual finance lease and/or mortgage agreements.

Pricing terms

The terms of the guarantee under the finance lease and mortgage arrangements shall be agreed between the parties after arm's length negotiations on normal commercial terms.

In respect of the purchase of parts and equipment under the finance lease and mortgage arrangements, the prices of the relevant parts and equipment shall be in line with the prices offered to the end customers, determined with reference to the manufacturing costs involved, and shall in any event be no less favorable to our Group than terms available from Independent Third Parties.

Reasons for the transactions

The business of the relevant connected persons of our Company involves sale and manufacture of machineries and equipment, and it is in line with the market practice for the manufacturer of the relevant equipment to provide financial guarantees in respect of the products sold to its end customers.

We have extensive industry experience in the finance lease and mortgage business and maintained a long-term business relationship with the respective connected persons of our Company and accumulated in-depth understanding of their business operations. Entering into transactions of equipment sales and guarantee under the finance lease and mortgage with the relevant connected persons of our Company would also promote our finance lease and mortgage business as well as expand the customer base of our Group, and will hence provide more growth opportunity to us.

(a) Guarantee and equipment sales with Sany International Group

Parties

Sany International (for itself and on behalf of Sany International Group)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a guarantee and equipment sales framework agreement with Sany International (for itself and on behalf of Sany International Group) on [●] (the "**SANYI Guarantee Framework Agreement**"), pursuant to which Sany International Group may, from time to time, in respect of the purchase of parts and equipment by its end customers (i) receive payments for the purchase of parts and equipment financed through the finance lease and/or mortgage provided by our Group to the end customers; and (ii) provide guarantee to our Group to guarantee the end customers' performance under the relevant finance lease and/or mortgage agreements. The initial term of the SANYI Guarantee Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Purchase of parts and equipment under the finance lease and mortgage	1,440	3,891	1,647
Guarantee from Sany International Group	1,243	3,574	1,517

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the SANYI Guarantee Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Purchase of parts and equipment under the finance lease and mortgage	2,466	3,314	4,341
Guarantee from Sany International Group	2,259	3,098	4,128

The above proposed annual caps are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the expected increase in sales of parts and equipment by Sany International Group, considering its sales plan. In particular, Sany International Group has continued its efforts to promote product development and upgrade and also sales and delivery of new energy products, which would generate additional transactions requiring our finance lease and mortgage services over the following three years; and

(c) the expected average ratio of Sany International Group's parts and equipment sales utilizing our finance lease and mortgage services for the three years ending December 31, 2027, with reference to the historical percentage ratios during the Track Record Period.

(b) Guarantee and equipment sales with Liang Wengen Connected Persons

Parties

Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a guarantee and equipment sales framework agreement with Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons) on [●] (the "**Liang Wengen Guarantee Framework Agreement**"), pursuant to which Liang Wengen Connected Persons may from time to time, in respect of the purchase of vehicle and equipment by their end customers, (i) receive payments for the purchase of vehicle and equipment financed through the finance lease and mortgage provided by our Group to the end customers; and (ii) provide guarantees to our Group to guarantee the end customers' performance under the relevant finance lease and/or mortgage agreements. The initial term of the Liang Wengen Guarantee Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Purchase of vehicles and equipment under the finance lease and mortgage	1,909	1,080	2,556
Guarantee from Liang Wengen Connected Persons	1,676	1,013	2,421

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Wengen Guarantee Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Purchase of vehicles and equipment under the finance lease and mortgage	3,125	6,000	8,250
Guarantee from Liang Wengen Connected Persons	2,988	5,754	7,910

The above proposed annual caps are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the expected increase in sales of vehicles and equipment by Liang Wengen Connected Persons, considering its sales plan. In particular, Liang Wengen Connected Persons will further advance their development in the future, with an emphasis on development, launch and sales of new products over the following three years; and

(c) the expected average ratio of Liang Wengen Connected Persons' parts and equipment sales utilizing our finance lease and mortgage services for the three years ending December 31, 2027, with reference to the historical percentage ratios during the Track Record Period.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

5. Guarantee and equipment sales under the finance lease and mortgage

Our Group has provided finance lease services by way of sale and leaseback as well as mortgage services to the end customers of Liang Zaizhong Connected Persons, Zhongwang Construction Machineries and Connected Subsidiaries, whereby the relevant connected persons as the sellers will provide guarantee to our Group for the benefit of their end customers to guarantee the performance of the obligations under the individual finance lease and/or mortgage agreements.

Reasons for the transactions

The business of the relevant connected persons of our Company involves sales and manufacturing of machineries and equipment, and it is in line with the market practice for the manufacturer of the relevant equipment to provide financial guarantees in respect of the products sold to its end-customers.

We have extensive industry experience in the finance lease and mortgage business and maintained a long-term business relationship with the respective connected persons of our Company and accumulated in-depth understanding of their business operations. Entering into transactions of guarantee under the finance lease and mortgage with the relevant connected persons would also expand the customer base of our Group, and will hence provide more growth opportunity to us.

Principal terms

We entered into a guarantee and equipment sales framework agreement with Mr. Liang Zaizhong (for and on behalf of Liang Zaizhong Connected Persons) on [●], pursuant to which Liang Zaizhong Connected Persons may, from time to time, in respect of the purchase of machineries and equipment by their end customers, (i) receive payments for the purchase of machineries and equipment financed through the finance lease and mortgage provided by our Group to the end customers; and (ii) provide guarantees to our Group to guarantee the end customers' performance under the relevant finance lease and/or mortgage agreements. The initial term of the agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

On [●], we entered into a guarantee and equipment sales framework agreement with each of Mr. Zhong Wenming (for and on behalf of Zhongwang Construction Machineries) and Connected Subsidiaries on substantially the same terms as the guarantee and equipment sales framework agreement with Mr. Liang Zaizhong.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Purchase of machineries and equipment from Liang Zaizhong Connected Persons	–	10	33
Purchase of machineries and equipment from Zhongwang Construction Machineries	393	269	319
Purchase of machineries and equipment from Connected Subsidiaries	449	243	188
Guarantee from Liang Zaizhong Connected Persons	–	8	26
Guarantee from Zhongwang Construction Machineries	298	226	268
Guarantee from Connected Subsidiaries	201	190	141

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Purchase of machineries and equipment from Liang Zaizhong Connected Persons	195	250	225
Purchase of machineries and equipment from Zhongwang Construction Machineries	431	453	476
Purchase of machineries and equipment from Connected Subsidiaries	699	1,240	1,372
Guarantee from Liang Zaizhong Connected Persons	155	199	179
Guarantee from Zhongwang Construction Machineries	363	381	400
Guarantee from Connected Subsidiaries	626	1,134	1,253

The above proposed annual caps are determined with reference to:

(a) The historical transaction amounts during the Track Record Period;

(b) the expected increase in sales of machineries and equipment requiring our finance lease and/or mortgage services, considering the business environment and expected rapid sales growth of Liang Zaizhong Connected Persons, Zhongwang Construction Machineries and Connected Subsidiaries, respectively; and

(c) the expected average ratio of the relevant connected persons' parts and equipment sales utilizing our financial lease and mortgage services for the three years ending December 31, 2027, with reference to the historical percentage ratios during the Track Record Period.

6. Provision of guarantees in favor of the Connected Subsidiaries

Parties

Connected Subsidiaries

Our Company (for itself and on behalf of its subsidiaries, other than the Connected Subsidiaries)

Principal terms

We entered into a guarantee framework agreement with the Connected Subsidiaries on [●] (the "**Connected Subsidiaries Guarantee Framework Agreement**"), pursuant to which our Group may from time to time, provide guarantees in favor of the Connected Subsidiaries in respect of (i) their financing with commercial banks, and (ii) their committed payments in the form of payment commitment letters as a settlement alternate with their suppliers. No fee is charged by our Company in relation to the provision of the guarantees. The initial term of the Connected Subsidiaries Guarantee Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Reasons for the transactions

Our Group is a global leading construction machinery company and has a well-established market reputation. Entering into the transactions of provision of guarantees with our Connected Subsidiaries improves their capital efficiency and stability, enhances their operational flexibility, facilitates their sustainable growth and development, which in turn may contribute to the overall financial performance of our Group. The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

Pricing terms

The terms of the guarantee under the Connected Subsidiaries Guarantee Framework Agreement shall be agreed between the parties after arm's length negotiations on normal commercial terms.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Guarantees in favor of the Connected Subsidiaries	998	1,713	1,789

Annual caps and basis of annual caps

The maximum aggregate guarantee amounts under the Connected Subsidiaries Guarantee Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Guarantees in favor of the Connected Subsidiaries	2,100	2,300	2,500

The above proposed annual caps of provision of guarantees by our Group are determined with reference to:

(a) the historical guarantee amounts and the growing trend during the Track Record Period;

(b) the estimated guarantee amounts for the existing financing or services arrangements of the Connected Subsidiaries, taking into account the anticipated renewals or extensions, which are expected to continue contributing to the transaction amounts for the three years ending December 31, 2027; and

(c) the estimated demand by the Connected Subsidiaries for financing and financial services requiring our guarantees for the three years ending December 31, 2027, which is expected to continue to increase in line with the business development and expansion of the Connected Subsidiaries.

7. Provision of products and operational services to Liang Wengen Connected Persons

Parties

Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of products and services framework agreement with Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons) on [●] (the "**Liang Wengen Sales Framework Agreement**"), pursuant to which our Group may from time to time provide Liang Wengen Connected Persons (i) certain products such as concrete machinery, hoisting machinery for leasing for overseas operation and components for their own use; and (ii) certain operational services such as logistics services. The initial term of the Liang Wengen Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the products we offered to Liang Wengen Connected Persons shall be generally in line with the prices as we offer to other Independent Third Parties in the ordinary and usual course of business.

The prices for the relevant services shall be determined between Liang Wengen Connected Persons and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Our Group is a global leading construction machinery company and designs, develops, manufactures and sells a diverse and expanding portfolio of construction machineries. Leveraging our global presence and strong capabilities, we have historically been supplying the relevant products and services to Liang Wengen Connected Persons for their leasing for overseas operation or own use during the Track Record Period, and have established a mutually beneficial relationship, through which we have accumulated deep understanding of the demands of Liang Wengen Connected Persons and are able to provide the required products and services at high quality and competitive price.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Provision of products and services to Liang Wengen Connected Persons . . .	416	376	603

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Wengen Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Provision of products and services to Liang Wengen Connected Persons . . .	1,313	1,465	1,646

The above proposed annual caps of provision of products and services by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Liang Wengen Connected Persons; and

(c) the estimated increase in demand for the products and services to be provided by us to Liang Wengen Connected Persons for the three years ending December 31, 2027, considering the business expansion of Liang Wengen Connected Persons, particularly in their overseas equipment leasing business, and their business development which may lead to increased demand for components and logistic services from our Group.

8. Procurement of supporting services from Liang Wengen Connected Persons

Parties

Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of supporting service framework agreement with Mr. Liang Wengen (for and on behalf of Liang Wengen Connected Persons) on [●] (the "**Liang Wengen Service Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure from Liang Wengen Connected Persons certain supporting services, including but not limited to property management, utilities and human resource support services. The initial term of the Liang Wengen Service Procurement Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the supporting services offered under the Liang Wengen Procurement Framework Agreement shall be determined between Liang Wengen Connected Persons and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Procurement of supporting services from Liang Wengen Connected Persons can help enhance utilization and economies of scale of their existing operational support resources and, on the other hand, reduce the administrative costs of our Group in procuring similar services from a wide range of other providers. Based on our experience in procurement of supporting services from Liang Wengen Connected Persons, we consider that Liang Wengen Connected Persons are capable of effectively and stably satisfying our demand with quality services.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Procurement of services from Liang Wengen Connected Persons	176	266	282

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Wengen Service Procurement Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Procurement of services from Liang Wengen Connected Persons	303	249	278

The above proposed annual caps of procurement of supporting services by our Group are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated demand for supporting services provided by Liang Wengen Connected Persons for the three years ending December 31, 2027. Due to changes in our staffing strategy, we expect to cease sourcing certain human resources support from Liang Wengen Connected Persons starting in 2026 and use our own headcounts instead, which will decrease the corresponding transaction amounts. However, as our business grows, our anticipated demand for various supporting services provided by Liang Wengen Connected Persons will continue to increase; and

(c) the estimated service fees to be charged by Liang Wengen Connected Persons, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

9. Procurement of materials and cloud services to Liang Zaizhong Connected Persons

Parties

Mr. Liang Zaizhong (for and on behalf of Liang Zaizhong Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a materials and services framework agreement with Mr. Liang Zaizhong (for and on behalf of Liang Zaizhong Connected Persons) on [●] (the "**Liang Zaizhong Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure raw materials, such as employee protective equipment and cloud services from Liang Zaizhong Connected Persons. The initial term of the Liang Zaizhong Procurement Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the materials offered under the Liang Zaizhong Procurement Framework Agreement shall be generally in line with the prices as we procure from other Independent Third Parties in the ordinary and usual course of business, and determined based on arm's length negotiations between the parties with reference to the type and specification of materials and the prevailing market price of similar materials.

The prices for the relevant services offered under the Liang Zaizhong Procurement Framework Agreement shall be determined between Liang Zaizhong Connected Persons and us after arm's length negotiations, taking into account the type, specification and volume of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Liang Zaizhong Connected Persons operate (i) a procurement platform, integrated with the wide range of needs of its customers to achieve bulk purchase advances, thus lowering the procurement costs, and (ii) an industrial Internet cloud platform, which we subscribe to in order to enhance our after-sales service efficiency.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Procurement of materials and services from Liang Zaizhong Connected Persons	584	530	550

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Zaizhong Procurement Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ended December 31,		
	2025	2026	2027
		(RMB million)	
Procurement of materials and services from Liang Zaizhong Connected Persons	691	664	682

The above proposed annual caps of the abovementioned transactions are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Liang Zaizhong Connected Persons;

(c) the estimated increase in our demands for materials and services from Liang Zaizhong Connected Persons for the three years ending December 31, 2027, primarily due to the increasing offerings of the procurement platform operated by Liang Zaizhong Connected Persons considering its business development and expansion efforts; and

(d) the estimated price of the materials and services to be supplied by Liang Zaizhong Connected Persons, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

10. Provision of products to Liang Zaizhong Connected Persons

Parties

Mr. Liang Zaizhong (for and on behalf of Liang Zaizhong Connected Persons)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a sales of products framework agreement with Mr. Liang Zaizhong (for and on behalf of Liang Zaizhong Connected Persons) on [●] (the "**Liang Zaizhong Sales Framework Agreement**"), pursuant to which our Group may from time to time provide Liang Zaizhong Connected Persons with parts, components and accessories. The initial term of the Liang Zaizhong Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the products offered under the Liang Zaizhong Sales Framework Agreement shall be generally in line with the prices as we offer to other Independent Third Parties in the ordinary and usual course of business, and determined based on arm's length negotiations between the parties with reference to the type and specification of product, the relevant labor costs and costs of materials, and the prevailing market price of similar product.

Reasons for the transactions

Our Group, as a global leading construction machinery company, possesses the relevant components production lines that can meet the procurement needs of Liang Zaizhong Connected Persons for use in their own business. We are able to provide the required products at high quality and competitive price, which may improve their operation efficiency.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Provision of products to Liang Zaizhong Connected Persons	2.5	4.0	8.1

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Liang Zaizhong Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Provision of products to Liang Zaizhong Connected Persons	101	99	99

The above proposed annual caps of the abovementioned transactions are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Liang Zaizhong Connected Persons;

(c) the estimated increase in demand for the products provided by us to Liang Zaizhong Connected Persons for the three years ending December 31, 2027, taking into the additional demand from business development and production adjustment plan by Liang Zaizhong Connected Persons in 2024, which is expected to significantly increase the transaction amounts in 2025 and onwards;

(d) the estimated price of the product supplied to Liang Zaizhong Connected Persons, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

11. Provision of supporting services to Sany International Group

Parties

Sany International (for itself and on behalf of Sany International Group)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of supporting services framework agreement with Sany International (for itself and on behalf of Sany International Group) on [●] (the "**SANYI Supporting Services Framework Agreement**"), pursuant to which our Group may from time to time provide Sany International Group certain supporting services such as human resources support for its business and administrative operations. The initial term of the SANYI Supporting Services Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the relevant services shall be determined between Sany International Group and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Our Group has been providing to Sany International Group the services to support its daily operations, enabling us to be familiar with operational needs and administrative requirements of Sany International Group in respect of the relevant supporting services. In addition, it is more cost-effective for Sany International Group to procure such supporting services from us rather than maintaining their own headcounts for processing such work.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Provision of supporting services to Sany International Group	22	40	76

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the SANYI Supporting Services Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Provision of supporting services to Sany International Group	118	114	114

The above proposed annual caps of provision of supporting services by our Group are determined with reference to:

(a) the historical transaction amounts and the growing trend during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Sany International Group; and

(c) the estimated demand for our supporting services by Sany International Group for the three years ending December 31, 2027, which is expected to increase as compared to that during the Track Record Period considering the business development and expansion of Sany International Group.

12. Provision of products and operational services to Sany International Group

Parties

Sany International (for itself and on behalf of Sany International Group)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of products and services framework agreement with Sany International (for itself and on behalf of Sany International Group) on [●] (the "**SANYI Sales Framework Agreement**"), pursuant to which our Group may from time to time provide Sany International Group (i) battery cells and parts and components and other raw materials; and (ii) operational services, such as logistics service, and market research services to support the sales of Sany International Group in overseas markets. The initial term of the SANYI Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the products we offered to Sany International Group shall be determined between Sany International Group and us after arm's length negotiations, with reference to the cost of relevant products and the prices we offer to other Independent Third Parties in the ordinary and usual course of business.

The prices for the relevant services shall be determined between Sany International Group and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Given our global leading position in the construction machinery industry, Sany International Group has been sourcing relevant components and materials from us for use in its productions. In addition, Sany International Group has demand for logistics and other services to support its business operations, which it has been sourcing from our Group from time to time. Such cooperations provide mutual benefits to our Group and Sany International Group, which in turn may improve synergies and enhance business growth.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Provision of products and services to Sany International Group	1,223	1,281	1,864

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the SANYI Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Provision of products and services to Sany International Group	2,814	3,224	3,759

The above proposed annual caps of provision of products and services provided by our Group are determined with reference to:

(a) the historical transaction amounts and the growing trend during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Sany International Group; and

(c) the estimated increase in demand for our products and services from Sany International Group for the three years ending December 31, 2027, generally in line with the business expansion of Sany International Group.

13. Procurement of materials and after-sales services from Connected Subsidiaries

Parties

Connected Subsidiaries

Our Company (for itself and on behalf of its subsidiaries, other than the Connected Subsidiaries)

Principal terms

We entered into a procurement of materials and after-sales services framework agreement with Connected Subsidiaries on [●] (the "**Connected Subsidiaries Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure from Connected Subsidiaries (i) certain parts and components such as cylinders and weldments, as well as its finished products for sales to customers upon their occasional requests, and (ii) after-sales services. The initial term of the Connected Subsidiaries Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the materials and products from Connected Subsidiaries shall be generally in line with or better than the prices charged to Independent Third Parties for similar materials and products, with reference to the type and specification of materials and products required, the relevant labor costs and the prevailing market price of similar materials and products. The prices for the relevant services shall be determined between Connected Subsidiaries and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Our Group has been procuring certain parts and components from Connected Subsidiaries in order to achieve increased resource integration, lower costs and more stable supply. Connected Subsidiaries, being members of our Group, are familiar with our business needs, quality standards and operational requirements. Further, as Connected Subsidiaries provided after-sales quality assurance services to our customers for sales of the products supplied by our Group, Connected Subsidiaries will in turn charge the costs in relation to the after-sales services from our Group from time to time. Through the long-standing and stable business relationship, Connected Subsidiaries and other members of our Group achieve enhanced synergies.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Procurement of materials and after-sales services from Connected Subsidiaries	1,844	1,551	1,621

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Connected Subsidiaries Procurement Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ended December 31,		
	2025	2026	2027
		(RMB million)	
Procurement of materials and after-sales services from Connected Subsidiaries	2,187	2,297	2,347

The above proposed annual caps of procurement with Connected Subsidiaries are determined with reference to:

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated demands for materials and after-sales services by our Group, which are expected to increase to meet the needs of our further business development for the three years ending December 31, 2027, primarily due to the expansion of the after-sales services offering by Connected Subsidiaries to our customers, leading to the significant increase in the total service fees charged by Connected Subsidiaries to our Group; and

(c) the estimated price of the materials and after-sales services to be supplied by Connected Subsidiaries, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the relevant cost.

14. Provision of products and operational services to Sany RE Group

Parties

Sany Renewable Energy (for itself and on behalf of Sany RE Group)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of products and services framework agreement with Sany Renewable Energy (for itself and on behalf of Sany RE Group) on [●] (the "**Sany RE Sales Framework Agreement**"), pursuant to which our Group may from time to time provide Sany RE Group (i) certain products such as hoisting machineries and (ii) certain operational services, including but not limited to lifting services, market research services and operation system maintenance services. The initial term of the Sany RE Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the products we offered to Sany RE Group shall be generally in line with the prices as we offer to other Independent Third Parties in the ordinary and usual course of business.

The prices for the relevant services shall be determined between Sany RE Group and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs and operational costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Given our global leading position in the construction machinery industry, Sany RE Group has been sourcing machinery products from us from time to time for use in its construction projects. In addition, Sany RE Group has demand for operational supporting services, which it has also been sourcing from our Group due to our satisfactory service quality and fair market prices. Such cooperations provide mutual benefits to our Group and Sany RE Group, which in turn may improve synergies and enhance business growth.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
		(RMB million)	
Provision of products and services to Sany RE Group	43	97	79

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Sany RE Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Provision of products and services to Sany RE Group	262	254	219

The above proposed annual caps of provision of products and services by our Group are determined with reference to:

(a) the historical transaction amounts for the abovementioned transactions during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Sany RE Group, contributing to the increase in the transaction amount in 2025; and

(c) the estimated demand of the services provided by us to Sany RE Group for the three years ending December 31, 2027, which will continue to increase taking into account the development plan of Sany RE Group.

15. Provision of products and services to Zhongwang Construction Machineries

Parties

Mr. Zhong Wenming (for and on behalf of Zhongwang Construction Machineries)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a provision of products and services framework agreement with Mr. Zhong Wenming (for and on behalf of Zhongwang Construction Machineries) on [●] (the "**Zhongwang Sales Framework Agreement**"), pursuant to which our Group may from time to time (i) sell our products to Zhongwang Construction Machineries, as our distributors, for their distribution to end-customers; and (ii) to a limited extent, provide ancillary logistics services to Zhongwang Construction Machineries. The initial term of the Zhongwang Sales Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent.

Pricing terms

The prices for the products we offered to Zhongwang Construction Machineries shall be generally in line with the prices we offer to other independent third-party distributors in the ordinary and usual course of business.

The prices for the relevant services shall be determined between Zhongwang Construction Machineries and us after arm's length negotiations, taking into account the type of services required, the relevant labor costs, and the prevailing market price of similar services, and shall not be less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons for the transactions

Our Group is a global leading construction machinery company and has been selling our products through a large number of distributors, including Zhongwang Construction Machineries. Zhongwang Construction Machineries have established industry experience with a proven track record, and possess local customers resources, enabling us to efficiently reach local customers and provide them with high-quality and efficient service support. Moreover, Zhongwang Construction Machineries have been sourcing logistics services from our Group due to our satisfactory service quality and fair market prices, which in turn may improve synergies and enhance business growth.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
		(RMB million)	
Provision of products and services to Zhongwang Construction Machineries	990	443	589

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Zhongwang Sales Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Provision of products and services to Zhongwang Construction Machineries	799	838	880

The above proposed annual caps of provision of products and services by our Group are determined with reference to:

(a) the historical transaction amounts for the abovementioned transactions during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Zhongwang Construction Machineries;

(c) the estimated increase in demand for the products as well as services to be provided by us to Zhongwang Construction Machineries, mainly taking into account of the increasing demand of our products by end-customers for the three years ending December 31, 2027.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions subject to the reporting, annual review and announcement requirements" and "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement, circular and independent Shareholders' approval requirements" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules (as the case may be).

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for[, and the Hong Kong Stock Exchange has granted], pursuant to Rule 14A.105 of the Listing Rules, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to the reporting, annual review and announcement requirements" in this section; and (ii) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement, circular and independent Shareholders" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). The independent non-executive Directors and auditors of the Company will review whether the transactions under the above non-exempt continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant information and historical amounts prepared and provided by the Company relating to the non-exempt continuing connected transactions as disclosed in this section, obtained necessary representations and confirmations from the Company and its Directors, and participated in due diligence with the management of the Company. Based on the above and having taken into account the view of the Directors, the Sole Sponsor is of the view that the non-exempt continuing connected transactions as disclosed in this section for which waivers have been sought, have been and will be carried out in the ordinary and usual course of business of the Company and on normal commercial terms or better, are fair and reasonable in the interests of the Company and its Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

(a) Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules; and

(b) Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

(c) When considering any renewal or revisions to the agreements after the [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

OVERVIEW

Upon [**REDACTED**], our Board will consist of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

Our Company also established a supervisory committee that is primarily responsible for supervising the performance of the Board and senior management and the financial operations, internal control and risk management. Our Supervisory Committee consists of three Supervisors including one employee representative Supervisor. Our Supervisors are elected for a term of three years and may be subject to re-election.

DIRECTORS

The following table provides information about our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Role and Responsibility
Mr. Xiang Wenbo (向文波先生)	62	Executive Director, chairman of the Board	November 1994	October 2000	Overall strategic planning, business development and management of our Group
Mr. Yu Hongfu (俞宏福先生) .	62	Executive Director, vice chairman of the Board and president	March 2006	April 2022	Overall business operations and management of our Group
Mr. Liang Wengen (梁穩根先生) .	68	Non-executive Director	November 1994	October 2000	Providing advice on the operation and management of our Group
Mr. Liang Zaizhong (梁在中先生) .	40	Non-executive Director	June 2006	April 2025(1)	Providing advice on the operation and management of our Group

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Role and Responsibility
Mr. Wu Zhongxin (伍中信先生) . . .	58	Independent non-executive Director	April 2022	April 2022	Supervising and providing independent opinion and judgment to the Board
Ms. Xi Qing (席卿女士) . .	42	Independent non-executive Director	April 2022	April 2022	Supervising and providing independent opinion and judgment to the Board
Mr. Lam Yuk Kun Lawrence (藍玉權先生) .	66	Independent non-executive Director	April 2025	April 2025	Supervising and providing independent opinion and judgment to the Board

Note:

(1) Mr. Liang Zaizhong has served as our Director from January 2010 to November 2021.

Save that Mr. Liang Wengen is Mr. Liang Zaizhong's father, none of our Directors, Supervisors and members of senior management is related to other Directors, Supervisors or members of senior management. Save as disclosed in this section, (i) none of our Directors, Supervisors and members of senior management held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years immediately preceding the date of this document; and (ii) to the best knowledge, information and belief of the Directors and Supervisors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors and Supervisors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Directors

Mr. Xiang Wenbo (向文波先生), aged 62, is our executive Director and has been the chairman of the Board since January 2022.

Mr. Xiang has over 30 years of experience in the machinery industry. Mr. Xiang joined the predecessor of our Company in 1991, and co-founded SANY Group in October 2000. Mr. Xiang has served in various positions within our Group since then, including the executive president, the general manager in the marketing department and the general manager of our Company. Mr. Xiang served as the vice chairman of the Board and president of the Company from 2007 to 2022 and chairman of the Board of the Company since 2022. Mr. Xiang currently is the party secretary and director of SANY Group, and has been a non-executive director of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00631), since July 2009, and a director of Sany Renewable Energy Co., Ltd. (三一重能股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688349.SH), since September 2020.

Mr. Xiang is a deputy to the 11th National People's Congress of PRC and a member of the 14th National Committee of the Chinese People's Political Consultative Conference. Mr. Xiang serves as an executive committee member of the 13th All-China Federation of Industry and Commerce and vice president of the China Construction Machinery Industry Association. Mr. Xiang is entitled to the government allowance granted by the State Council and has received a number of honours, including the Outstanding Entrepreneur of the Bauhinia Cup in 2002, National Model Worker in the Machinery Industry in 2009, Best CEO in China by Forbes in 2020, and National Model Worker in 2020.

Mr. Xiang received his master's degree of engineering in materials from Dalian University of Technology (大連理工大學) in October 1988.

Mr. Yu Hongfu (俞宏福先生), aged 62, is our executive Director, and has been the vice chairman of the Board and the president of our Company since January 2022.

Mr. Yu has over 30 years of experience in the machinery industry. Mr. Yu joined our Group in March 2006 and successively served as director of our production management department from March 2006 to November 2008, general manager of our small excavator business line, vice president of SANY Heavy Machinery Co., Ltd. (三一重機有限公司) from November 2008 to March 2012, chairman of the board of SANY Heavy Machinery Co., Ltd. (三一重機有限公司) from March 2012 to January 2022 and vice chairman of the board and president of our Company since January 2022. Mr. Yu is currently a director of SANY Group. Mr. Yu has served as the part-time professor of School of Mechanical Engineering of Tongji University (同濟大學) since December 2020.

Mr. Yu received his bachelor's degree in construction machinery from Nanjing Institute of Architectural Engineering (南京建築工程學院, now known as Nanjing Tech University (南京工業大學)) in July 1984 and his master's degree in business administration from China Europe International Business School in September 2010. Mr. Yu was qualified as senior engineer by Jiangsu Provincial Department of Human Resources and Social Security (江蘇省人力資源和社會保障廳) in October 2018.

Mr. Liang Wengen (梁穩根先生), aged 68, is our founder and non-executive Director. He served as the chairman of the Board from October 2000 to January 2022.

Mr. Liang had over 40 years of experience in the machinery industry. Mr. Liang co-founded Lian Yuan City Welding Materials Factory (漣源市焊接材料廠), the predecessor of our Company, and SANY Group in June 1989 and October 2000, respectively. Mr. Liang has been a director of SANY Group since October 2000, a director of SANY Heavy Machinery Limited (三一重機有限公司) since April 2001 and a director of Hunan SANY Engineering College Co., Ltd. (湖南三一工學院股份有限公司) since August 2016.

Mr. Liang is a deputy to the 8th, 9th, 10th and 13th National People's Congress of PRC, vice chairman and executive member of the 12th All-China Federation of Industry and Commerce and a delegate to the 17th and 18th CPC National Congress. Mr. Liang has been recognized as a CCTV China Economic Person of the Year in 2005.

Mr. Liang received his bachelor's degree of engineering in metal materials and heat treatment from Central South University of Mining and Metallurgy (中南礦冶學院, now known as Central South University) in July 1983. Mr. Liang is qualified as a senior economist in October 1996.

Mr. Liang Zaizhong (梁在中先生) (former name: LIANG Zhizhong (梁治中)), aged 40, is our non-executive Director.

Mr. Liang Zaizhong first joined the Group in June 2006 and served as dispatcher of the manufacturing department of SANY Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司), a subsidiary of our Company, from June 2006 to January 2007. During the period from January 2007 to October 2010, Mr. Liang Zaizhong held various management positions in the financial operations of SANY Group, including the deputy supervisor of the fund settlement center, the deputy general manager of the general department of finance and the director of the general department of finance. Mr. Liang Zaizhong served as a Director of our Company from January 2010 to November 2021. Mr. Liang Zaizhong acted as the general manager of SANY Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司) from October 2010 to December 2011. During the period from December 2011 to March 2016, Mr. Liang Zaizhong held various key positions in SANY Group, including the manufacturing business director, the investment director and the process informatization director. He has acted as a director of SANY Group since December 2011, a director of Hunan SANY Engineering College Co., Ltd. (湖南三一工學院股份有限公司) since August 2016 and an executive Director and the chairman of the board of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00631), since October 2019.

In December 2013, Mr. Liang Zaizhong took the lead to establish SANY Foundation (北京三一公益基金會). Mr. Liang Zaizhong served as the chairman of the board of Hunan Sanxiang Bank Co., Ltd. (湖南三湘銀行股份有限公司) from December 2016 to June 2019. Mr. Liang has been serving as the president of the board of Rootcloud Co., Ltd. (樹根互聯股份有限公司) since June 2016.

Mr. Liang received his bachelor's degree of science in computer and management sciences from the University of Warwick in June 2006 and his master's degree in public administration from the John F. Kennedy School of Government at Harvard University in May 2014.

Mr. Wu Zhongxin (伍中信先生), aged 58, is our independent non-executive Director.

Mr. Wu worked at postdoctoral research station of Zhongnan University of Finance and Economics (中南財經大學), currently known as Zhongnan University of Economics and Law (中南財經政法大學), from November 1998 and was a professor in accounting of Hunan University (湖南大學) from July 2000. He served as an independent director of Hunan TV & Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000917) from February 2002 to December 2009 and an independent director and convener of its audit committee since August 2024. He was a member of the editorial committee of the "Chinese Certified Public Accountant" published by the Chinese Institute of Certified Public Accountants from January 2007 to January 2009. Mr. Wu was a member of the 12th National Committee for the Chinese People's Political Consultative Conference in 2013 and served as the president of Hunan Finance Society (湖南省財務學會) from October 2010 to October 2014. Mr. Wu worked at Hunan University of Finance and Economics (湖南財政經濟學院) as the dean from February 2005 to September 2018 and currently serves as a professor of School of Accounting.

Mr. Wu is an expert entitled to special allowance from the State Council. He is currently the president of Hunan Finance Society (湖南省財務學會), the executive director of the Chinese Accounting Society (中國會計學會) and the vice president of the Chinese Commercial Accounting Society (中國商業會計學會).

Mr. Wu is a senior member of the Chinese Institute of Certified Public Accountants. He was recognized as "Accounting Master" in December 2018 and the accounting standards consulting expert by the Ministry of Finance of People's Republic of China (中華人民共和國財政部). Mr. Wu received his bachelor's degree in accounting from Anhui University of Finance and Economics (安徽財經大學) in July 1988 and his doctor's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in July 1998.

Ms. Xi Qing (席卿女士) (former name: XI Jing (席菁 and 席靜)), aged 42, is our independent non-executive Director.

Ms. Xi has served as researcher of information economy editorial department of Xinhua News Agency (新華社), a member of the editorial committee of Xinhua 08 financial channel and the editor-in-chief of daily bond market and bond time column from January 2009 to September 2011. She has also successively served as producer of Xinhua News Agency (新華社) audio and video department, and director of board office of China Xinhua News Network Co., Limited (中國新華新聞電視網有限公司). Ms. Xi has served as head of new media center of Xinhuanet Co., Ltd. (新華網股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603888) from September 2016 to September 2018. Ms. Xi has served as the executive president of Xinhua Xuanwen (Beijing) Mobile Media Technology Co., Ltd. (新華炫聞(北京)移動傳媒科技有限公司) since October 2018. Ms. Xi has been serving as a senior researcher at the China Enterprise Reform and Development Research Association (中國企業改革與發展研究會) since September 2019.

Ms. Xi was appointed as editor-in-chief in December 2018 and was awarded the Xinhua News Agency Annual Individual Outstanding Contribution Award in 2020. She was appointed as a member of the National Extracurricular Education and Training Supervision Expert Committee of the Ministry of Education (教育部全國校外教育培訓監管專家委員會) in January 2023. Ms. Xi was appointed as vice chairman of the first council of the alumni entrepreneurs association of Renmin University of China (中國人民大學) in May 2024 and served as career development mentor at Renmin University of China (中國人民大學) since May 2024.

Ms. Xi received her master's degree in public administration from Renmin University of China (中國人民大學) in January 2009 and her master's degree in business administration from Nanyang Technological University (南洋理工大學) in July 2016.

Mr. Lam Yuk Kun Lawrence (藍玉權先生), aged 66, is our independent non-executive Director.

Mr. Lam worked at Royal Bank of Scotland from 1995 to 2012, with his last position as chairman of the GBM Greater China in Global Banking and Markets and served as chairman of the Hong Kong Leveraged Foreign Exchange Trading (LFET) Arbitration Committee (香港槓桿式外匯交易(LFET)仲裁委員會) from 2014 to 2020, a member of the board of directors of Hong Kong Mortgage Corporation Limited (香港按揭證券股份有限公司) from 2015 to 2018, a member of the risk management committee of Hong Kong Exchanges and Clearing Limited (香港交易結算有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00388), from 2015 to 2021 and a member of the board of directors of China Industrial International Trust Co., Ltd. (興業國際信託有限公司) from August 2013 to February 2019 and an independent director of Hunan Sanxiang Bank Co., Ltd. (湖南三湘銀行股份有限公司) from January 2017 to February 2023.

Mr. Lam received his bachelor's degree in literature from University of Toronto, Canada in 1981 and his master's degree in economics from University of Windsor, Canada in 1982.

SUPERVISORS

The following table provides information about our Supervisors:

Name	Age	Position	Date of joining our Group	Date of Appointment as a Supervisor	Role and Responsibility
Mr. Liu Daojun (劉道君先生) .	47	Supervisor and Chairman of the Supervisory Committee	March 2005	August 2019	Supervising the performance of our Group and exercising supervision over the Directors and senior management
Mr. Li Daocheng (李道成先生) .	58	Supervisor	November 1994	January 2004	Supervising the performance of our Group and exercising supervision over the Directors and senior management
Mr. Yao Chuanda (姚川大先生) .	70	Supervisor	December 2000	December 2000	Supervising the performance of our Group and exercising supervision over the Directors and senior management

Mr. Liu Daojun (劉道君先生), aged 47, has been our Supervisor and chairman of our Supervisory Committee since August 2019.

Mr. Liu has 20 years of experience in finance and internal audit supervision and has been committed to the research and practice of corporate governance, internal audit, internal control and risk management. Mr. Liu joined our Group in March 2005, mainly responsible for the Company's audit and supervision. He has served as the Company's audit and supervision director since 2014. Mr. Liu has served as supervisor of Hunan SANY Venture Capital Management Limited (湖南三一創業投資管理有限公司) since October 2016, supervisor of SANY Supply Chain Technology (Shanghai) Co., Ltd. (三一供應鏈科技(上海)有限公司) since September 2020 and supervisor of SANY Yunlian Technology Co., Ltd. (三一雲聯技術有限公司) since May 2022.

Mr. Liu received his bachelor's degree of economics in accounting from Zhengzhou Institute of Aeronautical Industry Management (鄭州航空工業管理學院) in July 2001 and his master's degree in professional accounting from the Chinese University of Hong Kong (香港中文大學) in November 2012.

Mr. Li Daocheng (李道成先生), aged 58, has been our Supervisor since January 2004.

Mr. Li joined Lianyuan Factory, the predecessor of our Company, in June 1989, and has worked for our Company since its establishment. He has successively served as director of the Company's security department, assistant to the director of SANY Group's human resources department, assistant to the director of the administrative department and senior supervisory manager of the Company's audit and supervision headquarters. He has been awarded the third-class individual merit by Changsha Municipal Public Security Bureau (長沙市公安局) for several times since 1999.

Mr. Li participated in training from China Securities Regulatory Commission Hunan Supervision Bureau in November 2006.

Mr. Yao Chuanda (姚川大先生), aged 70, has been our Supervisor since December 2000.

Mr. Yao is an entrepreneur based in Wuxi with extensive experience in business management. Mr. Yao served as the general manager of Wuxi Yilida Machinery Co., Ltd. (無錫億利大機械有限公司) since 1994, director and general manager of Jiangsu Yizhili Electromechanical Co., Ltd. (江蘇億志立機電有限公司) since August 2002 and supervisor of Wuxi Nuoyi Zhonggong Co., Ltd. (無錫諾億重工有限公司) since April 2004.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company (other than our executive Directors):

Name	Age	Position	Date of joining our Group	Date of First Appointment as Senior Management[(1)]	Role and Responsibility
Mr. Yi Xiaogang (易小剛先生) .	61	Executive president	January 1996	March 2009	Responsible for management of overall R&D and manufacturing
Mr. Huang Jianlong (黃建龍先生) .	61	Senior vice president	January 1992	June 2010	Responsible for overall strategic planning and financial investment
Mr. Xiang Ru'an (向儒安先生) .	52	Senior vice president	November 1998	March 2010	Responsible for marketing and operations
Mr. Liu Hua (劉華先生). . .	48	Senior vice president and chief financial officer	February 2004	October 2015	Responsible for the overall financial management and accounting of our Group
Mr. Zhang Ke (張科先生). . .	47	Vice president	June 2003	July 2018	Responsible for overall strategic planning and performance management
Mr. Sun Xinliang (孫新良先生) .	57	Vice president	April 2004	July 2018	Responsible for management of R&D and manufacturing of components of our in-house supply chain
Ms. Qin Zhiyu (秦致妤女士) .	41	Board secretary	December 2007	January 2025	Responsible for overall corporate governance, information disclosure, investor relation and other Board-related matters

Note:

(1) Denotes the time from which the members of the senior management (other than our executive Director) first served in senior managerial position in our Group.

Mr. Yi Xiaogang (易小剛先生), aged 61, has been our executive president since March 2009.

Mr. Yi has over 20 years of experience in construction machinery. Mr. Yi joined our Group in January 1996, and has served as our executive president since March 2009. Mr. Yi has served as general manager of our road machinery division from January 1996 to February 2009, general manager of our pumping division from March 2009 to October 2010, chairman of our pumping division from October 2010 to April 2012 and director of our research institute from April 2012 to January 2015. Mr. Yi has been serving as our chief engineer since January 2015. Mr. Yi is currently a director of SANY Group, and a director of SANY Hongxiang Battery Co., Ltd. (三一紅象電池有限公司) since October 2022.

Mr. Yi was a member of the standing committee of the 8th China Association for Science and Technology (中國科學技術協會). Mr. Yi obtained several invention patents, including 3 China Patent Gold Awards. He has also won a number of awards and honors, including National Outstanding Engineer, Top Ten National Outstanding Science and Technology Workers, National Outstanding Professional and Technical Talent, He Liang He Li Science and Technology Innovation Award.

Mr. Yi received his bachelor's degree in hydraulic motion and control from Huazhong University of Technology (華中工學院, currently known as Huazhong University of Science and Technology (華中科技大學)) in July 1985, his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in October 2003 and his doctoral degree of engineering in mechanical design and theory from Chang'an University (長安大學) in June 2005.

Mr. Huang Jianlong (黃建龍先生), aged 61, has been our senior vice president since July 2016.

Mr. Huang has over 20 years of experience in financial management and nearly 30 years of experience in construction machinery industry. Mr. Huang joined our Group in January 1992 and was responsible mainly for the financial, production and overseas business. Mr. Huang has served various positions within our Group since then, including finance manager, assistant to general manager and director of planning department. He has also served as our Director and vice president from June 2010 to June 2016 and our senior vice president since July 2016. Mr. Huang was a non-executive director of Sany Heavy Equipment International Holdings Co., Ltd. (三一重裝國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00631) from July 2009 to May 2012. Mr. Huang has been a director of China Kang Fu International Leasing Co., Ltd. (中國康富國際租賃股份有限公司), a company quoted on the National Equities Exchange and Quotations (stock code: 833499), since August 2021. He is currently a director of SANY Group, chairman of the board of SANY Financial Leasing Co., Ltd. (三一融資租賃有限公司), supervisor of Changshu Sansheng New Energy Co., Ltd. (常熟三盛新能源有限公司), chairman of the board of SANY Auto Finance Co., Ltd. (三一汽車金融有限公司) since October 2018 and vice chairman of the board of Hunan Sanxiang Bank Co., Ltd. (湖南三湘銀行股份有限公司) since July 2024.

Mr. Huang received his bachelor's degree in metal materials from Central South University of Mining and Metallurgy (中南礦冶學院, currently known as Central South University (中南大學)) in July 1983 and his master's degree in business administration from Wuhan University (武漢大學) in June 2008.

Mr. Xiang Ru'an (向儒安先生), aged 52, has been our senior vice president since July 2018.

Mr. Xiang has over 20 years of experience in engineering machinery. Mr. Xiang joined our Group in November 1998 and was mainly responsible for marketing. Mr. Xiang served as the deputy general manager of the Company from December 2007 to March 2010, vice president of the Company from March 2010 to February 2016 and the chairman of the pumping division of the Company from April 2018 to July 2024. Since July 2024, Mr. Xiang has been the director of the marketing empowerment head office of the Company. Mr. Xiang currently serves as director and general manager of Daqing SANY Machinery Co., Ltd. (大慶三一機械有限公司) and director of Shanghai SANY Heavy Machinery Co., Ltd. (上海三一重機股份有限公司) since September 2014.

Mr. Xiang received his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in September 2009.

Mr. Liu Hua (劉華先生), aged 48, has been our senior vice president and chief financial officer since June 2020.

Mr. Liu joined our Group in February 2004 and has successively served various positions since then, including head of general ledger, director of internal audit, director of accounting, head of audit and deputy director of the board office. Mr. Liu currently serves as director of SANY Auto Finance Co., Ltd. (三一汽車金融有限公司), director of Loudi Zhongxing Hydraulic Components Co., Ltd. (婁底市中興液壓件有限公司), director of Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司), director of Hunan SANY Road Machinery Co., Ltd. (湖南三一路面機械有限公司), director of SANY Financing Guarantee Co., Ltd. (三一融資擔保有限公司), director of SANY Financial Leasing Co., Ltd. (三一融資租賃有限公司) and director of SANY Automobile Hoisting Machinery Co., Ltd. (三一汽車起重機械有限公司).

Mr. Liu received his executive master's degree in Business Administration from PBC School of Finance, Tsinghua University (清華大學) in January 2022.

Mr. Zhang Ke (張科先生), aged 47, has been our vice president since July 2018.

Mr. Zhang joined our Group in June 2003 and has successively served as secretary of our chairman's office, department manager of our chairman's office, deputy director of our chairman's office, director of our chairman's office, director of our human resources headquarters, director of our strategic growth office and director of our performance and project office. Mr. Zhang has served as a director of Hunan SANY Engineering College Co., Ltd. (湖南三一工學院股份有限公司).

Mr. Zhang received his bachelor's degree in Arts from Xiangtan University (湘潭大學) in June 2000 and his master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in October 2013.

Mr. Sun Xinliang (孫新良先生), aged 57, has been our vice president since July 2018.

Mr. Sun joined our Group in April 2004 and has successively served as deputy director of our business division from April 2004 to August 2008, deputy director of our pumping division from September 2008 to September 2009, director of our heavy machinery business department from September 2009 to April 2012, director of the heavy machinery business department and general manager of the small excavator business line from May 2012 to June 2015, general manager and director of our heavy lifting division from July 2015 to December 2022, and chairman of our transmission division since December 2022. Mr. Sun currently serves as a director of Changshu Sansheng New Energy Co., Ltd. (常熟三盛新能源有限公司) and a director of Loudi Zhongsheng New Energy Co., Ltd. (婁底市中盛新能源有限公司).

Mr. Sun received his bachelor's degree in mechanical engineering from Wuhan Institute of Technology (武漢工學院, currently known as Wuhan University of Technology (武漢理工大學)) in June 1992.

Ms. Qin Zhiyu (秦致妤女士), aged 41, has been our Board secretary since January 2025.

Ms. Qin joined our Group in 2007, and has successively served as the financing manager in the fund management department at the Company's financial headquarters, chief of risk management department of the fund management department of the Company's financial headquarters and the department manager of the fund management department of the Company's financial headquarters. She has also served as a director and general manager of SANY Auto Finance Co., Ltd. (三一汽車金融有限公司), a subsidiary of our Company, from September 2020 to October 2024.

Ms. Qin received her bachelor's degree in computer science and technology from Central South University (中南大學) in June 2005 and her master's degree in management from Central South University (中南大學) in November 2007.

JOINT COMPANY SECRETARIES

Ms. Qin Zhiyu (秦致妤女士) has been appointed as our joint company secretary. See "— Senior Management" above for Ms. Qin's biography.

Ms. Lai Siu Kuen (黎少娟女士) has been appointed as our joint company secretary. Ms. Lai is a director of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. She has over 25 years of experience in the corporate secretarial field. Ms. Lai is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lai received her bachelor's degree in accounting from The Hong Kong Polytechnic University (香港理工大學) in November 1997.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established five Board Committees in accordance with the relevant laws and regulations in mainland China, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Strategy Committee and the Sustainability Committee. The functions of the five committees are summarized as follows.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Wu Zhongxin, Mr. Lam Yuk Kun Lawrence and Ms. Xi Qing as the members of the Audit Committee, with Mr. Wu Zhongxin as the chairperson of the Audit Committee and Mr. Wu Zhongxin is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Evaluation Committee comprises three members, namely Mr. Lam Yuk Kun Lawrence, Mr. Wu Zhongxin and Ms. Xi Qing, with Mr. Lam Yuk Kun Lawrence as the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession and evaluate the Board diversity policy. The Nomination Committee comprises three members, namely Ms. Xi Qing, Mr. Xiang Wenbo and Mr. Lam Yuk Kun Lawrence, with Ms. Xi Qing as the chairperson of the Nomination Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. The Strategy Committee comprises three members, namely Mr. Xiang Wenbo, Mr. Yu Hongfu and Mr. Wu Zhongxin, with Mr. Xiang Wenbo as the chairperson of the Strategy Committee.

Sustainability Committee

We have established a Sustainability Committee with written terms of reference. The primary duties of the Sustainability Committee are to support the Board to formulate long-term sustainable development strategies and oversee the implementation of the sustainability plans. The Sustainability Committee comprises three members, namely Mr. Xiang Wenbo, Mr. Yu Hongfu and Ms. Xi Qing, with Mr. Xiang Wenbo as the chairperson of the Sustainability Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**].

Board diversity

Our Company [has adopted] a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has one female Director on the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

REMUNERATION

Our Directors, Supervisors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Directors amounted to RMB37.09 million, RMB23.14 million and RMB29.75 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our Supervisors amounted to RMB10.94 million, RMB3.86 million and RMB3.82 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, the total emoluments paid to the five highest paid individuals (including Directors) by us amounted to RMB62.07 million, RMB62.24 million, and RMB69.96 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. Save as disclosed in the document, our non-executive Directors and Supervisors do not receive remuneration from our Company. None of the Directors or Supervisors waived their remuneration during the relevant period.

The remuneration of our Directors, Supervisors and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors, Supervisors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

Save as disclosed above and in "Financial Information," "Accountant's Report" and "Statutory and General Information," no other payments have been paid or are payable in respect of the Track Record Period to our Directors, Supervisors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding performance related bonuses and share-based payment expenses, of our Directors and Supervisors for the year ending 31 December 2025 to be approximately RMB15.00 million.

See the Accountant's Report in Appendix I for details on remuneration paid to our Directors, Supervisors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, and paragraphs headed "Statutory and General Information — 4. Our Incentive Schemes" in Appendix VI for details regarding the incentive plans for our Directors and senior management.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Controlling Shareholder Group, including SANY Group, Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery, by virtue of the acting-in-concert arrangement among them, collectively held approximately 33.73% of our total share capital. See "History, Development and Corporate Structure — The Controlling Shareholder Group" in this document for details.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Controlling Shareholder Group will hold approximately [**REDACTED**]% of the issued share capital of our Company, and will remain as a group of our Controlling Shareholders upon the [**REDACTED**].

CLEAR BUSINESS DELINEATION

Our Business

We are an innovation-driven global leader in the construction machinery industry. We are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery, including excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. Through our global network, we offer a comprehensive range of products and services to customers worldwide. Our product portfolio is widely applied in various application scenarios such as earthworks, construction and other downstream industries.

The Business of our Controlling Shareholders

Apart from the investments in the Company, our Controlling Shareholders, individually or collectively, control and invest in companies which principally engage in (i) manufacturing and sales of mining equipment, logistics equipment, oil and gas equipment, and emerging industries covering solar modules, hydrogen production equipment, power battery modules and energy storage systems through Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司, "**Sany International**") (a company listed on the Stock Exchange, stock code: 00631), (ii) R&D, manufacturing and sales of wind power equipment and design, construction and operation of wind power plants through Sany Renewable Energy Co., Ltd. (三一重能股份有限公司, "**Sany Renewable Energy**") (a company listed on the Shanghai Stock Exchange, stock code: 688349.SH), and (iii) other businesses, such as construction, truck manufacturing and environmental protection. The principal businesses of such investments are separate and clearly delineated from the principal businesses of our Group.

Each of our Controlling Shareholders has confirmed that he/it does not have any interests in any business (apart from the business of our Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

In connection with the A Share Listing, each of SANY Group and Mr. Liang Wengen has executed a non-competition undertaking, pursuant to which each of SANY Group and Mr. Liang Wengen undertakes to, among others:

(a) it/he is not and, will not be engaged in the same or similar business as the business of the Company and its/his controlled companies or constitutes substantial competition with the business of the Company and its controlled companies (the "**Competing Businesses**");

(b) it/he is not and, will not be engaged or participate in Competing Businesses by establishing other companies; and

(c) it shall not exploit its controlling position or shareholder status in the Company to transfer profits, occupy funds, provide guarantees, or engage in other actions that harm the interests of the Company and other shareholders in the course of its business operations.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors, and our senior management team (other than our executive Director) comprises seven members. For more details, see "Directors, Supervisors and Senior Management." The details of our Directors and senior management holding positions in our Controlling Shareholders and their respective close associates are set out below:

Name	Major positions in our Company	Major positions in our Controlling Shareholders and their respective close associates
Mr. Xiang Wenbo	Executive Director and chairman of the Board	Director of SANY Group, Sany Renewable Energy and Sany International

Name	Major positions in our Company	Major positions in our Controlling Shareholders and their respective close associates
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and our president	Director of SANY Group
Mr. Liang Wengen	Non-executive Director	Director of SANY Group
Mr. Liang Zaizhong	Non-executive Director	Director of SANY Group and executive director and chairman of Sany International
Mr. Yi Xiaogang	Executive president	Director of SANY Group
Mr. Huang Jianlong	Senior vice president	Director of SANY Group

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates from a management perspective for the following reasons:

(a) our Board of Directors and senior management have a well-established track record of carrying on our daily management and operations. Save for Mr. Xiang Wenbo, Mr. Yu Hongfu, Mr. Liang Wengen, Mr. Liang Zaizhong, Mr. Yi Xiaogang and Mr. Huang Jianlong, all of our Directors and senior management do not hold any position in our Controlling Shareholders or their respective close associates. Mr. Xiang Wenbo, Mr. Liang Wengen and Mr. Yi Xiaogang are members of the Controlling Shareholder Group. Despite the overlapping roles as detailed above, all our Directors and senior management are capable to contribute sufficient time and efforts to discharge their responsibilities in our Group effectively. Each of Mr. Liang Wengen and Mr. Liang Zaizhong serves as our non-executive Director and is not involved in the daily management and operations of our Group. Further, Mr. Xiang Wenbo's directorships in SANY Group, Sany Renewable Energy and Sany International and Mr. Yu Hongfu's directorship in SANY Group are non-executive in nature and they are not involved in the day-to-day management and operations of business of each of SANY Group, Sany Renewable Energy and Sany International. Each of Mr. Xiang Wenbo, Mr. Yu Hongfu, Mr. Yi Xiaogang and Mr. Huang Jianlong is only involved in decision-makings as member of the board of directors of such companies. Therefore, neither Mr. Xiang Wenbo nor Mr. Yu Hongfu expects that his directorships in our Controlling Shareholders and their respective close associates will take up a substantial amount of his time, and each of Mr. Xiang Wenbo, Mr. Yu Hongfu, Mr. Yi Xiaogang and Mr. Huang Jianlong will be able to devote sufficient time to the management of our Company;

(b) our daily management and operations are carried out by a senior management team, all of whom are employed by our Group and have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions for our Group independently of our Controlling Shareholders and their respective close associates that are in the best interests of our Group;

(c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) we have three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. In particular, all three of our independent non-executive Directors have current or past management experience and/or directorships in listed companies or financial companies, and will be able to provide professional and relevant industry advice to our Company. Certain matters of our Company, including continuing connected transactions, must always be referred to the independent non-executive Directors for review and approval; and

(e) our Company is an A-share listed company and has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. The following corporate governance measures has been or will be in place to mitigate any actual or potential conflict of interests:

   (i) in the event of any actual or potential conflict of interest between our Group and our Controlling Shareholders, our Directors shall report such conflict of interest to the independent non-executive Directors as soon as practicable upon becoming aware of it, where applicable, convene a Board meeting to review and evaluate the implications and risk exposure of such conflict, and monitor any material irregularities in business conduct;

   (ii) the nomination committee of our Company will from time to time review the independence of our Directors in terms of the performance of their duties as Directors to ensure effective management of potential conflict of interest;

   (iii) our Directors, including our independent non-executive Directors, are entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense; and

(iv) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the PRC laws and regulations and rules of the Shanghai Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting.

See "— Corporate Governance" below for further details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our daily operations. We have our own organizational structure with self-governing departments specializing in various aspects in relation to our business development, including but not limited to sales and marketing, financing, human resources, administration, internal audit and legal and compliance which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses.

We have independent access to suppliers and customers and a dedicated management team independently handling our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We entered into certain continuing connected transactions with our Controlling Shareholders and/or their respective associates. See section headed "Connected Transactions" for more details. All such transactions will be conducted on arm's length and on normal commercial terms in the ordinary and usual course of business of our Group in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policy of our Group and our connected persons will not be prejudicial to the interests of any of the parties. Our Directors believe that such transactions will not affect the operational independence of our Group as a whole.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have our own internal control and accounting systems and an independent finance department in charge of our treasury function and making financial decisions independently based on our Group's needs. Our Company maintains bank accounts independently and does not share any bank account with SANY Group. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders and their respective close associates. We do not rely on our Controlling Shareholders and their respective close associates for financing.

In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. As of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to our Controlling Shareholders or their respective associates to facilitate our financings.

Based on the above, our Directors believe that we are capable of carrying on our business independently from, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

Our Company and Directors are committed to upholding and implementing good corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders and/or their respective close associates has a material interest, our Controlling Shareholders and/or their respective close associates will abstain from voting on the resolutions and shall not be counted in the quorum in the voting;

(b) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Group enters into connected transactions with our Controlling Shareholders and their respective close associates, we will comply with the applicable Listing Rules;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors, Supervisors and Senior Management" for details of the independent non-executive Directors;

(e) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company's expenses;

(f) we have appointed Somerley Capital Limited as our Compliance Advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors' duties and corporate governance; and

(g) we have established our Audit Committee, Remuneration and Evaluation Committee, Nomination Committee, Strategy Committee and Sustainability Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

				Immediately after the [REDACTED]	
Name of Shareholder	Nature of interest	Description and number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Approximate % of shareholding in our A Shares	Approximate % of shareholding in the total share capital of our Company
SANY Group[1][2] . . .	Beneficial owner[3]	2,496,685,089 A Shares	29.46%	29.46%	[**REDACTED**]
	Interest in controlled corporation[4]	25,931,687 A Shares	0.31%	0.31%	[**REDACTED**]
	Interests held jointly with another person[5]	335,965,315 A Shares	3.96%	3.96%	[**REDACTED**]
Mr. Liang Wengen[1] .	Beneficial owner	235,840,517 A Shares	2.78%	2.78%	[**REDACTED**]
	Interest in controlled corporation[1][4]	2,522,616,776 A Shares	29.77%	29.77%	[**REDACTED**]
	Interests held jointly with another person[5]	100,124,798 A Shares	1.18%	1.18%	[**REDACTED**]
Mr. Tang Xiuguo . . .	Beneficial owner	29,277,150 A Shares	0.35%	0.35%	[**REDACTED**]
	Interests held jointly with another person[5]	2,829,304,941 A Shares	33.38%	33.38%	[**REDACTED**]
Mr. Xiang Wenbo . . .	Beneficial owner	27,193,189 A Shares	0.32%	0.32%	[**REDACTED**]
	Interests held jointly with another person[5]	2,831,388,902 A Shares	33.41%	33.41%	[**REDACTED**]
Mr. Mao Zhongwu. . .	Beneficial owner	22,058,590 A Shares	0.26%	0.26%	[**REDACTED**]
	Interests held jointly with another person[5]	2,836,523,501 A Shares	33.47%	33.47%	[**REDACTED**]

				Immediately after the [REDACTED]	
Name of Shareholder	**Nature of interest**	**Description and number of Shares**	**Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date**	**Approximate % of shareholding in our A Shares**	**Approximate % of shareholding in the total share capital of our Company**
Mr. Yuan Jinhua	Beneficial owner	17,008,519 A Shares	0.20%	0.20%	**[REDACTED]**
	Interests held jointly with another person(5)	2,841,573,572 A Shares	33.53%	33.53%	**[REDACTED]**
Mr. Yi Xiaogang	Beneficial owner	2,322,350 A Shares	0.03%	0.03%	**[REDACTED]**
	Interests held jointly with another person(5)	2,856,259,741 A Shares	33.70%	33.70%	**[REDACTED]**
	Beneficial interest(6)	5,025,000 A Shares	0.06%	0.06%	**[REDACTED]**
Mr. Zhou Fugui	Beneficial owner	2,265,000 A Shares	0.03%	0.03%	**[REDACTED]**
	Interests held jointly with another person(5)	2,856,317,091 A Shares	33.70%	33.70%	**[REDACTED]**
Beijing Sany Heavy Machinery	Beneficial owner	25,931,687 A Shares	0.31%	0.31%	**[REDACTED]**
	Interests held jointly with another person(5)	2,832,650,404 A Shares	33.42%	33.42%	**[REDACTED]**

Notes:

(1) As of the Latest Practicable Date, Mr. Liang Wengen was interested in approximately 56.74% of the registered capital of SANY Group. Therefore, Mr. Liang Wengen is deemed to be interested in the entire Shares held by SANY Group under the SFO.

(2) As of the Latest Practicable Date, 422,627,942 A Shares held by SANY Group in our Company were under pledge as security in favor of the holders of the 2020 SANY Group Exchangeable Bonds. See "— Exchangeable Bonds Issued by SANY Group" in this section below.

(3) Including 2,480,088,257 A Shares held by SANY Group and 16,592,832 A Shares held by the Asset Management Plans in the name of such financial products for and on behalf of SANY Group. The Asset Management Plans were established by SANY Group to hold interests in our Company.

(4) As of the Latest Practicable Date, SANY Group was interested in approximately 70.91% of the registered capital of Beijing Sany Heavy Machinery. Therefore, each of Mr. Liang Wengen and SANY Group is deemed to be interested in the entire Shares held by SANY Group under the SFO.

(5) Each of Mr. Liang Wengen, Mr. Tang Xiuguo, Mr. Xiang Wenbo, Mr. Mao Zhongwu, Mr. Yuan Jinhua, Mr. Yi Xiaogang, Mr. Zhou Fugui and Beijing Sany Heavy Machinery has been acting in concert with SANY Group. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each of such shareholder is also deemed to be interested in the interest of the other shareholders acting in concert.

(6) Mr. Yi Xiaogang is entitled to receive 5,025,000 Shares pursuant to the 2025 Stock Ownership Scheme, which will be implemented before the [**REDACTED**] subject to vesting conditions. See "Statutory and General Information — 4. Our Incentive Schemes — B. Stock Ownership Schemes" for details.

Save as disclosed above and in section headed "Statutory and General Information — 3. Further Information about our Directors and Supervisors" in Appendix VI, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Statutory and General Information — 3. Further Information about Our Directors and Supervisors — (ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)" in Appendix VI.

EXCHANGEABLE BONDS ISSUED BY SANY GROUP

In September 2020, SANY Group conducted a non-public issuance of the exchangeable bonds to institutional investors in an aggregate principal amount of RMB8,000,000,000 for a fixed term of six years with a maturity date on September 14, 2026 at a coupon rate of 1.5%, which are exchangeable for A Shares held by SANY Group (the "**2020 SANY Group Exchangeable Bonds**"). The 2020 SANY Group Exchangeable Bonds were listed on the Shanghai Stock Exchange and are tradable by institutional investors. The exercise period of the 2020 SANY Group Exchangeable Bonds shall commence from the first trading day immediately after six months from the date of issuance of the 2020 SANY Group Exchangeable Bonds until the maturity date, being the period from on March 14, 2021 and will end on September 14, 2026 (the "**Exercise Period**"), during which holders of the 2020 SANY Group Exchangeable Bonds can, at their own discretion, exercise their rights to exchange their holdings in the 2020 SANY Group Exchangeable Bonds into A Shares reserved for exchange at any time during the Exercise Period. As of the Latest Practicable Date, the outstanding principal amount of the 2020 SANY Group Exchangeable Bonds was RMB3,642,000,000.

Exchange Price

The number of A Shares to be exchanged under the 2020 SANY Group Exchangeable Bonds is calculated by dividing the principal amount of the 2020 SANY Group Exchangeable Bonds held by a bondholder by a specified share exchange price (the "**Exchange Price**"). The initial Exchange Price is RMB28 per A Share, subject to (i) automatic adjustments upon occurrence of certain events, including the distribution of stock dividends or making any capital conversion, the issuance of new Shares, allotment of Shares, distribution of cash dividends resulting in the changes in Shares or shareholders' equity of our Company (the "**Automatic Adjustments**"), and (ii) downward adjustments at the discretion of SANY Group subject to the terms of the 2020 SANY Group Exchangeable Bonds, when the closing price of

A Shares falls below 70% of the Exchange Price for at least 20 trading days in any period of 30 consecutive trading days, on the condition that the Exchange Price as adjusted by SANY Group shall not be lower than the closing price of the A Shares in the preceding trading day and the average closing price of the A Shares for the 20 preceding trading days (the "**Discretionary Adjustments**"). SANY Group has not made any Discretionary Adjustments. Due to Automatic Adjustments, as of the Latest Practicable Date, the Exchange Price was RMB26.57.

Share Pledge

As security for the obligations of SANY Group under the 2020 SANY Group Exchangeable Bonds and for shares reserved for exchange, an initial 500,000,000 A Shares held by SANY Group were pledged to the bond manager in favor of the holders of the 2020 SANY Group Exchangeable Bonds (the "**Share Pledge**"). If any holder of the 2020 SANY Group Exchangeable Bonds exercises its exchange right during the Exercise Period, the corresponding number of pledged A Shares will be transferred to such bondholder, and the number of A Shares subject to the Share Pledge will be reduced accordingly. As of the Latest Practicable Date, 422,627,942 A Shares held by SANY Group, representing approximately 4.99% of the total issued share capital of our Company as of the Latest Practicable Date, were subject to the Share Pledge.

Under the 2020 SANY Group Exchangeable Bonds, SANY Group is obliged to pledge additional A Shares if (i) the market value of the pledged A Shares (calculated by multiplying the number of the pledged A Shares by the closing price of the current trading day) plus the accrued interest falls below 100% of the outstanding amount of the exchangeable bonds for 30 consecutive trading days; and/or (ii) a downward adjustment in the Exchange Price results in the total number of A Shares subject to the exchange rights of the bondholders exceeding the number of A Shares subject to the Share Pledge. In the case that the market value of the pledged A Shares plus the accrued interest exceeds 130% of the outstanding amount of the exchangeable bonds for 30 consecutive trading days, the pledged A Shares shall be released upon notification by SANY Group.

Based on the outstanding principal amount of the 2020 SANY Group Exchangeable Bonds and the Exchange Price as of the Latest Practicable Date, the maximum number of pledged A Shares which may be exchanged and transferred to the bondholders amounted to 137,071,886 A Shares, representing (i) approximately 1.62% of the Company's issued share capital as of the Latest Practicable Date, and (ii) approximately [**REDACTED**]% of the Company's issued share capital upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued capital of our Company was 8,474,978,037* A Shares of nominal value of RMB1.00 each, which are all listed on the main board of the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	8,474,978,037*	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100%**

Immediately following the [**REDACTED**], assuming the [**REDACTED**] is exercised in full and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	8,474,978,037*	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100%**

Note:

* Including 55,767,600 A Shares repurchased by our Company pursuant to the repurchase mandates approved by the Board, accounting for approximately 0.66% of the total number of A Shares in issue as of April 30, 2025.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on April 21, 2025 and is subject to the following conditions:

(i) *Size of the* [**REDACTED**]. The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total [**REDACTED**] share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]. The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional investors and a [**REDACTED**] for subscription in Hong Kong.

(iii) *Target investors.* The H Shares shall be [**REDACTED**] to public investors in Hong Kong under the [**REDACTED**] and international investors, qualified domestic institutional investors in mainland China and other investors who are approved by mainland Chinese regulatory bodies to make securities investments abroad in [**REDACTED**].

(iv) [**REDACTED**] *basis.* The [**REDACTED**] of the H Shares will be determined after due consideration of the interests of existing shareholders of our Company and the domestic and overseas capital market conditions, according to international practice, through the demands for orders and book building process, and adopting a market-oriented pricing method.

(v) *Validity period.* The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the shareholders' meeting was held on April 21, 2025, which will be automatically extended until completion of the [**REDACTED**] (including any exercise of the [**REDACTED**]), if our Company obtains the approval from the relevant regulatory authorities for the [**REDACTED**] and [**REDACTED**] of H Shares within the validity period.

There are no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, see "Summary of the Articles of Association — Shareholders and Shareholders' General Meetings" in Appendix III to this document.

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

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

OVERVIEW

Founded in 1994, we have established ourselves as an innovation-driven global leader in the construction machinery industry. Guided by our mission that "Quality Changes the World" and our vision embedded in our "SANY" brand to "Build a First-class Enterprise, Foster First-class Talent and Make First-class Contributions," we are dedicated to the R&D, manufacturing, sales and servicing of an extensive portfolio of construction machinery, including excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of core construction machinery's cumulative revenue from 2020 to 2024. During the Track Record Period, our products have reached customers in over 150 countries and regions globally. In 2024, our revenue from overseas markets accounted for 62.3% of our total revenue. Our products are highly recognized by global customers due to their exceptional technological advantages and superior performance, and have been used in numerous landmark construction projects globally, such as the Hong Kong-Zhuhai-Macao Bridge, London Olympic stadiums, Burj Khalifa and Beijing Olympic stadiums.

During the Track Record Period, our financial performance exhibited robust resilience. According to Frost & Sullivan, our revenue, profitability and operational quality have consistently maintained a leading position in the industry, continuously creating value for our shareholders. During the Track Record Period, our revenue amounted to RMB80,838.5 million, RMB74,018.9 million and RMB78,383.4 million, respectively. Our gross profit margin increased from 22.6% in 2022 to 26.4% in 2023, and further increased to 26.7% in 2024. Our net profit margin increased from 5.5% in 2022 to 6.2% in 2023, and further increased to 7.8% in 2024.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been adopted by us in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at FVOCI, financial assets at FVPL and derivative financial instruments which have been measured at fair value.

We have not applied new and revised IFRS Accounting Standards that have been issued but are not yet effective in the Historical Financial Information. See Note 2.2 of the Accountants' Report in Appendix I to this Document. We intend to apply these revised and new IFRS Accounting Standards, if applicable, when they become effective.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

Demand for Construction Machinery Products

We are an innovation-driven global leader in the construction machinery industry. During the Track Record Period, our products have reached customers in over 150 countries and regions globally, including Germany, the United Kingdom, France, Indonesia, India, Saudi Arabia, the U.S. and Brazil. According to Frost & Sullivan, we are the world's third largest and China's largest construction machinery company in terms of the core construction machinery's cumulative revenue from 2020 to 2024. Therefore, our revenue growth depends on the global demand for construction machinery products.

We have a wide range of products widely applicable to multiple downstream application scenarios, including earthworks, public construction, road and bridge construction, airport runway construction, building construction, mining operation, energy development, ports and logistics and other downstream industries. Our product matrix for diversified application scenarios strengthens our business resilience throughout economic cycles. According to Frost & Sullivan, the global construction machinery market reached a total market size of US$213.5 billion in 2024 and is expected to reach US$296.1 billion by 2030, representing a CAGR of 5.6% between 2024 and 2030. The growth of the global construction machinery industry will be driven by the replacement demand for cyclical equipment upgrades, rising infrastructure investment, increased demand for energy and resource development, intelligent transformation of the construction industry, promotion of human-machine collaboration, upgrading of mining and excavating equipment, and accelerated integration of digitalization and decarbonization technologies in construction machinery equipment. In particular, the decarbonization transition in the global construction machinery industry is accelerating, with increasing penetration of new energy products becoming a key trend in the development of the industry. According to Frost & Sullivan, the penetration rate of new energy products in global construction machinery is expected to increase from 1.5% in 2024 to 9.1% by 2030. See "Industry Overview — Global Construction Machinery Market Overview" for more details on the market size and development trends of the global construction machinery industry.

We will continue to leverage innovation as the driving force, and focus on our core competitiveness in brand, globalization, products, services, R&D, digitalization and decarbonization. By seizing market growth opportunities, we aim to expand our competitive advantages, achieve long-term sustainable growth and enhance our position as a global leader in the construction machinery industry.

Increase in Global Market Share

The global construction machinery industry is undergoing profound changes in the competitive landscape, with continually rising market concentration, expanding market share of leading companies and accelerating consolidation. Looking ahead, competition in the global construction machinery market will become more intense with customers placing greater emphasis on the quality, performance, cost-effectiveness and service network of construction machinery products. As our globalization continues to advance, our competition with large multinational and Chinese construction machinery companies will further intensify. Our capability to effectively compete in the construction machinery industry and the resulting market share growth are crucial to our success.

According to Frost & Sullivan, China is a pivotal and one of the fastest growing markets in the global construction machinery industry. In 2024, in terms of sales revenue, the market size of the core construction machinery segments in China accounted for 11.6% of the global market, and we hold a leading position in the construction machinery market in China, with a market share of 18.4% in 2024. We are one of the pioneering Chinese construction machinery companies to initiate global expansion and have consistently implemented a globalization strategy throughout our development. We have built a full value chain layout abroad, including manufacturing bases in Germany, Indonesia, India and the U.S., R&D centers outside of mainland China, and a sales network consisting of overseas subsidiaries and distributors. According to Frost & Sullivan, the market share of our core construction machinery segments in the overseas market, measured by sales revenue, has steadily increased from 3.8% in 2022 to 4.6% in 2024, with significant growth potential that will further drive our revenue growth.

We have a diversified and high-quality product portfolio. With our advanced products, we have built the industry-renowned "SANY" brand, which is trusted by customers around the world. Relying on our extensive network coverage, we provide customers with comprehensive services and continue to create value for customers. We will enhance our competitive advantages and market position by improving brand influence, continuing technological innovation, strengthening global operations and strengthening service networks, in order to achieve an increase in market share and sustained growth in revenue.

Expansion and Management of Sales and Service Network

We have built our global sales network through direct sales and distributors and provide comprehensive services for end customers. The expansion and refined management of the sales and service network can help us achieve better customer reach and enhance customer stickiness, thereby driving sales growth.

As of December 31, 2024, we had 6,481 sales and marketing personnel worldwide, 101 distributors in China and 329 overseas distributors. Our sales personnel and distributors have extensive customer support resources, backed by a network of approximately 1,900 outlets globally for the sale of our products and/or the provision of services as of December 31, 2024, enabling us to efficiently reach local customers and provide them with high-quality service support. In addition, their first-hand customer insights keep us closely attuned to evolving market dynamics, offering critical feedback that guides our strategic decisions and business development, and ultimately reinforcing a sustainable virtuous cycle of growth.

In the future, we will continue to expand and maintain our sales and service network globally. In the domestic market, we will continue to strengthen our service capabilities, improve customer service quality and create more value for customers; in the overseas markets, relying on our product strength, we will continue to expand our distributor network by cooperating with more high-quality distributors, further expanding our overseas sales and brand influence. In the meantime, we will strengthen our direct sales capabilities to reach end customers more effectively and offer individualized services, while also enhancing the global presence of the "SANY" brand.

Changes in Product Mix

Our various types of construction machinery vary in selling prices and gross profit margins. As different types of construction machinery exhibit distinct growth drivers and growth rates, changes in product mix will affect our gross profit margins and, in turn, our business performance.

By product type, our excavating machinery and piling machinery businesses have higher overall gross profit margins than our concrete machinery, hoisting machinery and road machinery businesses. By geographical region, our gross profit margins from overseas sales are generally higher than our gross profit margins from domestic sales. See "Industry Overview — Global Construction Machinery Market Overview — Size of the Global Construction Machinery Market — Global Construction Machinery Market by Core Segments" for more details on the market size and development trends of various types of construction machinery.

We plan to continue to iterate and upgrade our products and develop tailored products that cater to local user preferences and operating conditions based on customers' specific needs. In 2022, 2023 and 2024, our revenue from overseas markets accounted for 45.5%, 58.9% and 62.3% of our total revenue, respectively, representing a CAGR of 15.2% from 2022 to 2024. Our proven track record in overseas expansion has demonstrated both the competitiveness of our existing products and our ability to continue to gain market share amid overseas competition. The higher receptiveness of overseas markets to tailored and high-performance equipment is expected to further improve per-unit profitability. Therefore, continuing expansion in overseas markets will further enhance our profitability.

Cost Control and Operational Efficiency

Our cost control and operational efficiency are critical to our operations.

In 2022, 2023 and 2024, the majority of our cost of sales were for raw materials and components used in the production of our products. Various factors may affect the gross profit margin and profitability of our products, such as commodity prices related to raw materials, freight costs and exchange rate fluctuations.

We are committed to enhancing centralized procurement of raw materials to amplify economies of scale, while promoting in-house R&D and production of key components to strategically balance the scale of external centralized procurement for optimal cost efficiency. Leveraging our hardware and software capabilities, we empower factories with digitalization capabilities to improve product quality and production efficiency. We attach great importance to risk management and control. With enhanced market demand forecasting capabilities, we have formulated a prudent inventory management policy which has enabled us to continually improve raw material and inventory management capabilities, optimize operating costs and achieve high-quality operations.

Research and development expenses constitute a significant portion of our operating expenses. During the Track Record Period, our cumulative research and development expenses amounted to RMB18,168.1 million. Our continuous product iteration and technological upgrades benefit from unwavering investment in R&D. In order to quickly and accurately launch products that match market demand, we will continue to invest in the R&D of advanced technologies and new products in the construction machinery industry. In addition, we will closely track the size and structure of our R&D team and aim for higher efficiency and returns on new research and development expenses.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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 which 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 and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

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

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when we have fulfilled our performance obligations in the contracts; that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods or the provision of the services and obtain substantially all of the remaining benefit from the goods or services.

Sale of products

A contract for the sale of products between us and the customer usually only includes the performance obligation to transfer the products and no longer retain the continued management and effective control of the products associated with ownership. We generally recognize the revenue when the relevant products are delivered to the customer and confirmed as acceptable by the customer, on the basis of full consideration of the following factors: the present right to collect payment for the product, the transfer of the key risk and return in the ownership of the product, the transfer of the product's legal ownership, the transfer of the physical asset of the product and the acceptance of the product by the customer.

Variable consideration

We determine the best estimate of variable consideration by using the expected value method or the most likely amount method. However, the transaction price, including variable consideration, is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue realized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Significant financing components

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

Warranties

We provide a warranty in connection with the sale of construction machinery and equipment in accordance with the contract and the relevant laws and regulations, etc. An assurance-type warranty provides the customer with assurance that the good complies with the agreed-upon specifications. In assessing whether quality assurance is provided as a separate service other than providing guarantee to the customers that the goods sold meet the established quality standards, we consider factors such as whether the quality assurance is a statutory requirement, the term of quality assurance and nature of our commitment to perform its obligations.

Revenue from other sources

Rental income

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

Financial Services

Interest income or interest expense for financial services is measured at the effective interest rate. The effective interest rate is the rate at which a financial instrument's expected future cash inflows or outflows are discounted to the net book value of its financial instrument or financial liability over its expected lifetime or less. The measurement of interest income takes into account the contractual terms of the financial instrument and includes all fees attributable to the effective interest rate component and all transaction costs, but does not include future loan losses. If our estimates of future revenues or expenses change, the carrying value of financial assets or liabilities may also be adjusted accordingly. Since the adjusted book value is calculated at the original effective interest rate, the change is also included in interest income or interest expense.

Property, Plant and Equipment and Depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.43% to 6.67%
Machinery equipment	6.47% to 25.00%
Transportation equipment	9.70% to 12.50%
Leasing out equipment under operating leases	16.17% to 25.00%
Office and other equipment	6.47% to 50.00%
Leasehold improvements and renovation costs	5.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is then depreciated separately. Residual values, useful lives and the depreciation methods are reviewed and adjusted if appropriate, at least at each financial year-end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Inventories

Our inventories include raw materials, semi-finished goods and finished goods.

Inventories are initially carried at planned cost. The difference between the planned cost and actual cost of raw materials is accounted for through the cost difference account. The cost difference belonging to inventories transferred out is carried forward periodically to adjust the planned cost to the actual cost. The cost of inventories consumed and transferred out is determined on the weighted average basis. Turnover materials include low-value consumables and packing materials, which are on the immediate write-off basis.

We adopt a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. The inventories are written down below cost to net realizable value and the write-down is recognized in profit or loss if the cost is higher than the net realizable value. When the circumstances that previously caused the inventories to be written down below cost no longer exist, in which case the net realizable value of inventories becomes higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down, and is recognized in profit or loss.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Except for spare parts and other inventories with low unit prices, the reserve for inventory price reduction shall be calculated according to a single inventory item. Spare parts and other inventories with low unit prices shall be prepared for asset impairment according to their actual condition.

Impairment of financial assets

We recognize an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. On credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition, and consider reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

We consider a financial asset in default when contractual payments are past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach. They are classified within the following stages for measurement of ECLs, except for trade and bills receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component, or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which we receive services and use shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in capital reserves. If such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, at each balance sheet date during the vesting period we recognize the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date. See Note 41 to the Accountants' Report in Appendix I to this Document for the fair value of equity instruments.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employees as measured at the date of modification.

Where an equity-settled share-based award is canceled, it is treated as if it had vested on the date of cancelation and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within our control or the employee are not met. However, if a new award is substituted for the canceled award and is designated as a replacement on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Revenue	80,838,530	100.0	74,018,936	100.0	78,383,379	100.0
Cost of sales	(62,542,239)	(77.4)	(54,442,726)	(73.6)	(57,480,390)	(73.3)
Gross profit	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**
Selling and marketing expenses	(4,930,139)	(6.1)	(5,101,926)	(6.9)	(5,464,214)	(7.0)
Administrative expenses	(3,056,223)	(3.8)	(3,117,183)	(4.2)	(3,487,700)	(4.4)
Research and development expenses	(6,922,913)	(8.6)	(5,864,595)	(7.9)	(5,380,621)	(6.9)
Other income and gains, net	2,845,206	3.5	2,137,022	2.9	2,322,172	3.0
Impairment losses on financial instruments and contract assets, net	(560,199)	(0.7)	(1,173,917)	(1.6)	(897,319)	(1.1)
Loss on derecognition of financial assets at amortized cost	(21,819)	(0.0)	–	–	(363)	(0.0)
Other expenses, net	(188,041)	(0.2)	(175,445)	(0.2)	(300,422)	(0.4)
Finance costs	(624,875)	(0.8)	(1,013,550)	(1.4)	(845,080)	(1.1)
Share of profits and losses of:						
Joint ventures	9,726	0.0	51,597	0.1	45,159	0.1
Associates	16,896	0.0	(1,659)	(0.0)	13,169	0.0
Profit before tax	**4,863,910**	**6.0**	**5,316,554**	**7.2**	**6,907,770**	**8.8**
Income tax expense	(431,086)	(0.5)	(710,444)	(1.0)	(815,232)	(1.0)
Profit for the year	**4,432,824**	**5.5**	**4,606,110**	**6.2**	**6,092,538**	**7.8**
Profit attributable to:						
Owners of the parent	4,301,041	5.3	4,527,451	6.1	5,975,451	7.6
Non-controlling interest	131,783	0.2	78,659	0.1	117,087	0.2
	4,432,824	**5.5**	**4,606,110**	**6.2**	**6,092,538**	**7.8**

Revenue

In 2022, 2023 and 2024, our total revenue amounted to RMB80,838.5 million, RMB74,018.9 million and RMB78,383.4 million, respectively.

Revenue by Business Segment

During the Track Record Period, we derived our revenue primarily from sales of excavating machinery, concrete machinery, hoisting machinery, piling machinery and road machinery. The following table sets forth a breakdown of our revenue by business segment both in absolute amounts and as percentages of total revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Excavating machinery	35,755,616	44.2	27,635,692	37.3	30,373,600	38.8
Concrete machinery	15,080,363	18.7	15,314,574	20.7	14,368,034	18.3
Hoisting machinery	12,669,948	15.7	12,999,205	17.6	13,115,027	16.7
Piling machinery	3,065,233	3.8	2,085,179	2.8	2,076,069	2.6
Road machinery	3,080,834	3.8	2,485,494	3.4	3,001,227	3.8
Others[(1)]	11,186,536	13.8	13,498,792	18.2	15,449,422	19.8
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

Note:

(1) Others mainly included sales of other machinery, such as sales of dump trucks and overseas resales of port machinery and mining trucks.

Revenue by Geographical Region

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

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Mainland China	44,049,835	54.5	30,454,900	41.1	29,521,685	37.7
Overseas	36,788,695	45.5	43,564,036	58.9	48,861,694	62.3
Total	**80,838,530**	**100.0**	**74,018,936**	**100.0**	**78,383,379**	**100.0**

Cost of Sales

Our cost of sales mainly consisted of cost of raw materials, labor costs, freight costs and depreciation and amortization. The following table sets forth a breakdown of our cost of sales by nature both in absolute amounts and as percentages of total cost of sales for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Cost of raw materials	53,042,820	84.8	45,673,947	83.9	47,704,606	83.0
Labor costs	2,641,158	4.2	2,569,302	4.7	2,962,501	5.2
Freight costs	3,795,002	6.1	2,187,078	4.0	2,295,195	4.0
Depreciation and amortization	1,423,456	2.3	1,783,752	3.3	2,026,478	3.5
Others	1,639,803	2.6	2,228,647	4.1	2,491,610	4.3
Total	**62,542,239**	**100.0**	**54,442,726**	**100.0**	**57,480,390**	**100.0**

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Business Segment

Gross profit margins vary across product categories due to differences in product mix, market dynamics, cost structures and competitive positioning. Changes in product mix may result in fluctuation in our overall profit margin and our profitability.

The following table sets forth a breakdown of gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)					
Excavating machinery	9,167,225	25.6	8,527,198	30.9	9,666,046	31.8
Concrete machinery	3,130,432	20.8	3,317,262	21.7	2,947,573	20.5
Hoisting machinery	1,757,631	13.9	2,990,011	23.0	3,570,786	27.2
Piling machinery	1,062,439	34.7	680,306	32.6	679,935	32.8
Road machinery	643,079	20.9	706,114	28.4	825,325	27.5
Others(1)	2,535,485	22.7	3,355,319	24.9	3,213,324	20.8
Total gross profit/overall gross profit margin	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**

Note:

(1) Others mainly included sales of other machinery, such as sales of dump trucks and overseas resales of port machinery and mining trucks.

Gross Profit and Gross Profit Margin by Geographical Region

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

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)					
Mainland China	8,784,035	19.9	6,664,876	21.9	6,353,053	21.5
Overseas	9,512,256	25.9	12,911,334	29.6	14,549,936	29.8
Total gross profit/overall gross profit margin	**18,296,291**	**22.6**	**19,576,210**	**26.4**	**20,902,989**	**26.7**

Selling and Marketing Expenses

Our selling and marketing expenses mainly consisted of salaries and benefits, marketing services fees, travel expenses, office expenses and depreciation and amortization. In 2022, 2023 and 2024, our selling and marketing expenses amounted to RMB4,930.1 million, RMB5,101.9 million and RMB5,464.2 million, respectively, which accounted for 6.1%, 6.9% and 7.0% of our total revenue for the same years, respectively. The following table sets forth a breakdown of our selling and marketing expenses by nature both in absolute amounts and as percentages of total selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Salaries and benefits	2,282,968	46.3	2,420,033	47.4	2,934,868	53.7
Marketing services fees	1,477,012	30.0	1,015,957	19.9	781,750	14.3
Travel expenses	230,143	4.7	292,986	5.7	250,326	4.6
Office expenses	115,544	2.3	167,074	3.3	152,935	2.8
Depreciation and amortization	93,705	1.9	151,616	3.0	133,664	2.4
Others[(1)]	730,767	14.8	1,054,260	20.7	1,210,671	22.2
Total	**4,930,139**	**100.0**	**5,101,926**	**100.0**	**5,464,214**	**100.0**

Note:

(1) Others mainly included advertising expenses, insurance premium, rental and storage costs.

Administrative Expenses

Our administrative expenses primarily consisted of salaries and benefits, depreciation and amortization, and taxes and surcharges. In 2022, 2023 and 2024, our administrative expenses amounted to RMB3,056.2 million, RMB3,117.2 million and RMB3,487.7 million, respectively, which accounted for 3.8%, 4.2% and 4.4% of our total revenue for the same periods, respectively. The following table sets forth a breakdown of our administrative expenses by nature both in absolute amounts and as percentages of total administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentage)					
Salaries and benefits	1,592,407	52.1	1,389,670	44.6	1,702,426	48.7
Depreciation and amortization	455,895	14.9	534,482	17.1	587,935	16.9
Taxes and surcharges	368,553	12.1	423,706	13.6	431,159	12.4
Others[1]	639,368	20.9	769,325	24.7	766,180	22.0
Total	**3,056,223**	**100.0**	**3,117,183**	**100.0**	**3,487,700**	**100.0**

Note:

(1) Others mainly included maintenance fees, travel expenses, office expenses, consultation fees and intermediary fees.

Research and Development Expenses

Our research and development expenses primarily consisted of salaries and benefits, direct costs, depreciation and amortization, and design and testing expenses. In 2022, 2023 and 2024, our research and development expenses amounted to RMB6,922.9 million, RMB5,864.6 million and RMB5,380.6 million, respectively, which accounted for 8.6%, 7.9% and 6.9% of our total revenue for the same years, respectively. The following table sets forth a breakdown of our research and development expenses by nature both in absolute amounts and as percentages of total research and development expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentages)					
Salaries and benefits	3,408,980	49.2	3,238,055	55.2	2,922,958	54.3
Direct costs	2,148,868	31.0	1,270,265	21.7	1,213,151	22.5
Depreciation and amortization	433,286	6.3	619,718	10.6	609,341	11.4

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB'000, except for percentages)					
Design and testing expenses	356,757	5.2	215,180	3.7	219,950	4.1
Others[(1)]	575,022	8.3	521,377	8.8	415,221	7.7
Total	**6,922,913**	**100.0**	**5,864,595**	**100.0**	**5,380,621**	**100.0**

Note:

(1) Others primarily include consultation fees such as consultation fees for research and development of technologies, and utilities costs.

Other Income and Gains, Net

Our other income and gains, net mainly consisted of (i) government grants, which mainly represented government subsidies to support our advanced manufacturing and technological development, (ii) interest income, (iii) net realized and unrealized gains/(losses) on financial assets at FVPL and amortized cost and (iv) foreign exchange differences, net. In 2022, 2023 and 2024, our other income and gains, net amounted to RMB2,845.2 million, RMB2,137.0 million and RMB2,322.2 million, respectively. For more details, see Note 5 of the Accountants' Report in Appendix I to this Document.

Impairment Losses on Financial Instruments and Contract Assets, Net

Our impairment losses on financial instruments and contract assets, net represented provisions for impairment of trade receivables, contract assets, receivables under finance lease, loans and advances, and financial assets included in prepayments, other receivables, other assets and financial guarantee contracts in other non-current liabilities. In 2022, 2023 and 2024, our impairment losses on financial instruments and contract assets, net amounted to RMB560.2 million, RMB1,173.9 million and RMB897.3 million, respectively.

Loss on Derecognition of Financial Assets at Amortized Cost

Our loss on derecognition of financial assets at amortized cost mainly represented losses arising from the issuance of asset-backed securities ("ABS") backed by receivables. We recorded loss on derecognition of financial assets at an amortized cost of RMB21.8 million, nil and RMB0.4 million in 2022, 2023 and 2024, respectively.

Other Expenses, Net

Our other expenses, net mainly consisted of provision on inventory write-down, impairment of property, plant and equipment, impairment of investment properties, impairment of other intangible assets and donation expenses. In 2022, 2023 and 2024, our other expenses, net amounted to RMB188.0 million, RMB175.4 million and RMB300.4 million, respectively.

Finance Costs

Our finance costs represented interest on bank loans and other borrowings and interest on lease liabilities, less capitalized interest. In 2022, 2023 and 2024, our finance costs amounted to RMB624.9 million, RMB1,013.6 million and RMB845.1 million, respectively.

Share of Profits and Losses of Joint Ventures

Our share of profits and losses of joint ventures primarily represented profits and losses we recognized in proportion to our equity interests from our investment in joint ventures, which amounted to RMB9.7 million, RMB51.6 million and RMB45.2 million in 2022, 2023 and 2024, respectively.

Share of Profits and Losses of Associates

Our share of profits and losses of associates primarily represented profits and losses we recognized in proportion to our equity interests from investments in associates, which amounted to profit of RMB16.9 million, loss of RMB1.7 million and profit of RMB13.2 million in 2022, 2023 and 2024, respectively.

Income Tax Expense

Our income tax expenses mainly represented income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. In 2022, 2023 and 2024, our income tax expenses amounted to RMB431.1 million, RMB710.4 million and RMB815.2 million, respectively.

Mainland China

Pursuant to the PRC EIT Law and the relevant regulations, the subsidiaries which operate in mainland China are subject to an EIT rate of 25% on the taxable income except those subsidiaries which are subject to a tax concession of 15%.

Hong Kong

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

Germany

The subsidiaries which operate in Germany are subject to profits tax at a rate of 15%.

Other Countries

Income tax on profit arising from other jurisdictions has been calculated on the estimated taxable profit for the year at the respective rates prevailing in the relevant jurisdictions.

See Note 10 of the Accountants' Report in Appendix I to this Document for more information.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 5.9% from RMB74,018.9 million in 2023 to RMB78,383.4 million in 2024.

Revenue by Business Segment

Revenue from our excavating machinery increased by 9.9% from RMB27,635.7 million in 2023 to RMB30,373.6 million in 2024, primarily due to (i) continued growth in overseas sales of large and medium-sized excavators and (ii) a rebound in domestic demand for small excavators driven by the gradual recovery in China's excavator market.

Revenue from our concrete machinery decreased by 6.2% from RMB15,314.6 million in 2023 to RMB14,368.0 million in 2024, primarily due to a decline in domestic sales attributable to weak demand in China's real estate and infrastructure sectors, partially offset by continued growth in overseas sales.

Revenue from our hoisting machinery increased by 0.9% from RMB12,999.2 million in 2023 to RMB13,115.0 million in 2024, primarily due to increased overseas sales.

Revenue from our piling machinery remained relatively stable at RMB2,085.2 million in 2023 and RMB2,076.1 million in 2024.

Revenue from our road machinery increased by 20.7% from RMB2,485.5 million in 2023 to RMB3,001.2 million in 2024, primarily due to growth in overseas sales of key products such as rollers, motor graders and pavers.

Revenue from others increased by 14.5% from RMB13,498.8 million in 2023 to RMB15,449.4 million in 2024, primarily due to increased market demand for dump trucks.

Revenue by Geographical region

Revenue from mainland China decreased by 3.1% from RMB30,454.9 million in 2023 to RMB29,521.7 million in 2024, primarily because China's real estate and infrastructure sectors are still in the bottoming out phase.

Revenue from overseas increased by 12.2% from RMB43,564.0 million in 2023 to RMB48,861.7 million in 2024, primarily due to our continuing efforts to promote our globalization strategy, resulting in rapid revenue growth in emerging overseas markets including Africa, the Middle East and Latin America markets.

Cost of Sales

Our cost of sales increased by 5.6% from RMB54,442.7 million in 2023 to RMB57,480.4 million in 2024, primarily due to an increase in cost of raw materials in line with the increase in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 6.8% from RMB19,576.2 million in 2023 to RMB20,903.0 million in 2024. In 2023 and 2024, our gross profit margin increased from 26.4% in 2023 to 26.7% in 2024.

Gross Profit Margin by Business Segment

The gross profit margin for our excavating machinery increased from 30.9% in 2023 to 31.8% in 2024, primarily due to lower production costs because of improvements in the cost-effectiveness of manufacturing technology.

The gross profit margin for our concrete machinery decreased from 21.7% in 2023 to 20.5% in 2024, primarily because (i) China's real estate sector is still in the bottoming out phase, and (ii) revenue contribution from low-margin products increased.

The gross profit margin for our hoisting machinery increased from 23.0% in 2023 to 27.2% in 2024, primarily due to (i) increased revenue contribution from overseas markets, and (ii) cost reduction in small and medium-sized cranes.

The gross profit margin for our piling machinery remained relatively stable at 32.6% in 2023 and 32.8% in 2024.

The gross profit margin for our road machinery decreased from 28.4% in 2023 to 27.5% in 2024, primarily due to increased revenue contribution from low-margin products.

Our gross profit margin for others decreased from 24.9% in 2023 to 20.8% in 2024, primarily due to increased revenue contribution from low-margin products.

Gross Profit Margin by Geographical region

Our gross profit margin from mainland China remained relatively stable at 21.9% in 2023 and 21.5% in 2024.

Our gross profit margin from overseas markets remained relatively stable at 29.6% in 2023 and 29.8% in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.1% from RMB5,101.9 million in 2023 to RMB5,464.2 million in 2024, primarily due to the expansion of our sales team and increased salaries and benefits. Our selling and marketing expenses as a percentage of our revenue remained stable at 6.9% in 2023 and 7.0% in 2024.

Administrative Expenses

Our administrative expenses increased by 11.9% from RMB3,117.2 million in 2023 to RMB3,487.7 million in 2024, primarily due to an increase in salaries and benefits. Our administrative expenses as a percentage of our revenue remained relatively stable at 4.2% in 2023 and 4.4% in 2024.

Research and Development Expenses

Our research and development expenses decreased by 8.3% from RMB5,864.6 million in 2023 to RMB5,380.6 million in 2024, and research and development expenses as a percentage of our revenue decreased from 7.9% in 2023 to 6.9% in 2024, primarily due to higher efficiency and returns on research and development expenses by leveraging our digital intelligent R&D platform and enhancing the management of our R&D projects.

Other Income and Gains, Net

Our other income and gains, net increased by 8.7% from RMB2,137.0 million in 2023 to RMB2,322.2 million in 2024, primarily due to a change in net realized and unrealized gains/(losses) on financial assets at FVPL and amortized cost from a net loss of RMB270.3 million in 2023 to a net gain of RMB464.7 million in 2024.

Impairment Losses on Financial Instruments and Contract Assets, Net

Our impairment losses on financial instruments and contract assets, net decreased by 23.6% from RMB1,173.9 million in 2023 to RMB897.3 million in 2024, primarily due to a decrease in provisions for impairment of trade receivables.

Other Expenses, Net

Our other expenses, net increased by 71.3% from RMB175.4 million in 2023 to RMB300.4 million in 2024, primarily due to an increase in provision for inventory write-down.

Finance Costs

Our finance costs decreased by 16.6% from RMB1,013.6 million in 2023 to RMB845.1 million in 2024, primarily due to a decrease in interest on bank loans and other borrowings due to our repayment of certain borrowings.

Income Tax Expense

Our income tax expense increased by 14.8% from RMB710.4 million in 2023 to RMB815.2 million in 2024, primarily due to an increase in profit before income tax in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 32.3 % from RMB4,606.1 million in 2023 to RMB6,092.5 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our total revenue decreased by 8.4% from RMB80,838.5 million in 2022 to RMB74,018.9 million in 2023.

Revenue by Business Segment

Revenue from our excavating machinery decreased by 22.7% from RMB35,755.6 million in 2022 to RMB27,635.7 million in 2023, primarily due to decreased domestic sales as a result of a slowdown in China's real estate and infrastructure sectors, partially offset by increased overseas sales of large excavators.

Revenue from our concrete machinery increased by 1.6% from RMB15,080.4 million in 2022 to RMB15,314.6 million in 2023, primarily due to increased overseas sales resulting from the introduction of new products, partially offset by decreased domestic sales resulting from reduced domestic demand affected by a slowdown in China's real estate and infrastructure sectors.

Revenue from our hoisting machinery remained relatively stable at RMB12,669.9 million in 2022 and RMB12,999.2 million in 2023, primarily due to increased overseas sales resulting from the expansion of products available for overseas sales, partially offset by decreased domestic sales resulting from reduced domestic demand affected by a slowdown in China's real estate sectors.

Revenue from our piling machinery decreased by 32.0% from RMB3,065.2 million in 2022 to RMB2,085.2 million in 2023, primarily due to decreased domestic sales resulting from reduced domestic demand affected by a slowdown in China's real estate sectors.

Revenue from our road machinery decreased by 19.3% from RMB3,080.8 million in 2022 to RMB2,485.5 million in 2023, primarily due to decreased domestic sales resulting from reduced domestic demand affected by a slowdown in China's infrastructure sectors.

Revenue from others increased by 20.7% from RMB11,186.5 million in 2022 to RMB13,498.8 million in 2023, primarily due to increased sales of dump trucks and fire trucks and increased overseas resales of mining trucks and port machinery.

Revenue by Geographical region

Revenue from mainland China decreased by 30.9% from RMB44,049.8 million in 2022 to RMB30,454.9 million in 2023, primarily because a slowdown in China's real estate and infrastructure sectors reduced domestic demand for construction machinery.

Revenue from overseas increased by 18.4% from RMB36,788.7 million in 2022 to RMB43,564.0 million in 2023, primarily due to our continuing efforts to promote our globalization strategy, resulting in rapid revenue growth in European and African markets.

Cost of Sales

Our cost of sales decreased by 13.0% from RMB62,542.2 million in 2022 to RMB54,442.7 million in 2023, primarily due to a decrease in the cost of raw materials in line with the revenue decrease.

Gross Profit and Gross Profit Margin

Our gross profit increased by 7.0% from RMB18,296.3 million in 2022 to RMB19,576.2 million in 2023. Our gross profit margin increased from 22.6% in 2022 to 26.4% in 2023.

Gross Profit Margin by Business Segment

The gross profit margin for our excavating machinery increased from 25.6% in 2022 to 30.9% in 2023, primarily due to (i) price increases brought by the product upgrade of domestic excavating machinery in China, (ii) increased revenue contribution from overseas sales, and (iii) reduced costs including (a) lower production costs because of a decrease in both steel prices and optimization of manufacturing technologies, and (b) freight costs.

The gross profit margin for our concrete machinery increased from 20.8% in 2022 to 21.7% in 2023, primarily due to (i) a change in the product mix with a larger proportion of high-margin products and (ii) decreased production costs resulting from increased in-house production of parts and components.

The gross profit margin for our hoisting machinery increased from 13.9% in 2022 to 23.0% in 2023, primarily due to (i) increased revenue contribution from overseas sales, (ii) a change in the product mix with a larger proportion of high-margin products and the phase-out of low-margin models and (iii) reduced costs including (a) lower production costs because of a decrease in steel prices and optimization of manufacturing technologies and (b) lower freight costs.

The gross profit margin for our piling machinery decreased from 34.7% in 2022 to 32.6% in 2023, primarily due to increased revenue contribution from the sales of second-hand machinery.

The gross profit margin for our road machinery increased from 20.9% in 2022 to 28.4% in 2023, primarily due to (i) price increases brought about by the product upgrade of road machinery in China, (ii) reduced costs including (a) lower production costs because of a decrease in steel prices and localization of core parts and components, and (b) lower freight costs.

Our gross profit margin for others increased from 22.7% in 2022 to 24.9% in 2023, primarily due to a change in the product mix with a greater share of high-margin products such as fire trucks.

Gross Profit Margin by Geographical region

Our gross profit margin from mainland China increased from 19.9% in 2022 to 21.9% in 2023. Despite the decline in domestic sales due to reduced domestic demand caused by the slowdown in China's real estate and infrastructure sectors, our gross profit margin from mainland China demonstrated an upward trend. This was achieved by optimizing product structure, focusing on high-margin products, launching new products with higher prices and implementing a comprehensive cost management strategy, including improving manufacturing technology and increasing the proportion of in-house production parts.

Our gross profit margin from overseas increased from 25.9% in 2022 to 29.6% in 2023, primarily due to (i) an increase in the price of certain products such as excavators, (ii) reduced costs including (a) reduced production costs driven by improvement in the cost-effectiveness of manufacturing technologies and (b) lower overseas freight expenses.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB4,930.1 million in 2022 and RMB5,101.9 million in 2023. Selling and marketing expenses as a percentage of our revenue increased from 6.1% in 2022 to 6.9% in 2023, primarily due to increased revenue contribution from overseas sales which generally incur higher selling and marketing expenses compared to domestic sales, mainly in terms of salaries and benefits, insurance premium and rental and storage costs.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB3,056.2 million in 2022 and RMB3,117.2 million in 2023. Administrative expenses as a percentage of our revenue increased from 3.8% in 2022 to 4.2% in 2023, primarily due to a decline in our revenue while administrative expenses remained relatively stable.

Research and Development Expenses

Our research and development expenses decreased by 15.3% from RMB6,922.9 million in 2022 to RMB5,864.6 million in 2023, while research and development expenses as a percentage of our revenue decreased from 8.6% in 2022 to 7.9% in 2023, primarily due to higher efficiency and returns on research and development expenses by leveraging our digital R&D platform and enhancing the management of our R&D projects.

Other Income and Gains, Net

Our other income and gains, net decreased by 24.9% from RMB2,845.2 million in 2022 to RMB2,137.0 million in 2023, primarily due to (i) a change in net realized and unrealized gains/(losses) on financial assets at FVPL and amortized cost from a net gain of RMB677.9 million in 2022 to a net loss of RMB270.3 million in 2023, and (ii) a decrease in government grants, partially offset by higher interest income resulting from an increase in bank deposit balances.

Impairment Losses on Financial Instruments and Contract Assets, Net

Our impairment losses on financial instruments and contract assets, net increased by 109.6% from RMB560.2 million in 2022 to RMB1,173.9 million in 2023, primarily due to an increase in provisions for impairment of trade receivables.

Other Expenses, Net

Our other expenses, net decreased by 6.7% from RMB188.0 million in 2022 to RMB175.4 million in 2023, primarily due to a decrease in provision for inventory write-downs.

Finance Costs

Our finance costs increased by 62.2% from RMB624.9 million in 2022 to RMB1,013.6 million in 2023, primarily due to an increase in interest on bank loans and other borrowings resulting from an increase in our outstanding amount of long-term borrowings.

Income Tax Expense

Our income tax expense increased by 64.8% from RMB431.1 million in 2022 to RMB710.4 million in 2023, primarily due to an increase in profit before tax in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 3.9% from RMB4,432.8 million in 2022 to RMB4,606.1 million in 2023.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Non-Current Assets and Liabilities

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

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Non-current assets			
Property, plant and equipment	23,843,537	25,004,158	23,686,341
Investment properties	152,323	139,416	218,063
Right-of-use assets	2,873,324	3,353,218	3,271,596
Goodwill	47,501	49,661	48,010
Other intangible assets	2,487,030	2,547,369	2,310,253
Investment in joint ventures	206,016	258,131	302,024
Investments in associates	2,033,035	2,142,781	2,122,494
Financial assets at FVOCI	1,332,642	970,897	608,455
Financial assets at FVPL	340,288	310,913	285,051
Loans and advances	5,107,261	3,038,115	1,285,536
Trade receivables	4,445,647	2,850,246	2,913,625
Receivables under finance lease	7,423,445	9,685,274	9,897,782
Contract assets	75,159	59,322	52,511
Deferred tax assets	2,499,338	3,070,315	3,576,592
Other non-current assets	289,620	89,197	61,424
Total non-current assets	**53,156,166**	**53,569,013**	**50,639,757**
Non-current liabilities			
Interest-bearing bank and other borrowings	21,624,937	23,555,728	11,556,182
Lease liabilities	308,068	550,576	541,634
Deferred income	2,130,628	2,387,473	2,347,376
Deferred tax liabilities	734,738	825,349	792,251
Other non-current liabilities	317,359	295,185	236,806
Total non-current liabilities	**25,115,730**	**27,614,311**	**15,474,249**

Current Assets and Liabilities

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

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB'000)			
				(Unaudited)
Current assets				
Inventories	19,738,362	19,767,762	19,947,981	20,236,263
Trade and bills receivables	27,395,762	26,573,655	28,343,222	29,720,053
Contract assets	58,548	67,102	99,206	96,948
Prepayments, other receivables and other assets	10,839,670	11,213,796	11,839,513	11,229,439
Financial assets at FVOCI	294,478	365,819	456,501	431,939
Financial assets at FVPL	14,816,602	10,848,936	11,062,402	11,846,798
Derivative financial instruments	374,301	334,063	375,720	182,485
Loans and advances	6,049,659	3,741,246	2,016,412	1,716,049
Receivables under finance lease	4,659,811	6,346,853	6,531,876	6,650,534
Restricted deposits	962,954	704,117	689,488	928,320
Time deposits with original maturity of more than three months	7,880,313	9,529,137	8,566,529	12,354,541
Cash and cash equivalents	12,695,771	8,141,859	11,576,469	7,727,302
Total current assets	**105,766,231**	**97,634,345**	**101,505,319**	**103,120,671**
Current liabilities				
Trade and bills payables	28,906,687	22,692,726	28,654,359	30,456,014
Other payables and accruals	16,988,748	15,497,290	14,570,090	13,884,668
Contract liabilities	1,896,711	2,177,672	2,520,831	2,656,200
Derivative financial instruments	241,152	237,420	106,762	175,029
Placements from banks	6,523,735	5,435,397	3,507,970	3,595,919
Interest-bearing bank and other borrowings	12,348,070	7,470,111	13,354,749	10,526,139
Lease liabilities	153,718	253,103	215,933	279,074
Income tax payable	665,080	663,295	738,534	954,607
Total current liabilities	**67,723,901**	**54,427,014**	**63,669,228**	**62,527,650**
Net current assets	**38,042,330**	**43,207,331**	**37,836,091**	**40,593,021**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery equipment, construction in progress, office and other equipment, leasing out equipment under operating leases, transportation equipment and leasehold improvements and renovation costs.

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

	As of December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Buildings	9,531,975	11,185,793	10,702,645
Machinery equipment	8,946,343	10,484,051	10,101,112
Construction in progress	4,000,878	1,366,933	1,139,956
Office and other equipment	846,396	908,648	706,321
Leasing out equipment under operating leases	304,192	654,931	629,282
Transportation equipment	140,545	219,821	229,988
Leasehold improvements and renovation costs	73,208	183,981	177,037
Total	**23,843,537**	**25,004,158**	**23,686,341**

Our property, plant and equipment increased by 4.9% from RMB23,843.5 million as of December 31, 2022 to RMB25,004.2 million as of December 31, 2023, primarily due to (i) an increase in buildings as we completed the construction of various manufacturing facilities in 2023, partially offset by a decrease in construction in progress and (ii) an increase in machinery equipment as we purchased more intelligent and digitalized machinery and equipment for our smart factories in line with our strategy on digitalization. Our property, plant and equipment decreased by 5.3% from RMB25,004.2 million as of December 31, 2023 to RMB23,686.3 million as of December 31, 2024, primarily due to (i) depreciation and (ii) a decrease in the book value of buildings resulting from the disposal of certain buildings.

Right-of-use Assets

Our right-of-use assets comprised leased assets including buildings, machinery equipment, transportation equipment, office equipment and leasehold land. Our right-of-use assets increased by 16.7% from RMB2,873.3 million as of December 31, 2022 to RMB3,353.2 million as of December 31, 2023, primarily due to the leasing of warehouses in overseas markets. Our right-of-use assets decreased by 2.4% from RMB3,353.2 million as of December 31, 2023 to RMB3,271.6 million as of December 31, 2024, primarily due to depreciation and amortization.

Other Intangible Assets

Our other intangible assets primarily include development expenditures, patents, trademarks, software licenses and other non-physical assets. Our other intangible assets increased by 2.4% from RMB2,487.0 million as of December 31, 2022 to RMB2,547.4 million as of December 31, 2023, primarily due to an increase in software and patents. Our other intangible assets decreased by 9.3% from RMB2,547.4 million as of December 31, 2023 to RMB2,310.3 million as of December 31, 2024, primarily due to the amortization of intangible assets.

Financial Assets at FVOCI

Our non-current portion of financial assets at FVOCI comprised our equity investments at fair value. Our non-current portion of financial assets at FVOCI decreased by 27.1% from RMB1,332.6 million as of December 31, 2022 to RMB970.9 million as of December 31, 2023, primarily due to fluctuations in the fair value of our equity investments. Our non-current portion of financial assets at FVOCI decreased by 37.3% from RMB970.9 million as of December 31, 2023 to RMB608.5 million as of December 31, 2024, primarily due to our disposal of certain equity investments.

Our current portion of financial assets at FVOCI represented the bank acceptance notes held for collection of contractual cash flows and for selling. Our current portion of financial assets at FVOCI increased by 24.2% from RMB294.5 million as of December 31, 2022 to RMB365.8 million as of December 31, 2023, and further increased by 24.8% from RMB365.8 million as of December 31, 2023 to RMB456.5 million as of December 31, 2024, primarily because we held more high credit-rated bank acceptance bills.

Financial Assets at FVPL

Our non-current portion of financial assets at FVPL mainly represented our fund investments and non-listed equity investments at fair value. Our non-current portion of financial assets at FVPL decreased by 8.6% from RMB340.3 million as of December 31, 2022 to RMB310.9 million as of December 31, 2023, and further decreased by 8.3% from RMB310.9 million as of December 31, 2023 to RMB285.1 million as of December 31, 2024, primarily due to fluctuations in the fair value of our fund investments and non-listed equity investments

Our current portion of financial assets at FVPL primarily represented our debt investment at fair value. Our current portion of financial assets at FVPL decreased by 26.8% from RMB14,816.6 million as of December 31, 2022 to RMB10,848.9 million as of December 31, 2023 primarily due to the disposal of certain debt investment at fair value and listed equity investments at fair value. Our current portion of financial assets at FVPL increased by 2.0% from RMB10,848.9 million as of December 31, 2023 to RMB11,062.4 million as of December 31, 2024, primarily due to our increased debt investment at fair value.

Receivables under Finance Lease

Our receivables under finance lease represented receivables from our finance lease services, which comprised gross investments by us less unearned finance income. The following table sets forth a breakdown of our receivables under finance lease as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Gross investments	13,452,754	17,955,387	18,576,435
Unearned finance income	(1,022,509)	(1,430,970)	(1,614,418)
	12,430,245	16,524,417	16,962,017
Less: loss allowance	(346,989)	(492,290)	(532,359)
Total	**12,083,256**	**16,032,127**	**16,429,658**

Our receivables under finance lease increased by 32.7% from RMB12,083.3 million as of December 31, 2022 to RMB16,032.1 million as of December 31, 2023, primarily due to an increased adoption of finance lease as a payment method by our customers, despite a decline in overall sales. Our receivables under finance lease remained relatively stable at RMB16,032.1 million as of December 31, 2023 and RMB16,429.7 million as of December 31, 2024.

Inventories

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

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Raw materials	4,791,265	4,184,971	3,883,479
Work-in-progress	2,381,731	1,930,155	1,981,985
Finished goods	13,023,768	14,146,525	14,640,170
	20,196,764	20,261,651	20,505,634
Less: Provision for impairment loss	(458,402)	(493,889)	(557,653)
Total	**19,738,362**	**19,767,762**	**19,947,981**

Our inventories remained relatively stable at RMB19,738.4 million, RMB19,767.8 million and RMB19,948.0 million as of December 31, 2022, 2023 and 2024, respectively.

As of March 31, 2025, RMB6,589.6 million, or 33.0% of inventories as of December 31, 2024, had been used, consumed or sold subsequent to December 31, 2024.

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	111	132	126

Note:

(1) Inventory turnover days are calculated using the average of beginning balance and ending balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days.

Our inventory turnover days increased from 111 days in 2022 to 132 days in 2023, primarily due to (i) a decline in domestic market demand, leading to slower sales and extended inventory turnover days and (ii) the expansion of our overseas business, which involves longer turnover time due to factors such as international shipping. Our inventory turnover days decreased from 132 days in 2023 to 126 days in 2024, primarily due to our strengthened management of inventory scale.

Trade and Bills Receivables

Our trade and bills receivables primarily represented receivables from our customers for the sales of our products. We had trade and bills receivables of RMB31,841.4 million, RMB29,423.9 million and RMB31,256.8 million as of December 31, 2022, 2023 and 2024, respectively.

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

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Trade receivables	34,005,099	32,873,445	35,143,568
Bills receivables, at amortized cost	588,860	306,049	397,632
Impairment	(2,752,550)	(3,755,593)	(4,284,353)
Total	**31,841,409**	**29,423,901**	**31,256,847**
Analyzed into:			
Current portion	27,395,762	26,573,655	28,343,222
Non-current portion	4,445,647	2,850,246	2,913,625

Amid a challenging operating environment marked by a slowdown of the real estate market, we implemented prudent receivables management policies to mitigate credit risks and enhance cash flow stability. Our trade and bills receivables decreased by 7.6% from RMB31,841.4 million as of December 31, 2022 to RMB29,423.9 million as of December 31, 2023, primarily due to our enhanced efforts in the collection of trade receivables. Our trade and bills receivables increased by 6.2% from RMB29,423.9 million as of December 31, 2023 to RMB31,256.8 million as of December 31, 2024, mainly in line with our revenue growth in 2024.

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

	As of December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Within one year	30,072,307	28,718,602	30,055,683
After one year but within two years	1,627,865	1,329,627	2,065,787
After two years but within three years	777,798	790,517	753,353
After three years but within four years	387,101	488,762	622,035
After four years but within five years	335,571	373,009	446,088
After five years	1,393,317	1,478,977	1,598,254
Impairment	(2,752,550)	(3,755,593)	(4,284,353)
Total	**31,841,409**	**29,423,901**	**31,256,847**

The following table sets forth our trade and bills receivables turnover days for the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
Trade and bills receivables turnover days[(1)]	133	151	141

Note:

(1) Trade and bills receivables turnover days are calculated using the average of beginning balance and ending balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 365 days.

Our trade and bills receivables turnover days increased from 133 days in 2022 to 151 days in 2023, primarily due to a decrease in our revenue. Our trade and bills receivables turnover days decreased from 151 days in 2023 to 141 days in 2024, primarily due to an increase in our revenue.

As of March 31, 2025, RMB8,622.2 million, or 24.3% of our trade and bills receivables as of December 31, 2024, had been settled subsequent to December 31, 2024.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets mainly consisted of debt investments at amortized cost, deposits and other receivables, VAT recoverable, prepayments for suppliers, prepayment of corporate income tax and prepayment of other taxes.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Debt investments, at amortized cost	3,669,607	4,921,040	5,359,465
Deposits and other receivables[(1)]	3,395,273	3,658,313	3,764,265
VAT recoverable	2,472,921	1,779,167	2,084,077
Prepayments for suppliers	1,041,546	751,872	970,721
Prepayment of corporate income tax	525,173	610,870	378,942
Prepayment of other taxes	256,971	133,541	96,360
Others	15,242	6,408	7,194
	11,376,733	11,861,211	12,661,024
Impairment allowance	(537,063)	(647,415)	(821,511)
Total	**10,839,670**	**11,213,796**	**11,839,513**

Note:

(1) Certain of our end customers may finance their purchases of our products through mortgage loans or finance leases. Our distributors and we may jointly provide guarantees for end customers' repayment obligations to financial institutions. In the event that both end customer and distributor fail to make the repayment, we may facilitate the fulfilment of guarantee obligations pursuant to our cooperation agreements with financial institutions, by making the repayment to the financial institution through the distributor. Our distributors' repayment obligations to us arising from these arrangements constituted part of our other receivables during the Track Record Period.

Our prepayments, other receivables and other assets increased by 3.5% from RMB10,839.7 million as of December 31, 2022 to RMB11,213.8 million as of December 31, 2023, primarily due to the increase in debt investments at amortized cost. Our prepayments, other receivables and other assets remained relatively stable at RMB11,213.8 million as of December 31, 2023 and RMB11,839.5 million as of December 31, 2024.

Trade and Bills Payables

Our trade and bills payables primarily represented our payables to suppliers for the procurement of raw materials. Our trade and bills payables decreased by 21.5% from RMB28,906.7 million as of December 31, 2022 to RMB22,692.7 million as of December 31, 2023, mainly attributable to reduced procurement of raw materials in line with our revenue decrease. Our trade and bills payables increased by 26.3% from RMB22,692.7 million as of December 31, 2023 to RMB28,654.4 million as of December 31, 2024, mainly due to increased procurement of raw materials in line with our revenue increase and the continuous optimization of our credit terms granted by our suppliers.

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

	As of December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Within 1 year	28,801,871	22,506,872	28,396,361
Over 1 year	104,816	185,854	257,998
Total	**28,906,687**	**22,692,726**	**28,654,359**

The following table sets forth our trade and bills payables turnover days for the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
Trade and bills payables turnover days[(1)]	168	173	163

Note:

(1) Trade and bills payables turnover days are calculated using the average of beginning balance and ending balance of trade and bills payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days.

Our trade and bills payables turnover days increased from 168 days in 2022 to 173 days in 2023, primarily due to a decrease in our cost of sales. Our trade and bills payables turnover days decreased from 173 days in 2023 to 163 days in 2024, primarily due to an increase in our cost of sales.

As of March 31, 2025, RMB7,186.6 million, or 25.1% of our trade and bills payables as of December 31, 2024, had been settled subsequent to December 31, 2024.

Other payables and accruals

Our other payables and accruals primarily represented provisions and accruals, employee benefits payables, payables for ABS and factoring transfer payments, payables to external entities, output VAT to be transferred, payables for purchases of equipment, other tax payables, payables for construction costs, dividends payable, payables to individuals and other payables.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Provisions and accruals	4,704,044	4,449,940	4,341,943
Employee benefits payables	3,166,739	3,017,925	3,139,635
Payables for ABS and factoring transfer payments	2,246,948	1,823,086	1,532,317
Payables to external entities	2,196,549	2,356,044	2,095,553
Output VAT to be transferred	1,594,280	1,200,776	1,013,466
Payables for purchases of equipment	1,345,899	1,291,437	1,102,258
Other tax payables	527,728	399,211	485,098
Payables for construction costs	401,929	467,795	454,115
Dividends payable	350,315	113,986	213,862
Payables to individuals	339,442	337,622	179,302
Other payables	114,875	39,468	12,541
Total	**16,988,748**	**15,497,290**	**14,570,090**

Our other payables and accruals decreased by 8.8% from RMB16,988.7 million as of December 31, 2022 to RMB15,497.3 million as of December 31, 2023, mainly attributable to (i) a decrease in payables for ABS and factoring transfer payments resulting from the decline in their respective volumes, (ii) a decrease in output VAT to be transferred, and (iii) a decrease in dividends payable. Our other payables and accruals decreased by 6.0% from RMB15,497.3 million as of December 31, 2023 to RMB14,570.1 million as of December 31, 2024, mainly attributable to (i) a decrease in payables for ABS and factoring transfer payments resulting from the decline in their respective volumes, (ii) a decrease in output VAT to be transferred and (iii) a decrease in payables for purchases of equipment resulting from our payment of the amounts due for the purchase of equipment.

Contract Liabilities

Our contract liabilities primarily represented advance payments received from customers in accordance with contractual agreements, which are expected to be fulfilled and recognized as revenue within one year. Our contract liabilities increased by 14.8% from RMB1,896.7 million as of December 31, 2022 to RMB2,177.7 million as of December 31, 2023, and further increased by 15.8% from RMB2,177.7 million as of December 31, 2023 to RMB2,520.8 million as of December 31, 2024, primarily because we generally required our overseas customers to make advance payments before shipment and our overseas revenue contribution continued to increase in 2023 and 2024.

Net Current Assets

Our net current assets increased from RMB37,836.1 million as of December 31, 2024 to RMB40,593.0 million as of March 31, 2025, primarily due to (i) a decrease in interest-bearing bank and other borrowings resulting from the repayment of certain borrowings; (ii) a decrease in other payables and accruals resulting from payment of salaries and benefits; and (iii) an increase in time deposits with original maturities of more than three months, partially offset by a decrease in cash and cash equivalents resulting from our repayment of certain bank borrowings and purchase of wealth management products.

Our net current assets decreased from RMB43,207.3 million as of December 31, 2023 to RMB37,836.1 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables resulting from an increase in the procurement of raw materials in line with revenue increase and (ii) an increase in interest-bearing bank and other borrowings to supplement our working capital.

Our net current assets increased from RMB38,042.3 million as of December 31, 2022 to RMB43,207.3 million as of December 31, 2023, primarily due to (i) a decrease in trade and bills payables resulting from a decrease in the procurement of raw materials, and (ii) a decrease in interest-bearing bank and other borrowings resulting from our repayment of certain borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB12,695.8 million, RMB8,141.9 million and RMB11,576.5 million, respectively. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flow

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

	Year ended December 31,		
	2022	2023	2024
		(RMB'000)	
Net cash generated from operating activities	4,097,135	5,708,220	14,814,278
Net cash used in investing activities	(1,836,614)	(2,693,824)	(1,157,848)
Net cash generated from/(used in) financing activities	4,826,439	(7,529,791)	(10,279,150)
Net increase/(decrease) in cash and cash equivalents	7,086,960	(4,515,395)	3,377,280
Cash and cash equivalents at the beginning of the year	5,694,253	12,695,771	8,141,859
Effect of foreign exchange rate changes	(85,442)	(38,517)	57,330
Cash and cash equivalents at the end of the year	**12,695,771**	**8,141,859**	**11,576,469**

Net Cash Generated from Operating Activities

In 2024, our net cash generated from operating activities was RMB14,814.3 million, reflecting our profit before tax of RMB6,907.8 million, adjustments of non-cash and non-operating items, movements in working capital, interest received of RMB1,141.0 million, interest paid of RMB271.9 million and income taxes paid of RMB726.8 million. Adjustments of non-cash and non-operating items primarily comprised depreciation of property, plant and equipment of RMB2,823.0 million and interest expenses of RMB1,285.4 million, partially offset by interest income and financial service income of RMB1,619.8 million. Our movements in working capital primarily comprised an increase in trade and bills payables of RMB6,664.9 million, a decrease in loans and advances of RMB3,473.8 million, partially offset by an increase in trade and bills receivables of RMB2,004.0 million and a decrease in placements from banks of RMB1,931.2 million.

In 2023, our net cash generated from operating activities was RMB5,708.2 million, reflecting our profit before tax of RMB5,316.6 million, adjustments of non-cash and non-operating items, movements in working capital, interest received of RMB1,415.8 million, interest paid of RMB391.7 million and income taxes paid of RMB1,045.2 million. Adjustments of non-cash and non-operating items primarily comprised depreciation of property, plant and equipment of RMB2,500.2 million and interest expenses of RMB1,588.8 million, partially offset by interest income and financial service income of RMB1,777.5 million. Our movements in working capital primarily comprised a decrease in trade and bills payables of RMB4,870.3 million and an increase in receivables under finance lease of RMB3,948.9 million, partially offset by a decrease in loans and advances granted of RMB4,367.2 million and a decrease in trade and bills receivables of RMB2,325.6 million.

In 2022, our net cash generated from operating activities was RMB4,097.1 million, reflecting our profit before tax of RMB4,863.9 million, adjustments of non-cash and non-operating items, movements in working capital, interest received of RMB1,219.8 million, interest paid of RMB362.4 million and income taxes paid of RMB937.0 million. Adjustments of non-cash and non-operating items primarily comprised depreciation of property, plant and equipment of RMB2,087.0 million, and interest income and financial service income of RMB1,507.8 million. Our movements in working capital primarily comprised an increase in trade and bills receivables of RMB4,517.8 million and an increase in receivables under finance lease of RMB4,796.0 million, partially offset by an increase in placements from banks of RMB3,951.6 million, and an increase in other payables and accruals of RMB2,689.8 million.

Net Cash Used in Investing Activities

In 2024, our net cash used in investing activities was RMB1,157.8 million, which was primarily attributable to (i) purchase of property, plant and equipment of RMB2,632.9 million and (ii) payments for the acquisition of financial assets at FVPL of RMB4,912.6 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB4,670.2 million.

In 2023, our net cash used in investing activities was RMB2,693.8 million, primarily attributable to (i) purchases of property, plant and equipment of RMB4,092.2 million and (ii) payments for the acquisition of financial assets at FVPL of RMB2,909.3 million, partially offset by proceeds from the disposal of financial assets at FVPL of RMB6,944.4 million.

In 2022, our net cash used in investing activities was RMB1,836.6 million, primarily attributable to (i) purchases of property, plant and equipment of RMB4,838.2 million, (ii) payments for the acquisition of financial assets at FVPL of RMB3,462.9 million and (iii) payments for the acquisition of derivative financial instruments of RMB3,310.7 million, partially offset by proceeds from the disposal of financial assets at FVPL of RMB3,058.0 million and proceeds from disposal of derivative financial instruments of RMB2,967.0 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In 2024, our net cash used in financing activities was RMB10,279.2 million, which was primarily attributable to repayments of bank loans and other borrowings of RMB34,938.8 million, partially offset by (i) new bank loans and other borrowings of RMB28,229.9 million and (ii) dividends paid to equity shareholders of RMB1,859.7 million.

In 2023, our net cash used in financing activities was RMB7,529.8 million, which was primarily attributable to repayments of bank loans and other borrowings of RMB30,131.2 million, partially offset by (i) new bank loans and other borrowings of RMB25,904.6 million and (ii) dividends paid to equity shareholders of RMB1,350.1 million.

In 2022, our net cash generated from financing activities was RMB4,826.4 million, which was primarily attributable to new bank loans and other borrowings of RMB58,425.9 million, partially offset by (i) repayments of bank loans and other borrowings of RMB49,250.1 million and (ii) dividends paid to equity shareholders of RMB3,800.0 million.

KEY FINANCIAL RATIOS

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

	As of December 31,		
	2022	**2023**	**2024**
Gross profit margin (%)[(1)]	22.6	26.4	26.7
Net profit margin (%)[(2)]	5.5	6.2	7.8
Return on equity (%)[(3)]	6.7	6.8	8.5
Current ratio[(4)]	1.6	1.8	1.6
Gearing ratio (%)[(5)]	58.4	54.3	52.0

Notes:

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

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

(3) Return on equity equals profit attributable to owners of the parent divided by the average of the beginning and ending total equity attributable to owners of the parent multiplied by 100%.

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

(5) Gearing ratio equals total liabilities divided by total assets multiplied by 100%.

INDEBTEDNESS

During the Track Record Period, our indebtedness included interest-bearing bank and other borrowings and lease liabilities. The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
		(RMB'000)		
				(Unaudited)
Current				
Interest-bearing bank and other borrowings	12,348,070	7,470,111	13,354,749	10,526,139
Lease liabilities	153,718	253,103	215,933	279,074

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB'000)			
				(Unaudited)
Non-current				
Interest-bearing bank and other borrowings	21,624,937	23,555,728	11,556,182	11,098,410
Lease liabilities	308,068	550,576	541,634	790,992
Total	**34,434,793**	**31,829,518**	**25,668,498**	**22,694,615**

Interest-Bearing Bank and Other Borrowings

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had interest-bearing bank and other borrowings of RMB33,973.0 million, RMB31,025.8 million, RMB24,910.9 million and RMB21,624.5 million, respectively. Our interest-bearing bank and other borrowings are mainly denominated in Renminbi and the US dollar. The interest rate on our fixed-rate bank borrowings ranges from 0.95% to 3.95%. As of March 31, 2025, our unutilized banking facilities amounted to RMB127.6 billion.

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

Lease Liabilities

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had lease liabilities of RMB461.8 million, RMB803.7 million, RMB757.6 million and RMB1,070.1 million, respectively, mainly representing outstanding payments for our leased assets.

Our lease liabilities increased from RMB461.8 million as of December 31, 2022 to RMB803.7 million as of December 31, 2023, primarily due to the leasing of warehouses in overseas markets. Our lease liabilities decreased from RMB803.7 million as of December 31, 2023 to RMB757.6 million as of December 31, 2024, primarily due to rent payments.

Contingent Liabilities and Guarantees

The following table sets forth the breakdown of contingent liabilities and guarantees as of the dates indicated, which were not recognized in the financial statements:

	As of December 31,		
	2022	2023	2024
		(RMB'000)	
Mortgage loan guarantee obligations	3,956,117	2,189,644	589,036
Finance lease guarantee obligations	20,990,208	16,762,808	13,311,285
Total	**24,946,325**	**18,952,452**	**13,900,321**

Certain of our customers may need to finance their purchase with mortgage loans using the purchased products as collateral. Our distributors or Hunan Zhongfa Assets Management Co., Ltd. ("Hunan Zhongfa"), and ourselves may provide guarantees for the mortgage loans. Under the guarantee arrangement, in the event of a customer's default, the distributor or Hunan Zhongfa, and ourselves may be required to pay for the outstanding amounts due under the mortgage. For more details, see note 45 of the Accountants' Report in Appendix I to this Document.

Certain of our customers may authorize our distributors or Hunan Zhonghong Financial Leasing Co., Ltd. ("Hunan Zhonghong"), to finance their purchase of our construction machinery products through finance leases provided by third-party finance lease companies. Hunan Zhonghong and the Company may provide guarantees for the repayment obligations of the customers. Under the finance lease arrangement, in the event of a customer's default, we may be required to pay for the outstanding amounts due under the lease. For more details, see note 45 of the Accountants' Report in Appendix I to this Document.

Other than the contingent liabilities and guarantees set forth above, we do not have any other significant contingent liabilities or guarantees.

No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of March 31, 2025, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since March 31, 2025.

COMMITMENTS

During the Track Record Period, our capital commitments were mainly construction in progress. As of December 31, 2022, 2023 and 2024, the total amount of our capital commitments was RMB2,166.6 million, RMB814.4 million and RMB1,587.4 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL EXPENDITURES

Our capital expenditures consisted of purchases of items of property, plant and equipment, additions to leasehold land included in right-of-use assets and additions to other intangible assets. Our capital expenditures in 2022, 2023 and 2024 were RMB5,662.6 million, RMB4,525.2 million and RMB2,938.3 million, respectively.

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

	Year ended December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Purchases of items of property, plant and equipment	4,838,232	4,092,164	2,632,866
Additions to leasehold land included in right-of-use assets	358,036	200,259	61,315
Additions to other intangible assets	466,374	232,798	244,106
Total	**5,662,642**	**4,525,221**	**2,938,287**

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

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 49 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 did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. Our Board reviews and agrees policies for managing each of these risks. See Note 52 of the Accountants' Report in Appendix I to this Document.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long term debt obligations with a floating interest rate.

Our policy is to manage our interest cost using a mix of fixed and variable rate debts. We enter into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

Credit Risk

An impairment analysis was performed at the end of each year of the Track Record Period using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. We are exposed to equity price risk arising from individual equity investments included in financial assets at FVPL and equity investments at FVOCI as of December 31, 2022, 2023 and 2024.

DIVIDENDS AND DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》) and the Articles of Association, we are required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long-term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

During the Track Record Period, we declared or paid cash dividends to our shareholders as follows:

	2022	2023	2024
		(RMB'000)	
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	3,800,033	1,350,137	1,859,656

No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had distributable reserves of RMB55,974.1 million.

[**REDACTED**]

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

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

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

On May 9, 2025, our shareholders approved a proposal of our Board and Supervisory Committee to declare a cash dividend of RMB3,034.4 million to holders of our A Shares on the relevant record date in respect of the year ended December 31, 2024.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 THROUGH 13.19 OF THE LISTING RULES

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

FUTURE PLANS

See "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]]) and assuming that the [**REDACTED**] is not exercised. We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to further develop our global sales and service network, so as to raise global awareness of our brand, market penetration and service efficiency. In particular:

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand our sales network in global markets, such as Europe, Asia-Pacific and Africa. We plan to establish more direct sales outlets and partner with additional distributors in overseas markets to expand our market presence. In addition, we plan to recruit additional sales personnel to enhance our reach to new customers and increase our global presence;

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand our global service network by: (i) establishing new outlets to enhance customer support and technical service delivery; (ii) constructing new local machinery component warehouses to ensure the timely access to essential parts for quick repairs and maintenance; (iii) procuring additional service vehicles to improve our responsiveness to customer service requests; and (iv) recruiting more service engineers to improve our regional service capacity. These initiatives will enable us to meet customer needs more efficiently, thereby enhancing customer satisfaction with our service and increasing customer satisfaction and loyalty; and

  - o approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used in marketing activities globally, such as product exhibitions and industry marketing events. We aim to increase product exposure, elevate our global brand influence, attract more customers, gain deeper insights into market trends and customer demands, and ultimately drive sales growth.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to enhance our R&D capabilities. In particular:

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used in advancing R&D efforts of new products featuring digitalization and decarbonization technologies, such as super-large electric excavators, electric truck mixers, electric crawler cranes, smart loaders and smart cranes, aiming to accelerate key technological breakthroughs in construction machinery and to enhance the functionality and diversity of our products. We expect to improve the operational efficiency, quality and safety of our products, enabling our customers to reduce production costs and increase production efficiency; and

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to build R&D centers in Europe, Asia-Pacific and other regions to attract local and global outstanding R&D talent and enhance regional R&D capabilities, ensuring that our product development aligns closely with the specific demands and preferences of our customers across Europe, Asia-Pacific and other regions.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand overseas manufacturing capabilities and optimize production efficiency. In particular, approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to establish and upgrade manufacturing bases in emerging overseas markets and approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to establish and upgrade manufacturing bases in established overseas markets, to improve our localized manufacturing capabilities and enhance both regional production agility and comprehensive product coverage.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used for working capital and general corporate purposes.

If the [**REDACTED**] is set at the high end of the [**REDACTED**] range or the low end of the [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase by approximately HK$[**REDACTED**] or decrease by approximately HK$[**REDACTED**]. To the extent our net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

If the [**REDACTED**] is fully exercised, we will receive additional net [**REDACTED**] of approximately HK$[**REDACTED**] for [**REDACTED**] Shares to be [**REDACTED**] and [**REDACTED**] upon the full exercise of the [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range, and after deducting the [**REDACTED**] fees and [**REDACTED**] payable by our Company. The additional amount raised will be applied to the above areas of use of [**REDACTED**] on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of *force majeure* events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[**REDACTED**]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SANY HEAVY INDUSTRY CO., LTD., AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of SANY Heavy Industry Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-144, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-144 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [DATE] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the [**REDACTED**].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	80,838,530	74,018,936	78,383,379
Cost of sales		(62,542,239)	(54,442,726)	(57,480,390)
Gross profit		18,296,291	19,576,210	20,902,989
Other income and gains, net	*5*	2,845,206	2,137,022	2,322,172
Selling and marketing expenses		(4,930,139)	(5,101,926)	(5,464,214)
Administrative expenses		(3,056,223)	(3,117,183)	(3,487,700)
Research and development costs		(6,922,913)	(5,864,595)	(5,380,621)
Impairment losses on financial instruments and contract assets, net		(560,199)	(1,173,917)	(897,319)
Loss on derecognition of financial assets at amortised cost		(21,819)	–	(363)
Other expenses, net		(188,041)	(175,445)	(300,422)
Finance costs	*7*	(624,875)	(1,013,550)	(845,080)
Share of profits and losses of:				
Joint ventures		9,726	51,597	45,159
Associates		16,896	(1,659)	13,169
PROFIT BEFORE TAX	*6*	4,863,910	5,316,554	6,907,770
Income tax expense	*10*	(431,086)	(710,444)	(815,232)
PROFIT FOR THE YEAR		4,432,824	4,606,110	6,092,538
Including: profit/(loss) after tax from business combination under common control		12,984	21,174	(2)

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement of a defined benefit plan, net of tax		(12,918)	2,089	(1,110)
Share of other comprehensive income/(loss) under equity method, net of tax		(64,123)	25,204	(39,999)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		(34,363)	(225,355)	(1,824)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(111,404)	(198,062)	(42,933)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income/(loss) under equity method		(10,059)	10,015	36,288
Changes in fair value of bills receivables at fair value through other comprehensive income, net of tax		8,927	164	(4,102)
Exchange differences on translation of foreign operations		364,947	171,137	(183,403)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		363,815	181,316	(151,217)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		252,411	(16,746)	(194,150)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,685,235	4,589,364	5,898,388
Profit attributable to:				
Owners of the parent		4,301,041	4,527,451	5,975,451
Non-controlling interests		131,783	78,659	117,087
		4,432,824	4,606,110	6,092,538
Total comprehensive income attributable to:				
Owners of the parent		4,553,361	4,487,666	5,799,899
Non-controlling interests		131,874	101,698	98,489
		4,685,235	4,589,364	5,898,388
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*			
Basic (RMB)		0.5088	0.5347	0.7061
Diluted (RMB)		0.5088	0.5347	0.7058

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	23,843,537	25,004,158	23,686,341
Investment properties	*14*	152,323	139,416	218,063
Right-of-use assets	*15*	2,873,324	3,353,218	3,271,596
Goodwill	*16*	47,501	49,661	48,010
Other intangible assets	*17*	2,487,030	2,547,369	2,310,253
Investments in joint ventures	*18*	206,016	258,131	302,024
Investments in associates	*19*	2,033,035	2,142,781	2,122,494
Financial assets at fair value through other comprehensive income	*20*	1,332,642	970,897	608,455
Financial assets at fair value through profit or loss	*21*	340,288	310,913	285,051
Loans and advances	*22*	5,107,261	3,038,115	1,285,536
Trade receivables	*23*	4,445,647	2,850,246	2,913,625
Receivables under finance lease	*24*	7,423,445	9,685,274	9,897,782
Contract assets	*25*	75,159	59,322	52,511
Deferred tax assets	*26*	2,499,338	3,070,315	3,576,592
Other non-current assets	*27*	289,620	89,197	61,424
Total non-current assets		53,156,166	53,569,013	50,639,757
CURRENT ASSETS				
Inventories	*28*	19,738,362	19,767,762	19,947,981
Trade and bills receivables	*23*	27,395,762	26,573,655	28,343,222
Contract assets	*25*	58,548	67,102	99,206
Prepayments, other receivables and other assets	*29*	10,839,670	11,213,796	11,839,513
Financial assets at fair value through other comprehensive income	*20*	294,478	365,819	456,501
Financial assets at fair value through profit or loss	*21*	14,816,602	10,848,936	11,062,402
Derivative financial instruments	*30*	374,301	334,063	375,720
Loans and advances	*22*	6,049,659	3,741,246	2,016,412
Receivables under finance lease	*24*	4,659,811	6,346,853	6,531,876
Restricted deposits	*31*	962,954	704,117	689,488
Time deposits with original maturity of more than three months	*31*	7,880,313	9,529,137	8,566,529
Cash and cash equivalents	*31*	12,695,771	8,141,859	11,576,469
Total current assets		105,766,231	97,634,345	101,505,319

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade and bills payables	*32*	28,906,687	22,692,726	28,654,359
Other payables and accruals	*33*	16,988,748	15,497,290	14,570,090
Contract liabilities	*34*	1,896,711	2,177,672	2,520,831
Derivative financial instruments	*30*	241,152	237,420	106,762
Placements from banks	*35*	6,523,735	5,435,397	3,507,970
Interest-bearing bank and other borrowings	*36*	12,348,070	7,470,111	13,354,749
Lease liabilities	*15*	153,718	253,103	215,933
Income tax payable		665,080	663,295	738,534
Total current liabilities		67,723,901	54,427,014	63,669,228
NET CURRENT ASSETS		38,042,330	43,207,331	37,836,091
TOTAL ASSETS LESS CURRENT LIABILITIES		91,198,496	96,776,344	88,475,848
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*36*	21,624,937	23,555,728	11,556,182
Lease liabilities	*15*	308,068	550,576	541,634
Deferred income	*37*	2,130,628	2,387,473	2,347,376
Deferred tax liabilities	*26*	734,738	825,349	792,251
Other non-current liabilities	*38*	317,359	295,185	236,806
Total non-current liabilities		25,115,730	27,614,311	15,474,249
Net assets		66,082,766	69,162,033	73,001,599
EQUITY				
Equity attributable to owners of the parent				
Share capital	*39*	8,493,286	8,485,740	8,474,978
Treasury shares		(301,174)	(215,654)	(142,628)
Reserves	*40*	56,847,607	59,758,931	63,620,894
		65,039,719	68,029,017	71,953,244
Non-controlling interests		1,043,047	1,133,016	1,048,355
Total equity		66,082,766	69,162,033	73,001,599

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent												
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Exchange fluctuation reserve	Safety production fund	Statutory surplus reserve	General risk reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 39)	*RMB'000*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	8,492,588	(619,679)	5,207,110	464,921	(2,585,661)	–	3,659,111	59,244	309,091	48,750,001	63,736,726	1,404,224	65,140,950
Profit for the year	–	–	–	–	–	–	–	–	–	4,301,041	4,301,041	131,783	4,432,824
Other comprehensive income for the year:	–	–	–	(25,391)	364,707	–	–	–	(86,996)	–	252,320	91	252,411
Total comprehensive income for the year	–	–	–	(25,391)	364,707	–	–	–	(86,996)	4,301,041	4,553,361	131,874	4,685,235
Exercise of the share option	698	–	3,847	–	–	–	–	–	–	–	4,545	–	4,545
Repurchase obligation of ordinary shares under share incentive scheme	–	(216,250)	–	–	–	–	–	–	–	–	(216,250)	–	(216,250)
Granted of treasury shares under share incentive scheme	–	534,755	147,448	–	–	–	–	–	–	–	682,203	–	682,203
Cash dividends	–	–	–	–	–	–	–	–	–	(3,800,033)	(3,800,033)	–	(3,800,033)
Dividends declared by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(445,727)	(445,727)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	3,250	3,250
Acquisition of non-controlling interests	–	–	1,002	–	–	–	–	–	–	–	1,002	(50,538)	(49,536)
Business combination under common control	–	–	(1,176)	–	–	–	–	–	–	–	(1,176)	(208)	(1,384)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	–	–	–	(6,036)	–	–	–	–	–	6,036	–	–	–
Recognition of share-based payment expenses	–	–	58,945	–	–	–	–	–	–	–	58,945	172	59,117
Cancellation of share incentive scheme	–	–	20,396	–	–	–	–	–	–	–	20,396	–	20,396
Transfer from retained profits	–	–	–	–	–	–	105,859	–	–	(105,859)	–	–	–
Safety production fund provided	–	–	–	–	–	80,940	–	–	–	–	80,940	–	80,940
Safety production fund used	–	–	–	–	–	(80,940)	–	–	–	–	(80,940)	–	(80,940)
At 31 December 2022	8,493,286	(301,174)	5,437,572*	433,494*	(2,220,954)*	–*	3,764,970*	59,244*	222,095*	49,151,186*	65,039,719	1,043,047	66,082,766

Year ended 31 December 2023

	Attributable to owners of the parent												
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Exchange fluctuation reserve	Safety production fund	Statutory surplus reserve	General risk reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *(note 39)*	*RMB'000*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	8,493,286	(301,174)	5,437,572	433,494	(2,220,954)	–	3,764,970	59,244	222,095	49,151,186	65,039,719	1,043,047	66,082,766
Profit for the year	–	–	–	–	–	–	–	–	–	4,527,451	4,527,451	78,659	4,606,110
Other comprehensive income for the year:	–	–	–	(225,258)	148,186	–	–	–	37,287	–	(39,785)	23,039	(16,746)
Total comprehensive income for the year	–	–	–	(225,258)	148,186	–	–	–	37,287	4,527,451	4,487,666	101,698	4,589,364
Repurchase of ordinary shares	–	(612,790)	–	–	–	–	–	–	–	–	(612,790)	–	(612,790)
Cancellation of treasury shares	(7,546)	93,249	(85,703)	–	–	–	–	–	–	–	–	–	–
Repurchase obligation of ordinary shares under share incentive scheme	–	1,722	–	–	–	–	–	–	–	–	1,722	–	1,722
Granted of treasury shares under share incentive scheme	–	603,339	(21,840)	–	–	–	–	–	–	–	581,499	–	581,499
Cash dividends	–	–	–	–	–	–	–	–	–	(1,350,137)	(1,350,137)	–	(1,350,137)
Dividends declared by subsidiaries before respective acquisitions under common control	–	–	–	–	–	–	–	–	–	(38,674)	(38,674)	–	(38,674)
Dividends declared by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(1,696)	(1,696)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	2,712	2,712
Acquisition of non-controlling interests	–	–	(45,032)	–	–	–	–	–	–	–	(45,032)	(38,804)	(83,836)
Disposal of non-controlling interests	–	–	(1,187)	–	–	–	–	–	–	–	(1,187)	25,976	24,789
Business combination under common control	–	–	(78,887)	–	–	–	–	–	–	–	(78,887)	–	(78,887)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	–	–	–	21,825	–	–	–	–	–	(21,825)	–	–	–
Recognition of share-based payment expenses	–	–	21,663	–	–	–	–	–	–	–	21,663	83	21,746
Cancellation of share incentive scheme	–	–	23,455	–	–	–	–	–	–	–	23,455	–	23,455
Transfer from retained profits	–	–	–	–	–	–	198,454	–	–	(198,454)	–	–	–
Safety production fund provided	–	–	–	–	–	69,488	–	–	–	–	69,488	–	69,488
Safety production fund used	–	–	–	–	–	(69,488)	–	–	–	–	(69,488)	–	(69,488)
At 31 December 2023	8,485,740	(215,654)	5,250,041*	230,061*	(2,072,768)*	–*	3,963,424*	59,244*	259,382*	52,069,547*	68,029,017	1,133,016	69,162,033

Year ended 31 December 2024

	Attributable to owners of the parent												
	Share capital	**Treasury shares**	**Capital reserve**	**Fair value reserve**	**Exchange fluctuation reserve**	**Safety production fund**	**Statutory surplus reserve**	**General risk reserve**	**Other reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 39)	*RMB'000*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	8,485,740	(215,654)	5,250,041	230,061	(2,072,768)	–	3,963,424	59,244	259,382	52,069,547	68,029,017	1,133,016	69,162,033
Profit for the year	–	–	–	–	–	–	–	–	–	5,975,451	5,975,451	117,087	6,092,538
Other comprehensive income for the year:	–	–	–	(5,445)	(165,297)	–	–	–	(4,810)	–	(175,552)	(18,598)	(194,150)
Total comprehensive income for the year	–	–	–	(5,445)	(165,297)	–	–	–	(4,810)	5,975,451	5,799,899	98,489	5,898,388
Repurchase of ordinary shares	–	(657,184)	–	–	–	–	–	–	–	–	(657,184)	–	(657,184)
Cancellation of treasury shares	(10,762)	103,963	(93,201)	–	–	–	–	–	–	–	–	–	–
Repurchase obligation of ordinary shares under share incentive scheme	–	2,199	–	–	–	–	–	–	–	–	2,199	–	2,199
Granted of treasury shares under share incentive scheme	–	624,048	(70,155)	–	–	–	–	–	–	–	553,893	–	553,893
Cash dividends	–	–	–	–	–	–	–	–	–	(1,859,656)	(1,859,656)	–	(1,859,656)
Dividends declared by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(204,720)	(204,720)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	2,100	2,100
Disposal of non-controlling interests	–	–	(2,036)	–	–	–	–	–	–	–	(2,036)	19,131	17,095
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	–	–	–	(233,656)	–	–	–	–	–	233,656	–	–	–
Recognition of share-based payment expenses	–	–	69,807	–	–	–	–	–	–	–	69,807	339	70,146
Cancellation of share incentive scheme	–	–	17,305	–	–	–	–	–	–	–	17,305	–	17,305
Transfer from retained profits	–	–	–	–	–	–	444,890	–	–	(444,890)	–	–	–
Safety production fund provided	–	–	–	–	–	57,571	–	–	–	–	57,571	–	57,571
Safety production fund used	–	–	–	–	–	(57,571)	–	–	–	–	(57,571)	–	(57,571)
At 31 December 2024	8,474,978	(142,628)	5,171,761*	(9,040)*	(2,238,065)*	–*	4,408,314*	59,244*	254,572*	55,974,108*	71,953,244	1,048,355	73,001,599

* These reserve accounts comprise the consolidated reserves of RMB56,847,607,000, RMB59,758,931,000, and RMB63,620,894,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		4,863,910	5,316,554	6,907,770
Adjustments for:				
Interest expenses		1,116,544	1,588,767	1,285,421
Share of profits and losses of joint ventures and associates		(26,622)	(49,938)	(58,328)
Interest income and financial service income		(1,507,778)	(1,777,531)	(1,619,807)
(Gains)/losses on disposal of items of property, plant and equipment		(11,964)	38,394	155,484
(Gains)/losses on disposal of other intangible assets and leasehold land included in right-of-use assets		(24,644)	744	(93,452)
(Losses)/gains on disposal of investments in joint ventures and associates		(1,285)	6,697	–
Fair value losses/(gains), net:				
Financial assets at fair value through profit or loss		384,513	(34,478)	56,631
Derivative financial instruments		(134,250)	13,329	(166,189)
Gains on disposal of subsidiaries		(29,046)	(11,772)	(96,997)
Net realised and unrealised (gains)/losses on financial assets at fair value through profit or loss ("FVPL") and amortised cost		(677,868)	270,294	(464,730)
Dividend income from financial assets at FVOCI		(36,769)	(38,199)	(23,316)
Depreciation of property, plant and equipment	*13*	2,087,044	2,500,201	2,822,995
Amortisation of other intangible assets	*17*	260,109	327,412	359,559
Depreciation of right-of-use assets	*15*	222,934	309,971	397,585
Depreciation of investment properties	*14*	12,400	12,737	11,990
Impairment of property, plant and equipment	*13*	5,211	–	1,254
Impairment of other intangible assets	*17*	29	–	1,449
Impairment of investment properties	*14*	–	–	40,727
Equity-settled share-based payment expense		59,117	21,746	70,146
		6,561,585	8,494,928	9,588,192
Increase in inventories		(1,277,124)	(45,996)	(259,744)
(Increase)/decrease in trade and bills receivables		(4,517,824)	2,325,594	(2,003,952)
Increase in receivables under finance lease		(4,795,967)	(3,948,871)	(397,531)
Decrease/(increase) in contract assets		20,191	7,283	(25,293)
(Increase)/decrease in prepayments, other receivables and other assets		(1,118,951)	933,826	(364,282)
Increase/(decrease) in trade and bills payables		1,243,591	(4,870,325)	6,664,903
Increase/(decrease) in other payables and accruals		2,689,783	(968,476)	(410,013)
Increase in contract liabilities		131,173	293,195	346,960
Decrease in loans and advances		534,737	4,367,204	3,473,810
Increase in other non-current liabilities		(79,255)	(41,443)	(45,475)
Increase/(decrease) in deferred income		758,935	256,845	(40,097)
Decrease in restricted deposits		74,339	15,950	75,700
Increase/(decrease) in placements from banks		3,951,597	(1,090,400)	(1,931,200)
Cash generated from operations		4,176,810	5,729,314	14,671,978
Interest received		1,219,797	1,415,770	1,141,005
Interest paid for financial services		(362,424)	(391,673)	(271,896)
Income taxes paid		(937,048)	(1,045,191)	(726,809)
Net cash flows from operating activities		4,097,135	5,708,220	14,814,278

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(4,838,232)	(4,092,164)	(2,632,866)
Additions to right-of-use assets		(358,036)	(200,259)	(61,315)
Additions to other intangible assets		(466,374)	(232,798)	(244,106)
Proceeds from disposal of items of property, plant and equipment		125,023	314,818	114,240
Proceeds from disposal of leasehold land included in right-of-use assets and other intangible assets		1,089	80,391	134,526
Additions to investment properties		(4,480)	–	–
Disposal of investment properties		790	1,887	4,597
Purchase of interest in associates		–	(90,000)	(23,000)
Purchase of interests in joint ventures		–	(2,308)	–
Disposal of investment in associates		20,950	–	11,690
Disposal of subsidiaries		(2,695)	22,665	(7,562)
Payment for acquisition of financial assets at FVOCI		(2,670)	(64,681)	–
Proceeds from disposal of financial assets at FVOCI		13,731	112,126	380,465
Dividends from financial assets at FVOCI		36,770	37,929	23,585
Payment for acquisition of debt investments at amortised cost		–	(1,184,911)	(469,011)
Proceeds from disposal of debt investments at amortised cost		2,334,794	–	–
Interest received from debt investments at amortised cost		432,119	104,146	271,090
Payment for acquisition of financial assets at FVPL		(3,462,885)	(2,909,278)	(4,912,613)
Proceeds from disposal of financial assets at FVPL		3,058,038	6,944,437	4,670,213
Investment income from financial assets at FVPL		651,799	600,756	487,428
Payment for acquisition of derivative financial instruments		(3,310,684)	(1,517,366)	(2,484,079)
Proceeds from disposal of derivative financial instruments		2,966,987	498,515	2,208,495
Dividends from associates		7,480	22,216	26,722
Dividends from joint ventures		80,044	2,318	–
Interest received from restricted deposits and time deposits with original maturity of more than three months		88,900	497,201	554,538
Decrease/(increase) in time deposits with original maturity of more than three months		832,388	(1,704,935)	850,185
(Increase)/decrease in restricted deposits		(41,460)	65,471	(61,070)
Net cash flows used in investing activities		(1,836,614)	(2,693,824)	(1,157,848)

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		696,919	607,666	573,298
New bank loans and other borrowings		58,425,924	25,904,569	28,229,878
Repayment of bank loans and other borrowings		(49,250,095)	(30,131,222)	(34,938,832)
Payment for repurchase of own shares		–	(621,115)	(759,761)
Interest paid		(749,003)	(1,198,557)	(1,035,075)
Dividends paid to equity shareholders		(3,800,033)	(1,350,137)	(1,859,656)
Dividends paid to subsidiaries before respective acquisitions under common control		–	–	(38,674)
Dividends paid by subsidiaries to non-controlling interests		(174,777)	(276,699)	(66,170)
Lease payments		(168,007)	(291,992)	(384,158)
Payment for business combination under common control		240	(78,887)	–
Acquisition of non-controlling interests		(154,729)	(93,417)	–
Net cash flows from/(used in) financing activities		4,826,439	(7,529,791)	(10,279,150)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,086,960	(4,515,395)	3,377,280
Cash and cash equivalents at beginning of year		5,694,253	12,695,771	8,141,859
Effect of foreign exchange rate changes, net		(85,442)	(38,517)	57,330
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,695,771	8,141,859	11,576,469
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		12,499,609	7,838,573	11,127,158
Placements with banks		196,162	303,286	449,311
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows		12,695,771	8,141,859	11,576,469

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment		341,942	58,244	40,857
Investment properties		6,698	4,257	1,756
Right-of-use assets		46,911	326	217
Other intangible assets		82,210	158,242	196,015
Investments in subsidiaries		22,428,536	23,577,030	23,239,090
Investments in associates		823,909	911,797	900,628
Financial assets at fair value through other comprehensive income		1,207,022	909,935	548,771
Financial assets at fair value through profit or loss	21	239,945	239,253	236,254
Contract assets		42,920	35,545	28,973
Deferred tax assets		78,645	238,288	208,488
Other non-current assets		17,412	–	–
Total non-current assets		25,316,150	26,132,917	25,401,049
CURRENT ASSETS				
Inventories		648,769	778,451	707,219
Trade and bills receivables	23	869,342	1,578,003	1,916,582
Contract assets		22,925	36,441	37,888
Prepayments, other receivables and other assets	29	3,191,764	7,166,951	7,997,357
Financial assets at fair value through other comprehensive income		55,644	25,619	50,567
Financial assets at fair value through profit or loss	21	2,528,750	617,658	302,687
Derivative financial instruments		145,752	20,029	86,835
Restricted deposits	31	5,920,734	4,550,946	6,628,113
Time deposits with original maturity of more than three months	31	3,604,480	6,147,375	243,962
Cash and cash equivalents	31	3,494,455	707,789	3,990,624
Total current assets		20,482,615	21,629,262	21,961,834
CURRENT LIABILITIES				
Trade payables		926,964	1,884,365	2,130,936
Other payables and accruals	33	12,970,225	15,263,104	12,765,951
Contract liabilities		19,647	23,973	61,166
Derivative financial instruments		3,554	29,726	220
Interest-bearing bank and other borrowings		3,089,969	391,527	4,335,371
Lease liabilities		106	111	116
Tax payable		1,226	1,226	1,226
Total current liabilities		17,011,691	17,594,032	19,294,986
NET CURRENT ASSETS		3,470,924	4,035,230	2,666,848
TOTAL ASSETS LESS CURRENT LIABILITIES		28,787,074	30,168,147	28,067,897
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings		8,643,000	9,683,046	5,081,500
Lease liabilities		104	360	122
Deferred income		53,501	5,855	4,505
Other non-current liabilities		360,504	336,143	273,414
Total non-current liabilities		9,057,109	10,025,404	5,359,541
Net assets		19,729,965	20,142,743	22,708,356
EQUITY				
Share capital		8,493,286	8,485,740	8,474,978
Treasury shares		(301,174)	(215,654)	(142,628)
Reserves		11,537,853	11,872,657	14,376,006
Total equity		19,729,965	20,142,743	22,708,356

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Changsha, Hunan Province, China.

During the Relevant Periods, the Company's subsidiaries were involved in the following principal activities: the production, sale and maintenance of concrete machinery, excavating machinery, hoisting machinery, road machinery and piling machinery, and financial services.

As at 31 December 2024, the Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SANY Heavy Machinery (Chongqing) Co., Ltd. 三一重機(重慶)有限公司	PRC/Mainland China	RMB100,000	100.00	–	Manufacturing and sales of excavating machinery
Beijing SANY Intelligent Technology Co., Ltd. 北京三一智造科技有限公司	PRC/Mainland China	RMB20,000	–	100.00	Manufacturing and sales of pile driver
SANY Heavy Machinery Co., Ltd. 三一重機有限公司	PRC/Mainland China	RMB3,450,470	86.940	13.06	Manufacturing and sales of excavating machinery
Shanghai SANY Heavy Machinery Co., Ltd. 上海三一重機股份有限公司	PRC/Mainland China	RMB800,000	–	100.00	Manufacturing and sales of medium excavators
Shanghai Huaxing Digital Technology Co., Ltd. 上海華興數字科技有限公司	PRC/Mainland China	RMB13,180	–	100.00	Software technology service
SANY Automobile Manufacturing Co., Ltd. 三一汽車製造有限公司	PRC/Mainland China	RMB1,008,300	100.00	–	Manufacturing and sales of truck-mounted concrete pump and truck mixer
Zhejiang SANY Equipment Co., Ltd. 浙江三一裝備有限公司	PRC/Mainland China	RMB431,800	–	99.93	Manufacturing and sales of crawler crane
SANY Automobile Hoisting Machinery Co. Ltd. 三一汽車起重機械有限公司	PRC/Mainland China	RMB163,400	–	99.93	Manufacturing and sales of truck crane
Hunan SANY Medium Hoisting Machinery Co., Ltd. 湖南三一中型起重機械有限公司	PRC/Mainland China	RMB100,000	–	99.93	Manufacturing and sales of medium truck crane
SANY Auto Finance Co. Ltd. ("Sany Auto Finance") 三一汽車金融有限公司	PRC/Mainland China	RMB2,683,551.4	95.77	–	Financial service
SANY Financial Leasing Co., Ltd. ("SANY Financial Leasing") 三一融資租賃有限公司	PRC/Mainland China	RMB1,006,837.3	94.86	–	Finance lease service
SANY International Development Limited	Hong Kong	USD306,920	100.00	–	Sales of construction machinery
Putzmeister Holding GmbH.	Germany	EUR40,000	–	99.10	Manufacturing and sales of concrete machinery
SANY Heavy Industry India Private Limited	India	INR3,644,840	22.25	77.74	Manufacturing and sales of construction machinery in India

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised and new IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28 . .	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 9 and IFRS 7 . . .	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7 . . .	*Contracts Referencing Nature-dependent Electricity*[3]

IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]
Annual improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[3]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after 1 January 2025

3 Effective for annual periods beginning on or after 1 January 2026

4 Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Business combination under common control

A business combination involving entities under common control refers to a combination where all entities involved are ultimately controlled by the same party both before and after the transaction, and such control is not transitory.

The acquirer shall recognise the acquired assets and liabilities including any goodwill previously recognised by the ultimate controlling party in its acquisition of the acquiree at their carrying amounts in the ultimate controlling party's consolidated financial statements as of the combination date. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid shall be adjusted against share premium. If share premium is insufficient, the balance shall be offset against retained earnings.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

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

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

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

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.43% to 6.67%
Machinery equipment	6.47% to 25.00%
Transportation equipment	9.70% to 12.50%
Leasing out equipment under operating leases	16.17% to 25.00%
Office and other equipment	6.47% to 50.00%
Leasehold improvements and renovation costs	5.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings and land use rights.

It is reclassified at its carrying amount at the date of the transfer when an owner-occupied property or inventory is transferred to an investment property, or an investment property is transferred to owner-occupied properties.

When an investment property is transferred to owner-occupied properties, it is reclassified as a fixed asset or an intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as an investment property at the date of the transfer. If it is transferred to an investment property measured by the cost model, its book value at the date of the transfer shall be used as the value of the investment property; if it is transferred to an investment property measured by the fair value model, its fair value at the date of the transfer shall be used as the value of the investment property.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognised in profit or loss for the current period.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

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

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Putzmeister franchise	10 years
Proprietary technology	5 years
Software	5 years
Others	5 to 50 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 10 years
Machinery equipment	1 to 10 years
Transportation equipment	1 to 4 years
Office equipment	1 to 4 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, placements from banks, lease liabilities, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

The Group's inventories include raw materials, semi-finished goods and finished goods.

Inventories are initially carried at planned cost. The difference between the planned cost and the actual cost of raw materials is accounted for through the cost difference account. The cost difference belonging to inventories transferred out is carried forward periodically to adjust the planned cost to the actual cost. The cost of inventories consumed and transferred out is determined on the weighted average basis. Turnover materials include low value consumables and packing materials, which are written off immediately.

The Group adopts a perpetual inventory system.

At the end of the reporting period, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write-down is recognised in profit or loss if the cost is higher than the net realisable value. When the circumstances that previously caused the inventories to be written down below cost no longer exist, in which case the net realisable value of inventories becomes higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down, and is recognised in profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Except for spare parts and other inventories with low unit prices, the reserve for inventory price reduction shall be calculated according to a single inventory item. Spare parts and other inventories with low unit prices shall be assessed for asset impairment according to their actual conditions.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, which are repayable on demand and form an integral part of the Group's cash management.

Special reserve — safety production fund

Provisions for the Group's obligations for safety operations are based on the Group's revenue arising from the sale of construction machinery and equipment per year in accordance with related PRC rules and regulations. The Group records a corresponding cost when such expenditure for safety operations is incurred. The remaining provisions for the Group's obligations for safety operations are recorded as a special reserve — safety production fund. The remaining provisions are not recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve — safety production fund.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of construction machinery and equipment during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

Sale of products

A contract for the sale of products between the Group and the customer usually only includes the performance obligation to transfer the products, with no continued management and effective control of the products associated with ownership. The Group generally recognises the revenue when the relevant products are delivered to customer and confirmed as accepted by the customer, on the basis of taking full consideration of the following factors: the present right to collect payment for the products, the transfer of the key risks and returns in the product ownership, the transfer of the legal ownership of the products, the transfer of the physical asset of the products, and the acceptance of the products by the customer.

Variable consideration

The Group determines the best estimate of variable consideration by using the expected value method or the most likely amount method. However, the transaction price including variable consideration is limited to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Significant financing components

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

Warranties

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

Revenue from other sources

Rental income

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

Financial services

Interest income or interest expense for financial services is measured at the effective interest rate. The effective interest rate is the rate at which a financial instrument's expected future cash inflows or outflows are discounted to the net book value of the financial instrument or financial liability over its expected lifetime or less. The measurement of interest income takes into account the contractual terms of the financial instrument and includes all fees attributable to the effective interest rate component and all transaction costs, but does not include future loan losses. If the Group's estimates of future revenues or expenses change, the carrying value of financial assets or liabilities may also be adjusted accordingly. Since the adjusted book value is calculated at the original effective interest rate, the change is also included in interest income or interest expense.

Contract assets

If the Group performs by transferring goods to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade and bills receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such an equity-settled share-based payment vests immediately, the related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in capital reserves; if such an equity-settled share-based payment does not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group recognises the services received for the current period as related costs and expenses at the end of each reporting period during the vesting period, with a corresponding increase in capital reserves at an amount equal to the fair value of the equity instruments at the grant date. Please refer to note 41 for the fair value of equity instruments.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Short-term employee benefits

The Company recognises, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

Post-employment benefits (defined contribution plan)

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local government. The corresponding expenses shall be included in the cost of related assets or profit or loss.

Post-employment benefits (defined benefit plan)

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected accumulative benefit unit method.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment and the date that the Group recognises restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administrative expenses and financial expenses in profit or loss: service costs comprising current service costs, past service costs, and gains and losses on settlements; net interest comprising interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits provided to employees shall be recognised in accordance with the relevant provisions of post-employment benefits and used to measure net liabilities or net assets of other long-term employee benefits, but the changes are recognised in profit or loss for the period or related asset costs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

The Company's cash dividends are recognised as liabilities upon approval by the shareholders' general meeting. Final dividends are disclosed in note 11 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Share repurchase

The payment and transaction costs incurred on the repurchase of the Group's own equity instruments are accounted for as a deduction from equity. Other than share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of the Group's own equity instruments shall be treated as changes in equity.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating leases — the Group as lessor

The Group has entered into lease agreements on its investment property portfolio. Based on an evaluation of the terms and conditions of the agreements, the Group has determined these leases to be operating leases, and it retains substantially all the significant risks and rewards of ownership of these properties.

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including assessing the modification of the time value of money, determining whether there is any significant difference from the benchmark cash flow and evaluating whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Estimation uncertainty

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

Provision for expected credit losses on financial instruments and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future. The information about the ECLs on the Group's financial instruments and contract assets is disclosed in note 22, note 23, note 24, note 25 and note 29 to the Historical Financial Information.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Development expenditures

Development expenditures are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash flows from the assets, discount rates to be applied and the expected period of benefits.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 26 to the Historical Financial Information.

Provisions

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

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

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

Inventory provision determined on net realisable value

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

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 51 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. Further details are included in note 20 and note 21 to the Historical Financial Information.

Share-based payment

The Company implemented restricted shares and employee stock ownership plan to exchange the services provided by employees. The equity instruments granted under the plan are measured at fair value on the grant date. If the instruments granted only vest after the respective employees complete a specific period of service or achieve a performance condition, an expense during the vesting period is amortised using the straight-line method based on the best estimate of the exercisable number of the instruments and capital reserves are increased by a corresponding amount.

At the end of each reporting period during the vesting period, the Company determines whether the performance forecast satisfies the prescriptive conditions of the incentive plan according to the recent development. The best estimate of exercisable number of instruments is revised if recent evidence indicates that the estimated future performance of the Company does not meet the prescriptive conditions of the incentive plan.

The Company's management's judgement is necessary in forecasting the performance to determine whether the vesting conditions are satisfied.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) Concrete machinery segment: Research, development, production and sale of concrete pump trucks, concrete delivery pumps, batching plants, truck mixers, concrete truck-mounted pumps and so on;

(b) Excavating machinery segment: Research, development, production and sale of excavating machinery products such as large excavators, medium excavators, small excavators and so on;

(c) Hoisting machinery segment: Research, development, production and sale of hoisting machinery products such as truck cranes, all-terrain cranes, crawler cranes, tower cranes and so on;

(d) Piling machinery segment: Research, development, production and sale of piling machinery products such as rotary drilling rigs, hydraulic grabs, continuous wall grabs and so on;

(e) Road machinery segment: Research, development, production and sale of pavement machinery products such as rollers, motor graders, pavers, milling machines, asphalt batching plants and so on; and

(f) Financial service segment: Construction machinery product loans, finance lease, and interbank lending and borrowing among financial institutions.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment gross profit.

The assets and liabilities of the operating segments will not be disclosed as they are not regularly reported to the Group's key operating decision-makers, and the assets and liabilities are governed by the Group.

Year ended 31 December 2022	Concrete machinery	Excavating machinery	Hoisting machinery	Piling machinery	Road machinery	Financial services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (note 5)								
Sales to external customers	15,080,363	35,755,616	12,669,948	3,065,233	3,080,834	804,035	10,382,501	80,838,530
Segment results	3,130,432	9,167,225	1,757,631	1,062,439	643,079	425,781	2,109,704	18,296,291
Reconciliation:								
Selling and marketing expenses								(4,930,139)
Administrative expenses and research and development costs								(9,979,136)
Finance costs								(624,875)
Other gains or expenses								2,101,769
Profit before tax								4,863,910

Year ended 31 December 2023	Concrete machinery	Excavating machinery	Hoisting machinery	Piling machinery	Road machinery	Financial services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (note 5)								
Sales to external customers	15,314,574	27,635,692	12,999,205	2,085,179	2,485,494	797,211	12,701,581	74,018,936
Segment results	3,317,262	8,527,198	2,990,011	680,306	706,114	405,538	2,949,781	19,576,210
Reconciliation:								
Selling and marketing expenses								(5,101,926)
Administrative expenses and research and development costs								(8,981,778)
Finance costs								(1,013,550)
Other gains or expenses								837,598
Profit before tax								5,316,554

Year ended 31 December 2024	Concrete machinery	Excavating machinery	Hoisting machinery	Piling machinery	Road machinery	Financial services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (note 5)								
Sales to external customers	14,368,034	30,373,600	13,115,027	2,076,069	3,001,227	609,988	14,839,434	78,383,379
Segment results	2,947,573	9,666,046	3,570,786	679,935	825,325	346,557	2,866,767	20,902,989
Reconciliation:								
Selling and marketing expenses								(5,464,214)
Administrative expenses and research and development costs								(8,868,321)
Finance costs								(845,080)
Other gains or expenses								1,182,396
Profit before tax								6,907,770

Geographical information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	44,049,835	30,454,900	29,521,685
Outside Mainland China	36,788,695	43,564,036	48,861,694
Total revenue	80,838,530	74,018,936	78,383,379

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	79,660,931	72,194,092	76,724,493
Revenue from other sources			
Financial service	804,035	797,211	609,988
Gross rental income	373,564	1,027,633	1,048,898
Total	80,838,530	74,018,936	78,383,379

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of products or services			
Concrete machinery	15,080,363	15,314,574	14,368,034
Excavating machinery	35,755,616	27,635,692	30,373,600
Hoisting machinery	12,669,948	12,999,205	13,115,027
Piling machinery	3,065,233	2,085,179	2,076,069
Road machinery	3,080,834	2,485,494	3,001,227
Others	10,008,937	11,673,948	13,790,536
Total	79,660,931	72,194,092	76,724,493
Geographical markets			
Mainland China	43,104,782	28,874,100	28,458,486
Outside Mainland China	36,556,149	43,319,992	48,266,007
Total	79,660,931	72,194,092	76,724,493
Timing of revenue recognition			
Services transferred over time	157,750	252,965	169,498
Goods transferred at a point in time	79,503,181	71,941,127	76,554,995
Total	79,660,931	72,194,092	76,724,493

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of each reporting period.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of products	1,765,531	1,302,871	1,750,126

(b) ***Performance obligations***

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

Sale of products

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

– full payment: Customers normally pay the majority of the purchase price before the product delivery, with the remaining amount held as a warranty deposit.

– credit/installment payment: payment terms are of 3 to 24 months. Shipments are generally dispatched once the customer has provided a down payment equal to a fixed percentage of the product's price.

– financing payment: Shipments are generally dispatched once the customer has provided a down payment equal to a fixed percentage of the product's price. Customers have the option to finance their purchase through loan agreements or finance lease arrangements with financial institutions.

Rendering services

The performance obligation is satisfied over time as services are rendered and payment is generally due based on the progress of service completion.

All the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year.

An analysis of other income and gains, net is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other income and gains, net			
Interest income	703,743	980,320	1,009,363
Government grants*			
– Related to assets	75,480	190,700	197,226
– Related to income	1,044,068	576,104	673,511
Gains/(losses) on disposal of items of property, plant and equipment, net	11,964	(38,394)	(155,484)
Gains/(losses) on disposal of leasehold land included in right-of-use assets and other intangible assets, net	24,644	(744)	93,452
Foreign exchange differences, net	267,512	538,662	(305,967)
Gains/(losses) on disposal of investments in joint ventures and associates, net	1,285	(6,697)	–
Gains on disposal of subsidiaries	29,046	11,772	96,997
Net realised and unrealised gains/(losses) on financial assets at FVPL and amortised cost	677,868	(270,294)	464,730
Dividend income from financial assets at FVOCI	36,769	38,199	23,316
Fair value (losses)/gains on financial assets at FVPL and derivatives financial instruments, net	(250,263)	21,149	109,558
Others	223,090	96,245	115,470
Total other income and gains, net	2,845,206	2,137,022	2,322,172

* Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold		53,042,820	45,673,947	47,704,606
Cost of services provided		363,981	377,252	256,435
Depreciation of property, plant and equipment	*13*	2,087,044	2,500,201	2,822,995
Depreciation of right-of-use assets	*15*	222,934	309,971	397,585
Amortisation of other intangible assets	*17*	260,109	327,412	359,559
Depreciation of investment properties	*14*	12,400	12,737	11,990
Research and development costs				
Current year expenditure		7,210,897	6,101,128	5,488,155
Less: Development expenditures		(287,984)	(236,533)	(107,534)
Net current year expenditure		6,922,913	5,864,595	5,380,621
Lease payments not included in the measurement of lease liabilities	*15(c)*	89,693	129,068	89,617
Auditor's remuneration		6,968	6,850	7,100
Employee benefit expenses (excluding directors' and supervisor' remuneration *(note 8)*):				
Wages, salaries and other allowances		9,288,035	9,019,571	9,895,259
Share-based payments		49,703	17,896	62,516
Pension scheme contributions and social welfare*		539,749	552,600	531,407
Total		9,877,487	9,590,067	10,489,182
Foreign exchange differences, net	*5*	(267,512)	(538,662)	305,967
Impairment costs:				
Inventories		99,144	79,886	157,541
Property, plant and equipment	*13*	5,211	–	1,254
Investment properties	*14*	–	–	40,727
Other intangible assets	*17*	29	–	1,449
Other non-current assets		3,565	(395)	–
Total		107,949	79,491	200,971
Impairment of financial instruments and contract assets, net:				
Impairment of trade receivables, net	*23*	341,754	1,089,953	781,645
Impairment of contract assets, net	*25*	(397)	2	385
Impairment of receivables under finance lease, net	*24*	222,919	142,286	41,665
Reversal of impairment of loans and advances	*22*	(13,234)	(153,794)	(82,752)
Impairment of financial assets included in prepayments, other receivables and other assets	*29*	9,649	114,995	203,557
Impairment of guarantee contracts included in non-current liabilities		(492)	(19,525)	(47,181)
Total		560,199	1,173,917	897,319

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Fair value (gains)/losses, net:				
Financial assets at fair value through profit or loss		384,513	(34,478)	56,631
Derivative financial instruments		(134,250)	13,329	(166,189)
Losses on derecognition of financial assets at amortised cost		21,819	–	363
Net realised and unrealised (gains)/losses on financial assets at FVPL and amortised cost	*5*	(677,868)	270,294	(464,730)
Dividend income from equity investments at fair value through other comprehensive income	*5*	(36,769)	(38,199)	(23,316)
Interest income		(696,432)	(980,288)	(1,009,363)
(Gains)/losses on disposal of items of property, plant and equipment		(11,964)	38,394	155,484
(Gains)/losses on disposal of other intangible assets and leasehold land included in right-of-use assets		(24,644)	744	(93,452)
(Gains)/losses on disposal of investments in joint ventures and associates	*5*	(1,285)	6,697	–
Gains on disposal of investments in subsidiaries	*5*	(29,046)	(11,772)	(96,997)
Donation expenses		45,769	27,872	29,291

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans and other borrowings	642,735	1,017,942	815,613
Interest on lease liabilities	18,411	28,161	32,499
Subtotal	661,146	1,046,103	848,112
Less: Interest capitalised	(36,271)	(32,553)	(3,032)
Total	624,875	1,013,550	845,080

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	320	240	340
Other emoluments:			
– Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	38,612	23,144	25,941
– Share-based payment expenses	9,414	3,850	7,630
Subtotal	48,026	26,994	33,571
Total	48,346	27,234	33,911

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mr. Zhou Hua	120	120	120
Mr. Wu Zhongxin	80	120	120
Ms. Xi Qing	–	–	100
Mr. Su Zimeng	40	–	–
Ms. Tang Ya	40	–	–
Mr. Ma Guangyuan	40	–	–
Total	320	240	340

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(i) Mr. Su Zimeng resigned as an independent non-executive director of the Company in 25 April 2022.

(ii) Ms. Tang Ya resigned as an independent non-executive director of the Company in 25 April 2022.

(iii) Mr. Ma Guangyuan resigned as an independent non-executive director of the Company in 25 April 2022.

(iv) Mr. Wu Zhongxin was appointed as an independent non-executive director of the Company in 25 April 2022.

(v) Ms. Xi Qing was appointed as an independent non-executive director of the Company in 25 April 2022.

(b) Executive directors, non-executive directors and supervisors

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Executive directors:				
Mr. Xiang Wenbo	–	1,157	1,799	2,956
Mr. Yu Hongfu	–	10,473	2,560	13,033
Mr. Yi Xiaogang	–	9,025	1,583	10,608
Mr. Huang Jianlong	–	7,878	–	7,878
Subtotal	–	28,533	5,942	34,475
Non-executive directors:				
Mr. Liang Wengen	–	1,114	–	1,114
Mr. Tang Xiuguo	–	–	1,499	1,499
Subtotal	–	1,114	1,499	2,613
Supervisors:				
Mr. Liu Daojun	–	8,629	1,973	10,602
Mr. Li Daocheng	–	306	–	306
Mr. Yao Chuanda	–	30	–	30
Subtotal	–	8,965	1,973	10,938
Total	–	38,612	9,414	48,026

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive directors:				
Mr. Xiang Wenbo	–	977	554	1,531
Mr. Yu Hongfu	–	6,141	1,073	7,214
Mr. Yi Xiaogang	–	6,874	654	7,528
Mr. Huang Jianlong	–	5,284	19	5,303
Subtotal	–	19,276	2,300	21,576
Non-executive directors:				
Mr. Liang Wengen	–	1,097	–	1,097
Mr. Tang Xiuguo	–	–	462	462
Subtotal	–	1,097	462	1,559
Supervisors:				
Mr. Liu Daojun	–	2,447	1,088	3,535
Mr. Li Daocheng	–	294	–	294
Mr. Yao Chuanda	–	30	–	30
Subtotal	–	2,771	1,088	3,859
Total	–	23,144	3,850	26,994

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive directors:				
Mr. Xiang Wenbo	–	929	1,661	2,590
Mr. Yu Hongfu	–	7,077	2,095	9,172
Mr. Yi Xiaogang	–	7,775	1,533	9,308
Mr. Huang Jianlong	–	5,966	249	6,215
Subtotal	–	21,747	5,538	27,285
Non-executive directors:				
Mr. Liang Wengen	–	1,084	–	1,084
Mr. Tang Xiuguo	–	–	1,384	1,384
Subtotal	–	1,084	1,384	2,468
Supervisors:				
Mr. Liu Daojun	–	2,792	708	3,500
Mr. Li Daocheng	–	288	–	288
Mr. Yao Chuanda	–	30	–	30
Subtotal	–	3,110	708	3,818
Total	–	25,941	7,630	33,571

Mr. Liang Wengen served as an executive director before 20 January 2022 and a non-executive director since 20 January 2022.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included three, nil and nil directors of the Company during the Relevant Periods details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, five and five highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	25,683	61,542	66,829
Share-based payment expenses	2,147	700	3,132
Total	27,830	62,242	69,961

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

	Year ended 31 December		
	2022	2023	2024
HK$3,000,000 and above	2	5	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Mainland China

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and the respective regulations (the "EIT Law"), the subsidiaries which operate in Mainland China are subject to EIT at a rate of 25% on the taxable income, except for those which are subject to tax concessions as set out below:

– Entities that qualify as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.

Germany

The subsidiaries which operate in Germany are subject to profits tax at a rate of 15%.

Other overseas areas

The Company's other overseas subsidiaries are subject to income tax at rates ranging from 9% to 35%.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	1,142,623	1,127,552	1,377,511
Deferred income tax	(711,537)	(417,108)	(562,279)
Total	431,086	710,444	815,232

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the countries in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	4,863,910	5,316,554	6,907,770
Tax at the statutory tax rate of 25%	1,215,978	1,329,139	1,726,943
Effect of different tax rates	(262,010)	(333,851)	(715,062)
Adjustments in respect of current tax of previous periods	98,806	73,398	(15,465)
Profits and losses attributable to joint ventures and associates	(5,622)	(14,620)	(19,606)
Income not subject to tax	(56,759)	(39,564)	(104,283)
Expenses not deductible for tax	67,680	78,413	44,809
Tax losses utilised from previous period	(36,573)	(78,499)	(1,102)
Tax losses and temporary differences not recognised	152,864	213,588	371,735
Super-deduction of research and development expenses	(743,278)	(517,560)	(472,737)
Tax charge at the Group's effective tax rate	431,086	710,444	815,232

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

However, the enactment or substantial enactment of Pillar Two legislation in additional jurisdictions in which the Group operates does not have a material impact to the Group's overall exposure to Pillar Two income taxes.

11. DIVIDENDS

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	3,800,033	1,350,137	1,859,656

The final dividends of RMB4.50, RMB1.6 and RMB2.20 per 10 shares (tax inclusive) in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the annual general meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2023 in respect of a dilution as the impact of the share scheme had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2024 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended 31 December		
	2022	2023	2024
Earnings:			
Profit for the year attributable to owners of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	4,301,041	4,527,451	5,975,451
Number of shares:			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (in thousand shares)	8,452,624	8,464,028	8,459,104
Effect of dilution – weighted average number of ordinary shares:			
Share scheme (in thousand shares)	–	–	3,730
Total	8,452,624	8,464,028	8,462,834

The weighted average number of shares was after taking into account the effect of treasury shares held.

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2022	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Office and other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022								
Cost	12,580,035	11,811,207	313,775	232,020	1,896,529	40,307	7,463,459	34,337,332
Accumulated depreciation	(4,751,461)	(7,228,457)	(212,951)	(73,385)	(1,084,163)	(6,796)	–	(13,357,213)
Impairment	(12,319)	(30,984)	(1,413)	–	(282)	–	(45,880)	(90,878)
Net carrying amount	7,816,255	4,551,766	99,411	158,635	812,084	33,511	7,417,579	20,889,241
At 1 January 2022, net of accumulated depreciation and impairment	7,816,255	4,551,766	99,411	158,635	812,084	33,511	7,417,579	20,889,241
Additions	81,525	682,424	31,517	217,473	193,795	54,446	4,007,884	5,269,064
Disposals	(62,173)	(143,566)	(5,709)	(2,882)	(11,094)	–	–	(225,424)
Disposal of subsidiaries	(43,128)	(4,431)	(260)	–	34	–	–	(47,785)
Depreciation provided during the year	(583,376)	(1,034,158)	(19,448)	(70,699)	(364,614)	(14,749)	–	(2,087,044)
Impairment	–	(5,211)	–	–	–	–	–	(5,211)
Transfer to investment properties	(15,771)	–	–	–	–	–	–	(15,771)
Internal transfer	2,281,455	4,894,899	34,394	–	214,045	–	(7,424,793)	–
Exchange realignment	57,188	4,620	640	1,665	2,146	–	208	66,467
At 31 December 2022, net of accumulated depreciation	9,531,975	8,946,343	140,545	304,192	846,396	73,208	4,000,878	23,843,537
At 31 December 2022								
Cost	14,903,462	16,611,961	350,882	398,191	2,149,765	76,551	4,046,758	38,537,570
Accumulated depreciation	(5,341,843)	(7,632,797)	(208,988)	(93,999)	(1,303,049)	(3,343)	–	(14,584,019)
Impairment	(29,644)	(32,821)	(1,349)	–	(320)	–	(45,880)	(110,014)
Net carrying amount	9,531,975	8,946,343	140,545	304,192	846,396	73,208	4,000,878	23,843,537

31 December 2023	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Office and other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023, net of accumulated depreciation and impairment	9,531,975	8,946,343	140,545	304,192	846,396	73,208	4,000,878	23,843,537
Additions	295,133	457,539	78,793	528,464	156,898	141,030	2,128,165	3,786,022
Disposals	(56,253)	(100,867)	–	(40,743)	(12,982)	–	–	(210,845)
Disposal of subsidiaries	–	(1,188)	–	–	(917)	–	–	(2,105)
Depreciation provided during the year	(725,954)	(1,173,924)	(15,834)	(136,182)	(418,050)	(30,257)	–	(2,500,201)
Internal transfer	2,079,883	2,340,357	13,526	–	331,981	–	(4,765,747)	–
Exchange realignment	61,009	15,791	2,791	(800)	5,322	–	3,637	87,750
At 31 December 2023, net of accumulated depreciation and impairment	11,185,793	10,484,051	219,821	654,931	908,648	183,981	1,366,933	25,004,158
At 31 December 2023								
Cost	17,311,470	18,827,752	416,419	872,224	2,566,975	217,581	1,412,813	41,625,234
Accumulated depreciation	(6,098,362)	(8,317,925)	(195,457)	(217,293)	(1,658,219)	(33,600)	–	(16,520,856)
Impairment	(27,315)	(25,776)	(1,141)	–	(108)	–	(45,880)	(100,220)
Net carrying amount	11,185,793	10,484,051	219,821	654,931	908,648	183,981	1,366,933	25,004,158

31 December 2024	Buildings	Machinery equipment	Transportation equipment	Leasing out equipment under operating leases	Office and other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024, net of accumulated depreciation and impairment	11,185,793	10,484,051	219,821	654,931	908,648	183,981	1,366,933	25,004,158
Additions	162,795	457,837	60,595	347,681	176,258	44,215	949,010	2,198,391
Disposals	(131,966)	(45,868)	(10,611)	(186,325)	(4,004)	–	–	(378,774)
Disposal of subsidiaries	–	(103,995)	(367)	–	(878)	–	–	(105,240)
Depreciation provided during the year	(792,789)	(1,329,743)	(41,617)	(180,260)	(427,427)	(51,159)	–	(2,822,995)
Impairment	–	–	–	(1,254)	–	–	–	(1,254)
Transfers	322,049	647,747	4,777	–	59,574	–	(1,174,926)	(140,779)
Exchange realignment	(43,237)	(8,917)	(2,610)	(5,491)	(5,850)	–	(1,061)	(67,166)
At 31 December 2024, net of accumulated depreciation and impairment	10,702,645	10,101,112	229,988	629,282	706,321	177,037	1,139,956	23,686,341
At 31 December 2024								
Cost	17,344,702	19,616,113	455,148	880,620	2,756,155	261,796	1,185,836	42,500,370
Accumulated depreciation	(6,622,309)	(9,489,225)	(224,209)	(250,084)	(2,049,726)	(84,759)	–	(18,720,312)
Impairment	(19,748)	(25,776)	(951)	(1,254)	(108)	–	(45,880)	(93,717)
Net carrying amount	10,702,645	10,101,112	229,988	629,282	706,321	177,037	1,139,956	23,686,341

Certificates of ownership in respect of certain buildings of the Group with a total net carrying amount of approximately RMB1,333,332,000, RMB981,073,000 and RMB301,955,000, respectively, at 31 December 2022, 2023 and 2024, have not yet been issued by the relevant authorities.

As at 31 December 2022 and 2024, based on the recoverable amount of nil and RMB4,658,000, respectively, under the fair value less cost of disposal calculation, the impairment loss amounting to RMB5,211,000 and RMB1,254,000, respectively, was recognised on the relevant equipment.

14. INVESTMENT PROPERTIES

31 December 2022	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022, net of accumulated depreciation and impairment	106,913	37,980	144,893
Additions	4,480	–	4,480
Disposals	(790)	–	(790)
Depreciation provided during the year	(11,364)	(1,036)	(12,400)
Transferred from owner-occupied property	4,095	11,676	15,771
Exchange realignment	111	258	369
At 31 December 2022, net of accumulated depreciation and impairment	103,445	48,878	152,323
At 31 December 2022			
Cost	255,665	64,192	319,857
Accumulated depreciation	(150,511)	(15,314)	(165,825)
Impairment	(1,709)	–	(1,709)
Net carrying amount	103,445	48,878	152,323

31 December 2023	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023, net of accumulated depreciation and impairment	103,445	48,878	152,323
Disposals	(1,887)	–	(1,887)
Depreciation provided during the year	(11,503)	(1,234)	(12,737)
Exchange realignment	385	1,332	1,717
At 31 December 2023, net of accumulated depreciation and impairment	90,440	48,976	139,416
At 31 December 2023			
Cost	253,172	65,524	318,696
Accumulated depreciation	(161,023)	(16,548)	(177,571)
Impairment	(1,709)	–	(1,709)
Net carrying amount	90,440	48,976	139,416

31 December 2024	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024, net of accumulated depreciation and impairment	90,440	48,976	139,416
Disposals	(4,597)	–	(4,597)
Depreciation provided during the year	(10,958)	(1,032)	(11,990)
Impairment	(40,727)	–	(40,727)
Transfers	140,780	(1,353)	139,427
Exchange realignment	(1,133)	(2,333)	(3,466)
At 31 December 2024, net of accumulated depreciation and impairment	173,805	44,258	218,063
At 31 December 2024			
Cost	405,423	61,327	466,750
Accumulated depreciation	(182,466)	(17,069)	(199,535)
Impairment	(49,152)	–	(49,152)
Net carrying amount	173,805	44,258	218,063

As at the end of each of the Relevant Periods, the fair values of investment properties, which are categorised within Level 3 of the fair value hierarchy, are not materially different from their original cost.

As at 31 December 2024, based on the recoverable amount of RMB59,862,000, under the fair value less cost of disposal calculation using the market approach, the impairment loss amounting to RMB40,727,000 was recognised on the relevant investment property.

Certificates of ownership in respect of certain buildings included in investment properties of the Group with a total net carrying amount of approximately RMB8,922,000, RMB8,351,000 and RMB7,779,000, respectively, at 31 December 2022, 2023 and 2024, have not yet been issued by the relevant authorities.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, properties, plant and equipment used in its operations. Leases of leasehold land generally have lease terms of 50 years, while leases of properties, plant and equipment generally have lease terms between 1 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

Year ended 31 December 2022	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	154,641	8,564	915	17,815	2,139,812	2,321,747
Additions	363,574	–	1,132	65,685	358,036	788,427
Disposals	(6,057)	–	(5)	(33)	(10,747)	(16,842)
Depreciation provided during the year	(142,293)	(2,286)	(979)	(20,073)	(57,303)	(222,934)
Exchange realignment	2,413	(32)	(4)	901	(352)	2,926
As at 31 December 2022	372,278	6,246	1,059	64,295	2,429,446	2,873,324

Year ended 31 December 2023	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	372,278	6,246	1,059	64,295	2,429,446	2,873,324
Additions	549,243	12,989	9,911	23,274	250,087	845,504
Disposals	(999)	–	–	(372)	(45,627)	(46,998)
Depreciation provided during the year	(216,014)	(8,546)	(2,806)	(21,766)	(60,839)	(309,971)
Exchange realignment	(9,534)	–	(11)	594	310	(8,641)
As at 31 December 2023	694,974	10,689	8,153	66,025	2,573,377	3,353,218

Year ended 31 December 2024	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	694,974	10,689	8,153	66,025	2,573,377	3,353,218
Additions	224,540	9,870	26,049	43,658	66,756	370,873
Transfer from investment properties	–	–	–	–	1,353	1,353
Disposals	(16,681)	(1,924)	(7,561)	(6,045)	(29,208)	(61,419)
Depreciation provided during the year	(282,269)	(11,537)	(13,755)	(25,488)	(64,536)	(397,585)
Exchange realignment	785	5,744	(8)	(1,316)	(49)	5,156
As at 31 December 2024	621,349	12,842	12,878	76,834	2,547,693	3,271,596

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	181,714	461,786	803,679
New leases	430,391	595,417	304,117
Accretion of interest recognised during the year *(note 7)*	18,411	28,161	32,499
Payments	(168,007)	(291,992)	(384,158)
Exchange realignment	(723)	10,307	1,430
Carrying amount at 31 December	461,786	803,679	757,567
Analysed into:			
Current portion	153,718	253,103	215,933
Non-current portion	308,068	550,576	541,634

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	18,411	28,161	32,499
Depreciation of right-of-use assets	222,934	309,971	397,585
Expense relating to short-term leases	87,496	128,867	89,550
Expense relating to leases of low-value assets	1,260	201	67
Variable lease payments not included in the measurement of lease liabilities	937	–	–
Total amount recognised in profit or loss	331,038	467,200	519,701

(d) The total cash outflow for leases is disclosed in note 42(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings and equipment under operating lease arrangements. Details of rental income recognised are included in note 5.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating and finance leases with its tenants are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within one year	4,684,819	6,994,099	7,111,868
After one year	8,421,333	10,658,616	11,216,913
Total	13,106,152	17,652,715	18,328,781

16. GOODWILL

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	46,495	47,501	49,661
Exchange realignment	1,006	2,160	(1,651)
Carrying amount at 31 December	47,501	49,661	48,010

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Intermix GmbH	36,747	38,907	37,256
Xianyang Tairuida Trading Co., Ltd. 咸陽泰瑞達商貿有限公司	5,551	5,551	5,551
Shenyang Sanyyuan Construction Machinery Co., Ltd 瀋陽三益源工程機械有限公司	2,866	2,866	2,866
North China Baosiwei (Tianjin) Construction Machinery Co., Ltd 華北寶思威(天津)工程機械有限公司	2,337	2,337	2,337
Total	47,501	49,661	48,010

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

– Intermix GmbH CGU

– Xianyang Tairuida Trading Co., Ltd. CGU

– Shenyang Sanyyuan Construction Machinery Co., Ltd CGU

– North China Baosiwei (Tianjin) Construction Machinery Co., Ltd CGU

The recoverable amount of the Intermix GmbH CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management.

Assumptions were used in the value in use calculation of the Intermix GmbH CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2022	2023	2024
Compound growth rate of revenue over the forecast period	7%-17%	3%-9%	5%-13%
Pre-tax discount rate	13.5%	15.2%	12.7%
Terminal growth rate	1%	1%	1%

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Terminal growth rate — The basis is determined with reference to the long-term Consumer Price Index of China and the nature of the business.

The values assigned to the key assumptions on compound growth rate of revenue, discount rate and terminal growth rate are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

31 December 2022	Development expenditures	Putzmeister franchise	Software	Proprietary technology	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022:							
Cost	506,964	139,615	582,603	2,234,619	991,401	79,797	4,534,999
Accumulated amortisation	–	(136,124)	(375,587)	(1,666,621)	(11,701)	(17,627)	(2,207,660)
Impairment	–	–	(2,194)	(76,862)	–	–	(79,056)
Net carrying amount	506,964	3,491	204,822	491,136	979,700	62,170	2,248,283
At 1 January 2022, net of accumulated amortisation and impairment	506,964	3,491	204,822	491,136	979,700	62,170	2,248,283
Additions	287,984	–	144,986	17,529	19	13,336	463,854
Disposals	–	–	(100)	–	–	–	(100)
Disposal of subsidiaries	–	–	(14)	–	–	–	(14)
Amortisation provided during the year	–	(3,589)	(95,895)	(149,970)	(370)	(10,285)	(260,109)
Impairment during the year	–	–	–	(29)	–	–	(29)
Transfer	(316,707)	–	158,486	158,001	–	220	–
Exchange realignment	556	98	(834)	6,292	27,562	1,471	35,145
At 31 December 2022, net of accumulated amortisation and impairment	478,797	–	411,451	522,959	1,006,911	66,912	2,487,030
At 31 December 2022:							
Cost	478,797	143,544	882,459	2,443,293	1,019,338	95,606	5,063,037
Accumulated amortisation	–	(143,544)	(468,762)	(1,841,342)	(12,427)	(28,694)	(2,494,769)
Impairment	–	–	(2,246)	(78,992)	–	–	(81,238)
Net carrying amount	478,797	–	411,451	522,959	1,006,911	66,912	2,487,030

31 December 2023	Development expenditures	Putzmeister franchise	Software	Proprietary technology	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023, net of accumulated amortisation and impairment	478,797	–	411,451	522,959	1,006,911	66,912	2,487,030
Additions	236,533	–	117,994	24,191	223	492	379,433
Disposals	–	–	(20,144)	(15,365)	–	–	(35,509)
Disposal of subsidiaries	–	–	(33,121)	–	–	–	(33,121)
Amortisation provided during the year	–	–	(147,128)	(169,641)	(423)	(10,220)	(327,412)
Transfer	(430,110)	–	167,251	262,859	–	–	–
Exchange realignment	3,347	–	1,814	10,044	59,178	2,565	76,948
At 31 December 2023, net of accumulated amortisation and impairment	288,567	–	498,117	635,047	1,065,889	59,749	2,547,369
At 31 December 2023:							
Cost	288,567	151,981	1,112,350	2,764,990	1,079,464	100,444	5,497,796
Accumulated amortisation	–	(151,981)	(611,855)	(2,046,438)	(13,575)	(40,695)	(2,864,544)
Impairment	–	–	(2,378)	(83,505)	–	–	(85,883)
Net carrying amount	288,567	–	498,117	635,047	1,065,889	59,749	2,547,369

31 December 2024	Development expenditures	Putzmeister franchise	Software	Proprietary technology	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:							
Cost	288,567	151,981	1,112,350	2,764,990	1,079,464	100,444	5,497,796
Accumulated amortisation	–	(151,981)	(611,855)	(2,046,438)	(13,575)	(40,695)	(2,864,544)
Impairment	–	–	(2,378)	(83,505)	–	–	(85,883)
Net carrying amount	288,567	–	498,117	635,047	1,065,889	59,749	2,547,369
At 1 January 2024, net of accumulated amortisation and impairment	288,567	–	498,117	635,047	1,065,889	59,749	2,547,369
Additions	107,534	–	86,178	20,253	345	36	214,346
Disposals	–	–	(7,767)	(2,236)	–	–	(10,003)
Disposal of subsidiaries	–	–	(300)	(20,449)	–	–	(20,749)
Amortisation provided during the year	–	–	(178,270)	(170,290)	(456)	(10,543)	(359,559)
Impairment during the year	–	–	–	(1,449)	–	–	(1,449)
Transfer	(148,484)	–	121,896	26,588	–	–	–
Exchange realignment	(4,948)	–	(327)	(7,103)	(45,228)	(2,096)	(59,702)
At 31 December 2024, net of accumulated amortisation and impairment	242,669	–	519,527	480,361	1,020,550	47,146	2,310,253
At 31 December 2024:							
Cost	242,669	145,532	1,236,081	2,530,523	1,034,016	96,555	5,285,376
Accumulated amortisation	–	(145,532)	(714,277)	(1,964,617)	(13,466)	(49,409)	(2,887,301)
Impairment	–	–	(2,277)	(85,545)	–	–	(87,822)
Net carrying amount	242,669	–	519,527	480,361	1,020,550	47,146	2,310,253

Certain intangible assets are pledged, details of which are disclosed in note 44 to the Historical Financial Information.

18. INVESTMENTS IN JOINT VENTURES

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	206,016	258,131	302,024

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profit for the year	9,726	51,597	45,159
Share of the joint ventures' total comprehensive income	9,726	51,597	45,159
Aggregate carrying amount of the Group's investments in the joint ventures	206,016	258,131	302,024

During the year ended 31 December 2022, the Group did not recognise its share of profit of RMB3,223,000 of PALFINGER SANY CRANE CIS as the share of profit of the joint venture has been offset by the previous excess losses in the joint venture.

19. INVESTMENTS IN ASSOCIATES

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	2,033,035	2,142,781	2,122,494

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Yuandong Construction Investment Group CO., Ltd of Beijing 北京城建遠東建設投資集團有限公司	117,994	119,778	121,999
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	545,742	586,012	606,756
Huaxu (Guangzhou) Industrial Investment Fund Management Partnership Enterprise (Limited Partnership) 華胥(廣州)產業投資基金管理合夥企業(有限合夥)	760,974	772,228	768,873
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	334,366	315,626	270,513
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	4,784	4,750	4,776
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	8,844	7,477	–
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	61,035	58,555	57,280
Wuxi Sany Venture Capital Partnership Enterprise (Limited Partnership) 無錫三一創業投資合夥企業(有限合夥)	116,017	201,806	194,440
Hunan Guozhong Zhilian Engineering Machinery Research Institute Co., Ltd 湖南國重智聯工程機械研究院有限公司	1,536	1,632	1,778
Hunan Sany Jingchuang Technology Co., Ltd. 湖南三一精創科技有限公司	81,743	74,917	72,914
Xiangjiang Technology (Xinjiang) Co., Ltd 湘疆科技(新疆)有限公司	–	–	23,165
	2,033,035	2,142,781	2,122,494

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' profit/(loss) for the year	16,896	(1,659)	13,169
Share of the associates' total comprehensive (loss)/income	(80,424)	41,962	(3,875)
Aggregate carrying amount of the Group's investments in the associates	2,033,035	2,142,781	2,122,494

During the year ended 31 December 2024, the Group has discontinued the recognition of its share of losses of Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司 as the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the year ended 31 December 2024 was RMB16,739,000.

20. FINANCIAL ASSETS AT FVOCI

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Bills receivables, at fair value	294,478	365,819	456,501
Non-current portion			
Listed equity investments, at fair value			
BANK of Changsha Co., Ltd. 長沙銀行股份有限公司	336,316	313,961	–
CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD 國銀金融租賃股份有限公司	64,658	–	–
Unlisted equity investments, at fair value			
SVOLT Energy Technology Company Ltd. 蜂巢能源科技有限公司	275,634	108,479	159,072
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	135,451	135,451	135,451
Suzhou Lvkong Transmission Technology Co., Ltd. 蘇州綠控傳動科技股份有限公司	48,000	48,000	48,000
Aerospace Kaitian Environmental Tech. Co., Ltd. 航天凱天環保科技股份有限公司	40,000	40,000	40,000
Shanghai Guohe Machinery Co., Ltd 上海國核機械有限公司	6,017	6,017	6,017
Rootcloud Technology Co., Ltd. 樹根互聯技術有限公司	363,237	202,620	104,824
Zhejiang Chengfeng Engineering Machinery Co., Ltd. 浙江成峰工程機械有限公司	2,294	2,294	2,294
Others	61,035	114,075	112,797
Subtotal	1,332,642	970,897	608,455
Total	1,627,120	1,336,716	1,064,956

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. FINANCIAL ASSETS AT FVPL

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Listed equity investments, at fair value	75,647	62,353	–
Debt investments, at fair value	14,740,955	10,786,583	11,062,402
Subtotal	14,816,602	10,848,936	11,062,402
Non-current portion			
Fund and non-listed equity investments, at fair value	340,288	310,913	285,051
Total	15,156,890	11,159,849	11,347,453

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Debt investments, at fair value	2,528,750	617,658	302,687
Subtotal	2,528,750	617,658	302,687
Non-current portion			
Fund and non-listed equity investments, at fair value	239,945	239,253	236,254
Total	2,768,695	856,911	538,941

Certain investments are pledged, details of which are disclosed in note 44 to the Historical Financial Information.

22. LOANS AND ADVANCES

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Loans and advances	11,632,338	7,100,985	3,540,820
Less: Loss allowance	(475,418)	(321,624)	(238,872)
	11,156,920	6,779,361	3,301,948
Analysed into:			
Current portion	6,049,659	3,741,246	2,016,412
Non-current portion	5,107,261	3,038,115	1,285,536

The movements in the loss allowance for impairment of loans and advances are as follows:

2022

	12-months ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	322,562	115,995	50,095	488,652
Transfer during the year	(22,105)	18,789	3,316	–
(Reversal)/provision of impairment losses during the year	(18,620)	(26,042)	31,428	(13,234)
At the end of the year	281,837	108,742	84,839	475,418

2023

	12-months ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	281,837	108,742	84,839	475,418
Transfer during the year	37,967	(86,470)	48,503	–
Reversal of impairment losses during the year	(128,540)	(10,293)	(14,961)	(153,794)
At the end of the year	191,264	11,979	118,381	321,624

2024

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	191,264	11,979	118,381	321,624
Transfer during the year	(14,504)	10,584	3,920	–
(Reversal)/provision of impairment losses during the year	(86,841)	(12,079)	16,168	(82,752)
At the end of the year	89,919	10,484	138,469	238,872

Certain loans and advances are pledged, details of which are disclosed in note 44 to the Historical Financial Information.

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	488,652	475,418	321,624
Impairment losses, net	(13,234)	(153,794)	(82,752)
At the end of the year	475,418	321,624	238,872

23. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	34,005,099	32,873,445	35,143,568
Bills receivables, at amortised cost	588,860	306,049	397,632
Impairment	(2,752,550)	(3,755,593)	(4,284,353)
Net carrying amount	31,841,409	29,423,901	31,256,847
Analysed into:			
Current portion	27,395,762	26,573,655	28,343,222
Non-current portion	4,445,647	2,850,246	2,913,625

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	865,223	1,547,828	1,923,634
Bills receivables	23,281	55,200	28,521
Impairment	(19,162)	(25,025)	(35,573)
Net carrying amount	869,342	1,578,003	1,916,582

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

The amounts due from related parties included in trade receivables are disclosed in note 49 to the Historical Financial Information.

Certain bills receivables are pledged, details of which are disclosed in note 44 to the Historical Financial Information.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the invoice date) is as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	30,072,307	28,718,602	30,055,683
After one year but within two years	1,627,865	1,329,627	2,065,787
After two years but within three years	777,798	790,517	753,353
After three years but within four years	387,101	488,762	622,035
After four years but within five years	335,571	373,009	446,088
After five years	1,393,317	1,478,977	1,598,254
Total	34,593,959	33,179,494	35,541,200

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	849,791	1,565,242	1,879,571
After one year but within two years	15,837	15,338	47,029
After two years but within three years	10,826	5,293	10,934
After three years but within four years	10,858	8,846	2,979
After four years but within five years	359	7,156	4,487
After five years	833	1,153	7,155
Total	888,504	1,603,028	1,952,155

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

2022

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	109,094	–	–	2,432,279	2,541,373
Impairment losses, net	39,344	–	–	302,410	341,754
Amount written off as uncollectible	(46,868)	–	–	(89,790)	(136,658)
Exchange realignment	–	–	–	6,081	6,081
At the end of the year	101,570	–	–	2,650,980	2,752,550

2023

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	101,570	–	–	2,650,980	2,752,550
Impairment losses, net	(18,885)	–	–	1,108,838	1,089,953
Amount written off as uncollectible	–	–	–	(123,385)	(123,385)
Exchange realignment	–	–	–	36,475	36,475
At the end of the year	82,685	–	–	3,672,908	3,755,593

2024

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	82,685	–	–	3,672,908	3,755,593
Impairment losses, net	23,905	–	–	757,740	781,645
Amount written off as uncollectible	–	–	–	(224,644)	(224,644)
Exchange realignment	–	–	–	(28,241)	(28,241)
At the end of the year	106,590	–	–	4,177,763	4,284,353

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	14,177	19,162	25,025
Impairment losses, net	4,984	5,865	10,540
Exchange realignment	1	(2)	16
Amount written off as uncollectible	–	–	(8)
At the end of the year	19,162	25,025	35,573

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

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

The Group

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	2,017,888	38.63%	779,416
Provision for bad debts by portfolio of credit risk characteristics			
Undue or overdue within 1 year	28,253,110	1.80%	507,782
Overdue 1 to 2 years	1,583,354	10.00%	158,335
Overdue 2 to 3 years	726,360	20.00%	145,272
Overdue 3 to 4 years	325,386	35.00%	113,885
Overdue 4 to 5 years	204,606	75.00%	153,455
Overdue over 5 years	894,405	100.00%	894,405
Total	34,005,099	8.09%	2,752,550

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	3,881,228	48.23%	1,871,799
Provision for bad debts by portfolio of credit risk characteristics			
Undue or overdue within 1 year	25,915,805	1.84%	476,712
Overdue 1 to 2 years	891,600	10.00%	89,160
Overdue 2 to 3 years	657,113	20.00%	131,423
Overdue 3 to 4 years	421,390	35.00%	147,486
Overdue 4 to 5 years	269,184	75.00%	201,888
Overdue over 5 years	837,125	100.00%	837,125
Total	32,873,445	11.42%	3,755,593

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	4,105,234	50.95%	2,091,631
Provision for bad debts by portfolio of credit risk characteristics			
Undue or overdue within 1 year	27,393,193	2.27%	620,978
Overdue 1 to 2 years	1,375,855	10.00%	137,586
Overdue 2 to 3 years	550,570	20.00%	110,114
Overdue 3 to 4 years	483,022	35.00%	169,058
Overdue 4 to 5 years	322,832	75.00%	242,124
Overdue over 5 years	912,862	100.00%	912,862
Total	35,143,568	12.19%	4,284,353

The Company

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	444,572	–	–
Undue or overdue within 1 year	381,938	2.75%	10,511
Overdue 1 to 2 years	15,837	10.00%	1,584
Overdue 2 to 3 years	10,826	20.00%	2,165
Overdue 3 to 4 years	10,858	35.00%	3,800
Overdue 4 to 5 years	359	75.00%	269
Overdue over 5 years	833	100.00%	833
Total	865,223	2.21%	19,162

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	822,501	–	–
Undue or overdue within 1 year	689,437	1.92%	13,258
Overdue 1 to 2 years	14,466	10.00%	1,447
Overdue 2 to 3 years	5,183	20.00%	1,037
Overdue 3 to 4 years	7,966	35.00%	2,788
Overdue 4 to 5 years	7,122	75.00%	5,342
Overdue over 5 years	1,153	100.00%	1,153
Total	1,547,828	1.62%	25,025

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision for bad debts on individual basis	986,704	0.30%	3,000
Undue or overdue within 1 year	866,498	1.97%	17,032
Overdue 1 to 2 years	46,397	10.00%	4,640
Overdue 2 to 3 years	10,043	20.00%	2,009
Overdue 3 to 4 years	4,979	35.00%	1,743
Overdue 4 to 5 years	7,458	75.00%	5,594
Overdue over 5 years	1,555	100.00%	1,555
Total	1,923,634	1.85%	35,573

There was no significant change in the ECL rates for the time band during the Relevant Periods, mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the ECL rates are determined.

24. RECEIVABLES UNDER FINANCE LEASE

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Gross investments	13,452,754	17,955,387	18,576,435
Unearned finance income	(1,022,509)	(1,430,970)	(1,614,418)
	12,430,245	16,524,417	16,962,017
Less: Loss allowance	(346,989)	(492,290)	(532,359)
	12,083,256	16,032,127	16,429,658
Analysed into:			
Current portion	4,659,811	6,346,853	6,531,876
Non-current portion	7,423,445	9,685,274	9,897,782

The movements in the loss allowance for impairment of receivables under finance lease are as follows:

2022

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	114,587	–	–	114,587
Transfer during the year	(5,283)	5,283	–	–
Provision of impairment losses during the year	159,563	63,356	–	222,919
Exchange realignment	9,483	–	–	9,483
At the end of the year	278,350	68,639	–	346,989

2023

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	278,350	68,639	–	346,989
Transfer during the year	25,809	(29,438)	3,629	–
Provision of impairment losses during the year	127,991	10,480	3,815	142,286
Exchange realignment	3,015	–	–	3,015
At the end of the year	435,165	49,681	7,444	492,290

2024

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	435,165	49,681	7,444	492,290
Transfer during the year	(9,505)	8,128	1,377	–
Provision/(reversal) of impairment losses during the year	46,556	(28,016)	23,125	41,665
Amount written off as uncollectible	–	–	–	–
Exchange realignment	(1,596)	–	–	(1,596)
At the end of the year	470,620	29,793	31,946	532,359

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement.

Certain receivables under finance lease are pledged, details of which are disclosed in note 44 to the Historical Financial Information.

25. CONTRACT ASSETS

	As at 1 January 2022	As at 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
Sale of products	152,409	135,631	128,350	154,028
Impairment	(2,321)	(1,924)	(1,926)	(2,311)
Net carrying amount	150,088	133,707	126,424	151,717
Analysed into:				
Current portion	78,717	58,548	67,102	99,206
Non-current portion	71,371	75,159	59,322	52,511

Contract assets are initially recognised for revenue earned from the sale of products as the receipt of consideration is conditional on successful completion of installation of the products. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2024 was the result of the increase in the ongoing sale of products.

The movements in the loss allowance for impairment of contract assets are as follows:

	As at 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,321	1,924	1,926
Impairment losses, net	(397)	2	385
At the end of the year	1,924	1,926	2,311

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	As at 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Expected credit loss rate	1.42%	1.50%	1.50%
Gross carrying amount (RMB'000)	135,631	128,350	154,028
Expected credit losses (RMB'000)	1,924	1,926	2,311

26. DEFERRED TAX

The movements in deferred tax assets of the Group during the Relevant Periods are as follows:

Deferred tax assets

	Provision for impairment of assets	Changes in fair value of derivative financial instruments	Depreciation of property, plant and equipment	Amortisation of other intangible assets	Deferred income	Tax losses	Accruals	Deductible temporary differences of inventories	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	601,185	31,632	11,366	33,378	153,963	438,521	1,076,905	1,886,769	130,619	4,364,338
Deferred tax (charged)/credited to profit or loss during the year	112,475	(30,743)	2,267	5,376	137,250	561,785	148,236	43,914	42,933	1,023,493
Deferred tax (charged)/credited to other comprehensive income during the year	–	–	–	–	–	–	–	–	(1,669)	(1,669)
Disposal of subsidiaries	–	–	–	–	–	(353)	(47)	–	–	(400)
Exchange realignment	–	–	–	–	–	(2,225)	–	–	–	(2,225)
At 31 December 2022	713,660	889	13,633	38,754	291,213	997,728	1,225,094	1,930,683	171,883	5,383,537
At 1 January 2023	713,660	889	13,633	38,754	291,213	997,728	1,225,094	1,930,683	171,883	5,383,537
Increase arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	61,067	61,067
Deferred tax (charged)/credited to profit or loss during the year	166,764	8,813	916	27,458	(690)	509,268	(145,501)	(528,551)	47,706	86,183
Deferred tax (charged)/credited to other comprehensive income during the year	–	–	–	–	–	–	–	–	(183)	(183)
Disposal of subsidiaries	–	–	–	–	–	(12,746)	(1,991)	–	–	(14,737)
At 31 December 2023	880,424	9,702	14,549	66,212	290,523	1,494,250	1,077,602	1,402,132	219,406	5,454,800
At 1 January 2024	880,424	9,702	14,549	66,212	290,523	1,494,250	1,077,602	1,402,132	219,406	5,454,800
Deferred tax (charged)/credited to profit or loss during the year	109,701	(629)	(6,317)	(319)	(27,689)	273,977	(45,331)	(352,866)	(7,679)	(57,152)
Deferred tax (charged)/credited to other comprehensive income and retained profits during the year	–	–	–	–	–	(77,885)	–	–	978	(76,907)
Disposal of subsidiaries	(142)	–	–	–	–	(29,190)	(4,248)	(241)	(76)	(33,897)
Exchange realignment	506	–	–	–	–	(151)	329	–	(4,355)	(3,671)
At 31 December 2024	990,489	9,073	8,232	65,893	262,834	1,661,001	1,028,352	1,049,025	208,274	5,283,173

Deferred tax liabilities

	Amortisation of other intangible assets	Depreciation of property, plant and equipment	Changes in fair value of financial assets at FVPL and derivative financial instruments	Trade receivables	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	65,580	296,608	431,030	2,101,490	448,426	3,343,134
Deferred tax charged/(credited) to profit or loss during the year	4,391	204,810	157,691	(110,042)	55,106	311,956
Deferred tax credited to other comprehensive income during the year	–	–	(36,153)	–	–	(36,153)
At 31 December 2022	69,971	501,418	552,568	1,991,448	503,532	3,618,937
At 1 January 2023	69,971	501,418	552,568	1,991,448	503,532	3,618,937
Deferred tax charged/(credited) to profit or loss during the year	3,172	359,483	(2,059)	(712,495)	20,974	(330,925)
Deferred tax credited to other comprehensive income during the year	–	–	(78,178)	–	–	(78,178)
At 31 December 2023	73,143	860,901	472,331	1,278,953	524,506	3,209,834
At 1 January 2024	73,143	860,901	472,331	1,278,953	524,506	3,209,834
Deferred tax charged/(credited) to profit or loss during the year	7,173	(136,728)	7,355	(459,373)	(37,858)	(619,431)
Deferred tax credited to other comprehensive income during the year	–	–	(91,826)	–	–	(91,826)
Disposal of subsidiaries	–	–	–	(451)	(71)	(522)
Exchange realignment	–	–	–	–	777	777
At 31 December 2024	80,316	724,173	387,860	819,129	487,354	2,498,832

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

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	2,499,338	3,070,315	3,576,592
Net deferred tax liabilities recognised in the consolidated statements of financial position	734,738	825,349	792,251

As at 31 December 2022, 2023 and 2024, deferred tax assets have not been recognised in respect of tax losses of RMB2,953,798,000, RMB2,957,318,000, and RMB3,637,582,000, respectively, which will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

27. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of land use right and equipment	180,131	70,250	52,542
Others	109,489	22,907	12,842
Impairment	–	(3,960)	(3,960)
Total	289,620	89,197	61,424

28. INVENTORIES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	4,791,265	4,184,971	3,883,479
Work in progress	2,381,731	1,930,155	1,981,985
Finished goods	13,023,768	14,146,525	14,640,170
	20,196,764	20,261,651	20,505,634
Less: Provision for impairment loss	(458,402)	(493,889)	(557,653)
Total	19,738,362	19,767,762	19,947,981

29. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Debt investments, at amortised cost	3,669,607	4,921,040	5,359,465
Prepayments for suppliers	1,041,546	751,872	970,721
Deposits and other receivables	3,395,273	3,658,313	3,764,265
VAT recoverable	2,472,921	1,779,167	2,084,077
Prepayment of taxes	782,144	744,411	475,302
Others	15,242	6,408	7,194
	11,376,733	11,861,211	12,661,024
Impairment allowance	(537,063)	(647,415)	(821,511)
Total	10,839,670	11,213,796	11,839,513

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Debt investments, at amortised cost	1,653,690	4,881,576	5,339,837
Prepayments for suppliers	52,810	54,837	49,844
Deposits and other receivables	1,187,103	2,214,232	2,631,008
VAT recoverable	346,666	68,610	32,655
Others	1	12	–
	3,240,270	7,219,267	8,053,344
Impairment allowance	(48,506)	(52,316)	(55,987)
Total	3,191,764	7,166,951	7,997,357

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	532,151	537,063	647,415
Impairment losses, net	9,649	114,995	203,557
Amount written off as uncollectible	–	(4,091)	(29,107)
Exchange realignment	(4,737)	(552)	(354)
At the end of the year	537,063	647,415	821,511

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	48,240	48,506	52,316
Impairment losses, net	11,696	4,906	4,171
Amount written off as uncollectible	(11,455)	(1,098)	(502)
Exchange realignment	25	2	2
At the end of the year	48,506	52,316	55,987

The amounts due from related parties included in other receivables are disclosed in note 49 to the Historical Financial Information.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial assets			
Forward currency contracts	311,833	333,830	375,720
Others	62,468	233	–
Total	374,301	334,063	375,720
Derivative financial liabilities			
Forward currency contracts	241,152	237,286	100,394
Others	–	134	6,368
Total	241,152	237,420	106,762

31. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	21,342,876	18,071,827	20,383,175
Placements with banks	196,162	303,286	449,311
Subtotal	21,539,038	18,375,113	20,832,486
Less:			
Restricted deposits	(962,954)	(704,117)	(689,488)
Time deposits with original maturity of more than three months	(7,880,313)	(9,529,137)	(8,566,529)
Cash and cash equivalents	12,695,771	8,141,859	11,576,469

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	13,019,669	11,406,110	10,862,699
Less:			
Restricted deposits	(5,920,734)	(4,550,946)	(6,628,113)
Time deposits with original maturity of more than three months	(3,604,480)	(6,147,375)	(243,962)
Cash and cash equivalents	3,494,455	707,789	3,990,624

At 31 December 2022, 2023 and 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB12,503,118,000, RMB11,291,819,000 and RMB10,880,575,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain bank deposits are pledged for the issuance of bankers' acceptance, details of which are disclosed in note 44 to the Historical Financial Information.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated their fair values.

32. TRADE AND BILLS PAYABLES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	19,717,317	17,617,741	21,264,967
Bills payables	9,189,370	5,074,985	7,389,392
Total	28,906,687	22,692,726	28,654,359

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	28,801,871	22,506,872	28,396,361
Over 1 year	104,816	185,854	257,998
Total	28,906,687	22,692,726	28,654,359

Trade payables are non-interest-bearing.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated their fair values.

The amounts due to related parties included in trade payables are disclosed in note 49 to the Historical Financial Information.

33. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Dividends payables	350,315	113,986	213,862
Payables for construction costs	401,929	467,795	454,115
Payables for purchases of equipment	1,345,899	1,291,437	1,102,258
Payables for asset-backed securities and factoring transfer payments	2,246,948	1,823,086	1,532,317
Payables to individuals	339,442	337,622	179,302
Employee benefits payables	3,166,739	3,017,925	3,139,635
Output VAT to be transferred	1,594,280	1,200,776	1,013,466
Provisions and accruals	4,704,044	4,449,940	4,341,943
Other tax payables	527,728	399,211	485,098
Other payables	2,311,424	2,395,512	2,108,094
Total	16,988,748	15,497,290	14,570,090

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Dividends payables	1,015	1,012	1,012
Payables for construction costs	1,661	7,888	5,165
Payables for purchases of equipment	2,045	45,598	38,054
Payables for asset-backed securities and factoring transfer payments	924,166	334,998	144,941
Payables to individuals	222,012	215,912	12,549
Employee benefits payables	273,385	251,772	519,964
Output VAT to be transferred	4,279	30,842	7,952
Provisions and accruals	55,090	49,006	110,529
Other tax payables	14,770	12,982	55,849
Other payables	11,471,802	14,313,094	11,869,936
Total	12,970,225	15,263,104	12,765,951

Other payables are unsecured and repayable on demand or within one year.

The amounts due to related parties included in other payables are disclosed in note 49 to the Historical Financial Information.

34. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	As at 1 January 2022	As at 31 December		
		2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers				
Sale of products	1,765,531	1,896,711	2,177,672	2,520,831

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the products have not yet been transferred. The increase in contract liabilities as at 31 December 2022, 2023 and 2024 is mainly due to the increase in advances received from customers in relation to the sale of products.

The amounts due to related parties included in contract liabilities are disclosed in note 49 to the Historical Financial Information.

35. PLACEMENTS FROM BANKS

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed by type of counterparties			
Banks	6,501,599	5,411,200	3,480,000
Accrued interest	22,136	24,197	27,970
Total	6,523,735	5,435,397	3,507,970

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2023			2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Current portion of long-term bank loans-unsecured	1.30-4.00	2023	1,930,348	1.30-3.55	2024	1,404,331	2.05-3.95	2025	3,738,637
Current portion of long-term bank loans-secured	–	–	–	2.40-6.99	2024	158,934	–	–	–
Bank loans–unsecured	0.80-7.50	2023	4,198,569	0.80-6.71	2024	2,226,370	0.10-5.72	2025	3,442,289
Bank loans–secured	3.00	2023	341,479	3.00	2024	1,889,254	2.10-3.00	2025	2,511,067
Other borrowing-secured	1.20-3.80	2023	4,171,249	0.65-3.65	2024	1,791,222	0.65-2.7	2025	2,077,806
Short term bonds	1.70-2.44	2023	1,706,425	–	–	–	1.93-1.98	2025	1,584,950
Subtotal			12,348,070			7,470,111			13,354,749
Non-current									
Bank loans–secured	–	–	–	2.40-6.99	2025-2033	255,205	2.05-3.95	2026-2033	274,847
Bank loans–unsecured	1.42-6.05	2024-2033	21,624,937	2.40-6.99	2025-2033	23,300,523	2.05-3.95	2026-2033	11,281,335
Subtotal			21,624,937			23,555,728			11,556,182
Total			33,973,007			31,025,839			24,910,931

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	6,470,396	5,678,889	9,691,993
In the one to second year, inclusive	1,813,287	9,451,735	4,385,206
In the second to third years, inclusive	11,713,955	6,360,761	4,020,518
In the third to fourth years, inclusive	364,187	278,150	454,046
In the fourth to fifth years, inclusive	5,816,482	4,390,263	691,326
Over five years	1,917,026	3,074,819	2,005,086
Subtotal	28,095,333	29,234,617	21,248,175
Other borrowings repayable:			
Within one year or on demand	5,877,674	1,791,222	3,662,756
Total	33,973,007	31,025,839	24,910,931

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
USD	9,477,684	5,587,352	838,467
THB	807,078	1,000,950	1,313,880
EUR	604,677	760,595	836,747
JPY	492,213	300,049	–
INR	431,623	24,309	–
MYR	63,088	97,654	101,163
SGD	36,743	39,979	92,068
AUD	–	524	–
Total	11,913,106	7,811,412	3,182,325

37. DEFERRED INCOME

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies			
At beginning of year	1,371,693	2,130,628	2,387,473
Grants received	834,415	447,545	191,453
Charged to profit or loss *(note 5)*	(75,480)	(190,700)	(197,226)
Transferred out with the disposal of property, plant and equipment	–	–	(34,324)
At end of year	2,130,628	2,387,473	2,347,376

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

38. OTHER NON-CURRENT LIABILITIES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mortgage and finance lease guarantee obligations	196,825	177,300	130,119
Net liabilities of defined benefit plan *(note)*	37,096	37,798	33,617
Other long-term employee benefits	50,719	31,717	29,365
Others	32,719	48,370	43,705
Total	317,359	295,185	236,806

Note:

The employees of Putzmeister Holding GmbH, a subsidiary of the Group, set up a defined benefit plan (hereinafter referred to as "Benefit Plan") based on annual revenue units according to the needs and requirements of the German labor market. According to the Benefit Plan, employees who meet the requirements of the Benefit Plan can participate in the Benefit Plan by reducing their monthly paid-in income. Before the employee retires, the Benefit Plan injects funds into the nominal account in the Benefit Plan according to a certain percentage each year; when the employee retires, the amount accumulated in the nominal account will be fully converted into retirement pension or fully converted into retirement pension with spousal benefits. As at 31 December 2022, 2023 and 2024, the weighted average length of the Benefit Plan was 2.7 years, 2.5 years and 5.7 years, respectively; the average service life of the Benefit Plan was 25.1 years, 26.1 years and 26.5 years, respectively.

The Benefit Plan requires a fee to be paid into an independently managed fund. The Benefit Plan is in the legal form of a fund and is administered by an independent trustee whose assets are held separately from those of the Group. The trustee is responsible for determining the Benefit Plan's investment strategy. The trustee reviews the funding level of the plan. The review includes asset-liability matching strategies and investment risk management strategies, as well as the use of annuities and life swaps to manage risk. The trustee decides the amount to be paid based on the results of the annual review.

Benefit Plan is calculated annually by a qualified independent actuary using the expected unit benefit method. As the calculation process involves uncertain factors, as at the end of each of the Relevant Periods, the net liabilities of the Benefit Plan are calculated based on the management's best judgment on uncertain factors based on future development expectations, market environment and industry standards.

The principal actuarial assumptions used as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
Discount rate	3.70%	3.80%	3.00%
Pension growth rate	0.00%-1.75%	0.00%-1.75%	0.00%-3.00%
Expected rate of return on planned assets	N/A	N/A	N/A
Expected rate of return on unplanned assets	N/A	N/A	N/A

As at 31 December 2022, the actuarial valuation showed that the market value of plan assets were RMB35,647,000, and that the actuarial value of these assets represented 49.00% of the benefits that had accrued to qualified employees. The deficiency of RMB37,096,000 is expected to be cleared over the remaining service period of 25.1 years.

As at 31 December 2023, the actuarial valuation showed that the market value of plan assets were RMB37,071,000, and that the actuarial value of these assets represented 49.51% of the benefits that had accrued to qualified employees. The deficiency of RMB37,798,000 is expected to be cleared over the remaining service period of 26.1 years.

As at 31 December 2024, the actuarial valuation showed that the market value of plan assets were RMB34,196,000, and that the actuarial value of these assets represented 50.43% of the benefits that had accrued to qualified employees. The deficiency of RMB33,617,000 is expected to be cleared over the remaining service period of 26.5 years.

The quantitative sensitivity analysis for significant assumptions used are as follows:

2022

	Increase	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost	Decrease	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost
	%			%		
Discount rate	0.50	(2,126)	(5)	0.50	2,329	6
Pension growth rate	0.50	2,130	–	0.50	(1,981)	–

2023

	Increase	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost	Decrease	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost
	%			%		
Discount rate	0.50	(2,061)	(5)	0.50	2,280	5
Pension growth rate	0.50	2,809	–	0.50	(1,947)	–

2024

	Increase	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost	Decrease	Increase/ (decrease) in defined benefit obligations	Increase/ (decrease) in current service cost
	%	%				
Discount rate	0.50	(2,267)	(5)	0.50	2,543	5
Pension growth rate	0.50	2,267	–	0.50	(2,068)	–

The above sensitivity analysis has been determined based on a method that extrapolates the impact on defined benefit plan obligations as a result of reasonable changes in key assumptions occurring at the end of each of the Relevant Periods. The sensitivity analysis is based on a change in a significant assumption, with all other assumptions remained constant. The sensitivity analysis may not be representative of an actual change in the defined benefit plan obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

Movements in the present value of defined benefit obligations and the fair value of plan assets are as follows:

2022

	Present value of defined benefit plan obligations	Fair value of plan assets	Net defined benefit plan liability/(asset)
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	96,291	39,626	56,665
Charged to profit or loss	919	537	382
Current service cost	208	211	(3)
Net interest	711	326	385
Recognised in other comprehensive income	(14,475)	2,253	(16,728)
Actuarial gains or losses	(14,475)	2,253	(16,728)
Other changes	(9,992)	(6,769)	(3,223)
Employer input	71	71	–
Benefits paid	(10,063)	(6,840)	(3,223)
Closing balance	72,743	35,647	37,096

2023

	Present value of defined benefit plan obligations	Fair value of plan assets	Net defined benefit plan liability/(asset)
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	72,743	35,647	37,096
Charged to profit or loss	2,553	1,578	975
Current service cost	150	210	(60)
Net interest	2,403	1,368	1,035
Recognised in other comprehensive income	5,010	2,047	2,963
Actuarial gains or losses	5,010	2,047	2,963
Other changes	(5,437)	(2,201)	(3,236)
Employer input	81	81	–
Benefits paid	(5,518)	(2,282)	(3,236)
Closing balance	74,869	37,071	37,798

2024

	Present value of defined benefit plan obligations	Fair value of plan assets	Net defined benefit plan liability/(asset)
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	74,869	37,071	37,798
Charged to profit or loss	2,390	1,499	891
Current service cost	141	177	(36)
Net interest	2,249	1,322	927
Recognised in other comprehensive income	(3,236)	(1,661)	(1,575)
Actuarial gains or losses	(3,236)	(1,661)	(1,575)
Other changes	(6,210)	(2,713)	(3,497)
Employer input	55	55	–
Benefits paid	(6,265)	(2,768)	(3,497)
Closing balance	67,813	34,196	33,617

39. SHARE CAPITAL

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of RMB1.00 each	8,493,286	8,485,740	8,474,978

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

	Number of shares in issue	Share capital
	in thousand shares	*RMB'000*
At 31 December 2021 and 1 January 2022	8,492,588	8,492,588
Exercise of the share option	698	698
At 31 December 2022	8,493,286	8,493,286
Cancellation of shares	(7,546)	(7,546)
At 31 December 2023	8,485,740	8,485,740
Cancellation of shares	(10,762)	(10,762)
At 31 December 2024	8,474,978	8,474,978

40. RESERVES

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

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of foreign operations of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3.

(d) Special reserve — safety production fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(e) General risk reserve

Pursuant to the relevant notices issued by regulatory bodies, one subsidiary in the financial services segment in Mainland China is required to set aside a general risk reserve. In principle, the balance of general risk reserve shall be no less than 1.5% of the ending balance of risk assets.

(f) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of FVOCI under IFRS 9 that was held at the end of the Relevant Periods.

(g) Other reserve

Other reserve comprises the remeasurement of a defined benefit plan and share of other comprehensive income/(loss) under equity method.

41. SHARE-BASED PAYMENTS

On 7 November 2016, the *Proposal of Sany Heavy Industry Co., Ltd. on Granting Share options and Restricted Share Incentive Plan (Draft) and its Summary of 2016* (the "Incentive Plan") was approved by the Company's second extraordinary general meeting of shareholders in 2016. The participants of the Incentive Plan were the directors, senior management (excluding independent directors and supervisors), key staff and key management personnel of the Company and its subsidiaries who have a direct impact on or have made outstanding contributions to the Company's business results and ongoing development as a whole.

The Incentive Plans include share options plan and restricted share plan. The details are as follows:

Share options incentive plan: The Company has granted a total of 308.2773 million stock options to the incentive targets. Among them, the 261.3253 million stock options granted in 2016, upon meeting the exercise conditions, have the right to purchase 1 share of the Company's stock at a price of RMB5.64 within the validity period, and the 46.9520 million reserved stock options granted in 2017, upon meeting the exercise conditions, have the right to purchase 1 share of the Company's stock at a price of RMB7.95 within the validity period. The validity period of the stock options shall not exceed 5 years. The stock options shall become exercisable 16 months after the grant date and shall be effective in three batches on the three exercise effective dates at the ratios of 50%, 25%, and 25%, that is, each exercise effective date shall be the first trading day after the expiration of 16 months, 28 months, and 40 months from the grant date, respectively. The main exercise condition is that the net profit growth rate for each year from 2017 to 2019 shall not be less than 10% compared with the previous year. If the exercise conditions of the stock options are met, the incentive targets shall exercise the stock options held by them year by year according to the ratios specified in the plan. If the Company's performance does not meet the performance assessment target conditions in the first and second exercise periods, the corresponding stock options can be deferred to the next year and exercised when the performance assessment target conditions are met in the next year. If the conditions are not met in the next year, the stock options shall not be exercised and shall be cancelled by the Company. In the third exercise period, if the Company's performance assessment does not meet the performance assessment target conditions, the stock options shall be cancelled by the Company. During the year ended 31 December 2022, 698,188 share options were exercised and 17,500 share options were lapsed and there were no outstanding share options as at the end of each of the Relevant Periods.

Restricted Stock Incentive Plan: The Company has issued a total of 57.897676 million shares of restricted stock to the equity incentive targets who meet the grant conditions through the method of targeted issuance of restricted tradable shares. Among them, 47.077813 million shares were granted in 2016 at an issue price of RMB2.82 per share, and 10.819863 million shares were granted in 2017 at an issue price of RMB3.98 per share. The validity period of the restricted stock shall not exceed 5 years. The restricted stock shall be locked immediately after the grant. The lock-up period for all the restricted stock granted to the incentive targets is 16 months. After the lock-up period, the restricted stock shall be unlocked in two batches at the ratio of 50% each on the two unlocking dates, that is, each unlocking period shall be the first trading day after the expiration of 16 months and 28 months from the grant date, respectively. The main unlocking condition is that the net profit growth rate for each year from 2017 to 2018 shall not be less than 10% compared with the previous year. If the unlocking conditions of the restricted stock are met, the equity held by the incentive targets shall be unlocked year by year according to the ratios specified in the plan. If the Company's performance does not meet the performance assessment target conditions in the first unlocking period, the corresponding restricted stock can be deferred to the next year and unlocked when the performance assessment target conditions are met in the next year. If the conditions are not met in the next year, the restricted stock shall not be unlocked and shall be repurchased and cancelled by the Company. In the second unlocking period, if the Company's performance assessment does not meet the performance assessment target conditions, the restricted stock shall be repurchased and cancelled by the Company.

On 29 July 2022, the Company convened its third extraordinary general meeting of 2022, during which the *Proposal on the Company's 2022 Restricted Stock Incentive Plan (Draft) and Its Summary* (the "2022 Incentive Plan") was reviewed and approved. The incentive plan covers directors, senior management, and core technical (business) personnel of the Company and its subsidiaries (excluding independent directors and supervisors).

Under the plan, the Company granted a total of 22,386,250 restricted shares at a grant price of RMB9.66 per share to eligible participants. The restricted shares are subject to a maximum term of 45 months and are immediately locked upon grant. All restricted shares are subject to a 20-month lock-up period, after which they will be released in two equal tranches (50% each) on the first trading day following the 20th month and 32nd month from the grant date. The key unlocking conditions are as follows:

First unlocking tranche (20th month): The Company must achieve either of the following for the 2023 fiscal year:

(i) 10% or higher year-on-year revenue growth compared to 2022; or

(ii) 10% or higher year-on-year net profit growth compared to 2022.

Second unlocking tranche (32nd month): The Company must achieve either of the following for the 2024 fiscal year:

(i) 20% or higher year-on-year revenue growth compared to 2022; or

(ii) 20% or higher year-on-year net profit growth compared to 2022.

If the unlocking conditions are met, the restricted shares will be released proportionally as stipulated. If the Company fails to satisfy the performance targets, all corresponding restricted shares eligible for release in the relevant fiscal year shall not be unlocked and will instead be repurchased and cancelled by the Company.

The difference between the employees' subscription price and the fair value of the restricted shares on the grant date constitutes a share-based payment expense.

On 14 December 2020, "Proposal on Measures for the Management of the 2020 Employee Stock Ownership Plan" (hereinafter referred to as "2020 Employee Stock Ownership Plan") was approved by the Company's second extraordinary general meeting of shareholders in 2020. The Company held its first Extraordinary General Meeting of 2021 on 18 June 2021 to consider and approve the "Proposal on Measures for the Management of the 2021 Employee Stock Ownership Plan" (hereinafter referred to as "2021 ESOP"). At the 2021 Annual General Meeting of Shareholders held on 13 May 2022, the Company deliberated and approved the Motion Concerning the "2022 Employee Stock Ownership Plan (Draft) and Summary" (hereinafter referred to as the "2022 ESOP"). The Company held its Extraordinary General Meeting on 30 June 2023 to consider and approve the "Proposal on Measures for the Management of the 2023 Employee Stock Ownership Plan" (hereinafter referred to as "2023 ESOP"). The Company held its Extraordinary General Meeting on 19 April 2024 to consider and approve the "Proposal on Measures for the Management of the 2023 Employee Stock Ownership Plan" (hereinafter referred to as "2024 ESOP").

The participants of the Employee Stock Ownership Plan include directors, supervisors, senior management, intermediate management, key position personnel core business (technical) personnel of the Company and its subsidiaries.

The details of Employee Stock Ownership Plan are as follows:

For 2020 Employee Stock Ownership Plan, the Company recognises 14 December 2020 as the grant date and would repurchase 8,289,375 shares in special securities account to the account of 2020 Employee Stock Ownership Plan on 25 December 2020 at the price of RMB16.94/share. Duration of such Employee Stock Ownership Plan is 72 months, and the lock-up period of underlying stocks acquired in Employee Stock Ownership Plan is 12 months, which shall be vested to the Holders in five natural years. Thereafter, 20% of the stocks will be unlocked each year. From the date when the last underlying stock mentioned in the Company notice is transferred to Employee Stock Ownership Plan, trading is forbidden during the lock-up period mentioned above.

For 2021 Employee Stock Ownership Plan, the Company recognises 18 June 2021 as the grant date and would repurchase 7,408,100 shares in special securities account to the account of 2021 Employee Stock Ownership Plan on 30 June 2021 at the price of RMB35.73/share. Duration of such Employee Stock Ownership Plan is 72 months, and the lock-up period of underlying stocks acquired in Employee Stock Ownership Plan is 12 months, which shall be vested to the Holders in five natural years. Thereafter, 20% of the stocks will be unlocked each year. From the date when the last underlying stock mentioned in the Company notice is transferred to Employee Stock Ownership Plan, trading is forbidden during the lock-up period mentioned above.

For 2022 Employee Stock Ownership Plan, the Company determined 13 May 2022 as the grant date, and transferred 19,702,000 shares in the special securities account for repurchase to the 2022 Employee Stock Ownership Plan account on 28 July 2022 at a grant price of RMB23.65 per share. The duration of the Employee Stock Ownership Plan is 72 months, and the lockup period for the underlying stocks acquired by the Employee Stock Ownership Plan is 12 months. The stock rights and interests of salaried employees are attributed to the holders in five natural years, with an annual attribution of 20%; The stock rights and interests of employees under the share-based salary system are attributed to the holders in two natural years, with an annual attribution of 50%. Starting from the date on which the company announces the transfer of the last underlying stock to the Employee Stock Ownership Plan, no trading shall be conducted during the aforementioned lockup period.

For 2023 Employee Stock Ownership Plan, the Company determined 30 June 2023 as the grant date, and transferred 36,050,000 shares in the special securities account for repurchase to the 2023 Employee Stock Ownership Plan account on 2 August 2023 at a grant price of RMB16.13 per share. The duration of the Employee Stock Ownership Plan is 72 months, and the lockup period for the underlying stocks acquired by the Employee Stock Ownership Plan is 12 months. The stock rights and interests of salaried employees are attributed to the holders in five natural years, with an annual attribution of 20%; The stock rights and interests of employees under the share-based salary system are attributed to the holders in two natural years, with an annual attribution of 50%. Starting from the date on which the company announces the transfer of the last underlying stock to the Employee Stock Ownership Plan, no trading shall be conducted during the aforementioned lockup period.

For 2024 Employee Stock Ownership Plan, the Company determined 19 April 2024 as the grant date, and transferred 41,120,431 shares in the special securities account for repurchase to the 2024 Employee Stock Ownership Plan account on 31 July 2024 at a grant price of RMB13.47 per share. The duration of the Employee Stock Ownership Plan is 72 months, and the lockup period for the underlying stocks acquired by the Employee Stock Ownership Plan is 12 months. The stock rights and interests of salaried employees are attributed to the holders in five natural years, with an annual attribution of 20%; The stock rights and interests of employees under the share-based salary system are attributed to the holders in two natural years, with an annual attribution of 50%. Starting from the date on which the company announces the transfer of the last underlying stock to the Employee Stock Ownership Plan, no trading shall be conducted during the aforementioned lockup period.

The following restricted shares were outstanding under the Employee Stock Ownership Plan and Restricted Stock Incentive Plan during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
Outstanding as at beginning of the year	4,973,775	25,702,225	48,470,975
Granted	22,386,250	36,050,600	41,120,431
Exercised	(1,536,299)	(1,572,376)	(14,673,751)
Lapsed	(121,501)	(11,709,474)	(5,290,927)
Outstanding as at end of the year	25,702,225	48,470,975	69,626,728

The Company determines the fair value of the restricted shares based on the closing price of the restricted shares on the grant date.

Basis for determining the number of exercisable equity instruments: On each balance sheet date during the waiting period, the best estimate is made based on the latest changes in the number of exercisable employees, expected performance completion, and other follow-up information, and the estimated number of exercisable equity instruments is revised. On the vesting date, the final estimated number of exercisable equity instruments is consistent with the actual number of exercisable equity instruments.

As at 31 December 2022, 2023 and 2024, the accumulated amount of equity settled share based payments included in capital reserve are RMB626,529,000, RMB650,958,000 and RMB720,765,000, respectively.

The Group recognised a share-based payment expense of RMB59,117,000, RMB21,746,000 and RMB70,146,000, respectively, during the years ended 31 December 2022, 2023 and 2024.

42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB430,391,000, RMB595,417,000, and RMB304,117,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	17,596,276	181,714	17,777,990
Changes from financing cash flows	8,426,826	(168,007)	8,258,819
New leases	–	430,391	430,391
Interest accretion	642,735	18,411	661,146
Foreign exchange movement	7,307,170	(723)	7,306,447
At 31 December 2022	33,973,007	461,786	34,434,793
At 1 January 2023	33,973,007	461,786	34,434,793
Changes from financing cash flows	(5,425,210)	(291,992)	(5,717,202)
New leases	–	595,417	595,417
Interest accretion	1,017,942	28,161	1,046,103
Foreign exchange movement	1,460,100	10,307	1,470,407
At 31 December 2023	31,025,839	803,679	31,829,518
At 1 January 2024	31,025,839	803,679	31,829,518
Changes from financing cash flows	(7,744,029)	(384,158)	(8,128,187)
New leases	–	304,117	304,117
Interest accretion	815,613	32,499	848,112
Foreign exchange movement	813,508	1,430	814,938
At 31 December 2024	24,910,931	757,567	25,668,498

(c) Total cash outflow for leases

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	(89,693)	(129,067)	(90,137)
Within financing activities	(168,007)	(291,992)	(384,158)
Total	(257,700)	(421,059)	(474,295)

43. BUSINESS COMBINATIONS

The business combinations under common control that occurred during the Relevant Periods are presented below:

The consolidated entity	The proportion of equity interests obtained in a business combination	Consolidated date
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	65.11%	31 December 2022
Sany Hongxiang Battery Co., Ltd. 三一紅象電池有限公司	70.00%	31 December 2022
Changsha Sany Lithium Energy Enterprise Management Partnership (Limited Partnership) 長沙三一鋰能企業管理合夥(有限合夥)	99.90%	31 December 2022
Changsha Sany Xinneng Enterprise Management Partnership (Limited Partnership) 長沙三一新能企業管理合夥(有限合夥)	99.90%	31 December 2022
Sany Kinetic Energy for Electricity New Energy Technology Development (Ezhou) Co., Ltd. 三一動能換電新能源科技發展(鄂州)有限公司	100.00%	31 December 2022

The consolidated entity	The proportion of equity interests obtained in a business combination	Consolidated date
Sany Kinetic Energy for Electricity New Energy Technology Development (Zibo) Co., Ltd. 三一動能換電新能源科技發展(淄博)有限公司	100.00%	31 December 2022
Changde Taisheng Electric Power Development Co., Ltd. 常德市泰盛電力開發有限公司	100.00%	31 December 2023
Loudi Taisheng New Energy Co., Ltd. 婁底市泰盛新能源有限公司	100.00%	31 December 2023
Loudi Zhongsheng New Energy Co., Ltd. 婁底市中盛新能源有限公司	100.00%	31 December 2023
Shaoyang Zhongsheng New Energy Co., Ltd. 邵陽中盛新能源有限責任公司	100.00%	31 December 2023
Changsha Zhongsheng New Energy Co., Ltd. 長沙中盛新能源有限公司	100.00%	31 December 2023
Yiyang Zhongsheng New Energy Co., Ltd. 益陽市中盛新能源有限公司	100.00%	31 December 2023
Changshu Sansheng New Energy Co., Ltd. 常熟三盛新能源有限公司	100.00%	31 December 2023
Anren Dayuan New Energy Development Co., Ltd 安仁大源新能源開發有限公司	100.00%	31 December 2023
Sany Solar Energy Co., Ltd. 三一太陽能有限公司	100.00%	31 December 2023
Huzhou Taisheng New Energy Co, Ltd. 湖州泰盛新能源有限公司	100.00%	31 December 2023
Shanghai Kaihuan New Energy Technology Co., Ltd 上海凱幻新能源科技有限公司	100.00%	31 December 2023
Hunan Yimao Industrial Control Technology Co., Ltd. 湖南易貿工控科技有限公司	100.00%	31 December 2024

44. RESTRICTED ASSETS

Details of the Group's restricted assets at the end of each of the Relevant Periods are as follows:

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Restricted deposits	*i*	962,954	704,117	689,488
Financial assets at fair value through profit or loss	*ii*	4,885,192	2,307,789	2,134,213
Bills receivables	*iii*	439,021	122,608	234,993
Receivables under finance lease	*iv*	202,607	1,140,302	1,779,492
Loans and advances	*v*	–	–	565,898
Other intangible assets	*vi*	36,000	–	–
		6,525,774	4,274,816	5,404,084

i. Certain bank deposits were pledged as securities for the issuance of bankers' acceptance, mortgaged borrowings and statutory deposit reserves placement with central bank as at 31 December 2022, 2023 and 2024, respectively.

ii. Certain financial assets at fair value through profit or loss were pledged for repurchase of national debts as at 31 December 2022, 2023 and 2024, respectively.

iii. Certain bills receivables were pledged to obtain loans as at 31 December 2022, 2023 and 2024, respectively.

iv. Certain receivables under finance lease were pledged for trade receivables factoring as at 31 December 2022, 2023 and 2024, respectively.

v. Certain loans and advances were pledged to obtain loans as at 31 December 2022, 2023 and 2024, respectively.

vi. Certain other intangible assets were pledged to obtain loans as at 31 December 2022.

45. CONTINGENT LIABILITIES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mortgage loan guarantee obligations	3,956,117	2,189,644	589,036
Finance lease guarantee obligations	20,990,208	16,762,808	13,311,285
	24,946,325	18,952,452	13,900,321

(a) Certain end customers of the Group have utilised purchased construction machinery as collateral to entrust our partnered distributors (hereinafter "Distributors") or Hunan Zhongfa Intelligent Equipment Co., Ltd. (hereinafter "Hunan Zhongfa") in obtaining mortgage loans from financial institutions. The mortgage contracts stipulate that individual buyers may obtain loans equivalent to 70% to 80% of the machinery purchase price, with loan terms typically ranging from 2 to 4 years. Pursuant to agreements between the Group and the mortgage lending institutions, in the event of buyer's default on loan repayments, both Hunan Zhongfa (or Distributors) and the Group are jointly liable for guaranteeing the remaining mortgage loans to the financial institutions. As of 31 December 2022, 2023, and 2024, the outstanding guarantee obligations assumed by the Group amounted to RMB3.96 billion, RMB2.19 billion, and RMB0.59 billion, respectively.

(b) Certain end customers of the Group acquire the Group's machinery products through finance lease arrangements. Users enter into sales agreements with dealers collaborating with the Group or directly with the Group. Under these arrangements, the Group is obligated to repurchase outstanding finance lease balances if the lessee fails to make lease payments under agreed terms during the repayment period. As of 31 December 2022, 2023, and 2024, the outstanding repurchase guarantee obligations amounted to RMB20.99 billion, RMB16.76 billion, and RMB13.31 billion, respectively. Of these amounts, obligations related to finance lease agreements with Kangfu International (hereinafter "Kangfu") and Hunan Zhonghong Financial Leasing (hereinafter "Hunan Zhonghong") totalled RMB3.86 billion, RMB2.60 billion, and RMB0.41 billion for the Relevant Periods.

The Group issues asset-backed securities (ABS) and assumes liquidity shortfall payment obligations to cover the deficit between distributable funds of each ABS special plan tranche and the fixed returns and principal payable to priority ABS holders. As of December 31, 2022, 2023, and 2024, the outstanding balances of such obligations were RMB12.73 billion, RMB7.50 billion, and RMB7.95 billion, respectively. Management assesses the likelihood of triggering these liquidity support obligations as low.

46. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	2,166,623	814,392	1,587,381

47. DISPOSAL OF SUBSIDIARIES

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net assets disposed of:			
Current assets	41,853	150,487	171,487
Non-current assets	57,966	51,436	189,905
Current liabilities	(11,648)	(215,504)	(475,236)
Non-current liabilities	(67)	–	(308)
Non-controlling interests	(4,086)	3,395	17,146
Transferred from other comprehensive income	–	(228)	9
Subtotal	84,018	(10,414)	(96,997)
Revaluation of remaining interest	(81,849)	(1,358)	–
Gain on disposal of subsidiaries	29,046	11,772	96,997
Total consideration	31,215	–	–
Satisfied by: Cash	31,215	–	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries are as follows:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash consideration	–	31,215	–
Cash and bank balances disposed of	(2,695)	(8,550)	(7,562)
Net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries	(2,695)	22,665	(7,562)

48. PARTLY OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December		
	2022	2023	2024
Percentage of equity interest held by non-controlling interests:			
Loudi Zhongxing Hydraulic Components Co., Ltd. ("Loudi Zhongxing") 婁底市中興液壓件有限公司	25.00	25.00	25.00
Loudi Zhongyuan New Materials Co., Ltd. ("Loudi Zhongyuan") 婁底市中源新材料有限公司	25.16	25.16	25.16
SANY Auto Finance	4.23	4.23	4.23
SANY Financial Leasing	5.14	5.14	5.14

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year allocated to non-controlling interests:			
Loudi Zhongxing	34,092	27,483	46,832
Loudi Zhongyuan	3,210	(5,844)	(7,125)
SANY Auto Finance	11,460	14,243	11,593
SANY Financial Leasing	5,213	9,548	10,039

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accumulated balances of non-controlling interests at the reporting date:			
Loudi Zhongxing	156,024	183,522	130,111
Loudi Zhongyuan	128,013	122,189	115,089
SANY Auto Finance	147,219	161,466	151,942
SANY Financial Leasing	59,255	68,802	78,845

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2022

	Loudi Zhongxing	Loudi Zhongyuan	SANY Auto Finance	SANY Financial Leasing
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,670,050	595,835	804,035	256,520
Profit for the year	136,368	12,761	205,750	101,428
Total comprehensive income for the year	136,405	12,766	205,750	101,428
Current assets	1,628,771	170,775	8,132,730	1,392,686
Non-current assets	1,721,636	465,987	8,108,358	2,132,934
Current liabilities	1,868,868	115,592	12,764,016	2,372,648
Non-current liabilities	857,445	12,321	–	–
Net cash flows (used in)/from operating activities	(118,275)	724,487	(54,252)	627,723

2023

	Loudi Zhongxing	Loudi Zhongyuan	SANY Auto Finance	SANY Financial Leasing
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,511,273	463,452	797,211	356,576
Profit/(loss) for the year	109,933	(23,232)	336,390	185,775
Total comprehensive income/(loss) for the year	109,844	(23,224)	336,390	185,775
Current assets	1,200,729	187,545	7,101,461	2,012,365
Non-current assets	1,751,452	410,522	6,920,060	3,783,204
Current liabilities	804,731	105,045	10,207,972	4,201,612
Non-current liabilities	1,413,360	7,322	–	255,205
Net cash flows from/(used in) operating activities	846,092	29,302	107,279	(1,778,286)

2024

	Loudi Zhongxing	Loudi Zhongyuan	SANY Auto Finance	SANY Financial Leasing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,619,914	479,303	609,988	342,802
Profit/(loss) for the year	187,327	(28,321)	273,804	195,341
Total comprehensive income/(loss) for the year	186,031	(28,324)	273,804	195,341
Current assets	1,584,563	226,552	3,915,901	2,162,157
Non-current assets	1,666,002	376,383	7,426,597	3,664,455
Current liabilities	1,411,036	140,641	7,753,880	4,175,691
Non-current liabilities	1,319,084	4,816	–	116,756
Net cash flows from/(used in) operating activities	450,458	23,852	65,211	(29,788)

49. RELATED PARTY TRANSACTIONS

(a) Parent entities

The Company's parent company and ultimate holding company is SANY Group Co., Ltd. 三一集團有限公司, and the ultimate controlling person is Mr. Liang Wengen.

(b) Names and relationships with related parties

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the Relevant Periods:

Name of related parties	Relationship with the Group
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	Joint venture
PT SANY MAKMUR PERKASA	Joint venture
Palfinger Sany Crane CIS	Joint venture
Yuandong Construction Investment Group CO., Ltd. of Beijing 北京城建遠東建設投資集團有限公司	Associate
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	Associate
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	Associate
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	Associate
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	Associate
Hunan Sany Jingchuang Technology Co., Ltd. 湖南三一精創科技有限公司	Associate
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	Associate
Wuxi Sany Venture Capital Partnership Enterprise (Limited Partnership) 無錫三一創業投資合夥企業(有限合夥)	Associate
Hangzhou Serval Technology Co., Ltd. 杭州藪貓科技有限公司	An associate of the parent company
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	An associate of the parent company
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	An associate of the parent company
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	An associate of the parent company

Name of related parties	Relationship with the Group
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	An associate of the parent company
MGB SANY(M) IBS SDN BHD	An associate of the parent company
Hunan Lehui Sports Culture Communication Co., Ltd. 湖南樂匯體育文化傳播有限公司	An associate of the parent company
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	Subsidiary of and associate
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	Controlled by Mr. Liang Wengen
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	Controlled by Mr. Liang Wengen
Sany Handan Construction Technology Co., Ltd. 三一邯鄲築工科技有限公司	Controlled by Mr. Liang Wengen
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	Controlled by Mr. Liang Wengen
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	Controlled by Mr. Liang Wengen
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	Controlled by Mr. Liang Wengen
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	Controlled by Mr. Liang Wengen
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	Controlled by Mr. Liang Wengen
Sany International (Hong Kong) Industry Co., Ltd. 三一國際(香港)實業有限公司	Controlled by Mr. Liang Wengen
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	Controlled by Mr. Liang Wengen
Sany Heavy Equipment International Holdings Co., Ltd. 三一重裝國際控股有限公司	Controlled by Mr. Liang Wengen
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	Controlled by Mr. Liang Wengen
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	Controlled by Mr. Liang Wengen
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	Controlled by Mr. Liang Wengen
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	Controlled by Mr. Liang Wengen
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	Controlled by Mr. Liang Wengen
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	Controlled by Mr. Liang Wengen
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	Controlled by Mr. Liang Wengen
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	Controlled by Mr. Liang Wengen
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	Controlled by Mr. Liang Wengen
Sany Construction Engineering (Xi'an) Technology Co., Ltd. 三一築工(西安)科技有限公司	Controlled by Mr. Liang Wengen
Sany Construction (Chongqing) Technology Co., Ltd. 三一築工(重慶)科技有限公司	Controlled by Mr. Liang Wengen
Zhuhai Zhuxiang Cloud Technology Co., Ltd. 珠海築享雲科技有限公司	Controlled by Mr. Liang Wengen
Sany (Quanzhou) Construction Technology Co., Ltd. 三一(泉州)築工科技有限公司	Controlled by Mr. Liang Wengen
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	Controlled by Mr. Liang Wengen
Sany Construction (Quanzhou) Building Materials Co., Ltd. 三一築工(泉州)建材有限公司	Controlled by Mr. Liang Wengen
Zhongxian Sany Construction Technology Co., Ltd. 忠縣三一築工科技有限公司	Controlled by Mr. Liang Wengen

Name of related parties	Relationship with the Group
Hubei Sany Truck Sales and Service Co., Ltd. 湖北三一卡車銷售服務有限公司	Controlled by Mr. Liang Wengen
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	A fellow subsidiary
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	A fellow subsidiary
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	A fellow subsidiary
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	A fellow subsidiary
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	A fellow subsidiary
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	A fellow subsidiary
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	A fellow subsidiary
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	A fellow subsidiary
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	A fellow subsidiary
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	A fellow subsidiary
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	A fellow subsidiary
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	A fellow subsidiary
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	A fellow subsidiary
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	A fellow subsidiary
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	A fellow subsidiary
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	A fellow subsidiary
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	A fellow subsidiary
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	A fellow subsidiary
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	A fellow subsidiary
Hunan Sany Interactive Marketing Technology Co., Ltd. 湖南三一互動行銷科技有限公司	A fellow subsidiary
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	A fellow subsidiary
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	A fellow subsidiary
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	A fellow subsidiary
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	A fellow subsidiary
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	A fellow subsidiary
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	A fellow subsidiary
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	A fellow subsidiary
Changsha Shufeng Enterprise Management Co., Ltd. 長沙樹灃企業管理有限公司	A fellow subsidiary
Chongqing Sany Zhushengyuan Property Service Co., Ltd. 重慶三一竹勝園物業服務有限公司	A fellow subsidiary
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	A fellow subsidiary
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	A fellow subsidiary
Hunan Sanfeng Technology Co., Ltd. 湖南三峰科技有限公司	A fellow subsidiary
Zhushengyuan Real Estate Co., Ltd. 上海竹勝園地產有限公司	A fellow subsidiary

Name of related parties	Relationship with the Group
Zhuhai SANY Port Machinery Co., Ltd. 珠海三一港口機械有限公司	A fellow subsidiary
Hunan Zhonghong Financial Leasing Co., Ltd. 湖南中宏融資租賃有限公司	A fellow subsidiary
Sany (Zhuhai) Investment Co., Ltd. 三一(珠海)投資有限公司	A fellow subsidiary
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	A fellow subsidiary
China Wealth Machine Holdings Limited 中富機械控股有限公司	A fellow subsidiary
Guangzhou Huayao Real Estate Co., Ltd. 廣州華耀置業有限公司	A fellow subsidiary
Changsha Three Silver Real Estate Development Co., Ltd. 長沙三銀房地產開發有限公司	A fellow subsidiary
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	A fellow subsidiary
Lianyuan Zhushengyuan Real Estate Co., Ltd. 漣源市竹勝園房地產有限公司	A fellow subsidiary
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	A fellow subsidiary
Linli Zhushengyuan Real Estate Co., Ltd. 臨澧竹勝園房地產有限公司	A fellow subsidiary
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	A fellow subsidiary
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	A fellow subsidiary
Zhuzhou Sany Intelligent Manufacturing Co., Ltd. 株洲三一智慧製造有限公司	A fellow subsidiary
Zhuzhou Sany Smart Industry and Trade Co., Ltd. 株洲三一智慧工貿有限公司	A fellow subsidiary
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	A fellow subsidiary
Changsha Yunqi Real Estate Development Co., Ltd. 長沙雲麒房地產開發有限公司	A fellow subsidiary
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	A fellow subsidiary
Chongqing Zhushengyuan Real Estate Development Co., Ltd. 重慶竹勝園房地產開發有限公司	A fellow subsidiary
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd. 株洲三一竹勝園物業服務有限公司	A fellow subsidiary
Hunan Sanyin Commercial Management Co., Ltd. 湖南三銀商業管理有限公司	A fellow subsidiary
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	A fellow subsidiary
Sany Robot (Changsha) Co., Ltd. 三一機器人(長沙)有限公司	A fellow subsidiary
Hunan Anren Sany Heavy Steel Structure Co., Ltd. 湖南安仁三一重型鋼構有限公司	A fellow subsidiary
Ningxia Jinanshun Construction Engineering Co., Ltd. 寧夏金安順建設工程有限公司	A fellow subsidiary
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	A fellow subsidiary
Sany Indonesia Mining Equipment Co., Ltd 三一印尼礦山設備有限公司	A fellow subsidiary
China Wealth Hongkong Machine Limited 中富香港機械有限公司	A fellow subsidiary
China Wealth Saudi Machine Limited 中富沙特機械有限公司	A fellow subsidiary
China Wealth Cambodia Machinery Co., Ltd. 中富柬埔寨機械有限公司	A fellow subsidiary
China Wealth Equipment Pte Ltd. 中富設備有限公司	A fellow subsidiary
China Wealth Machinery Malaysia Co., Ltd. 中富機械馬來西亞有限公司	A fellow subsidiary

Name of related parties	Relationship with the Group
Gangyue Construction Engineering Co., Ltd 港越建築工程有限公司	A fellow subsidiary
Sany Construction Development (Malaysia) Limited 三一築工發展(馬來西亞)有限公司	A fellow subsidiary
Loudi Zizhu Yunzhi Industrial Park Development Co., Ltd. 婁底紫竹雲智產業園發展有限公司	A fellow subsidiary
SANY PC Manufacturing SDN BHD	A fellow subsidiary
Sany International (Zambia) Industrial Co., Ltd 三一國際(尚比亞)實業有限公司	A fellow subsidiary
SANY MINING Equipment Co., Ltd. 三一礦機有限公司	A fellow subsidiary
Huaxin Yongkang Insurance Sales Co., Ltd. 華新永康保險銷售有限公司	A fellow subsidiary
Hunan Sany Intelligent Industry Private Equity Fund Enterprise (Limited Partnership) 湖南三一智慧產業私募股權基金企業(有限合夥)	A fellow subsidiary
Sany Kinetic Energy For Electricity New Energy Technology Development (Ezhou) Co., Ltd. 三一動能換電新能源科技發展(鄂州)有限公司	A fellow subsidiary
Sany Kinetic Energy For Electricity New Energy Technology Development (Zibo) Co., Ltd. 三一動能換電新能源科技發展(淄博)有限公司	A fellow subsidiary
Ludian Lithium Energy (Jianshui) Co., Ltd. 綠電鋰能(建水)有限公司	A fellow subsidiary
Sany Lithium Energy (Chongqing) New Energy Co., Ltd. 三一鋰能(重慶)新能源有限公司	A fellow subsidiary
Sany Lithium Energy (Changsha) New Energy Co., Ltd. 三一鋰能(長沙)新能源有限公司	A fellow subsidiary
Shanghai SANY Science and Technology Co., Ltd. 上海三一科技有限公司	A fellow subsidiary
Sany Lithium Energy (Zhengzhou) New Energy Technology Co., Ltd. 三一鋰能(鄭州)新能源科技有限公司	A fellow subsidiary
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	A fellow subsidiary
Sany Lithium Energy (Luoyang) New Energy Co., Ltd. 三一鋰能(洛陽)新能源有限公司	A fellow subsidiary
Sany Construction Industry Development Africa (PTY) Ltd. 三一築工發展(非洲)有限公司	A fellow subsidiary
China Wealth Machinery Malaysia Co., Ltd. 中富設備馬來西亞有限公司	A fellow subsidiary
Zhuzhou Clover Environmental Development Co., Ltd. 株洲三葉草環境事業發展有限公司	A fellow subsidiary
China Wealth (Huayue) Limited 中富華越機械有限公司	A fellow subsidiary
China Wealth Asia Machine Limited. 中富(亞洲)機械有限公司	A fellow subsidiary
Sun Li Heng Machinery Co., Ltd. (Hong Kong) 新利恒機械有限公司(香港)	A fellow subsidiary
Rootcloud Technology Co., Ltd. and tis subsidiaries 樹根互聯股份有限公司及其子公司	Key Management personnel exercise significant influence
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	Key Management personnel exercise significant influence
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	Key Management personnel exercise significant influence
Runze Hui Enterprise Management Co., Ltd 潤澤匯企業管理有限公司	Key Management personnel exercise significant influence
Shihezi Mingzhao Equity Investment Management Co., Ltd. 石河子市明照股權投資管理有限公司	Key Management personnel exercise significant influence
Yaowu (Shenzhen) Technology Co., Ltd. 要務(深圳)科技有限公司	Key Management personnel exercise significant influence

Name of related parties	Relationship with the Group
Beijing Sany Public Welfare Foundation 北京三一公益基金會	Key Management personnel exercise significant influence
Guangzhou Yigongpin Technology Co., Ltd. 廣州市易工品科技有限公司	Key Management personnel exercise significant influence
Hunan Zhongfa Intelligent Equipment Co., Ltd. 湖南中發智慧裝備有限公司	Key Management personnel exercise significant influence
Kunshan Zhongfa Asset Management Co., Ltd. 昆山中發資產管理有限公司	Key Management personnel exercise significant influence
Cuiyun Gonggong (Shanghai) Technology Co., Ltd. 萃雲共工(上海)科技有限公司	Key Management personnel exercise significant influence
SANY Group Co., Ltd. 三一集團有限公司	The parent company
Hunan Sany Electronic Control Technology Co., Ltd 湖南三一電控科技有限公司	A fellow subsidiary
Hunan Yimao Industrial Control Technology Co., Ltd 湖南易貿工控科技有限公司	A fellow subsidiary
Sany Construction Malaysia Limited 三一築工馬來西亞有限公司	A fellow subsidiary
Xi'an Zhushengyuan Real Estate Co., Ltd 西安竹勝園房地產有限公司	A fellow subsidiary
Zhongfu Laotian Machinery Leasing Co., Ltd 中富老撾機械租賃有限公司	A fellow subsidiary
Beijing Xinhaoji Construction Machinery Co., Ltd 北京鑫昊基工程機械有限公司	A fellow subsidiary

(c) Transactions with related parties

The following transactions and balances were carried out between the Group and its related parties during the Relevant Periods. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

i. Purchases of goods from related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	483,016	404,597	1,129,178
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	966,722	561,020	946,298
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	132,238	342,419	615,444
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	532,034	1,330,365	481,401
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	5,340	139,617	405,823
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	408,182	368,175	378,933
Sany Heavy Equipment International Holdings Co., Ltd. 三一重裝國際控股有限公司	919,552	976,955	327,506
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	–	–	324,875
Sany International (Hong Kong) Industry Co., Ltd. 三一國際(香港)實業有限公司	–	11,527	283,144
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	199,676	184,739	237,879

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	217,438	219,640	194,408
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	104,263	62,198	155,232
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	137,628
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	33,203	59,394	87,910
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	97,386	77,866	49,531
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	378,417	50,912	47,385
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	–	26,659	45,372
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	8,553	24,675	42,244
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	–	14	32,359
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	5,388	2,338	23,393
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	6,924	42,944	21,643
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	62	16,168
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	5,196	256,945	15,384
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	4,569	11,775
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	–	19,174	16,663
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	20,565	3,026	8,947
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	8,050	28,340	8,735
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	–	–	8,052
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	–	14,377	6,151
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	–	–	5,798
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	–	15,646	5,540
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	23,812	43,080	4,777
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	–	4,198	3,557
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	–	1,907	2,652
PT SANY MAKMUR PERKASA	1,458	–	1,699
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	5,814	22,403	1,183
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	291,622	86,168	962

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hangzhou Serval Technology Co., Ltd. 杭州薮貓科技有限公司	–	263	908
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	8,761	916	550
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	–	–	475
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	–	–	442
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	673	11,935	432
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	4	124	291
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	10	114	228
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	2,270	12	210
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	–	222	197
Hunan Sany Interactive Marketing Technology Co., Ltd. 湖南三一互動行銷科技有限公司	–	–	134
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	–	–	45
Runze Hui Enterprise Management Co., Ltd 潤澤匯企業管理有限公司	–	90	6
Sany Handan Construction Technology Co., Ltd. 三一邯鄲築工科技有限公司	–	–	1
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	2,526	209	1
SANY Group Co., Ltd. 三一集團有限公司	95,423	64,369	–
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	2,813	4,071	–
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	58,607	739	–
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	38,558	438	–
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	841	254	–
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	30,410	–	–
Palfinger Sany Crane CIS	4,821	–	–
Beijing Sany Public Welfare Foundation 北京三一公益基金會	39	–	–
Hunan Sany Electronic Control Technology Co., Ltd 湖南三一電控科技有限公司	16	–	–
Total	5,100,621	5,469,705	6,089,549

ii. Receipt of services from related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	–	83,058	127,101
SANY Group Co., Ltd. 三一集團有限公司	58,767	78,205	63,871
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	53,418	53,192	62,528
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	56,648	56,865	51,675
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	–	7,650	21,081
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	15,520	12,277	18,315
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	–	819	14,512
PT SANY MAKMUR PERKASA	10,402	16,752	8,147
Shihezi Mingzhao Equity Investment Management Co., Ltd. 石河子市明照股權投資管理有限公司	11,751	7,296	8,050
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	2,073	4,658
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	14,546	6,181	4,655
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	6,154	2,109	2,625
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	–	2,198
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	–	–	1,726
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	1,610
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	7,850	5,512	1,241
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	53,866	12,278	1,210
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	7,012	3,010	943
Hunan Sanfeng Technology Co., Ltd. 湖南三峰科技有限公司	502	552	797
Hangzhou Serval Technology Co., Ltd. 杭州藪貓科技有限公司	–	150	707
Chongqing Sany Zhushengyuan Property Service Co., Ltd. 重慶三一竹勝園物業服務有限公司	–	290	619
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	191	1,207	449
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	–	1,403	235
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	241	334	196
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	58,851	18,218	194
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	4,791	100	153

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	2,892	1,486	121
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	–	–	109
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	160	271	106
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	2,367	8,210	95
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	6,493	6,331	59
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	–	–	54
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	–	–	52
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	–	–	43
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	–	23	26
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	–	–	21
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	2	10	18
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	–	–	5
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	–	–	1
Changsha Shufeng Enterprise Management Co., Ltd. 長沙樹灃企業管理有限公司	–	2,334	1
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	91	2,467	–
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	–	396	–
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	215	47	–
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	–	5	–
Zhushengyuan Real Estate Co., Ltd. 上海竹勝園地產有限公司	11,752	3	–
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	4,363	–	–
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	620	–	–
Total	389,465	391,114	400,207

iii. Sales of goods to related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Palfinger Sany Crane CIS	269,985	727,288	1,306,277
PT SANY MAKMUR PERKASA	245,929	373,105	594,475
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	–	213,653	550,183
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	387,437	321,482	354,128
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	213,481	348,635	300,822
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	566,123	241,917	286,221
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	269,082
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	30,329	66,347	204,844
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	3	19,803	113,462
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	9,099	64,054	88,350
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	54,208	92,479	86,448
China Wealth Hongkong Machine Limited 中富香港機械有限公司	25,456	41,426	72,581
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	211,851	141,395	63,816
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	249,844	97,402	47,928
China Wealth Saudi Machine Limited 中富沙特機械有限公司	–	34,001	33,939
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	17,324	7,822	30,876
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	–	4,389	29,624
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	39,631	57,693	28,482
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	88	21,822	26,158
Sany Indonesia Mining Equipment Co., Ltd 三一印尼礦山設備有限公司	–	–	24,331
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	–	37,559	23,337
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	32,854	12,264	16,517
China Wealth Equipment Pte Ltd. 中富設備有限公司	6,570	11,964	15,351
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	91	6,321	6,418
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	2,422	2,511	4,627
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	17,108	3,568	4,496
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	362	2,804	4,427

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	9,908	8,274	4,381
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	7,983	2,741	3,245
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	–	–	2,972
China Wealth Machinery Malaysia Co., Ltd. 中富機械馬來西亞有限公司	485	3,141	2,669
Gangyue Construction Engineering Co., Ltd 港越建築工程有限公司	9,341	3,192	2,371
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	6,043	14,452	1,941
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	1,755	3,478	1,823
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	80,767	62,966	1,009
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	455	2,446	842
China Wealth Cambodia Machinery Co., Ltd. 中富柬埔寨機械有限公司	756	721	831
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	1,279	1,060	660
SANY Group Co., Ltd. 三一集團有限公司	58,646	1,394	554
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	9	946	440
Sany Construction Development (Malaysia) Limited 三一築工發展(馬來西亞)有限公司	–	740	434
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	21	384
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	467	2,093	371
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	30	797	346
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	103	238	344
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	2,123	438	329
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	563	569	250
Hunan Anren Sany Heavy Steel Structure Co., Ltd. 湖南安仁三一重型鋼構有限公司	–	–	224
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	–	168	188
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	–	756	155
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	7,310	6,305	109
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	137	29	106
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	12,469	2,270	86
Sany Construction Engineering (Xi'an) Technology Co., Ltd. 三一築工(西安)科技有限公司	50	39	72

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Zhuzhou Sany Intelligent Manufacturing Co., Ltd. 株洲三一智慧製造有限公司	91	96	71
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	8,312	4,810	70
Guangzhou Huayao Real Estate Co., Ltd. 廣州華耀置業有限公司	13	12	65
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	106	127	64
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	13,176	3,842	60
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	–	–	57
SANY PC Manufacturing SDN BHD	–	3	56
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	277	214	55
Zhuzhou Sany Smart Industry and Trade Co., Ltd. 株洲三一智慧工貿有限公司	1	–	55
Zhuhai SANY Port Machinery Co., Ltd. 珠海三一港口機械有限公司	–	–	47
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	14	46
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	30,439	–	45
Sany Robot (Changsha) Co., Ltd. 三一機器人(長沙)有限公司	–	–	38
Sany (Quanzhou) Construction Technology Co., Ltd. 三一(泉州)築工科技有限公司	23	34	37
Sany (Zhuhai) Investment Co., Ltd. 三一(珠海)投資有限公司	4	15	35
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	5	14	33
Chongqing Zhushengyuan Real Estate Development Co., Ltd. 重慶竹勝園房地產開發有限公司	10	47	33
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	119	1	31
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	113	92	31
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	–	–	30
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	170	107	30
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	64	51	21
Changsha Shufeng Enterprise Management Co., Ltd. 長沙樹灃企業管理有限公司	–	–	20
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	33	6	19
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	–	5	18
Yaowu (Shenzhen) Technology Co., Ltd. 要務(深圳)科技有限公司	69	25	18

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	50	3	16
Sany Handan Construction Technology Co., Ltd. 三一邯鄲築工科技有限公司	47	45	16
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd. 株洲三一竹勝園物業服務有限公司	13	5	14
Hunan Sanyin Commercial Management Co., Ltd. 湖南三銀商業管理有限公司	–	2	11
Sany Construction (Chongqing) Technology Co., Ltd. 三一築工(重慶)科技有限公司	13	9	8
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	140	22	6
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	–	–	4
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	16	27	4
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	–	15,487	4
China Wealth Machine Holdings Limited 中富機械控股有限公司	10,000	–	4
Loudi Zizhu Yunzhi Industrial Park Development Co., Ltd. 婁底紫竹雲智產業園發展有限公司	–	–	4
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	67	115	3
Changsha Yunqi Real Estate Development Co., Ltd. 長沙雲麒房地產開發有限公司	–	–	2
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	–	–	1
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	2	2	1
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	531	–	1
Linli Zhushengyuan Real Estate Co., Ltd. 臨澧竹勝園房地產有限公司	–	–	1
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	–	–	1
Changsha Three Silver Real Estate Development Co., Ltd. 長沙三銀房地產開發有限公司	33	–	1
Chongqing Sany Zhushengyuan Property Service Co., Ltd. 重慶三一竹勝園物業服務有限公司	–	–	1
Yuandong Construction Investment Group CO., Ltd of Beijing 北京城建遠東建設投資集團有限公司	–	–	1
Sany Construction (Quanzhou) Building Materials Co., Ltd. 三一築工(泉州)建材有限公司	–	–	1
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	–	84	–
MGB SANY(M) IBS SDN BHD	–	82	–
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	5	37	–
Beijing Sany Public Welfare Foundation 北京三一公益基金會	44	2	–

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	54	–	–
Xi'an Zhushengyuan Real Estate Co., Ltd 西安竹勝園房地產有限公司	6	–	–
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	18	–	–
Total	2,644,938	3,096,415	4,615,526

iv. ***Rendering of service to related parties***

		Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	administrative service	16,418	84,923	55,763
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	administrative service	2,751	39,215	45,344
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	logistics service	2,589	16,438	34,757
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	administrative service	3,581	1,459	31,953
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	administrative service	–	–	23,300
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	logistics service	1	1,466	15,542
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	administrative service	–	2,634	14,779
Wuxi Sany Venture Capital Partnership Enterprise (Limited Partnership) 無錫三一創業投資合夥企業(有限合夥)	management consulting service	13,208	13,208	13,208
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	logistics service	352,479	80,882	11,712
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	administrative service	13,204	10,440	9,679
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	administrative service	487	8,572	9,190
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	administrative service	–	7,072	7,331
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	logistics service	165,264	26,340	6,896
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	administrative service	–	–	6,076
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	logistics service	–	–	5,646
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	logistics service	–	–	5,090
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	logistics service	10,007	12,451	5,043
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	administrative service	–	128	4,913
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	logistics service	–	2,820	4,153

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	administrative service	298	4,389	3,602
Sany Indonesia Mining Equipment Co., Ltd 三一印尼礦山設備有限公司	administrative service	–	–	3,507
Sany International (Hong Kong) Industry Co., Ltd. 三一國際(香港)實業有限公司	administrative service	–	354	3,265
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	administrative service	1,157	1,412	3,177
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	logistics service	1,071	1,167	3,065
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	logistics service	2,909	2,704	2,512
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	logistics service	24	531	2,400
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	administrative service	4,156	3,039	2,299
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	logistics service	51	1,468	2,273
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	administrative service	1,526	2,266	2,238
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	administrative service	–	104	2,046
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	logistics service	3,197	377	1,753
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	administrative service	272	268	1,663
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	administrative service	–	90	1,555
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	logistics service	445	71	1,493
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	logistics service	–	670	1,428
SANY Group Co., Ltd. 三一集團有限公司	administrative service	4,323	1,557	1,407
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	logistics service	–	315	1,361
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	administrative service	1,006	1,813	1,267
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	administrative service	136	508	1,193
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	administrative service	41	329	1,105
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	logistics service	2,867	2,074	1,098
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	logistics service	–	8	976
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	administrative service	344	361	914
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	administrative service	8	346	894
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	administrative service	553	158	873
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	administrative service	474	755	837
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	logistics service	4,414	1,537	828

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	administrative service	–	2	776
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	logistics service	–	37	574
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	machine processing service	–	2,473	566
Hunan Anren Sany Heavy Steel Structure Co., Ltd. 湖南安仁三一重型鋼構有限公司	administrative service	–	–	559
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	administrative service	3	1,260	506
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	logistics service	–	–	497
Huaxin Yongkang Insurance Sales Co., Ltd. 華新永康保險銷售有限公司	administrative service	–	249	397
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	administrative service	456	1,026	362
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	logistics service	–	–	353
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	logistics service	–	183	307
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	administrative service	5	81	287
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	logistics service	–	847	270
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	administrative service	912	943	214
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	administrative service	–	2	178
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	administrative service	169	179	175
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	logistics service	3	2	148
Zhuzhou Sany Intelligent Manufacturing Co., Ltd. 株洲三一智慧製造有限公司	administrative service	52	1	130
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	administrative service	3,342	92	125
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	administrative service	66	49	115
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	administrative service	2,080	1,450	113
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	administrative service	88	41	112
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	machine processing service	–	–	99
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	administrative service	–	91	98
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	administrative service	39	88	95
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	administrative service	–	–	82
Zhuzhou Sany Smart Industry and Trade Co., Ltd. 株洲三一智慧工貿有限公司	administrative service	–	1	69
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	machine processing service	718	211	57

		Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	machine processing service	–	434	56
Sany Robot (Changsha) Co., Ltd. 三一機器人(長沙)有限公司	administrative service	–	–	54
Sany Construction Engineering (Xi'an) Technology Co., Ltd. 三一築工(西安)科技有限公司	administrative service	15	16	52
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	administrative service	173	–	47
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	logistics service	–	213	44
Sany (Zhuhai) Investment Co., Ltd. 三一(珠海)投資有限公司	administrative service	–	3	31
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	administrative service	7	5	28
Sany International (Zambia) Industrial Co., Ltd 三一國際(尚比亞)實業有限公司	logistics service	–	–	26
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	administrative service	–	253	22
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	administrative service	24	55	13
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	administrative service	–	6	12
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	administrative service	35	44	10
Sany Construction (Chongqing) Technology Co., Ltd. 三一築工(重慶)科技有限公司	administrative service	12	12	10
Runze Hui Enterprise Management Co., Ltd 潤澤匯企業管理有限公司	administrative service	–	30	9
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	machine processing service	–	–	9
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	logistics service	28,948	2,198	7
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	administrative service	–	300	6
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	administrative service	2	13	5
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	administrative service	–	138	5
China Wealth Saudi Machine Limited 中富沙特機械有限公司	administrative service	–	–	5
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	administrative service	198	605	4
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	administrative service	–	–	4
China Wealth Machinery Malaysia Co., Ltd. 中富機械馬來西亞有限公司	administrative service	–	–	4
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	administrative service	–	3	3
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	administrative service	–	–	3
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	administrative service	12	5	3

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
China Wealth Equipment Pte Ltd. 中富設備有限公司	logistics service	–	–	3
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	management consulting service	–	–	2
Sany Handan Construction Technology Co., Ltd. 三一邯鄲築工科技有限公司	administrative service	7	5	1
Zhuhai Zhuxiang Cloud Technology Co., Ltd. 珠海築享雲科技有限公司	administrative service	1	1	1
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	logistics service	6,062	1,641	1
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	logistics service	–	–	1
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	administrative service	–	157	–
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	administrative service	33	122	–
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	administrative service	–	28	–
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	administrative service	575	15	–
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd. 株洲三一竹勝園物業服務有限公司	administrative service	–	13	–
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	administrative service	708	10	–
Zhongxian Sany Construction Technology Co., Ltd. 忠縣三一築工科技有限公司	administrative service	–	5	–
Guangzhou Huayao Real Estate Co., Ltd. 廣州華耀置業有限公司	administrative service	–	3	–
Hubei Sany Truck Sales and Service Co., Ltd. 湖北三一卡車銷售服務有限公司	administrative service	–	1	–
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	administrative service	–	1	–
Guangzhou Yigongpin Technology Co., Ltd. 廣州市易工品科技有限公司	administrative service	–	1	–
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	logistics service	1,379	132	–
SANY Group Co., Ltd. 三一集團有限公司	logistics service	71	35	–
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	logistics service	59	25	–
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	logistics service	238	8	–
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	logistics service	–	4	–
SANY MINING Equipment Co., Ltd. 三一礦機有限公司	logistics service	–	2	–
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	logistics service	1	1	–
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	maintenance and repair service	212	876	–
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	maintenance and repair service	–	865	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	maintenance and repair service	96	847	–

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	maintenance and repair service	554	182	–
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	maintenance and repair service	1,999	107	–
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	maintenance and repair service	320	68	–
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	maintenance and repair service	98	10	–
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	machine processing service	3,207	629	–
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	machine processing service	–	155	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	machine processing service	–	50	–
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	machine processing service	–	7	–
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	machine processing service	–	1	–
Hunan Sany Intelligent Industry Private Equity Fund Enterprise (Limited Partnership) 湖南三一智慧產業私募股權基金企業(有限合夥)	management consulting service	6,604	2,985	–
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	logistics service	155	–	–
Palfinger Sany Crane CIS	logistics service	3,193	–	–
China Wealth Machine Holdings Limited 中富機械控股有限公司	logistics service	1,372	–	–
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	logistics service	4	–	–
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	administrative service	113	–	–
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	administrative service	12	–	–
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	administrative service	11	–	–
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	administrative service	10	–	–
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	administrative service	3	–	–
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	machine processing service	85	–	–
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	machine processing service	36	–	–
SANY Group Co., Ltd. 三一集團有限公司	maintenance and repair service	424	–	–
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	maintenance and repair service	285	–	–
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	maintenance and repair service	128	–	–
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	maintenance and repair service	127	–	–
Total		674,802	359,352	369,149

v. Leasing with related parties as lessor

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	Building leasing	7,475	8,198	7,852
Hunan Lehui Sports Culture Communication Co., Ltd. 湖南樂匯體育文化傳播有限公司	Building leasing	4,760	5,049	6,064
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	Building leasing	–	2,247	5,202
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	Building leasing	4,661	4,880	4,759
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	Building leasing	–	39	3,445
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	Building leasing	1,221	5,856	3,349
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	Building leasing	458	2,622	1,905
Hunan Anren Sany Heavy Steel Structure Co., Ltd. 湖南安仁三一重型鋼構有限公司	Building leasing	–	–	1,639
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	Building leasing	–	–	1,636
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	Building leasing	3,194	1,994	1,537
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	Building leasing	426	470	1,310
SANY Group Co., Ltd. 三一集團有限公司	Building leasing	2,745	42	631
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	Building leasing	482	394	414
Changsha Yunqi Real Estate Development Co., Ltd. 長沙雲麒房地產開發有限公司	Building leasing	–	85	185
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	Building leasing	–	75	179
Hunan Sanyin Commercial Management Co., Ltd. 湖南三銀商業管理有限公司	Building leasing	–	27	128
Beijing Sany Public Welfare Foundation 北京三一公益基金會	Building leasing	–	64	85
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	Building leasing	241	2	61
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	Building leasing	115	6	34
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	Building leasing	1,107	31	27
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	Building leasing	20	71	20
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	Building leasing	17	6	17
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	Building leasing	2,295	17	11
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	Building leasing	60	227	8
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	Building leasing	–	5	4
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	Building leasing	–	–	2

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	Building leasing	–	8	2
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	Building leasing	654	3,162	2
Sany Robot (Changsha) Co., Ltd. 三一機器人(長沙)有限公司	Building leasing	–	–	1
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	Building leasing	2,424	–	–
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	Building leasing	2,143	2,143	–
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	Building leasing	2,690	1,467	–
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	Building leasing	1,624	1,044	–
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	Building leasing	975	245	–
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	Building leasing	327	–	–
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	Building leasing	–	136	–
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	Building leasing	–	73	–
Hunan Sanfeng Technology Co., Ltd. 湖南三峰科技有限公司	Building leasing	20	10	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	Building leasing	–	5	–
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	Building leasing	4	–	–
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	Building leasing	–	4	–
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	Building leasing	3	1	–
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	Building leasing	–	1	–
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	Building leasing	–	1	–
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	Equipment leasing	48,250	81,567	87,978
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	Equipment leasing	–	47	1,057
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	Equipment leasing	1,368	1,527	847
Sany Kinetic Energy For Electricity New Energy Technology Development (Ezhou) Co., Ltd. 三一動能換電新能源科技發展(鄂州)有限公司	Equipment leasing	–	–	656
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	Equipment leasing	–	–	627
Ludian Lithium Energy (Jianshui) Co., Ltd. 綠電鋰能(建水)有限公司	Equipment leasing	–	–	100
Sany Lithium Energy (Chongqing) New Energy Co., Ltd. 三一鋰能(重慶)新能源有限公司	Equipment leasing	–	–	98
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	Equipment leasing	–	–	81

		Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Sany Lithium Energy (Changsha) New Energy Co., Ltd. 三一鋰能(長沙)新能源有限公司	Equipment leasing	–	–	80
Sany Kinetic Energy For Electricity New Energy Technology Development (Zibo) Co., Ltd. 三一動能換電新能源科技發展(淄博)有限公司	Equipment leasing	–	–	25
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	Equipment leasing	–	39	19
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	Equipment leasing	82	–	1
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	Equipment leasing	416	–	–
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	Equipment leasing	–	1,463	–
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	Equipment leasing	125	100	–
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	Equipment leasing	–	88	–
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	Equipment leasing	–	4	–
Total		90,382	125,542	132,078

vi. ***Leasing with related parties as lessee***

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
SANY Group Co., Ltd. 三一集團有限公司	49,239	75,459	78,052
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	45,778	59,312	60,428
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	18,941	20,497	23,707
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	3,894	5,239	6,064
Hunan Sany Jingchuang Technology Co., Ltd. 湖南三一精創科技有限公司	1,426	5,704	5,704
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	–	–	3,292
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	–	1,615	1,787
Shanghai SANY Science and Technology Co., Ltd. 上海三一科技有限公司	593	550	502
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	273	275	344
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	–	–	141
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	4,394	–	72
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	–	532	43
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	111	–	–
Total	124,649	169,183	180,136

vii. Property transferred to related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SANY Group Co., Ltd. 三一集團有限公司	804	2,232	7,002
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	179	470	634
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	–	20	399
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	5	80	366
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	9,929	809	353
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	2	107	304
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	392	100	298
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	2	210	290
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	55	3,589	201
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	6	6	89
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	604	38	83
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	15	2,240	82
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	560	5,244	41
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	–	–	23
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	–	–	21
Hunan Zhonghong Financial Leasing Co., Ltd. 湖南中宏融資租賃有限公司	6	4	18
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	78	395	8
Hunan Yimao Industrial Control Technology Co., Ltd 湖南易貿工控科技有限公司	–	–	8
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	117	20	6
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	–	108	6
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	25	6	3
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	3	–	3
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	2	8	3
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	–	3	3
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	–	127	3
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	–	–	1

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	340	748	–
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	205	76	–
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	157	86	–
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	119	–	–
Hunan Sany Jingchuang Technology Co., Ltd. 湖南三一精創科技有限公司	65	–	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	49	271	–
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	49	58	–
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	49	16	–
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	40	–	–
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	36	23,335	–
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	34	837	–
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	29	4	–
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	27	–	–
Changsha Yunqi Real Estate Development Co., Ltd. 長沙雲麒房地產開發有限公司	24	1	–
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	16	–	–
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	13	59	–
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	3	1	–
Chongqing Sany Zhushengyuan Property Service Co., Ltd. 重慶三一竹勝園物業服務有限公司	3	1	–
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	2	4	–
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	1	–	–
Changsha Shufeng Enterprise Management Co., Ltd. 長沙樹灃企業管理有限公司	1	–	–
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	–	3	–
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	–	1,066	–
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	–	3	–
Total	14,046	42,385	10,248

viii. Property purchased from related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	395	4,080	18,788
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	135	160	13,765
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	5,670	6,743	9,662
SANY Group Co., Ltd. 三一集團有限公司	22,006	137,588	5,136
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	178	52	2,043
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	–	20	569
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	–	–	481
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	21	439	458
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	18	–	363
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	16	80	74
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	–	–	47
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	–	2,016	45
Hunan Sany Electronic Control Technology Co., Ltd 湖南三一電控科技有限公司	–	–	29
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	3,962	20	21
Hunan Zhonghong Financial Leasing Co., Ltd. 湖南中宏融資租賃有限公司	1	15	16
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	905	1	12
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	7,579	3,720	11
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	62	–	10
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	3	21	7
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	3	2	4
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	2,242	820	–
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	291	367	–
Hunan Sany Jingchuang Technology Co., Ltd. 湖南三一精創科技有限公司	96	–	–
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	61	–	–
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	33	12	–
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	27	16	–

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	23	30	–
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	20	–	–
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	17	–	–
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	17	1	–
Zhushengyuan Real Estate Co., Ltd. 上海竹勝園地產有限公司	15	–	–
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	11	–	–
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	7	10,330	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	6	19	–
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	5	2,485	–
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	2	–	–
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd. 株洲三一竹勝園物業服務有限公司	2	–	–
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	1	–	–
Zhuhai Zhuxiang Cloud Technology Co., Ltd. 珠海築享雲科技有限公司	1	–	–
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	–	1,336	–
Shanghai SANY Science and Technology Co., Ltd. 上海三一科技有限公司	–	990	–
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	–	223	–
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	–	48	–
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	–	24	–
Changsha Three Silver Real Estate Development Co., Ltd. 長沙三銀房地產開發有限公司	–	8	–
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	–	4	–
Total	43,831	171,670	51,541

(d) Outstanding balances with related parties:

i. Prepayments and other receivables

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	–	1,529	46,550
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	36,502	34,622	34,622
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	7,651	40,331	29,111
Sany International (Hong Kong) Industry Co., Ltd. 三一國際(香港)實業有限公司	–	360	14,752
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	2,811	684	10,487
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	–	757	4,859
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	30,602	3,678	4,065
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	6,639	320	3,654
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	74	708	3,416
China Wealth Machinery Malaysia Co., Ltd. 中富機械馬來西亞有限公司	–	928	928
SANY Group Co., Ltd. 三一集團有限公司	32,462	753	691
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	12	593	624
China Wealth Machinery Malaysia Co., Ltd. 中富設備馬來西亞有限公司	–	554	554
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	1,505	486
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	238
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	1,030	248	197
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	167	160	186
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	–	–	127
PT SANY MAKMUR PERKASA	–	98	96
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	155	–	79
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	–	–	61
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	213	55	55
Huaxin Yongkang Insurance Sales Co., Ltd. 華新永康保險銷售有限公司	–	58	55
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	–	–	49
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	543	47	47
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	23	23	23
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	–	–	17
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	–	–	16

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	–	–	16
Zhuzhou Clover Environmental Development Co., Ltd. 株洲三葉草環境事業發展有限公司	–	–	10
China Wealth Saudi Machine Limited 中富沙特機械有限公司	–	–	5
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	26	–	4
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	–	–	3
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	–	2	2
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	–	–	1
Zhuzhou Sany Intelligent Manufacturing Co., Ltd. 株洲三一智慧製造有限公司	–	–	1
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	–	6,970	–
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	6,416	1,380	–
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	–	29	–
Hunan Zhonghong Financial Leasing Co., Ltd. 湖南中宏融資租賃有限公司	9	9	–
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	157	17	–
China Wealth Machine Holdings Limited 中富機械控股有限公司	–	4,500	–
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	134	117	–
Kunshan Zhongfa Asset Management Co., Ltd. 昆山中發資產管理有限公司	–	20	–
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	–	9	–
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	–	5	–
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	–	5	–
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	–	3	–
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	6,018	–	–
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	450	–	–
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	182	–	–
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	21	–	–
Total	132,297	101,077	156,087

ii. ***Trade and bills receivables***

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Palfinger Sany Crane CIS	217,486	150,717	410,263
PT SANY MAKMUR PERKASA	119,876	178,994	377,352
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	227,330
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	–	212,927	206,666
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	37,753	114,417	94,735
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	–	45,051	85,202
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	89,408	52,846	70,712
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	4,098	13,545	69,498
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	33,046	70,321	66,241
China Wealth Saudi Machine Limited 中富沙特機械有限公司	–	31,654	55,588
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	49,777	58,223	40,582
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	33,964	34,280	31,495
China Wealth Hongkong Machine Limited 中富香港機械有限公司	6,051	27,570	34,106
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	58,687	39,553	27,505
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	5,832	581	18,286
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	2	2,218	15,539
Gangyue Construction Engineering Co., Ltd 港越建築工程有限公司	9,474	11,992	14,535
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	34,594	23,737	13,803
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	2,394	3,686	13,862
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	87,829	36,046	24,649
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	3,285	5	11,404
China Wealth Equipment Pte Ltd. 中富設備有限公司	861	7,723	15,745
SANY Group Co., Ltd. 三一集團有限公司	12,507	13,467	10,807
Hunan Lehui Sports Culture Communication Co., Ltd. 湖南樂匯體育文化傳播有限公司	4,749	7,640	10,245
Sany Construction Development (Malaysia) Limited 三一築工發展(馬來西亞)有限公司	–	9,391	9,603
Sany Construction Industry Development Africa (PTY) Ltd. 三一築工發展(非洲)有限公司	4,494	4,570	4,638
China Wealth Cambodia Machinery Co., Ltd. 中富柬埔寨機械有限公司	2,663	3,395	4,252

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	2,875	3,249	3,877
Sany Indonesia Mining Equipment Co., Ltd 三一印尼礦山設備有限公司	–	–	3,869
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	10	1,072	3,467
China Wealth Machinery Malaysia Co., Ltd. 中富機械馬來西亞有限公司	1,263	2,117	3,132
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	34	341	2,838
Sany Silicon Energy (Shuozhou) Co., Ltd. 三一矽能(朔州)有限公司	–	13	1,542
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	889	1,106	1,483
Zhuhai SANY Port Machinery Co., Ltd. 珠海三一港口機械有限公司	1,402	1,485	1,467
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	1,520	916	2,088
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	208	15	1,322
Hunan Sany Intelligent Construction Engineering Co., Ltd. 湖南三一智慧建造工程有限公司	–	53	1,007
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	124	3,793	838
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	1,432	37	660
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	66	1,098	602
Sany Construction (Chongqing) Technology Co., Ltd. 三一築工(重慶)科技有限公司	19	14	535
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	35	436	296
Sany Construction Engineering (Xi'an) Technology Co., Ltd. 三一築工(西安)科技有限公司	125	85	280
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	5,692	1,142	940
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	991	27	206
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	101	55	162
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	1	79	147
China Wealth Machine Holdings Limited 中富機械控股有限公司	14,229	1,168	141
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	8	141
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	105,748	17,102	696
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	34	59	99
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	83	269	94
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	–	71	71

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Zhuzhou Sany Silicon Energy Technology Co., Ltd. 株洲三一矽能技術有限公司	–	705	64
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	84	287	50
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	52	145	48
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	347	5	46
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	–	–	45
Hunan Anren Sany Heavy Steel Structure Co., Ltd. 湖南安仁三一重型鋼構有限公司	–	–	45
Sany International (Zambia) Industrial Co., Ltd 三一國際(尚比亞)實業有限公司	–	–	29
Guangzhou Huayao Real Estate Co., Ltd. 廣州華耀置業有限公司	–	13	28
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	–	–	25
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	126	10	224
Zhuzhou Sany Smart Industry and Trade Co., Ltd. 株洲三一智慧工貿有限公司	–	–	24
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	635	18	18
Sany Robot (Changsha) Co., Ltd. 三一機器人(長沙)有限公司	–	–	18
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd. 株洲三一竹勝園物業服務有限公司	14	13	17
Hunan Zizhuyuan Real Estate Co., Ltd. 湖南紫竹源房地產有限公司	116	211	14
Yaowu (Shenzhen) Technology Co., Ltd. 要務(深圳)科技有限公司	31	–	14
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	5	6	13
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	138	99	12
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	37	11
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	271	–	9
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	87	35	8
Sany Hydrogen Energy Technology Co., Ltd. 三一氫能科技有限公司	–	4	8
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	21	–	8
Sany (Zhuhai) Investment Co., Ltd. 三一(珠海)投資有限公司	5	1	7
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	–	4	4
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	–	–	4

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Chongqing Zhushengyuan Real Estate Development Co., Ltd. 重慶竹勝園房地產開發有限公司	4	33	3
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	12	10	3
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	48	2	2
Zhuzhou Sany Intelligent Manufacturing Co., Ltd. 株洲三一智慧製造有限公司	35	2	2
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	564	120	1
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	2,223	47	1
Sany (Quanzhou) Construction Technology Co., Ltd. 三一(泉州)築工科技有限公司	21	39	1
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	–	–	1
Changsha Yunqi Real Estate Development Co., Ltd. 長沙雲麒房地產開發有限公司	–	–	1
Changsha Three Silver Real Estate Development Co., Ltd. 長沙三銀房地產開發有限公司	–	–	1
Sany Construction (Quanzhou) Building Materials Co., Ltd. 三一築工(泉州)建材有限公司	–	–	1
Hunan Sany Intelligent Industry Private Equity Fund Enterprise (Limited Partnership) 湖南三一智慧產業私募股權基金企業(有限合夥)	7,000	7,000	–
Sany Handan Construction Technology Co., Ltd. 三一邯鄲築工科技有限公司	12	32	–
MGB SANY(M) IBS SDN BHD	–	12	–
SANY MINING Equipment Co., Ltd. 三一礦機有限公司	–	2	–
Sany Construction Malaysia Limited 三一築工馬來西亞有限公司	9,592	–	–
Beijing Xinhaoji Construction Machinery Co., Ltd 北京鑫昊基工程機械有限公司	7,529	–	–
China Wealth Machinery Malaysia Co., Ltd. 中富設備馬來西亞有限公司	532	–	–
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	383	–	–
Hunan Zhonghong Financial Leasing Co., Ltd. 湖南中宏融資租賃有限公司	12	–	–
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	5	–	–
Xi'an Zhushengyuan Real Estate Co., Ltd 西安竹勝園房地產有限公司	4	–	–
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	2	–	–
Total	985,621	1,199,251	1,997,453

iii. Trade and bills payables

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	75,395	245,639	562,504
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	332,489	372,781	527,247
Sany Heavy Equipment International Holdings Co., Ltd. 三一重裝國際控股有限公司	541,906	475,956	449,422
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	181,175	220,034	786,767
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	401,965	1,068,626	307,229
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	306	18,996	271,411
Sany Logistics Equipment USA Co., Ltd 三一物流裝備美國有限公司	–	–	249,166
Sany International (Hong Kong) Industry Co., Ltd. 三一國際(香港)實業有限公司	–	11,431	194,812
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	156,411	128,174	148,107
Hangzhou Lilong Hydraulic Co., Ltd. 杭州力龍液壓有限公司	14,778	29,938	83,945
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	34,288	47,036	62,380
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	39,744	16,928	50,398
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	46,164
Sany Heavy Equipment Indonesia Holdings Co., Ltd. 三一印尼重型裝備有限公司	–	21,065	39,151
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	–	26,659	27,699
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	–	11	27,206
Kunshan Sany Power Co., Ltd. 昆山三一動力有限公司	18	8,332	18,001
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	624	34,628	13,301
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	–	1,520	6,682
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	2,720	8,083	6,603
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	20	748	6,186
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	995	176	5,835
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	2,728	4,816	5,439
PT SANY MAKMUR PERKASA	19,994	3,574	2,595
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	–	155	1,609
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	2	64	1,537
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	1,539	1,030

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Xi'an Hualei Shipbuilding Industry Co., Ltd. 西安華雷船舶實業有限公司	–	916	988
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	–	107
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	5,139	1	79
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	26,485	2,231	74
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	247	36	33
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	567	39	12
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	–	43	5
Lianyungang Anxin Machinery Sales Co., Ltd. 連雲港安心機械銷售有限公司	5	10	2
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	–	1	1
Sany Construction Engineering (Linli) Technology Co., Ltd. 三一築工(臨澧)科技有限公司	1,949	3,137	–
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	4,605	2,400	–
SANY Group Co., Ltd. 三一集團有限公司	102,631	1,192	–
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	–	127	–
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	32	42	–
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	38	38	–
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	4,437	–	–
Palfinger Sany Crane CIS	482	–	–
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	234	–	–
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	166	–	–
Hunan Sany Cloud Oil Energy Co., Ltd. 湖南三一雲油能源有限公司	65	–	–
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	26	–	–
Total	1,952,666	2,757,122	3,903,727

iv. Other payables and accruals

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SANY Group Co., Ltd. 三一集團有限公司	278,185	537,102	309,401
China Wealth Asia Machine Limited. 中富(亞洲)機械有限公司	275,000	–	138,550
Liang Wengen and other natural person 梁穩根等自然人	74,300	74,300	74,300
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	105	48,793	47,856
Sany Robot Equipment (Xi'an) Co., Ltd. 三一機器人裝備(西安)有限公司	94,518	70,487	33,420
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	27,359	24,631	17,357
Jiangsu Sany Construction Co., Ltd. 江蘇三一築工有限公司	8,281	8,056	14,376
Jiangsu Sany Environmental Technology Co., Ltd. 江蘇三一環境科技有限公司	27,668	18,421	11,170
Hunan AUTOMOBILE-LIMITED Company 湖南汽車製造有限責任公司	–	10,265	10,351
Shihezi Mingzhao Equity Investment Management Co., Ltd. 石河子市明照股權投資管理有限公司	9,199	9,848	9,335
Sany Construction Technology Co., Ltd. 三一築工科技股份有限公司	2,049	–	8,220
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	59,896	39,569	6,528
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	5,294	5,480	5,481
Palfinger Sany Crane CIS	–	–	4,966
Sany Lithium Energy Co., Ltd. 三一鋰能有限公司	–	–	4,753
Rootcloud Technology Co., Ltd. and tis subsidiaries 樹根互聯股份有限公司及其子公司	6,048	1,888	4,365
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. 盛景智慧科技(嘉興)有限公司	–	3,446	2,410
China Wealth Machine Holdings Limited 中富機械控股有限公司	4,154	4,266	4,288
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	424	1,096	1,561
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	446	18	1,695
Hunan Anren Sany Construction Technology Co., Ltd. 湖南安仁三一築工科技有限公司	758	880	1,130
Beijing Sany Architectural Design and Research Co., Ltd. 北京三一建築設計研究有限公司	1,109	1,114	1,114
Hunan Sany Building Co., Ltd. 湖南三一快而居住宅工業有限公司	1,835	1,486	1,099
Hunan Lehui Sports Culture Communication Co., Ltd. 湖南樂匯體育文化傳播有限公司	1,002	1,002	1,002
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	–	35	1,011
Sany Environmental Industry Co., Ltd. 三一環境產業有限公司	–	–	739
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	171	–	710

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	1	676	651
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	2,679	1,434	643
Sany Construction Technology (Miluo) Co., Ltd. 三一築工科技(汨羅)有限公司	–	–	609
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	556	549	555
Kunshan Zhongfa Asset Management Co., Ltd. 昆山中發資產管理有限公司	529	531	529
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	–	249	506
Huachu Petrochemical (Guangdong) Co., Ltd. 華儲石化(廣東)有限公司	–	124	476
Sany Hydrogen Energy Co., Ltd. 三一氫能有限公司	–	–	443
Yuandong Construction Investment Group CO.,Ltd of Beijing 北京城建遠東建設投資集團有限公司	–	–	400
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	–	–	397
Sany Intelligent Mining Technology Co., Ltd. 三一智礦科技有限公司	1,114	330	330
Hunan Xingxiang Construction Supervision Consulting Co., Ltd. 湖南興湘建設監理諮詢有限公司	149	75	324
China Wealth Saudi Machine Limited 中富沙特機械有限公司	260	304	310
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	87	310
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	166	114	313
China Wealth Hongkong Machine Limited 中富香港機械有限公司	32	39	419
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	2,235	296	391
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	–	–	228
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	–	–	158
Changsha Yunjing Real Estate Co., Ltd. 長沙雲璟房地產有限公司	–	–	148
Sun Li Heng Machinery Co., Ltd. (Hong Kong) 新利恒機械有限公司(香港)	42,117	42,723	132
Hunan Ground Unmanned Equipment Engineering Research Center Co., Ltd. 湖南省地面無人裝備工程研究中心有限責任公司	–	387	119
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	190	90	104
Hunan Sany Body Co., Ltd. 湖南三一車身有限公司	–	–	100
Hunan Sany Construction Co., Ltd. 湖南三一築工有限公司	1,514	498	97
Changsha Yuntian Real Estate Co., Ltd. 長沙雲天房地產有限公司	–	–	76

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Zhushengyuan Real Estate Co., Ltd. 上海竹勝園地產有限公司	75	75	75
Sany (Zhuhai) Real Estate Co., Ltd. 三一(珠海)置業有限公司	–	–	63
Chongqing Sany Zhushengyuan Property Service Co., Ltd. 重慶三一竹勝園物業服務有限公司	–	38	60
Hunan Zhongfa Intelligent Equipment Co., Ltd. 湖南中發智慧裝備有限公司	2	6	59
Hangzhou Serval Technology Co., Ltd. 杭州藪貓科技有限公司	10	5	23
PT SANY MAKMUR PERKASAPT SANY MAKMUR PERKASA	–	–	21
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	17	15,832	17
Beijing Sany Public Welfare Foundation 北京三一公益基金會	–	16	16
China Wealth (Huayue) Limited 中富華越機械有限公司	11	11	11
Cuiyun Gonggong (Shanghai) Technology Co., Ltd. 萃雲共工(上海)科技有限公司	6	–	9
Hubei Sany Truck Sales and Service Co., Ltd. 湖北三一卡車銷售服務有限公司	–	9	9
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	–	–	4
Sany Oil Smart Equipment Co., Ltd. 三一石油智慧裝備有限公司	2	2	2
Sany Palfinger SPV Equipment Co., Ltd. 三一帕爾菲格特種車輛裝備有限公司	–	–	2
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	1,536	–	2
Hunan Aika Internet Technology Co., Ltd. 湖南愛卡互聯科技有限公司	–	–	1
Sichuan Lumaite Engineering Equipment Co., Ltd. 四川路邁特工程設備有限公司	–	–	1
Hunan Sanyin Commercial Management Co., Ltd. 湖南三銀商業管理有限公司	–	1	1
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	61	37	–
Kunshan Sany Environment Protecting Technology Co., Ltd. 昆山三一環保科技有限公司	–	39	–
Chongqing Zhushengyuan Real Estate Development Co., Ltd. 重慶竹勝園房地產開發有限公司	–	3	–
Beijing Xinhaoji Construction Machinery Co., Ltd 北京鑫昊基工程機械有限公司	387	–	–
Shenzhen Sany Cloud Oil Technology Co., Ltd. 深圳三一雲油科技有限公司	72	–	–
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	12	–	–
Palfinger Sany Crane CISPalfinger Sany Crane CIS	–	9	–
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	179	–	–

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	77	–	–
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	37	–	–
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	4	–	–
Total	931,831	926,772	726,332

v. ***Contract liabilities***

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
China Wealth Machine Holdings Limited 中富機械控股有限公司	15,332	15,584	15,758
Sany Energy Equipment Co., Ltd. 三一能源裝備有限公司	4,273	4,227	4,267
Turbo Fly Machine Engineering Limited 騰飛機械設備有限公司	–	–	1,750
China Wealth Hongkong Machine Limited 中富香港機械有限公司	244	297	1,036
SANY Marine Heavy Industry Co., Ltd. 三一海洋重工有限公司	51	–	893
Changsha Dilian Industrial Control Technology Co., Ltd. 長沙帝聯工控科技有限公司	3,433	141	617
Jiulong Property Insurance Co., Ltd. 久隆財產保險有限公司	–	266	468
Hunan Zhongfa Intelligent Equipment Co., Ltd. 湖南中發智慧裝備有限公司	18	44	458
PT SANY MAKMUR PERKASAPT SANY MAKMUR PERKASA	–	–	163
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	127	127	127
Tangshan Chite Mechanical Equipment Co., Ltd. 唐山馳特機械設備有限公司	216	878	126
Wuhan Jiuzhoulong Engineering Machinery Co., Ltd. 武漢九州龍工程機械有限公司	–	–	109
China Wealth (Huayue) Limited 中富華越機械有限公司	82	82	82
Cuiyun Gonggong (Shanghai) Technology Co., Ltd. 萃雲共工(上海)科技有限公司	44	–	69
Guangzhou Ygp Industrial Trading Co., Ltd. 廣州市易工品貿易有限公司	–	242	67
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	–	–	27
Hunan Xingbida Network Technology Co., Ltd. 湖南行必達網聯科技有限公司	–	–	15
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	–	–	15
Hunan Sanyin Commercial Management Co., Ltd. 湖南三銀商業管理有限公司	–	4	4
Loudi Zhushengyuan Real Estate Development Co., Ltd. 婁底竹勝園房地產開發有限公司	–	1	1

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sany Robotics Technology Co., Ltd. 三一機器人科技有限公司	–	–	1
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	–	6,086	–
Sany Technology Equipment Co., Ltd. 三一技術裝備有限公司	805	813	–
SANY Group Co., Ltd. 三一集團有限公司	297	297	–
Zhuzhou Sany Silicon Energy New Energy Co., Ltd. 株洲三一矽能新能源有限公司	–	127	–
Zhejiang Sany Construction Technology Co., Ltd. 浙江三一築工科技有限公司	–	75	–
Palfinger Sany Crane CISPalfinger Sany Crane CIS	–	68	–
Kunshan Zhongfa Asset Management Co., Ltd. 昆山中發資產管理有限公司	–	18	–
Changsha Yunhui Real Estate Development Co., Ltd. 長沙雲薈房地產開發有限公司	–	1	–
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	–	1	–
Sany Intelligent Equipment Co., Ltd. 三一智慧裝備有限公司	1,375	–	–
Sany Silicon Energy (Zhuzhou) Co., Ltd. 三一矽能(株洲)有限公司	596	–	–
Shanghai Sany Construction Co., Ltd. 上海三一築工建設有限公司	283	–	–
Hunan SANY Port Machinery Co., Ltd. 湖南三一港口設備有限公司	55	–	–
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	33	–	–
Rootcloud Technology Co., Ltd. and its subsidiaries 樹根互聯股份有限公司及其子公司	2	–	–
Total	27,266	29,379	26,053

vi. Lease liabilities

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SANY Group Co., Ltd. 三一集團有限公司	57,473	239,155	215,913
Beijing Sany Heavy Machinery Co., Ltd. 北京市三一重機有限公司	117,450	103,748	91,528
China Kangfu International Leasing Co., Ltd. 中國康富國際租賃股份有限公司	–	–	12,802
Shenzhen Trinity Technology Co., Ltd. 深圳市三一科技有限公司	–	–	11,075
Sany (Chongqing) Intelligent Equipment Co., Ltd. 三一(重慶)智慧裝備有限公司	116,576	139,465	2,973
Sany Heavy Energy Co., Ltd and its subsidiaries 三一重能股份有限公司及其子公司	–	–	1,265
Hunan DEUTZ Power Co., Ltd. 湖南道依茨動力有限公司	–	–	512
SANY Heavy Equipment Co., Ltd. 三一重型裝備有限公司	–	74	195
Hunan Zhushengyuan Property Service Co., Ltd. 湖南竹勝園物業服務有限公司	–	–	138
Total	291,499	482,442	336,401

(e) Commitments with related parties

To promote the sales of the Group's construction machinery equipment and meet customer demands, the Group has established finance lease sales cooperation with Kangfu and Hunan Zhonghong. The Group has entered into bank-enterprise cooperation agreements for finance lease with Kangfu, Hunan Zhonghong, and relevant financial institutions. Pursuant to the agreements, Kangfu and Hunan Zhonghong provide finance lease services to the Group's end customers, transferring their receivables from finance leases to financial institutions. Should the lessees fail to make rental payments according to agreed terms during the repayment period, the Group is obligated to guarantee the related leased assets under the cooperation agreements to the financial institutions. As of 31 December 2022, 2023, and 2024, the outstanding balance of such guarantee obligations undertaken by the Group amounted to RMB3,861 million, RMB2,601 million and RMB408 million, respectively.

The Group has entered into trade receivables factoring arrangements with certain financial institutions and transferred specific non-current portion of trade receivables to them. As of 31 December 2022, 2023, and 2024, the carrying amount of the unexpired non-current portion of trade receivables under these arrangements totalled RMB289 million, RMB116 million and RMB26 million, respectively, with guarantee responsibilities assumed by the Company's parent company, Sany Group Co., Ltd.

The subsidiaries of the Group, SANY Auto Finance and SANY Financial Leasing cooperate with Sany Heavy Equipment International Holdings Co., Ltd. and its subsidiaries, or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Sany Heavy Equipment International Holdings Co., Ltd. and its subsidiaries committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was RMB1,177 million, RMB3,433 million and RMB2,436 million, respectively.

The subsidiaries of the Group, SANY Auto Finance Co., Ltd. cooperate with Sany Construction Technology Co., Ltd. and its subsidiaries, or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Sany Construction Technology Co., Ltd. and its subsidiaries committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, RMB363 million and RMB220 million, respectively.

The subsidiaries of the Group, SANY Auto Finance and SANY Financial Leasing cooperate with Hunan AUTOMOBILE-LIMITED Company, or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Hunan AUTOMOBILE-LIMITED Company committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, RMB583 million and RMB1,458 million, respectively.

The subsidiaries of the Group, SANY Auto Finance and SANY Financial Leasing cooperate with Sany Environmental Industry Co., Ltd., or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Sany Environmental Industry Co., Ltd. committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, RMB3 million and RMB16 million, respectively.

The subsidiaries of the Group, SANY Auto Finance cooperate with Kunshan Sany Environment Protecting Technology Co., Ltd. or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Kunshan Sany Environment Protecting Technology Co., Ltd. committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, RMB16 million and RMB11 million, respectively.

The subsidiaries of the Group, SANY Auto Finance cooperate with Sany Palfinger SPV Equipment Co., Ltd. or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Sany Palfinger SPV Equipment Co., Ltd. committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, RMB0.3 million and RMB0.2 million, respectively.

The subsidiaries of the Group, SANY Auto Finance and SANY Financial Leasing cooperate with Sany Robotics Technology Co., Ltd. or its distributors to provide financial leasing and mortgage services to their customers. According to the cooperation agreement, Sany Robotics Technology Co., Ltd. committed to assume guarantee for the lessee or borrower. As of 31 December 2022, 2023 and 2024, the balance of the guarantee was nil, nil and RMB141 million, respectively.

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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	91,264	37,922	40,710
Equity-settled share-based payments	11,990	5,272	9,434
	103,254	43,194	50,144

Further details of directors' and the supervisors' emoluments are included in note 8 to the Historical Financial Information.

(g) Monetary funds deposited with related parties:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Hunan Sanxiang Bank Co., Ltd. 湖南三湘銀行股份有限公司	5,163,994	5,508,557	3,512,915

50. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2022

Financial assets

	Financial assets at FVPL		Financial assets at FVOCI			
	Designated as such upon initial recognition	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI	–	–	294,478	1,332,642	–	1,627,120
Financial assets at FVPL	11,437,989	3,718,901	–	–	–	15,156,890
Derivative financial instruments	–	374,301	–	–	–	374,301
Trade and bills receivables	–	–	–	–	31,841,409	31,841,409
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	6,527,817	6,527,817
Loans and advances	–	–	–	–	11,156,920	11,156,920
Receivables under finance lease	–	–	–	–	12,083,256	12,083,256
Restricted deposits	–	–	–	–	962,954	962,954
Time deposits with original maturity of more than three months	–	–	–	–	7,880,313	7,880,313
Cash and cash equivalents	–	–	–	–	12,695,771	12,695,771
Total	11,437,989	4,093,202	294,478	1,332,642	83,148,440	100,306,751

As at 31 December 2022

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments	241,152	–	241,152
Trade and bills payables	–	28,906,687	28,906,687
Financial liabilities included in other payables and accruals	–	7,686,291	7,686,291
Placements from banks	–	6,523,735	6,523,735
Interest-bearing bank and other borrowings	–	33,973,007	33,973,007
Lease liabilities	–	461,786	461,786
Other non-current liabilities	–	1,473	1,473
Total	241,152	77,552,979	77,794,131

As at 31 December 2023

Financial assets

	Financial assets at FVPL		Financial assets at FVOCI			
	Designated as such upon initial recognition	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI	–	–	365,819	970,897	–	1,336,716
Financial assets at FVPL	9,272,040	1,887,809	–	–	–	11,159,849
Derivative financial instruments	–	334,063	–	–	–	334,063
Trade and bills receivables	–	–	–	–	29,423,901	29,423,901
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	7,931,668	7,931,668
Loans and advances	–	–	–	–	6,779,361	6,779,361
Receivables under finance lease	–	–	–	–	16,032,127	16,032,127
Restricted deposits	–	–	–	–	704,117	704,117
Time deposits with original maturity of more than three months	–	–	–	–	9,529,137	9,529,137
Cash and cash equivalents	–	–	–	–	8,141,859	8,141,859
Total	9,272,040	2,221,872	365,819	970,897	78,542,170	91,372,798

As at 31 December 2023

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments	237,420	–	237,420
Trade and bills payables	–	22,692,726	22,692,726
Financial liabilities included in other payables and accruals	–	6,902,169	6,902,169
Placements from banks	–	5,435,397	5,435,397
Interest-bearing bank and other borrowings	–	31,025,839	31,025,839
Lease liabilities	–	803,679	803,679
Other non-current liabilities	–	15,415	15,415
Total	237,420	66,875,225	67,112,645

As at 31 December 2024

Financial assets

	Financial assets at FVPL		Financial assets at FVOCI			
	Designated as such upon initial recognition	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI	–	–	456,501	608,455	–	1,064,956
Financial assets at FVPL	9,150,818	2,196,635	–	–	–	11,347,453
Derivative financial instruments	–	375,720	–	–	–	375,720
Trade and bills receivables	–	–	–	–	31,256,847	31,256,847
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	8,301,171	8,301,171
Loans and advances	–	–	–	–	3,301,948	3,301,948
Receivables under finance lease	–	–	–	–	16,429,658	16,429,658
Restricted deposits	–	–	–	–	689,488	689,488
Time deposits with original maturity of more than three months	–	–	–	–	8,566,529	8,566,529
Cash and cash equivalents	–	–	–	–	11,576,469	11,576,469
	9,150,818	2,572,355	456,501	608,455	80,122,110	92,910,239

As at 31 December 2024

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments	106,762	–	106,762
Trade and bills payables	–	28,654,359	28,654,359
Financial liabilities included in other payables and accruals	–	6,081,631	6,081,631
Placements from banks	–	3,507,970	3,507,970
Interest-bearing bank and other borrowings	–	24,910,931	24,910,931
Lease liabilities	–	757,567	757,567
Other non-current liabilities	–	477	477
	106,762	63,912,935	64,019,697

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024, the Group endorsed certain bills receivables (the "Endorsed Bills") with a carrying amount of RMB302,547,000, RMB117,575,000 and RMB229,204,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"); the Group discounted certain bills receivable (the "Discounted Bills") with a carrying amount of RMB136,474,000, RMB5,033,000 and RMB5,789,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled, and the Discounted Bills and the associated interest-bearing loans settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

As part of its normal business, the Group entered into a long-term receivables factoring arrangement and transferred certain trade receivables and loan and advances to a financial institutions. Pursuant to the arrangement, the Group may be required to repay the payment if any trade debtors delay payment. The Group retain substantially all risks and rewards of the ownership of financial assets, and not derecognised the financial assets. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables and loan and advances, including the sale, transfer or pledge of the trade receivables and loan and advances to any other third parties. The carrying amount of the trade receivables transferred under the arrangement that have not been settled as at 31 December 2022, 2023 and 2024 was RMB202,607,000, RMB1,157,667,000 and RMB2,170,412,000, respectively. The carrying amount of the loan and advances transferred under the arrangement that have not been settled as at 31 December 2022, 2023 and 2024 was RMBnil, RMBnil and RMB218,441,000 respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers and certain unmatured discounted bills receivables (the "Derecognised Bills") with a carrying amount in aggregate of RMB1,306,696,000, RMB524,300,000 and RMB883,339,000, respectively. The Derecognised Bills had a maturity of one to twelve months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised

Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022 and 2023, the Group did not recognise any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year. During the year ended 31 December 2024, the Group has recognised a loss of RMB2,826,000 on the date of transfer of the Derecognised Bills.

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

As at 31 December 2022

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVPL	15,156,890	15,156,890
Financial assets at FVOCI	1,627,120	1,627,120
Derivative financial instruments	374,301	374,301
Total	17,158,311	17,158,311
Financial liabilities		
Derivative financial instruments	241,152	241,152

As at 31 December 2023

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVPL	11,159,849	11,159,849
Financial assets at FVOCI	1,336,716	1,336,716
Derivative financial instruments	334,063	334,063
Total	12,830,628	12,830,628
Financial liabilities		
Derivative financial instruments	237,420	237,420

As at 31 December 2024

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVPL	11,347,453	11,347,453
Financial assets at FVOCI	1,064,956	1,064,956
Derivative financial instruments	375,720	375,720
Total	12,788,129	12,788,129
Financial liabilities		
Derivative financial instruments	106,762	106,762

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, loans and advances, receivables under finance lease, financial assets included in other receivables, restricted deposits, time deposits with original maturity of more than three months, interest-bearing bank and other borrowings, trade and bills payables, placements from banks and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the chief finance controller/his or her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the head of finance.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of trade receivables, loans and advances, receivables under finance lease, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk as at the end of the Relevant Periods were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the Relevant Periods.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, interest rate swaps and futures contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, interest rate swaps and futures contracts are the same as their fair values.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of the Relevant Periods:

Equity investments	Valuation technique	Significant unobservable input	Range
31 December 2022	Valuation multiples	Discount for lack of marketability	20% to 30%
		Control premium	10%
31 December 2023	Valuation multiples	Discount for lack of marketability	20% to 30%
		Control premium	10%
31 December 2024	Valuation multiples	Discount for lack of marketability	20% to 25%

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL	10,122,717	4,693,885	340,288	15,156,890
Financial assets at FVOCI	400,974	294,478	931,668	1,627,120
Derivative financial instruments	–	374,301	–	374,301
	10,523,691	5,362,664	1,271,956	17,158,311

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL	8,286,110	2,562,826	310,913	11,159,849
Financial assets at FVOCI	313,961	365,819	656,936	1,336,716
Derivative financial instruments	–	334,063	–	334,063
	8,600,071	3,262,708	967,849	12,830,628

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL	9,592,118	1,470,284	285,051	11,347,453
Financial assets at FVOCI	–	456,501	608,455	1,064,956
Derivative financial instruments	–	375,720	–	375,720
	9,592,118	2,302,505	893,506	12,788,129

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Equity investments at FVPL			
At 1 January	388,449	340,288	310,913
Total gains/(losses) recognised in profit or loss	(13,341)	(45,096)	(38,944)
Purchases	4,958	27,487	16,101
Disposals	(39,778)	(11,766)	(3,019)
At 31 December	340,288	310,913	285,051
Equity investments at FVOCI			
At 1 January	934,884	931,668	656,936
Total gains/(losses) recognised in other comprehensive income	–	(327,772)	(47,203)
Purchases	2,467	55,000	–
Disposals	(5,683)	(1,960)	(1,278)
At 31 December	931,668	656,936	608,455

Liabilities measured at fair value

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	241,152	–	241,152

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	–	237,420	–	237,420

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	–	106,762	–	106,762

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, financial assets at FVPL and FVOCI, time deposits with original maturity of more than three months and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, forward currency contracts and futures contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings at the end of the Relevant Periods, assuming that the amounts of liabilities outstanding at the end of the Relevant Periods were outstanding for the whole year. A 100-basis-point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit after tax for the years ended 31 December 2022, 2023 and 2024 would have decreased/increased by RMB156,822,000, RMB177,340,000 and RMB107,140,000, respectively; the Group's total equity would have decreased/increased by RMB156,141,000, RMB172,097,000 and RMB103,639,000, respectively. This is mainly attributable to the Group's exposure to variable interest rates on its bank loans.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax and equity.

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit after tax	Increase/(decrease) in shareholder's equity
	%	RMB'000	RMB'000
As at 31 December 2022			
If the RMB strengthens against the AUD	5	(4,018)	(4,018)
If the RMB weakens against the AUD	(5)	4,018	4,018
If the RMB strengthens against the BRL	5	4,199	4,199
If the RMB weakens against the BRL	(5)	(4,199)	(4,199)
If the RMB strengthens against the RUB	5	(5,927)	(5,927)
If the RMB weakens against the RUB	(5)	5,927	5,927
If the RMB strengthens against the HKD	5	9,744	9,744
If the RMB weakens against the HKD	(5)	(9,744)	(9,744)
If the RMB strengthens against the USD	5	(46,750)	(46,750)
If the RMB weakens against the USD	(5)	46,750	46,750
If the RMB strengthens against the ZAR	5	5,788	5,788
If the RMB weakens against the ZAR	(5)	(5,788)	(5,788)
If the RMB strengthens against the NGN	5	(3,330)	(3,330)
If the RMB weakens against the NGN	(5)	3,330	3,330
If the RMB strengthens against the EUR	5	48,102	48,102
If the RMB weakens against the EUR	(5)	(48,102)	(48,102)
If the RMB strengthens against the JPY	5	(2,138)	(2,138)
If the RMB weakens against the JPY	(5)	2,138	2,138
If the RMB strengthens against the THB	5	(4,224)	(4,224)
If the RMB weakens against the THB	(5)	4,224	4,224
If the RMB strengthens against the SGD	5	(6,109)	(6,109)
If the RMB weakens against the SGD	(5)	6,109	6,109
If the RMB strengthens against the INR	5	(87,866)	(87,866)
If the RMB weakens against the INR	(5)	87,866	87,866
If the RMB strengthens against the IDR	5	(134,320)	(134,320)
If the RMB weakens against the IDR	(5)	134,320	134,320
If the RMB strengthens against the CAD	5	(4,522)	(4,522)
If the RMB weakens against the CAD	(5)	4,522	4,522
If the RMB strengthens against the MYR	5	(9,684)	(9,684)
If the RMB weakens against the MYR	(5)	9,684	9,684
If the RMB strengthens against the GBP	5	(7,553)	(7,553)
If the RMB weakens against the GBP	(5)	7,553	7,553
If the RMB strengthens against the COP	5	(884)	(884)
If the RMB weakens against the COP	(5)	884	884
If the RMB strengthens against the SAR	5	(25,962)	(25,962)
If the RMB weakens against the SAR	(5)	25,962	25,962

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit after tax	Increase/(decrease) in shareholder's equity
	%	*RMB'000*	*RMB'000*
As at 31 December 2023			
If the RMB strengthens against the AED	5	(1,778)	(1,778)
If the RMB weakens against the AED	(5)	1,778	1,778
If the RMB strengthens against the AOA	5	(416)	(416)
If the RMB weakens against the AOA	(5)	416	416
If the RMB strengthens against the AUD	5	(5,877)	(5,877)
If the RMB weakens against the AUD	(5)	5,877	5,877
If the RMB strengthens against the BRL	5	21,312	21,312
If the RMB weakens against the BRL	(5)	(21,312)	(21,312)
If the RMB strengthens against the RUB	5	(1,158)	(1,158)
If the RMB weakens against the RUB	(5)	1,158	1,158
If the RMB strengthens against the HKD	5	9,306	9,306
If the RMB weakens against the HKD	(5)	(9,306)	(9,306)
If the RMB strengthens against the USD	5	171,855	171,855
If the RMB weakens against the USD	(5)	(171,855)	(171,855)
If the RMB strengthens against the ZAR	5	10,922	10,922
If the RMB weakens against the ZAR	(5)	(10,922)	(10,922)
If the RMB strengthens against the NGN	5	(690)	(690)
If the RMB weakens against the NGN	(5)	690	690
If the RMB strengthens against the EUR	5	78,323	78,323
If the RMB weakens against the EUR	(5)	(78,323)	(78,323)
If the RMB strengthens against the JPY	5	(2,593)	(2,593)
If the RMB weakens against the JPY	(5)	2,593	2,593
If the RMB strengthens against the THB	5	(2,159)	(2,159)
If the RMB weakens against the THB	(5)	2,159	2,159
If the RMB strengthens against the SGD	5	(12,290)	(12,290)
If the RMB weakens against the SGD	(5)	12,290	12,290
If the RMB strengthens against the INR	5	(61,226)	(61,226)
If the RMB weakens against the INR	(5)	61,226	61,226
If the RMB strengthens against the IDR	5	(119,245)	(119,245)
If the RMB weakens against the IDR	(5)	119,245	119,245
If the RMB strengthens against the CAD	5	(3,273)	(3,273)
If the RMB weakens against the CAD	(5)	3,273	3,273
If the RMB strengthens against the MYR	5	(7,580)	(7,580)
If the RMB weakens against the MYR	(5)	7,580	7,580
If the RMB strengthens against the GBP	5	(2,593)	(2,593)
If the RMB weakens against the GBP	(5)	2,593	2,593
If the RMB strengthens against the COP	5	(773)	(773)
If the RMB weakens against the COP	(5)	773	773
If the RMB strengthens against the SAR	5	(60,089)	(60,089)
If the RMB weakens against the SAR	(5)	60,089	60,089
If the RMB strengthens against the MXN	5	(251)	(251)
If the RMB weakens against the MXN	(5)	251	251
If the RMB strengthens against the GNF	5	(242)	(242)
If the RMB weakens against the GNF	(5)	242	242

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit after tax	Increase/(decrease) in shareholder's equity
	%	RMB'000	RMB'000
As at 31 December 2024			
If the RMB strengthens against the AED	5	(56,125)	(56,125)
If the RMB weakens against the AED	(5)	56,125	56,125
If the RMB strengthens against the AUD	5	9,296	9,296
If the RMB weakens against the AUD	(5)	(9,296)	(9,296)
If the RMB strengthens against the BRL	5	23,946	23,946
If the RMB weakens against the BRL	(5)	(23,946)	(23,946)
If the RMB strengthens against the RUB	5	(2,880)	(2,880)
If the RMB weakens against the RUB	(5)	2,880	2,880
If the RMB strengthens against the HKD	5	12,391	12,391
If the RMB weakens against the HKD	(5)	(12,391)	(12,391)
If the RMB strengthens against the USD	5	(531,340)	(531,340)
If the RMB weakens against the USD	(5)	531,340	531,340
If the RMB strengthens against the ZAR	5	6,834	6,834
If the RMB weakens against the ZAR	(5)	(6,834)	(6,834)
If the RMB strengthens against the EUR	5	32,881	32,881
If the RMB weakens against the EUR	(5)	(32,881)	(32,881)
If the RMB strengthens against the JPY	5	(4,743)	(4,743)
If the RMB weakens against the JPY	(5)	4,743	4,743
If the RMB strengthens against the THB	5	38,663	38,663
If the RMB weakens against the THB	(5)	(38,663)	(38,663)
If the RMB strengthens against the SGD	5	(5,805)	(5,805)
If the RMB weakens against the SGD	(5)	5,805	5,805
If the RMB strengthens against the INR	5	64,727	64,727
If the RMB weakens against the INR	(5)	(64,727)	(64,727)
If the RMB strengthens against the IDR	5	51,289	51,289
If the RMB weakens against the IDR	(5)	(51,289)	(51,289)
If the RMB strengthens against the CAD	5	6,881	6,881
If the RMB weakens against the CAD	(5)	(6,881)	(6,881)
If the RMB strengthens against the MYR	5	11,111	11,111
If the RMB weakens against the MYR	(5)	(11,111)	(11,111)
If the RMB strengthens against the GBP	5	4,107	4,107
If the RMB weakens against the GBP	(5)	(4,107)	(4,107)
If the RMB strengthens against the COP	5	5,670	5,670
If the RMB weakens against the COP	(5)	(5,670)	(5,670)
If the RMB strengthens against the SAR	5	(78,535)	(78,535)
If the RMB weakens against the SAR	(5)	78,535	78,535
If the RMB strengthens against the MXN	5	9,716	9,716
If the RMB weakens against the MXN	(5)	(9,716)	(9,716)
If the RMB strengthens against the GNF	5	(430)	(430)
If the RMB weakens against the GNF	(5)	430	430
If the RMB strengthens against the VND	5	(2,482)	(2,482)
If the RMB weakens against the VND	(5)	2,482	2,482

Credit risk

An impairment analysis was performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	6,332,072	–	–	28,261,887	34,593,959
Receivables under finance lease	12,153,394	276,851	–	–	12,430,245
Financial assets included in prepayments, other receivables and other assets	5,756,154	1,203,535	106,308	–	7,065,997
Financial assets at FVOCI	1,627,120	–	–	–	1,627,120
Loans and advances	10,447,294	1,059,745	125,299	–	11,632,338
Restricted deposits	962,954	–	–	–	962,954
Time deposits with original maturity of more than three months	7,880,313	–	–	–	7,880,313
Cash and cash equivalents	12,692,449	–	–	–	12,692,449
Total	57,851,750	2,540,131	231,607	28,261,887	88,885,375

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	5,033,449	–	2,359	28,143,686	33,179,494
Receivables under finance lease	16,009,066	500,146	15,205	–	16,524,417
Financial assets included in prepayments, other receivables and other assets	7,026,332	1,422,309	130,712	–	8,579,353
Financial assets at FVOCI	1,336,716	–	–	–	1,336,716
Loans and advances	6,821,996	107,629	171,360	–	7,100,985
Restricted deposits	704,117	–	–	–	704,117
Time deposits with original maturity of more than three months	9,529,137	–	–	–	9,529,137
Cash and cash equivalents	8,138,618	–	–	–	8,138,618
Total	54,599,431	2,030,084	319,636	28,143,686	85,092,837

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	5,430,865	–	18,410	30,091,925	35,541,200
Receivables under finance lease	16,037,984	876,430	47,603	–	16,962,017
Financial assets included in prepayments, other receivables and other assets	7,011,767	1,981,421	130,543	–	9,123,731
Financial assets at FVOCI	1,064,956	–	–	–	1,064,956
Loans and advances	3,080,779	306,256	153,785	–	3,540,820
Restricted deposits	689,488	–	–	–	689,488
Time deposits with original maturity of more than three months	8,566,529	–	–	–	8,566,529
Cash and cash equivalents	11,573,981	–	–	–	11,573,981
Total	53,456,349	3,164,107	350,341	30,091,925	87,062,722

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	12,548,746	14,773,241	6,670,225	1,538,709	35,530,921
Lease liabilities	180,772	209,928	55,180	88,836	534,716
Trade and bills payables	28,906,687	–	–	–	28,906,687
Other payables and accruals	7,686,291	–	–	–	7,686,291
Placements from banks	6,604,618	–	–	–	6,604,618
Derivative financial instruments	241,152	–	–	–	241,152
Other non-current liabilities	–	1,473	–	–	1,473
	56,168,266	14,984,642	6,725,405	1,627,545	79,505,858

As at 31 December 2023

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	7,535,341	17,140,783	1,468,097	6,514,443	32,658,664
Lease liabilities	300,532	279,774	185,666	183,879	949,851
Trade and bills payables	22,692,726	–	–	–	22,692,726
Other payables and accruals	6,914,127	–	–	–	6,914,127
Placements from banks	5,516,047	–	–	–	5,516,047
Derivative financial instruments	237,420	–	–	–	237,420
Other non-current liabilities	–	15,415	–	–	15,415
	43,196,193	17,435,972	1,653,763	6,698,322	68,984,250

As at 31 December 2024

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	13,502,305	9,512,615	1,253,236	2,035,746	26,303,902
Lease liabilities	249,370	290,931	199,110	136,044	875,455
Trade and bills payables	28,654,359	–	–	–	28,654,359
Other payables and accruals	6,081,631	–	–	–	6,081,631
Placements from banks	3,544,259	–	–	–	3,544,259
Derivative financial instruments	106,762	–	–	–	106,762
Other non-current liabilities	–	477	–	–	477
	52,138,686	9,804,023	1,452,346	2,171,790	65,566,845

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 21) and equity investments at fair value through other comprehensive income (note 20) as at 31 December 2022, 2023 and 2024.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and after any impact on tax, based on their carrying amounts at the end of the Relevant Periods.

	Carrying amount	Increase/(decrease) in other comprehensive income/net profit	Increase/(decrease) in total equity
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022			
Equity investments:			
Financial assets at FVOCI	1,332,642	51,160/(51,160)	51,160/(51,160)
Financial assets at FVPL	75,647	3,158/(3,158)	3,158/(3,158)
As at 31 December 2023			
Equity investments:			
Financial assets at FVOCI	970,897	36,537/(36,537)	36,537/(36,537)
Financial assets at FVPL	62,353	2,604/(2,604)	2,604/(2,604)
As at 31 December 2024			
Equity investments:			
Financial assets at FVOCI	608,455	22,945/(22,945)	22,945/(22,945)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to owners of the parent plus net debt. The gearing ratios as at the end of the Relevant Periods were as follows:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities (excluding deferred tax liabilities, income tax payables, total employee benefits payables, deferred income and total accruals and provisions)	81,129,981	70,424,690	67,555,244
Less: Cash and bank balances	(21,342,876)	(18,071,827)	(20,383,175)
Net debt	59,787,105	52,352,863	47,172,069
Equity attributable to owners of the parent	65,039,719	68,029,017	71,953,244
Capital and net debt	124,826,824	120,381,880	119,125,313
Gearing ratio	47.90%	43.49%	39.60%

53. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 31 December 2024, the board of directors recommended the payment of a final dividend of RMB0.36 per share totalling RMB3,034.4 million for the year ended 31 December 2024. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

54. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included for information purposes only. The [**REDACTED**] *financial information should be read in conjunction with the "Financial Information" section in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] ADJUSTED STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of [**REDACTED**] Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [**REDACTED**] on our consolidated net tangible assets as of 31 December 2024 as if it had taken place on 31 December 2024.

The unaudited [**REDACTED**] adjusted statement of consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as of 31 December 2024 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of the Company as of 31 December 2024 as set out in Appendix I to this document, and adjusted as described below. The unaudited [**REDACTED**] adjusted statement of consolidated net tangible assets attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix I to this document.

	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2024	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets as at 31 December 2024	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2024	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*	*(Note 5)*	*(Note 4)*	*(Note 4)*
Based on an [**REDACTED**] of HK$[**REDACTED**] .	69,594,981	[**REDACTED**]	[**REDACTED**]	[REDACTED]	[REDACTED]
Based on an [**REDACTED**] of HK$[**REDACTED**] .	69,594,981	[**REDACTED**]	[**REDACTED**]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 is extracted from "Appendix I — Accountants' Report", which is based on the consolidated equity attributable to owners of the Company as of 31 December 2024 of approximately RMB71,953,244,000, less intangible assets of approximately RMB2,358,263,000 as of 31 December 2024.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], after deduction of the [**REDACTED**] fees and other related expenses payable by the Company (excluding the [**REDACTED**] expense that have been charged to profit or loss during the Track Record Period) and does not take into account of any Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**]. The estimated net [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.9229 prevailing on the Latest Practicable Date.

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is calculated based on [**REDACTED**] Shares in [**REDACTED**] immediately following the completion of the [**REDACTED**] and does not take into account of treasury shares and any Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**].

(4) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.9229 prevailing on the Latest Practicable Date.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.

[REDACTED]

[REDACTED]

[**REDACTED**]

This Appendix mainly provides investors with a summary of the Articles of Association.

The following information is only a summary and may not include all the materials that may be important to potential investors.

SHARES AND REGISTERED CAPITAL

The Company's shares are in the form of stock.

The issuance of the Company's shares follows the principles of openness, fairness, and justice. Each share of the same class shall have equal rights.

Shares of the same class issued at the same time shall have the same issuance conditions and price.

INCREASE, DECREASE, REPURCHASE, AND TRANSFER OF SHARES

Increase and Decrease of Shares

The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with laws, regulations, and the rules of the securities regulatory authorities of the place where the Company's shares are listed, and upon resolutions passed by the Shareholders' meeting:

(i) Issuing shares to non-specific objects;

(ii) Issuing shares to specific objects;

(iii) Distributing bonus shares to existing shareholders;

(iv) Converting capital reserve into share capital;

(v) Other methods approved by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, and those stipulated by the CSRC and approved by the Hong Kong Stock Exchange.

The Company may decrease its registered capital. The decrease of the Company's registered capital shall be carried out in accordance with the procedures stipulated by the PRC Company Law, the Hong Kong Listing Rules and other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company may repurchase its own shares under the following circumstances in accordance with laws, administrative regulations, departmental rules, and the Articles of Association:

(i) To reduce the Company's registered capital;

(ii) To merge with another company holding the Company's shares;

(iii) To use the shares for employee stock ownership plans or equity incentives;

(iv) To repurchase shares from shareholders who object to the resolutions on the Company's merger or division made by the Shareholders' meeting;

(v) To use the shares for converting corporate bonds issued by the Company into shares;

(vi) As necessary to safeguard the Company's value and the rights and interests of shareholders.

(vii) Other circumstances permitted by laws, administrative regulations, and the securities regulatory rules of the place where the company's shares are listed.

The Company shall repurchase its own shares upon a resolution of the Shareholders' meeting under the circumstances specified in items (i) and (ii) above. The Company shall repurchase its own shares upon a resolution of the Board of Directors with the attendance of more than two-thirds of the Directors under the circumstances specified in items (iii), (v), and (vi) above, provided that it complies with the applicable securities regulatory rules of the place where the Company's shares are listed.

After the Company repurchases its own shares in accordance with the above provisions, it shall cancel the repurchased shares within ten days from the date of repurchase under the circumstances specified in item (i) above; it shall transfer or cancel the repurchased shares within six months under the circumstances specified in items (ii) and (iv) above; and it shall transfer or cancel the repurchased shares within three years under the circumstances specified in items (iii), (v), and (vi) above, provided that the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company.

Transfer of Shares

Directors, Supervisors and senior management members of the Company shall report to the Company the shares they hold in the Company and any changes therein. During their term of office, they shall not transfer more than 25% of the total number of shares they hold in the Company each year; the shares they hold in the Company shall not be transferred within one year from the date the Company's shares are listed and traded. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions.

If laws, administrative regulations, or the listing rules of the place where the Company's shares are listed have other provisions on the transfer restrictions of the Company's shares, such provisions shall prevail.

Shareholders, Directors, and senior management members who hold more than 5% of the Company's shares shall not sell the Company's shares or other equity securities they hold within six months after purchase, or purchase the Company's shares or other equity securities within six months after sale. Any profits obtained from such transactions shall belong to the Company, and the Company's Board of Directors shall recover such profits. However, this provision does not apply to securities companies that hold more than 5% of the Company's shares due to the purchase of remaining shares after underwriting, or other circumstances stipulated by the CSRC and the Hong Kong Stock Exchange.

The shares or other equity securities held by Directors, senior management members, and natural person shareholders as mentioned in the preceding paragraph include those held by their spouses, parents, children, and those held in other people's accounts.

If the Company's Board of Directors fails to execute the provisions of the first paragraph of this article, shareholders have the right to request the Board of Directors to execute within 30 days. If the Board of Directors fails to execute within the above period, shareholders have the right to directly file a lawsuit with the people's court in the name of the Company for the benefit of the Company. If the Board of Directors fails to execute the provisions of the first paragraph of this article, the responsible Directors shall bear joint and several liability according to law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration institution. The register of shareholders is conclusive evidence of shareholders' ownership of the Company's shares. The original copy of the H share register of shareholders shall be kept in Hong Kong. The Hong Kong branch of the register of shareholders must be available for shareholders to inspect, but the Company may suspend the registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Shareholders shall enjoy rights and bear obligations according to the types of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) To receive dividends and other forms of profit distribution according to the proportion of shares they hold;

(ii) To request, convene, preside over, attend, or appoint a shareholder proxy to attend the Shareholders' meeting and exercise corresponding speaking and voting rights;

(iii) To supervise the Company's operations and make suggestions or inquiries;

(iv) To transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(v) To inspect and copy the Articles of Association, register of shareholders, minutes of Shareholders' meetings, resolutions of the Board of Directors, resolutions of the Board of Supervisors financial reports, and accounting books and vouchers of the Company if they meet the requirements;

(vi) To participate in the distribution of the Company's remaining assets according to the proportion of shares they hold when the Company is terminated or liquidated;

(vii) To request the Company to repurchase their shares if they object to the resolutions on the Company's merger or division made by the Shareholders' meeting;

(viii) Other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to inspect and copy the Company's relevant materials shall comply with the provisions of the PRC Company Law, the Securities Law, and other laws and administrative regulations.

If the content of the resolutions of the Shareholders' meeting or the Board of Directors violates laws or administrative regulations, shareholders have the right to request the people's court to determine the invalidity of the resolutions. If the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods violate laws, administrative regulations, or the Articles of Association, or if the content of the resolutions violates the Articles of Association, shareholders have the right to request the people's court to revoke the resolutions within sixty days from the date the resolutions are made. However, if the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods have only minor defects and do not have a substantial impact on the resolutions, this provision does not apply.

Shareholders of the Company shall bear the following obligations:

(i) To comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(ii) To pay the share price according to the shares they subscribe for and the method of subscription;

(iii) Not to withdraw their capital except in circumstances stipulated by laws and regulations;

(iv) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company's independent legal person status and shareholders' limited liability to damage the interests of the Company's creditors;

(v) Other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Shareholders who abuse their rights and cause losses to the Company or other shareholders shall bear compensation liability according to law. Shareholders who abuse the Company's independent legal person status and shareholders' limited liability to evade debts and seriously damage the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

The Company's Controlling Shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the CSRC, the stock exchange where the Company's shares are listed, and the securities regulatory rules of the place where the Company's shares are listed, and shall safeguard the interests of the listed company.

The Company's Controlling Shareholders and actual controllers shall comply with the following provisions:

(i) To exercise shareholder rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other shareholders;

(ii) To strictly fulfill the public statements and commitments made and not to change or exempt them without authorization;

(iii) To strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of major events that have occurred or are about to occur;

(iv) Not to occupy the Company's funds in any way;

(v) Not to force, instruct, or require the Company and its relevant personnel to provide guarantees in violation of laws and regulations;

(vi) Not to use the Company's undisclosed major information to seek benefits, not to disclose the Company's undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, and market manipulation;

(vii) Not to damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment, etc.;

(viii) To ensure the Company's asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;

(ix) Other provisions stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If the Company's Controlling Shareholders or actual controllers do not serve as Directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association on Directors' duties of loyalty and diligence shall apply.

If the Company's Controlling Shareholders or actual controllers instruct Directors or senior management members to engage in activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such Directors or senior management members.

General Provisions on Shareholders' Meeting

The Shareholders' meeting is the Company's authority and shall exercise the following powers according to law:

(i) To elect and remove the members of the Board of Directors and the Board of Supervisors who are not staff representatives, and decide on matters related to their remuneration;

(ii) To examine and approve the Board of Directors' report and the Board of Supervisors' report;

(iii) To examine and approve the Company's profit distribution plan and loss recovery plan;

(iv) To make resolutions on the Company's increase or decrease of registered capital;

(v) To make resolutions on the issuance of corporate bonds;

(vi) To make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;

(vii) To amend the Articles of Association;

(viii) To make resolutions on the appointment and dismissal of accounting firms undertaking the Company's audit business;

(ix) To examine and approve the guarantee matters stipulated in Article 47 of the Articles of Association;

(x) To examine and approve matters related to the Company's purchase or sale of major assets exceeding 30% of the Company's total assets as of the latest audited financial statements within one year, and matters stipulated in Article 113 of the Articles that are subject to the consideration and approval by the Shareholders' general meeting;

(xi) To examine and approve changes in the use of raised funds;

(xii) To examine and approve equity incentive plans and employee stock ownership plans;

(xiii) To examine and approve other matters that should be decided by the Shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, or the Articles of Association.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

The following external guarantee behaviors of the Company must be reviewed and approved by the Shareholders' meeting:

(i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's net assets as of the latest audited financial statements;

(ii) Any guarantee provided after the total external guarantees of the Company exceed 30% of the Company's total assets as of the latest audited financial statements;

(iii) Any guarantee provided within one year with a guarantee amount exceeding 30% of the Company's total assets as of the latest audited financial statements;

(iv) Any guarantee provided to a guarantee object with a debt-to-asset ratio exceeding 70%;

(v) Any single guarantee with an amount exceeding 10% of the Company's net assets as of the latest audited financial statements;

(vi) Any guarantee provided to shareholders, actual controllers, and their related parties;

(vii) Other guarantee circumstances stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and normative documents.

External guarantees that should be approved by the Shareholders' meeting must be reviewed and approved by the Board of Directors before being submitted to the Shareholders' meeting for approval. When the Shareholders' meeting reviews the guarantee matters stipulated in items (iii) of this article, it must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the Shareholders' meeting reviews the guarantee matters stipulated in item (vi) of this article, the shareholders or the shareholders controlled by the actual controller shall not participate in the voting, and the voting must be approved by more than half of the voting rights held by other shareholders present at the meeting. If the Shareholders' meeting violates the approval authority and review procedures for external guarantees, the relevant shareholders who violate the approval authority and review procedures shall bear joint and several liability.

The Shareholders' meeting is divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall hold an extraordinary Shareholders' meeting within two months from the date of occurrence:

(i) When the number of Directors is less than the number stipulated by the PRC Company Law or two-thirds of the number stipulated by the Articles of Association;

(ii) When the Company's unrecovered losses reach one-third of the total share capital;

(iii) When shareholders who individually or jointly hold more than 10% of the Company's shares (including preferred shares with restored voting rights, etc.) request it;

(iv) When the Board of Directors deems it necessary;

(v) When independent non-executive Directors propose to convene to the Board of Directors;

(vi) When the Board of Supervisor proposes to convene;

(vii) Other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent Directors, independent Directors have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within ten days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days of making the board resolution; if the Board of Directors does not agree to convene an extraordinary Shareholders' meeting, it shall explain the reasons and make an announcement.

The Board of Supervisors has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within ten days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days of making the board resolution, and any changes to the original proposal in the notice shall be agreed upon by the Board of Supervisors. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duties of convening the Shareholders' meeting, and the Board of Supervisors may convene and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's total issued share capital have the right to request the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback within ten days after receiving the request, indicating whether it agrees or disagrees to convene the extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within ten days of receiving the request, shareholders who individually or jointly hold more than 10% of the Company's total issued share capital have the right to propose to the Board of Supervisors to convene an extraordinary Shareholders' meeting and shall submit the request in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days of receiving the request, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Board of Supervisors fails to issue the notice of the Shareholders' meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors is unable or unwilling to convene and preside over the Shareholders' meeting, and shareholders holding more than 10% of the Company's total issued share capital separately or jointly for more than ninety consecutive days may convene and preside over the meeting on their own.

If the Board of Supervisors or shareholders decide to convene the Shareholders' meeting on their own, they shall notify the Board of Directors in writing and complete necessary reports, announcements, or filings in accordance with the securities regulatory rules of the place where the company's shares are listed and the regulations of the stock exchange. Before the announcement of the Shareholders' meeting resolution, the shareholding ratio of the convening shareholders shall not be less than 10% of the total issued share capital. The Board of Supervisors or convening shareholders shall submit relevant proof materials to the Stock Exchange when issuing the notice of the Shareholders' meeting and the announcement of the Shareholders' meeting resolution.

For Shareholders' meetings convened by the Board of Supervisors or shareholders on their own, the Board of Directors and the board secretary shall cooperate. The Board of Directors shall provide the register of shareholders as of the record date.

The necessary expenses for the Shareholders' meeting convened by the Board of Supervisors or shareholders on their own shall be borne by the Company.

Proposals and Notices of the Shareholders' Meeting

The content of the proposals shall fall within the scope of the Shareholders' meeting's authority, have clear topics and specific resolution matters, and comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Shareholders holding more than 1% of the Company's total issued share capital separately or jointly may submit temporary proposals in writing to the convener 10 days before the Shareholders' meeting. The convener shall issue a supplementary notice of the

Shareholders' meeting within two days of receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the Shareholders' meeting for review. However, temporary proposals that violate laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or do not fall within the scope of the Shareholders' meeting's authority, shall be excluded.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the Shareholders' meeting or add new proposals after issuing the notice of the Shareholders' meeting.

Proposals not listed in the notice of the Shareholders' meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

The convener shall notify all shareholders in writing (including announcements) twenty-one days before the annual Shareholders' meeting and fifteen days before the extraordinary Shareholders' meeting. If the Shareholders' meeting needs to be postponed due to the issuance of a supplementary notice of the Shareholders' meeting in accordance with the securities regulatory rules of the place where the Company's shares are listed, the Shareholders' meeting shall be postponed in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The notice of the Shareholders' meeting shall include the following content:

(i) The time, place, and duration of the meeting;

(ii) The matters and proposals to be reviewed at the meeting;

(iii) A clear statement that all ordinary shareholders and shareholders holding special voting rights shares and other shareholders are entitled to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and the proxy does not need to be a shareholder of the Company;

(iv) The record date for shareholders entitled to attend the Shareholders' meeting;

(v) The name and telephone number of the standing contact person for the meeting;

(vi) The time and procedure for voting by network or other means.

Proxy for the Shareholders' Meeting

All shareholders registered on the record date and other shareholders or their proxies are entitled to attend the Shareholders' meeting. They may attend the meeting in person or appoint a proxy to attend, speak, and vote in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association (unless individual shareholders are required to waive their voting rights on specific matters in accordance with the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend Shareholders' Meetings in person or appoint a proxy to attend, speak and vote on their behalf. Individual shareholders attending the meeting in person shall present their ID cards or other valid identification documents; if appointing a proxy to attend the meeting, they shall present their valid ID cards and a power of attorney for the shareholder.

Corporate shareholders shall be represented by the legal representative or a proxy authorized by the legal representative. The legal representative attending the meeting shall present their ID card and valid proof of their legal representative status; the proxy attending the meeting shall present their ID card and a written power of attorney issued by the legal representative of the corporate shareholder, except for shareholders who are a recognized clearing house as defined in the relevant laws and regulations in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the company are listed (the "**Recognized Clearing House**") or its proxy.

The power of attorney for appointing a proxy to attend the Shareholders' meeting shall specify the following content:

(i) The name or title of the principal and the class and quantity of shares held;

(ii) The name or title of the proxy;

(iii) Specific instructions of the shareholder, including instructions to vote for, against, or abstain on each matter listed on the agenda of the Shareholders' meeting;

(iv) The date of issuance and validity period of the power of attorney;

(v) The signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

If the power of attorney for proxy voting is signed by a person authorized by the principal, the authorization letter or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents and the power of attorney for proxy voting shall be kept at the Company's domicile or another place designated in the notice of the meeting.

If the principal is a legal person, it shall be represented by its legal representative or a person authorized by the Board of Directors or other decision-making body to attend the Company's Shareholders' meeting.

If the shareholder is a Recognized Clearing House (or its proxy), the shareholder may authorize one or more persons it deems appropriate to act as its representative at any Shareholders' meeting or creditors' meeting; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the authorization for each authorized person, and the power of attorney shall be signed by an authorized person of the Recognized Clearing House. The authorized person may exercise the rights of the Recognized Clearing House (or its proxy) (without presenting shareholding certificates, notarized authorization, and/or further evidence of formal authorization) and shall enjoy the same statutory rights as other shareholders, including the right to speak and vote, as if the person were an individual shareholder of the Company.

If the Shareholders' meeting requires Directors, Supervisors and senior management members to attend the meeting, the Directors, Supervisors and senior management members shall attend and accept shareholders' inquiries.

The Shareholders' meeting shall be presided over by the chairman of the Board of Directors.

If the chairman is unable or unwilling to perform his duties, the vice-chairman shall preside. If the vice-chairman is unable or unwilling to perform his duties, a Director elected by more than half of the Directors shall preside. The Shareholders' meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or unwilling to perform his duties, an Supervisor elected by more than half of the Board of Supervisors shall preside. The Shareholders' meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener. If the meeting chairperson violates the rules of procedure during the Shareholders' meeting, making it impossible to continue the meeting, the Shareholders' meeting may elect a person to act as the meeting chairperson with the consent of more than half of the voting rights held by the shareholders present at the meeting, and continue the meeting.

Voting and Resolutions at the Shareholders' Meeting

Resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including shareholder proxies) present at the meeting. A special resolution of the Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by the Shareholders' meeting as ordinary resolutions:

(i) The work report of the Board of Directors and the Board of Supervisors;

(ii) The profit distribution plan and loss recovery plan proposed by the Board of Directors;

(iii) The appointment and dismissal of board members and their remuneration and payment methods;

(iv) The company's Annual Report;

(v) Other matters except those that, as stipulated by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, or the Articles of Association, shall be passed by a special resolution.

The following matters shall be passed by the Shareholders' meeting as special resolutions:

(i) The increase or decrease of the Company's registered capital;

(ii) The division, split, merger, dissolution, and liquidation of the Company;

(iii) To issue of shares of any kind, share warrant or other similar securities;

(iv) Amendments to the Articles of Association and its' attachments;

(v) The Company's purchase or sale of major assets or provision of guarantees to others exceeding 30% of the Company's total assets as of the latest audited financial statements within one year;

(vi) Equity incentive plans;

(vii) Other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as matters that the Shareholders' meeting deems to have a significant impact on the Company and require a special resolution.

Shareholders (including shareholder proxies) shall exercise their voting rights based on the number of voting shares they represent, with each share having one vote, except for shareholders of different classes of shares.

When the Shareholders' meeting reviews major matters affecting the interests of small and medium investors, the votes of small and medium investors shall be counted separately. The results of the separate vote count shall be disclosed in a timely manner.

The Company's own shares held by the Company do not have voting rights, and such shares shall not be counted in the total number of voting shares present at the Shareholders' meeting.

According to applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to waive their voting rights on a resolution or is restricted to only voting for (or against) a resolution, the votes cast by such shareholder or their representative in violation of the relevant provisions or restrictions shall not be counted in the total number of voting shares.

If a shareholder purchases the Company's voting shares in violation of the provisions of Article 63, Paragraphs 1 and 2 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after purchase and shall not be counted in the total number of voting shares present at the Shareholders' meeting.

The Company's Board of Directors, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose specific voting intentions and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights in a paid or disguised paid manner. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

When the Shareholders' meeting reviews related party transactions, related shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

The Directors of the Company include executive Directors, non-executive Directors, and independent Directors. Non-executive Directors refer to Directors who do not hold management positions in the Company.

Directors of the Company shall be individuals. A person with any of the following circumstances shall not serve as a Director of the Company:

(i) Having no capacity for civil conduct or limited capacity for civil conduct;

(ii) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, and less than 5 years have elapsed since the expiration of the execution period, or if on probation, less than 2 years have elapsed since the expiration of the probation period;

(iii) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;

(iv) Having served as the legal representative of a company or enterprise whose business license has been revoked or has been ordered to close down due to illegal activities and being personally liable, and less than 3 years have elapsed since the revocation of the business license or the order to close down of such company or enterprise;

(v) Having a large-amount debt due but unpaid and being listed as a person subject to enforcement for bad credit by the people's court;

(vi) Having been subject to measures restricting access to the securities market by the CSRC and the time limit has not expired;

(vii) Having been publicly determined by the stock exchange as unfit to serve as a director of listed companies, with the term yet to be expired;

(viii) Other circumstances stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the Company's stock listing place.

Elections or appointments of Directors that violate the provisions of this section shall be invalid. If a Director becomes subject to any of the circumstances listed in this section during their tenure, the Company shall terminate their position.

Directors not appointed as employee representative Directors shall be elected or replaced by the Shareholders' meeting and may be removed from their positions by the Shareholders' meeting before the expiration of their term, provided that such removal complies with the relevant applicable laws, administrative regulations, departmental rules, normative documents, and the provisions of the Hong Kong Listing Rules. The term of office for Directors is three years, and upon the expiration of their term, they may be re-elected in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The term of a Director is calculated from the date of assuming office until the expiration of the current Board of Directors' term. If the Directors are not timely re-elected upon the expiration of their term, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected Directors assume office.

A Director may also hold the position of chief executive officer or other senior management positions, but the total number of Directors who also serve as senior management positions, as well as Directors who are employee representatives, shall not exceed half of the total number of Directors of the Company.

A Director may resign before the expiration of their term. A Director's resignation shall take effect on the date the Board of Directors receives the written resignation report, and the Board of Directors shall disclose the relevant information within the period required by the regulatory rules of the place where the Company's shares are listed. If the resignation of a Director results in the number of board members falling below the statutory minimum, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected Directors assume office.

Board of Directors

The Board of Directors shall consist of seven Directors, including one chairman and one vice-chairman. The chairman and vice-chairman shall be elected by more than half of all Directors. The Board of Directors shall exercise the following powers and duties:

(i) Convening the Shareholders' meeting and reporting to the Shareholders' meeting;

(ii) Implementing the resolutions of the Shareholders' meeting;

(iii) Deciding on the Company's business plans and investment proposals;

(iv) Formulating the Company' annual financial budgets and final accounting plans;

(v) Formulating the Company's profit distribution plans and loss recovery plans;

(vi) Formulating plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing;

(vii) Drafting plans for major acquisitions, repurchases of the Company's shares, mergers, divisions, dissolution, or changes in the Company's form;

(viii) Deciding on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions, and external donations, within the scope authorized by the Shareholders' meeting;

(ix) Deciding on the establishment of the Company's internal management structure;

(x) Deciding on the appointment or dismissal of the chief executive officer, secretary of the Board, and determining their remuneration and reward (or punishment); based on the chief executive officer's nomination, deciding on the appointment or dismissal of the executive president, vice presidents, chief financial officer, and other senior management members, and determining their remuneration and reward (or punishment);

(xi) Formulating the Company's basic management systems;

(xii) Drafting amendments to the Articles of Association;

(xiii) Managing the Company's information disclosure matters;

(xiv) Proposing to the Shareholders' meeting the appointment or replacement of the accounting firm auditing the Company;

(xv) Listening to the work reports of the chief executive officer and reviewing the chief executive officer's work;

(xvi) Other powers and duties granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Board of Directors shall determine the authority for the Company's external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions, and external donations, and establish strict review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the Shareholders' meeting for approval.

The chairman shall exercise the following powers and duties:

(i) Presiding over the Shareholders' meeting and convening and presiding over board meetings;

(ii) Supervising and inspecting the implementation of board resolutions;

(iii) Other powers and duties granted by the Board of Directors.

The Board of Directors shall hold at least four meetings each year, convened by the chairman, with written notice provided to all Directors at least 14 days before the meeting. Shareholders representing more than one-tenth of the voting rights, the chairman, the chief executive officer, one-third of the Directors, half of the independent Directors or the board of Supervisors may propose the convening of an extraordinary board meeting. The chairman shall convene and preside over the board meeting within 10 days of receiving such a proposal.

Extraordinary board meetings may be convened by personal delivery, mail, fax, or email, with notice provided to all Directors at least five days before the meeting.

A board meeting shall require the attendance of more than half of the Directors to be valid.

Resolutions of the Board of Directors shall require the approval of more than half of all Directors. Each Director shall have one vote in board resolutions.

If a Director has a relationship with the enterprise or individual involved in a board resolution, the Director shall promptly report in writing to the Board of Directors. The Director with such a relationship shall not vote on the resolution or act as a proxy for another Director to vote. The board meeting may proceed with the attendance of more than half of the non-related Directors, and resolutions shall require the approval of more than half of the non-related Directors. If the number of non-related Directors attending the board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for review. If laws, regulations, or securities regulatory rules of the place where the Company's shares are listed impose additional restrictions on Directors' participation in board meetings and voting, such provisions shall prevail.

Board meetings shall be attended by Directors in person. If a Director is unable to attend, they may appoint another Director in writing to attend on their behalf. The written appointment shall specify the name of the proxy, the matters to be represented, the scope of authority, and the validity period, and shall be signed or sealed by the appointing Director. The proxy shall exercise the Director's rights within the scope of authority. If a Director does not attend the board meeting and does not appoint a proxy to attend, they shall be deemed to have waived their voting rights at that meeting.

Independent Directors

Independent Directors shall diligently perform their duties in accordance with laws, administrative regulations, the CSRC, the stock exchange where the Company's shares are listed, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. They shall play a role in decision-making, supervision, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

Independent Directors must maintain independence. The following persons shall not serve as independent Directors:

(i) Persons employed by the Company or its affiliated enterprises, as well as their spouses, parents, children, and close relatives;

(ii) Natural persons who directly or indirectly hold more than 1% of the Company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;

(iii) Persons employed by shareholders who directly or indirectly hold more than 5% of the Company's issued shares or are among the top five shareholders of the Company, as well as their spouses, parents, and children;

(iv) Persons employed by affiliated enterprises of the Company's Controlling Shareholders or actual controllers, as well as their spouses, parents, and children;

(v) Persons who have significant business dealings with the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, or who are employed by entities that have significant business dealings with the Company, and their controlling shareholders or actual controllers;

(vi) Persons who provide financial, legal, consulting, or underwriting services to the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, including but not limited to project team members, reviewers, signatories, partners, Directors, senior management members, and principal responsible persons of intermediary institutions providing such services;

(vii) Persons who have had any of the above-mentioned circumstances within the past 12 months;

(viii) Other persons deemed not independent under laws, administrative regulations, the CSRC, the stock exchange of the place where the Company's shares are listed, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Affiliated enterprises of the Company's Controlling Shareholders or actual controllers referred to in items (iv) to (vi) above do not include enterprises controlled by the same state-owned assets management institution as the Company and that do not constitute related parties under relevant regulations.

Independent Directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent Directors and issue a special opinion, which shall be disclosed together with the annual report.

The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all independent Directors:

(i) Related party transactions that require disclosure;

(ii) Proposals for the Company and related parties to change or waive commitments;

(iii) Decisions and measures taken by the Board of Directors of an acquired listed company in response to the acquisition;

(iv) Other matters stipulated by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Company shall establish a special meeting mechanism composed entirely of independent Directors. Matters such as related party transactions to be reviewed by the Board of Directors shall first be approved by the special meeting of independent Directors. The Company holds special meetings of independent Directors regularly or irregularly. Matters listed in items (i) to (iii) of paragraph 1 of Article 130 and Article 131 of the Articles of Association shall be reviewed by the special meeting of independent Directors. The special meeting of independent Directors may discuss other matters of the Company as needed.

The special meeting of independent Directors shall be convened and presided over by one independent Director jointly recommended by more than half of the independent Directors. If the convener fails to perform their duties or is unable to do so, two or more independent Directors may convene the meeting and recommend one representative to preside.

Special Committees under the Board

The Audit Committee shall consist of non-executive Directors or independent Directors, no less than three members, among which the number of independent Directors shall be the majority of the audit committee, with the chairperson being an independent Director with accounting expertise.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all Audit Committee members:

(i) Disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;

(ii) Appointment or dismissal of the accounting firm auditing the listed company;

(iii) Appointment or dismissal of the Company's chief financial officer;

(iv) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Audit Committee shall hold at least one meeting per quarter. Extraordinary meetings may be convened upon the proposal of two or more members or if the chairperson deems it necessary. A meeting of the Audit Committee shall require the attendance of at least two-thirds of its members to be valid. Resolutions of the Audit Committee shall require the approval of more than half of its members. Each member shall have one vote in Audit Committee resolutions. Minutes of Audit Committee meetings shall be prepared, and attending members shall sign the minutes.

The working procedures of the Audit Committee shall be formulated by the Board of Directors.

The Board of Directors shall establish other special committees, such as the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals of these committees shall be submitted to the Board of Directors for review and decision. The working procedures of these special committees shall be formulated by the Board of Directors.

SENIOR MANAGEMENT MEMBERS

The Company shall have a chief executive officer, a executive president, several senior vice presidents, several vice presidents, a chief financial officer, and a secretary of the Board, and all of the above personnel shall be appointed or dismissed by the Board of Directors.

The chief executive officer, executive president, vice presidents, chief financial officer, secretary of the Board, and other personnel designated by the Board of Directors shall constitute the senior management of the Company.

The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a Director and the regulations on departure management shall also apply to senior management. The provisions of the Articles of Association regarding the fiduciary duties and diligence obligations of Directors shall also apply to senior management.

The chief executive officer shall be accountable to the Board of Directors and shall exercise the following powers and duties:

(i) Presiding over the Company's production, operation, and management activities, implementing the resolutions of the Board of Directors, and reporting to the Board of Directors;

(ii) Implementing the Company's annual business plans and investment proposals;

(iii) Drafting proposals for the establishment of the Company's internal management structure;

(iv) Drafting the Company's basic management systems;

(v) Formulating the Company's specific regulations;

(vi) Proposing to the Board of Directors the appointment or dismissal of the executive president, vice presidents and chief financial officer;

(vii) Deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal is to be decided by the Board of Directors;

(viii) Other powers and duties granted by the Articles of Association or the Board of Directors.

The chief executive officer shall attend meetings of the Board of Directors.

SUPERVISORS AND BOARD OF SUPERVISORS

Supervisors

Each Supervisor shall serve for a term of three years. Upon expiry of the term, the Supervisor may be re-appointed upon re-election. The Directors, chief executive officer and other senior management members shall not act concurrently as Supervisors.

Supervisors may be in attendance at Board meetings, and raise questions or suggestions pertaining to Board resolutions.

Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear duty of diligence and duty of loyalty towards the Company. They shall not abuse their authority to accept bribes or other illegal income and shall not misappropriate the properties of the Company.

Board of Supervisors

The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three Supervisors, including one employee representative Supervisor and one chairman. The chairman of the Board of Supervisors shall be elected by a simple majority of all Supervisors. The meetings of the Board of Supervisors shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a Supervisor nominated by not less than half of the Supervisors.

The Board of Supervisors shall exercise the following functions and powers:

(i) To examine regular reports prepared by the Board of Directors and propose written examination suggestions;

(ii) To review the Company's financial position;

(iii) To supervise the Directors and senior management members' acts in performing their duties in the Company, and to propose a removal of any Director or senior management member in violation of any laws, administrative regulations, the Articles of Association or resolutions adopted at the shareholders' general meeting;

(iv) To demand any Director or senior management member who acts in a manner which is harmful to the Company's interest to rectify such behaviours;

(v) To propose to convene an extraordinary general meeting, and to convene and preside over shareholders' general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(vi) To submit proposals to shareholders' general meetings;

(vii) To initiate legal proceedings against any Director or senior management member according to Article 151 of the Company Law;

(viii) To investigate into unusual operation of the Company and if necessary, To engage an accounting firm, a law firm or other professional institutions To assist in its work at the expenses of the Company;

(ix) Other functions and powers stipulated in the Articles of Association or conferred by the shareholders' general meetings.

Meetings of the Board of Supervisors

The Board of Supervisors shall convene a meeting at least once every six months. Supervisors may propose to convene extraordinary meetings of the Board of Supervisors. Resolutions of the Board of Supervisors shall be passed by more than half of the members of the Board of Supervisors.

FINANCIAL AND ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting System

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, and the provisions of relevant national authorities.

Within four months after the end of each fiscal year, the Company shall submit and disclose its annual report to the local office of the CSRC and the stock exchange where the Company's shares are listed. Within two months after the end of the first half of each fiscal year, the Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange where the Company's shares are listed.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company's assets shall not be stored in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund exceeds 50% of the Company's registered capital, the Company may cease to make further allocations. If the Company's statutory reserve fund is insufficient to cover the losses of previous years, the Company shall use the current year's profits to cover the losses before allocating the statutory reserve fund as stipulated above. After allocating the statutory reserve fund from the after-tax profits, the Company may also allocate a discretionary reserve fund from the after-tax profits upon a resolution of the Shareholders' meeting.

After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders, unless otherwise stipulated in the Articles of Association. If the Shareholders' meeting violates the PRC Company Law by distributing profits to shareholders, the shareholders must return the profits distributed in violation of the regulations to the Company; if the Company suffers losses as a result, the shareholders and the responsible Directors, Supervisors and senior management shall bear the liability for compensation. The Company's own shares held by the Company shall not participate in the distribution of profits.

The Company shall appoint one or more receiving agents in Hong Kong for H-share shareholders. The receiving agents shall collect and hold dividends and other payable amounts distributed by the Company to H-share shareholders on behalf of the relevant H-share shareholders, pending payment to such H-share shareholders. The receiving agents appointed by the Company shall comply with the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve funds shall be used to cover the Company's losses, expand the Company's production and operation, or convert into additional capital. When using reserve funds to cover the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations. When converting the statutory reserve fund into additional registered capital, the remaining statutory reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the Board of Directors and shall be disclosed to the public.

Appointment of Accounting Firms

The Company shall engage an accounting firm that complies with the Securities Law to conduct audits of financial statements, verification of net assets, and other related consulting services. The engagement term shall be one year and may be renewed.

The appointment or dismissal of an accounting firm shall be decided by the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders' meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials.

The audit fees of the accounting firm shall be decided by the Shareholders' meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 15 days in advance. When the Shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

If the accounting firm resigns, it shall explain to the Shareholders' meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

The Company's merger can be in the form of an absorption merger or a consolidation merger.

When one company absorbs other companies, it is an absorption merger, and the absorbed companies are dissolved. When two or more companies merge to form a new company, it is a consolidation merger, and all the merging companies are dissolved.

For a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of adopting the merger resolution and make an announcement in the designated media or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice, request the Company to pay off its debts or provide corresponding guarantees.

When the Company merges, the credits and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

When the Company divides, its assets shall be divided accordingly. When the Company divides, it shall prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the division resolution and make an announcement in the designated media or the National Enterprise Credit Information Publicity System within 30 days. The debts of the Company before the division shall be jointly assumed by the companies after the division, unless otherwise agreed in a written agreement between the Company and its creditors before the division.

When the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the Shareholders' meeting resolution on the capital reduction and make an announcement in the designated media or the National Enterprise Credit Information Publicity System within 30 days. Creditors may request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice.

When the Company issues new shares to increase its registered capital, shareholders do not have preemptive rights to subscribe, unless otherwise stipulated in the Articles of Association or decided by a resolution of the Shareholders' meeting.

When the Company merges or divides, and the registration matters change, it shall apply for a change of registration with the Company registration authority in accordance with the law; when a company is dissolved, it shall apply for cancelation of registration in accordance with the law; when a new company is established, it shall apply for establishment registration in accordance with the law. When the Company increases or reduces its registered capital, it shall apply for a change of registration with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) The business term stipulated in the Articles of Association expires or other dissolution reasons stipulated in the Articles of Association arise;

(ii) The Shareholders' meeting resolves to dissolve the Company;

(iii) The Company needs to be dissolved due to a merger or division;

(iv) The Company is legally revoked its business license, ordered to close, or revoked;

(v) The Company's operation and management encounter serious difficulties, and its continued existence would cause significant losses to shareholders' interests, and no other solutions can be found. Shareholders holding 10% or more of the Company's total voting rights may request the people's court to dissolve the Company.

When the Company has the dissolution reasons mentioned above, it shall publicize the dissolution reasons through the National Enterprise Credit Information Publicity System within ten days.

If the Company has the circumstances mentioned in items (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or through a resolution of the Shareholders' meeting. To amend the Articles of Association or pass a resolution of the Shareholders' meeting in accordance with the preceding paragraph, it must be approved by more than two-thirds of the voting rights held by shareholders present at the Shareholders' meeting.

If a company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The Directors are the liquidation obligors and shall establish a liquidation group within 15 days from the date the dissolution reason arises to commence liquidation. The liquidation group shall consist of Directors, unless otherwise stipulated in the Articles of Association or the Shareholders' meeting resolves to appoint others. If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall bear the liability for compensation.

During the liquidation period, the liquidation group shall exercise the following powers and duties:

(i) Cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets;

(ii) Notifying and announcing to creditors;

(iii) Handling the Company's unfinished business related to the liquidation;

(iv) Paying off the taxes owed and the taxes incurred during the liquidation process;

(v) Cleaning up claims and debts;

(vi) Distributing the remaining assets after the Company's debts are settled;

(vii) Representing the Company in civil litigation activities.

The liquidation group shall notify creditors within 10 days from the date of its establishment and make an announcement in the Securities Times/Shanghai Securities News or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not settle claims with creditors.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for confirmation. After paying off the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, paying off the taxes owed, and settling the Company's debts, the remaining assets shall be distributed to shareholders according to the proportion of shares held. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders before being settled in accordance with the preceding paragraph.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, if the liquidation group finds that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the Company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the Shareholders' meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for cancelation of the Company's registration.

If the Company is legally declared bankrupt, it shall implement bankruptcy liquidation in accordance with the relevant enterprise bankruptcy laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under the following circumstances:

(i) After the PRC Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed are amended, the provisions of the Articles of Association conflict with the amended laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;

(ii) The Company's circumstances change and are inconsistent with the matters recorded in the Articles of Association;

(iii) The Shareholders' meeting resolves to amend the Articles of Association.

If the amendment of the Articles of Association passed by a resolution of the Shareholders' meeting requires approval by the competent authority, it shall be submitted to the competent authority for approval; if it involves company registration matters, the change of registration shall be processed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the competent authority.

If the amendment of the Articles of Association involves information required to be disclosed by laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed, it shall be announced in accordance with regulations.

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares are subject to the laws and practices of the PRC and of the jurisdictions in which holders of H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible change or amendment to the relevant laws or policies, and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in Mainland China

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors shall be subject to proportional tax rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance ("MOF"), the State Administration of Taxation and the China Securities Regulatory Commission ("CSRC") on 7 September 2015 and effective on 8 September 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount; or if the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) ("the Fifth Protocol"), issued by The State Taxation Administration and effective on 6 December 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the principle purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("EIT Law"), amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) ("Implementation Rules of the EIT Law"), amended by the State Council on 6 December 2024 and effective on 20 January 2025, a non-resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, If a non-resident enterprise either does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with that establishment or place of business, the income tax payable by the non-resident enterprise shall be withheld at source. The payer will act as the withholding agent and must withhold the tax from each payment or amount due at the time of payment or when it becomes due. This tax may be reduced or exempted in accordance with an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise paying dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises shall withhold the enterprise income tax thereon at the uniform rate of 10%.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

In accordance with applicable regulations, we intend to withhold tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises eligible for a reduced tax rate under an applicable income tax treaty must apply to the PRC tax authorities for a refund of any excess withholding beyond the treaty rate. The issuance of such refunds is subject to verification by the PRC tax authorities.

Tax Related to Equity Transfer Income

Individual Investors

Under the PRC Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular of the MOF and the State Administration of Taxation on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether the income from the transfer of shares in listed companies by individuals will continue to be exempted from personal income tax under the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at a rate of 10% on PRC-sourced income, including gains from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or if it has an establishment or premises in the PRC but the PRC-sourced income is not effectively connected to them. This income tax payable by non-PRC resident enterprises is subject to withholding at source, with the payer acting as the withholding agent. The withholding agent must deduct the tax from each payment or amount due at the time of payment or when it becomes due. Such tax may be reduced or exempted under applicable tax treaties or agreements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect Mechanism (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, for dividends and bonuses obtained by mainland individual investors from investments in H shares listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, H share companies shall submit applications to China Securities Depository and Clearing Corporation Limited ("CSDC") to get the register of individual mainland investors and withhold the individual income tax at the tax rate of 20%; for dividends and bonuses obtained by mainland individual investors from investments in non-H shares listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, the CSDC shall withhold individual income tax at the tax rate of 20%; for taxes withheld abroad, individual investors may apply to competent taxation authorities under the CSDC for tax credit upon the strength of valid tax withholding vouchers; and for dividends and bonuses obtained by mainland securities investment funds from investments in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, individual income tax shall be levied in accordance with above provisions.

Pursuant to the Announcement on Extending the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Market Connect Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which was promulgated on 21 August 2023 and implemented on the same date, the transfer price difference income that obtained by mainland individual investors from investing in the stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection or the Shenzhen-Hong Kong Stock Interconnection and from buying and selling Hong Kong fund shares through mutual recognition of funds shall continue to be exempted from individual income tax until 31 December 2027.

Pursuant to the Notice of the MOF, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect Mechanism (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), mainland corporate investors' income from dividends and bonuses of investment in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection shall be included into the total income and subject to the enterprise income tax. Income of mainland resident enterprises obtained from dividends and bonuses of H shares held for twelve consecutive months or more shall be exempted from enterprise income tax according to the law. When mainland corporate investors declare and pay enterprise income taxes on their own, they may apply for tax credit for the income tax of dividends and bonuses withheld by non-H-share listed companies on the SEHK.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H shares by non-mainland investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Tax

According to PRC law, no estate tax is currently levied in the mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), within the territory of the PRC, the enterprises and other organizations that have incomes are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with this law.

Enterprises are classified into resident and non-resident enterprises. An enterprise established in the PRC or established outside of the PRC but having its actual management body in the PRC is a resident enterprise for PRC enterprise income tax purpose and shall pay enterprise income tax at the rate of 25% on its income derived from within and outside the PRC. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax at the rate of 20% on its income derived from within the PRC, which shall be withheld at source by the payer. Meanwhile, any gains realized on the transfer of shares by non-resident enterprises are subject to enterprise income tax by way of withholding if such gains are regarded as income derived from the transfer of property within the PRC.

Value-Added Tax

Pursuant to the Provisional Regulations on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), amended by the State Council and effective on 19 November 2017, and the Detailed Rules for the Implementation of the Interim Regulation on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), amended by the MOF on 28 October 2011 and effective on 1 November 2011, entities and individuals that sell goods or provide processing, repair and maintenance services, or import goods within the territory of the PRC are taxpayers of value-added tax ("VAT"), and shall pay VAT in accordance with these regulations and rules. For taxpayers selling or importing goods, the VAT rate is generally 17% unless otherwise specified in the aforesaid regulations.

According to the Notice of the MOF and the State Administration of Taxation on Adjusting to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), promulgated on 4 April 2018, and effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement of the MOF, the State Administration of Taxation and General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《財政部稅務總局海關總署關於深化增值稅改革有關政策的公告》), promulgated on 20 March 2019 and effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The State Administration of Foreign Exchange ("SAFE"), authorized by the People's Bank of China ("PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items may, without the approval of the SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and effective on 26 December 2014, the SAFE, along with its branches and foreign exchange bureau, oversees the business registration, account management, cross-border transactions, and capital exchanges involved in the overseas listing of domestic companies. Domestic companies must register their overseas listings with the local foreign exchange bureau within 15 working days after completing the listing and issuance. Additionally, domestic shareholders planning to increase or decrease their holdings of shares in an overseas listed company must register these changes with their local foreign exchange bureau at least 20 working days prior to the planned increase or decrease, submitting the necessary materials. Furthermore, domestic companies (excluding banking and financial institutions) are required to open a special foreign exchange account with a domestic bank to handle remittances and fund transfers related to their initial or additional offerings and repurchase activities.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and coming into effect on 1 June 2015, the SAFE has canceled the confirmation of foreign exchange registration of domestic or overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration of domestic and overseas direct investment, and the SAFE and its branch offices shall indirectly supervise the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Management Policies of Settlement under Capital Account Items (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on 9 June 2016, foreign currency earnings under capital account for which voluntary exchange settlement policies have been clearly implemented (including the funds transferred back from overseas listings) may be settled in banks according to actual business needs of domestic entities. The voluntary settlement ratio of foreign currency earnings of domestic institutions under capital account is tentatively set at 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix sets out summaries of certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix IV — Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide potential investors with an overview of the principal PRC laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which may be important to the potential investors. For more details of laws and regulations which are relevant to our business, see the section headed "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "PRC Constitution"), and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties and other regulatory documents signed by the PRC government. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the PRC Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "PRC Legislation Law"), both the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations with respect to urban and rural construction and management, environmental protection and historical and cultural protection and other aspects based on the specific circumstances and actual needs of such cities. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions if they are not in conflict with the PRC Constitution, laws, administrative regulations and local regulations of the provinces or autonomous regions concerned.

The ministries and commissions of the State Council, the People's Bank of China (the "PBOC"), the National Audit Office (the "NAO") and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the competence of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations may contravene the PRC Constitution. The authority of the PRC laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts and autonomous prefectures within their respective administrative regions of such provinces and autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the PRC Constitution and the PRC Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the PRC Constitution and laws, to annul local regulations that contravene the PRC Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate departmental regulations and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted on June 10, 1981, issues related to the further clarification or supplement of laws shall be interpreted or provided by the SCNPC; issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court; issues related to the specific application of laws and decrees in the procuratorial work during the prosecution process shall be interpreted by the Supreme People's Procuratorate, and all other legal matters are to be interpreted by the State Council and its relevant competent departments. If there are differences in principle in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The State Council and its ministries and commissions also have the right to interpret the administrative rules and departmental regulations issued by them. At the local level, the power to interpret local laws resides with the local legislative and administrative authorities that enacted those laws.

PRC JUDICIAL SYSTEM

According to the PRC Constitution and the Law of Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) most recently amended on October 26, 2018 and effective on January 1, 2019, the people's courts are made up of the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The local people's courts are divided into three levels, namely the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special courts, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in a people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》(2023年修訂)》) adopted on April 9, 1991 and most recently amended on September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, an individual without nationality, a foreign enterprise or a foreign organization that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, an individual without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty to which the PRC is a signatory or a participant or according to the principle of reciprocity, request the foreign court to recognize and execute the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

(i) The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") which was promulgated on December 29, 2023 and took effect on July 1, 2024;

(ii) The Overseas Listing Trial Measures (《境外上市試行辦法》) which were promulgated by the CSRC on February 17, 2023 pursuant to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "PRC Securities Law") and other relevant laws and regulations and are applicable to the direct and indirect overseas share offering or listing of domestic companies;

(iii) The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was most recently amended on March 28, 2025 by the CSRC. The articles of association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix III — Summary of Articles of Association" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or public subscription. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a supervisory committee shall be elected (except for those not required by law to establish a supervisory committee) and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares shall be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital contribution. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital contribution for the shares issued being fully paid up, the subscribers may demand that the promoters refund the fully paid subscription capital contribution together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder register which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder;

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In response to its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, after the resolutions is passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classes of shares, which have different rights from those of the ordinary shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the ordinary shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classes of shares provided by the State Council. A company making a public offering of shares shall not issue any of the classes of shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

When a domestic company offers shares overseas, it shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts;

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilizing the shares for employee stock ownership plan or share incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a listed company;

(vi) where it is necessary for a listed company to maintain its corporate value and shareholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of association or upon authorization by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares repurchased under the circumstances stipulated in either item (ii) or item (iv) shall be assigned or deregistered within six months; and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total shares in issue, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws.

Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in accordance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of general meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital contribution in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

General Meeting

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory committee or supervisors;

(iv) to review and approve the company's annual financial budgets and final accounts plan;

(v) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vi) to decide on any increase or reduction of the company's registered capital;

(vii) to decide on the issue of corporate bonds;

(viii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(ix) to amend the company's articles of association;

(x) to exercise any other authority stipulated in the articles of association.

The general meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems it necessary to convene a meeting;

(v) the supervisory committee so proposes;

(vi) any other circumstances as provided for in the articles of association.

A general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the supervisory committee shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a general meeting.

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorization.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the supervisory committee has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to summon the general meetings and report its works to the general meetings;

(ii) to implement the resolutions passed by the shareholders at the general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and the individual responsible for financial matters of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system;

(x) to exercise any other authority as is stipulated in the articles of association.

Restrictions on the board of directors' powers in the articles of association shall not be used against a third party in good faith.

The board meetings shall be convened at least twice each year. Notices of meetings shall be given to all directors and supervisors at least 10 days prior to the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for summoning an interim board meeting. The board meetings shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall prepare minutes of the resolutions adopted at the meeting, which shall be signed by the directors present at the meeting.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following individuals may not serve as a director in a company:

(i) an individual with no capacity for civil conduct or limited capacity for civil conduct;

(ii) an individual who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or sabotaging the order of socialist market economy, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

(iii) an individual who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) an individual who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the individual was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure;

(v) an individual being listed as a dishonest individual subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of debts which has fall due.

Any election or appointment of directors by the company, to whom any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board of directors shall have a chairman and may have a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall summon and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing, or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing, or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

Supervisory Committee

Under the PRC Company Law, a joint stock limited company shall establish an audit committee composed of directors within the board of directors to exercise the supervisory committee's functions. A joint stock limited company with a smaller scale or fewer shareholders may choose not to establish a supervisory committee and instead appoint a single supervisor. A joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory committee shall have a chairman and may have a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the supervisory committee shall summon and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing, or is not performing his/her duties, the vice chairman of the supervisory committee shall summon and preside over supervisory committee meetings. Where the vice chairman of the supervisory committee is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall summon and preside over supervisory committee meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum.

The supervisory committee may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the acts of directors and senior management members in their performance of their duties and to propose the removal of directors and senior management members who have violated laws, regulations, the articles of association or the shareholders' resolutions;

(iii) when the acts of a director or senior management members are detrimental to the company's interests, to require the director and senior management members to correct these acts;

(iv) to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the PRC Company Law;

(v) to submit proposals to the general meetings;

(vi) to bring actions against directors and senior management members pursuant to the relevant provisions of the PRC Company Law;

(vii) any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board of directors. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Audit Committee

Under PRC Company Law, a joint stock limited company may establish an audit committee composed of directors within its board of directors pursuant to the provisions of its articles of association to exercise the functions and powers of a supervisory committee as prescribed by PRC Company Law, in lieu of establishing a supervisory committee or supervisor.

The audit committee shall comprise at least three members, with a majority not holding any position in the company other than that of director, and having no relationship with the company that may affect their independent and objective judgment. Employee representatives serving on the board of directors may be appointed as audit committee members.

For listed companies with audit committees, the following matters shall require approval by a majority of all audit committee members before being resolved by the board of directors:

(1) Appointment or dismissal of accounting firms engaged for the company's audit work;

(2) Appointment or removal of the financial controller;

(3) Disclosure of financial accounting reports;

(4) Other matters specified by the securities regulatory authority under the State Council.

The Guidance for Articles of Association stipulates that the audit committee shall consist of at least three members, with independent directors constituting the majority and an accounting professional among the independent directors serving as convener. Employee representatives on the board may serve as audit committee members. The audit committee shall be responsible for reviewing the company's financial information and disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board meetings only after obtaining approval by a majority of all audit committee members:

(1) Disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;

(2) Appointment or dismissal of accounting firms engaged for the listed company's audit work;

(3) Appointment or removal of the listed company's financial controller;

(4) Changes in accounting policies or accounting estimates, or corrections of material accounting errors not resulting from changes in accounting standards;

(5) Other matters stipulated by laws, administrative regulations, CSRC regulations and the company's articles of association.

The audit committee shall convene a meeting at least once a quarter. Interim meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum. Resolutions of the audit committee shall require approval by a majority of its members.

Manager and the Senior Management Members

Under the PRC Company Law, a company may have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at the board meetings. However, the manager shall have no voting rights at the board meetings unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management members refer to manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management Members

Directors, supervisors and senior management members are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. The provisions of the preceding paragraph shall also apply to controlling shareholders or actual controllers of the company who, although not serving as directors of the company, are actually involved in the company's affairs.

Directors, supervisors and senior management members are prohibited from abusing their authority in accepting bribes or other unlawful revenue and from misappropriating the company's property.

Directors, supervisors, and senior management members are prohibited from:

(i) embezzlement of company properties and misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) utilizing power to accept bribe or accept other illegal revenue;

(iv) accepting for their own benefit commissions from third parties for transactions conducted with the company;

(v) unauthorized divulgence of confidential information of the company;

(vi) other acts in violation of their duty of loyalty to the company.

If any director, supervisor, and senior management members directly or indirectly enters into any contract or engages in any transaction with the company, he/she shall report such matter to the board of directors or the general meeting, and such contract or transaction shall be approved by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association. The provisions of the preceding paragraph shall also apply to contracts or transactions entered into by close relatives of directors, supervisors, and senior management members, enterprises directly or indirectly controlled by such close relatives, or any other individuals having an affiliated relationship with directors, supervisors, and senior management members.

Directors, supervisors, and senior management members shall not exploit their positions to seize business opportunities that rightfully belong to the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association; or the company is unable to exploit such business opportunity under applicable laws, administrative regulations, or the articles of association.

Directors, supervisors, and senior management members shall not engage in any business that competes with the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association.

Any revenue derived by a director or senior management members in violation of the provisions of the preceding paragraph shall be returned to the company.

A director, supervisor or senior management member who contravenes law, regulation or the articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association stipulates that directors and senior management members of the company owe a duty of diligence to the company. For example, directors and senior management members shall exercise the powers granted by the company prudently, diligently, and in good faith to ensure that the company's business operations comply with national laws, administrative regulations, and relevant economic policies, and that such operations do not exceed the scope of business activities specified in the company's business license. Directors and senior management members shall treat all shareholders fairly. Directors and senior management members shall sign written confirmation statements for the company's periodic reports to ensure that the information disclosed by the company is true, accurate, and complete. Directors and senior management members shall truthfully provide accurate information and materials to the audit committee and shall not obstruct the audit committee in the performance of their duties. Directors and senior management members shall also perform other duties of diligence as prescribed by laws, administrative regulations, departmental rules, and the company's articles of association.

Finance and Accounting

Under the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall announce its financial reports.

When distributing each year's profits after taxation, the company shall allocate 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the losses for the previous years, the current year's profits shall first be used to offset such losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After a company has offset its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except otherwise provided for in the articles of association.

Any profits distributed to shareholders in violation of the provisions of the preceding paragraph shall be returned to the company. The company shall not be entitled to receive any profit distribution in respect of the shares it holds.

The premium on the par value of the company's issued shares and other revenue designated as capital reserve by the relevant government authorities shall be recorded as capital reserve. The company's reserve funds shall be used to offset the company's losses, expand the company's business operations, or increase the company's capital. When the company needs to use reserve funds to offset losses, it shall first allocate from the discretionary reserve fund and the statutory reserve fund; if such funds are insufficient, the company may allocate from the capital reserve fund in accordance with applicable regulations. When the statutory reserve fund is converted into capital, the balance of the reserve fund shall not be less than 25% of the company's registered capital prior to such conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accountants

The Guidance for Articles of Association stipulates that the company must engage an accounting firm that complies with the provisions of the PRC Securities Law to provide services, including financial statement audits, net asset verification, and other relevant consulting services. The engagement period is one year and can be renewed.

Pursuant to the PRC Company Law, when a company engages or dismisses an accounting firm responsible for the company's audit work, it shall be determined by the shareholders at the general meeting in accordance with the articles of association. When the general meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to make representations. The company shall provide the engaged accounting firm with true and complete accounting evidence, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or forge any materials. In addition, the Guidance for Articles of Association stipulates that the audit fees of the accounting firm shall also be determined by the shareholders at the general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute any profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

According to the provisions of the PRC Company Law, a resolution of the general meeting regarding any amendment to the company's articles of association shall be passed by more than two-thirds of the votes held by the shareholders present at the general meeting.

According to the provisions of the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) after any amendment to the PRC Company Law or any other applicable laws or administrative regulations, the provisions of the articles of association conflict with the amended laws and/or administrative regulations;

(ii) changes in the actual situation of the company result in inconsistencies with the content set forth in the articles of association;

(iii) the general meeting resolves to amend the articles of association.

The Guidance for Articles of Association further stipulates that any amendment to the articles of association adopted by the general meeting shall be submitted for approval if approval from the competent departments is required; if the amendment involves matters of company registration, the registration information of the company with the competent departments shall also be amended. In addition, if any laws or regulations require the disclosure of amendments to the articles of association, a public announcement shall be made in accordance with the applicable regulations.

Dissolution and Liquidation

In accordance with the provisions of the Company Law of the PRC, the Company shall be dissolved under any of the following circumstances:

(i) the business operating period stipulated by the Articles of Association has expired or other events causing dissolution, as stipulated by the Articles of Association, have materialized;

(ii) the shareholders resolve to dissolve the Company at a general meeting;

(iii) the Company has to be dissolved on account of its merger or division;

(iv) the Company's business license is revoked, or the Company is ordered to close or dissolve in accordance with the law;

(v) the Company experiences severe difficulties in its operations and management, and such difficulties cannot be resolved through other means, resulting in significant losses to the shareholders' interests if the Company continues to exist. In such cases, the people's court shall, upon the request of shareholders holding 10% or more of the total voting rights of the Company, order the dissolution of the Company. If any of the aforementioned grounds for dissolution arises, the Company shall, within ten days, publicly announce the grounds for dissolution through the National Enterprise Credit Information Publicity System.

In the event of the circumstances described in items (i) and (ii) above, the Company may continue to exist by amending its Articles of Association without distributing any assets to any shareholders. Any amendment to the Articles of Association in accordance with the aforementioned provisions shall require the approval of shareholders representing more than two-thirds of the voting rights present at the general meeting.

If the Company is dissolved due to the circumstances listed in items (i), (ii), (iv), or (v) above, a liquidation process must be initiated. The directors shall act as the liquidators of the Company and shall establish a liquidation committee within fifteen days from the date of the occurrence of the dissolution event. The liquidation committee shall be composed of directors or any other individuals determined by the general meeting. If the liquidation committee is not established within the specified period or if the liquidation is ineffective after the establishment of the liquidation committee, interested parties may apply to the people's court to request the appointment of relevant individuals to form a liquidation committee to manage the liquidation process. The people's court shall accept such applications and promptly establish a liquidation committee to carry out the liquidation.

During the liquidation process, the liquidation committee shall perform the following functions and powers:

(i) dispose of the Company's assets and prepare a balance sheet and an inventory of assets;

(ii) notify the Company's creditors or publish announcements;

(iii) handle and settle any outstanding business related to the liquidation;

(iv) pay any outstanding taxes and taxes arising during the liquidation process;

(v) settle the Company's claims and liabilities;

(vi) distribute the remaining assets of the Company after the repayment of all debts;

(vii) participate in civil proceedings on behalf of the Company.

The liquidation committee shall notify the Company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

The creditors shall submit their claims to the liquidation committee within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In filing their claims, creditors shall explain matters relating to the claims and provide the supporting documents. The liquidation committee shall register such claims. During the claim declaration period, the liquidation committee shall not repay any debt to any creditor.

After the liquidation committee has disposed of the properties of the Company and prepared a balance sheet and a property inventory as required, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for approval. The remaining assets of the Company after paying the costs of liquidation, the employees' salaries, social insurance contributions and legal compensation, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their respective shareholding. During the period of liquidation, the Company shall continue to exist but shall not engage in any business activity except for those relating to the liquidation. Before repayment in accordance with the aforementioned provisions, the assets of the Company shall not be distributed to shareholders.

After the liquidation committee has sorted out the assets of the Company and prepared a balance sheet and a property inventory as required, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall apply to the people's court in accordance with the law to declare bankruptcy. Upon the people's court declaring bankruptcy, the liquidation committee shall hand over the management matters to the bankruptcy administrator designated by the people's court.

After completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit the same to the general meeting or the people's court for confirmation, then deliver the same to the Company's registration authority to apply for cancelation of the Company's registration and publicly announce the Company's dissolution. Members of the liquidation committee shall perform their duties in good faith in accordance with the relevant laws. Any member of the liquidation committee shall not take advantage of his/her powers to accept bribes or other illegal payments or embezzle the property of the Company. Members of the liquidation committee shall compensate the Company and its creditors for any losses caused by their intentional acts or gross negligence.

If the Company declares bankruptcy according to law, it shall perform liquidation procedures in accordance with the relevant provisions of the Enterprise Bankruptcy Law.

Overseas Listing

In accordance with the Trial Measures for Overseas Listing (境外上市試行辦法), an initial public offering or listing on an overseas market shall be filed with the CSRC within three business days after submitting the relevant application overseas. If the issuer issues securities again on an overseas market where it has previously issued and listed securities, it shall file with the CSRC within three business days from the date of completion of the issuance. Furthermore, if the filing documents are complete and meet the regulatory requirements, the CSRC will complete the filing process within twenty business days from the date of receiving the filing documents and publish the filing results on the website of the CSRC. If the filing documents are incomplete or do not meet the regulatory requirements, the CSRC will request supplementation and amendments within five business days from the date of receiving the filing documents, and the issuer shall complete such supplementation and amendments within thirty business days.

Loss of Share Certificates

If the share certificate(s) of shareholders in registered form is either stolen, lost or destroyed, a shareholder may, in accordance with the public announcement procedures set out in the Civil Procedure Law of the PRC, apply to the people's court for a declaration that such certificate(s) will no longer be valid. After such declaration has been obtained, the shareholder may apply to the Company for the issue of a replacement certificate(s).

Merger and Division

A company merger may be conducted either through absorption or through the establishment of a new entity. In the case of an absorption merger, the absorbed company shall be dissolved. In the case of a merger through the establishment of a new entity, all merging parties shall be dissolved.

The parties involved in the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the merger resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days from the date of receiving the notice, demand the Company to repay its debts or provide guarantee for such repayment; those who have not received the notice may make such demands within forty-five days from the date of the announcement. In the event of a merger, the rights and obligations of the merging parties shall be assumed by the surviving company or the newly established company.

Where a company merges with another company in which it holds not less than 90% of the shares, the acquired company is not required to obtain approval through a general meeting resolution, but it must notify other shareholders who have the right to require the company to acquire their equity or shares at a reasonable price. If the price paid for the company merger does not exceed 10% of the company's net assets, approval through a general meeting resolution is not required, unless otherwise stipulated in the company's articles of association. If the company merger is exempt from approval through a general meeting resolution under the aforementioned two circumstances, it must be approved by the resolution of the board of directors.

If the Company undergoes a division, its assets must also be divided, and a balance sheet and an inventory of assets must be prepared. The Company shall notify its creditors within ten days from the date of the division resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the Company prior to the division shall be jointly assumed by the divided companies, unless otherwise stipulated in a written agreement regarding the repayment of debts entered into between the Company and its creditors prior to the division.

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures for Overseas Listing, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a number of regulations that relate to the issuance and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council merged the Securities Committee with the CSRC and restructured the CSRC.

The Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) cover the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issuance, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law came into effect on July 1, 1999, and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The most recent amended PRC Securities Law became effective on March 1, 2020. This law is the first national securities law in China, comprising 14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, the acquisition of listed companies, securities exchanges, the obligations and responsibilities of securities companies and the securities regulatory authority under the State Council. The PRC Securities Law comprehensively oversees the activities of China's securities market. Article 224 of the PRC Securities Law stipulates that domestic enterprises listing their shares overseas must comply with the relevant regulations of the State Council.

Currently, the issuance and trading of overseas stock offerings are primarily regulated by rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 1, 2017. Pursuant to the Arbitration Law of the PRC, an arbitration committee may, before the promulgation of arbitration regulations by the China Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law of the PRC and the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

Under the Arbitration Law of the PRC and the Civil Procedure Law of the PRC, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the award, the other party to the award may apply to a people's court for its enforcement.

If the respondent provides evidence proving that the arbitration award involves any of the following circumstances, and upon review and verification by the people's court, the court shall rule not to enforce the award:

(i) the parties did not include an arbitration clause in the contract, nor did they subsequently reach a written arbitration agreement;

(ii) the matters ruled upon fall outside the scope of the arbitration agreement, or the arbitration institution had no authority to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violated statutory procedures;

(iv) the evidence on which the award is based was forged;

(v) the other party concealed evidence from the arbitration institution that could have affected a fair ruling;

(vi) the arbitrator engaged in embezzlement, bribery, malpractice, or other illegal conduct during the arbitration of the case.

If the people's court determines that enforcing the award would violate public interest, it shall rule not to enforce the award.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international convention concluded or acceded to by the PRC.

Pursuant to the resolution adopted by the SCNPC on December 2, 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the SCNPC declared that (i) the PRC will only recognize and enforce foreign arbitral awards based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Judicial Committee of the Supreme People's Court adopted the Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which came into effect on February 1, 2000. The Supreme People's Court promulgated the Supplementary Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020. Under these arrangements, if one party fails to comply with an arbitration award made in the Mainland or Hong Kong, the other party may apply to the relevant court in the place of the respondent's domicile or where their assets are located for compulsory enforcement.

Judicial Judgments and Their Enforcement

In accordance with the Arrangement of the Supreme People's Court on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), promulgated by the Supreme People's Court on July 3, 2008, and effective from August 1, 2008, if any designated court in the Mainland China or Hong Kong renders an enforceable final judgment requiring the payment in a civil or commercial case based on a written jurisdiction agreement, the relevant parties may apply to the corresponding Mainland China or Hong Kong court for recognition and enforcement of the judgment. If the disputing parties have not agreed to enter into a written jurisdiction agreement, a judgment rendered by a Hong Kong court may not be enforceable in the Mainland China.

On January 18, 2019, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), aiming to establish a clearer and more certain mechanism for the mutual recognition and enforcement of a broader range of civil and commercial judgments between the Mainland China and Hong Kong. The New Arrangement does not require the parties to enter into a written jurisdiction agreement. The New Arrangement came into effect on January 29, 2024, and replaced the previous arrangement.

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

The predecessor of our Company, Lian Yuan City Welding Materials (漣源市焊接材料廠) ("**Lianyuan Factory**"), was established in 1989. In 1994, our Company split from its predecessor and was restructured into a limited liability company in the PRC. In December 2000, our Company was converted into a joint stock limited company from a limited liability company. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 600031) in July 2003. For further details, see "History, Development and Corporate Structure — Major Shareholding Changes in our Company" in this document.

Our registered office is located at 5/F, Building 6, No. 8, Beiqing Road, Changping District, Beijing, PRC. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 9, 2011, and our principal place of business in Hong Kong is at Room 1808-10 18/F Landmark North, 39 Lung Sum Avenue, Sheung Shui, Hong Kong. Ms. Chen Mei Lai has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in PRC, its operations are subject to the relevant laws and regulations of Mainland China. A summary of the Articles of Association and the relevant aspects of laws and regulations of mainland China is set out in Appendices III and V to this document, respectively.

B. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

As approved by the fourteenth meeting of the eighth session of the Board on August 30, 2023, 861,850 A Shares repurchased by our Company under a repurchase mandate for 2022 Restricted Share Incentive Scheme were canceled on November 15, 2023. The total issued share capital of our Company was then decreased from RMB8,486,602,087 comprising 8,486,602,087 A Shares of nominal value of RMB1.00 each to RMB8,485,740,237 comprising 8,485,740,237 A Shares of nominal value of RMB1.00 each.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme to be adopted was approved by the seventeenth meeting of the eighth session of the Board on February 4, 2024. As of June 28, 2024, the repurchase of A Shares under the repurchase mandate was completed with a total of 43,361,800 A Shares repurchased between March 8, 2024 and June 28, 2024, at an average price of RMB15.15 per A Share.

As approved by the nineteenth meeting of the eighth session of the Board on April 26, 2024, 10,762,200 A Shares repurchased by our Company under a repurchase mandate for 2022 Restricted Share Incentive Scheme were canceled on July 19, 2024. The total issued share capital of our Company was then decreased from RMB8,485,740,237 comprising 8,485,740,237 A Shares of nominal value of RMB1.00 each to RMB8,474,978,037 comprising 8,474,978,037 A Shares of nominal value of RMB1.00 each.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme was approved by the twenty-fifth meeting of the eighth session of the Board on April 3, 2025. The repurchase mandate is valid for twelve months from the date of approval by the Board meeting, subject to (i) a repurchase price of up to 150% of the average price of the 30 trading days prior to the date of approval by the Board meeting and (ii) a total repurchase amount ranging from RMB1 billion to RMB2 billion. Any repurchased A Shares not granted for the purposes of employee share incentive scheme within 36 months after the completion of the repurchase shall be canceled. As of the Latest Practicable Date, a total of 58,573,613 A Shares had been repurchased under the repurchase mandate. Any repurchased A Shares not transferred to the employee incentive scheme within three years after completion of the repurchases under the repurchase mandate shall be canceled.

As approved by the twenty-sixth meeting of the eighth session of the Board on April 17, 2025 and Shareholders' meeting on May 9, 2025, [588,000] A Shares repurchased by our Company under a repurchase mandate for 2022 Restricted Share Incentive Scheme will be canceled subject to subsequent procedures, upon which the total issued share capital of our Company will decrease from RMB8,474,978,037 A Shares comprising 8,474,978,037 A Shares of nominal value of RMB1.00 each to RMB[8,474,390,037] comprising [8,474,390,037] A Shares of nominal value of RMB1.00 each.

C. Further Information about Our Major Subsidiaries

We have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see "Waivers from Strict Compliance with the Listing Rules — Waiver in respect of alteration in share capital" in this document.

None of the Major Subsidiaries have been incorporated within two years immediately preceding the date of this document.

On August 16, 2023, the registered share capital of SANY Heavy Machinery Co., Ltd. (三一重機有限公司) increased from RMB450.47 million to RMB3,450.47 million.

Save as disclosed above, no alteration in the registered capital of our Major Subsidiaries has taken place within the two years preceding the date of this document.

D. Resolutions Passed by Our Shareholders' General Meeting of Our Company in Relation to the [REDACTED]

Pursuant to the shareholders' meeting held on April 21, 2025, the following resolutions, among others, were duly passed:

(a) the [**REDACTED**] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the enlarged share capital of our Company, and grant to the [**REDACTED**] of the [**REDACTED**] of no more than [**REDACTED**] of the abovementioned number of H Shares to be [**REDACTED**] under the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on [**REDACTED**]; and

(d) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

The following are contract (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**]

B. Our Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Application number
1. . .	三一	the Company	PRC	71396640
2 . . .		the Company	PRC	71260022
3 . . .	SANY	the Company	PRC	71246268
4 . . .	SANY	the Company	PRC	71273403
5 . . .	SANY	the Company	PRC	71258184
6 . . .	SANY	the Company	PRC	71278013
7 . . .	三一	the Company	PRC	71244777
8 . . .	SANY	the Company	PRC	66903056
9 . . .	三一	the Company	PRC	66883354
10 . .	SANY	the Company	PRC	64705665
11 . .	三一	the Company	PRC	64716957
12 . .	SANY	the Company	PRC	64696864
13 . .	三一	the Company	PRC	63209722
14 . .	SANY	the Company	PRC	62846416
15 . .	三一	the Company	PRC	62852127

No.	Trademark	Registered Owner	Place of Registration	Application number
16 . .	SANY	the Company	PRC	62859090
17 . .		the Company	PRC	62859094
18 . .	SANY	the Company	PRC	54591040
19 . .	SANY	the Company	PRC	54596558
20 . .		the Company	PRC	54602801
21 . .		the Company	PRC	37042935
22 . .	SANY	the Company	PRC	37042934
23 . .	SANY	the Company	PRC	37042937
24 . .	三一	the Company	PRC	6131507
25 . .	SANY	the Company	PRC	6131506
26 . .		the Company	PRC	6131505
27 . .	SANY	the Company	PRC	6131504
28 . .	三一	the Company	PRC	6131503
29 . .	三一	the Company	PRC	3343985
30 . .	SANY	the Company	PRC	1550867
31 . .	三一	the Company	PRC	1550869

No.	Trademark	Registered Owner	Place of Registration	Application number
32 . .		the Company	PRC	1550868
33 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	16889427
34 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	22373574
35 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	59162428
36 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	59154160
37 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	59162380
38 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	63179968
39 . .		Shanghai Huaxing Digital Technology Co., Ltd.	PRC	68920152
40 . .	SANY	Sany Automobile Manufacturing Co., Ltd	PRC	20729543
41 . .	SANY	Sany Automobile Manufacturing Co., Ltd	PRC	20729531
42 . .		Sany Automobile Manufacturing Co., Ltd	PRC	18902085
43 . .	SANYI	Sany Automobile Manufacturing Co., Ltd	PRC	3729362
44 . .	SYQC	Sany Automobile Manufacturing Co., Ltd	PRC	3729377

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent Owner	Patent category	Place of Registration
1. . . .	A walking-type mechanical support device and a concrete pump truck equipped with such a support device	the Company	Invention patent	PRC
2. . . .	Drive axle balance suspension and truck crane	Hunan SANY Medium Hoisting Machinery Co., Ltd.	Invention patent	PRC
3. . . .	Pilot control system, integrated valve block, and working machinery	Hunan SANY Medium Hoisting Machinery Co., Ltd.	Invention patent	PRC
4. . . .	Maintenance monitoring method and device for the power take-off drive shaft of a crane	Hunan SANY Medium Hoisting Machinery Co., Ltd.	Invention patent	PRC
5. . . .	Pin pulling device, crane, and pin pulling method	Hunan SANY Medium Hoisting Machinery Co., Ltd.	Invention patent	PRC
6. . . .	Load-carrying counterweight displacement device and working machinery	Hunan SANY Medium Hoisting Machinery Co., Ltd.	Invention patent	PRC
7. . . .	Oil-gas suspension system and engineering vehicle	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
8. . . .	All-terrain crane steering protection method, device and all-terrain crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
9. . . .	Automatic power take-off activation method and device	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
10. . .	Self-disassembling and assembling counterweight device and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
11. . .	Flow-splitting and flow-combining control module, dual main pump oil supply system, hydraulic system, and construction machinery	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
12. . .	Pin-type crane boom and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
13. . .	Single-cylinder pin control system, telescopic boom, and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
14. . .	Crane counterweight structure and truck crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
15. . .	Electromagnetic interference-resistant telescopic boom and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
16. . .	Method and device for fault monitoring of crane slewing mechanism	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
17. . .	A crane boom mechanism and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
18. . .	Locking mechanism, boom, and truck crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
19 . . .	Construction machinery and its upper transmission system	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
20 . . .	Auxiliary boom lifting device and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
21 . . .	Vehicle emergency steering system and wheeled crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
22 . . .	Expanding mechanism and crane	SANY Automobile Hoisting Machinery Co., Ltd.	Invention patent	PRC
23 . . .	Walking deviation correction method and device for construction machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
24 . . .	A method, device, and engineering machinery for fault warning in engineering machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
25 . . .	Boom speed control device and method for excavator, and excavator	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
26 . . .	Excavator working condition determination method and device	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
27 . . .	Rotation safety control method, device, and electronically controlled rotation machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
28 . . .	Slewing motor hydraulic control system, overload unloading method, and construction vehicle	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
29 . . .	An obstacle avoidance control method, device, and construction machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
30 . . .	Method, system, electronic device, and storage medium for switching between forward and reverse operation of electric control excavator	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
31 . . .	Auxiliary image generation method and device for working machinery, and working machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
32 . . .	Excavator idle speed control method, device, and control equipment	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
33 . . .	Construction machinery fault diagnosis method, device, construction machinery and electronic equipment	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
34 . . .	Method and device for correcting the boom of construction machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
35 . . .	Excavator automatic weighing calibration method and system	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
36 . . .	Electro-hydraulic proportional control auxiliary system and engineering machinery equipment	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
37 . . .	Excavator fault diagnosis system and diagnostic method	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
38 . . .	A control method, device, and engineering machinery based on electronic fencing for engineering machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
39 . . .	Auxiliary image generation method for construction machinery, remote control method and device thereof	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
40 . . .	Material weighing method, device, and working machinery in construction machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
41 . . .	Excavator material weighing method, device, excavator, and readable storage medium	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
42 . . .	Working machinery environment perception method, device, system, and working machinery	Shanghai SANY Heavy Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
43 . . .	Concrete mixer and its lubricating oil supply control system	the Company	Invention patent	PRC
44 . . .	A traveling drive device and a grader	the Company	Invention patent	PRC
45 . . .	Screed frame, screed, and pave	the Company	Invention patent	PRC
46 . . .	A concrete slump monitoring device and method	the Company	Invention patent	PRC
47 . . .	A sand and gravel moisture content measurement and control system and concrete production equipment including the same	the Company	Invention patent	PRC
48 . . .	Lubrication device, vibrating wheel body, and vibration compaction equipment	the Company	Invention patent	PRC
49 . . .	A wet sand drying system	the Company	Invention patent	PRC
50 . . .	A variable frequency lifting device monitoring method and system and mixing station	the Company	Invention patent	PRC
51 . . .	Water metering device and concrete mixing equipment including the same	the Company	Invention patent	PRC
52 . . .	powder tank base	the Company	Invention patent	PRC
53 . . .	A powder tank and mixing station	the Company	Invention patent	PRC
54 . . .	Discharge control system and discharge control method	the Company	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
55 . . .	High and low pressure integrated sprinkler system and construction machinery	the Company	Invention patent	PRC
56 . . .	Variable speed bridge	the Company	Invention patent	PRC
57 . . .	Intelligent dust collection systems and their application in powder silos	the Company	Invention patent	PRC
58 . . .	Wet sand drying system and its application in dry mortar mixing plants	the Company	Invention patent	PRC
59 . . .	Aggregate metering control device and aggregate metering control method	the Company	Invention patent	PRC
60 . . .	Transmission fault diagnosis device, transmission fault diagnosis method and transmission	the Company	Invention patent	PRC
61 . . .	A powder tank and mixing station	the Company	Invention patent	PRC
62 . . .	A method and device for calibration and positioning	the Company	Invention patent	PRC
63 . . .	Energy-saving control method for pavers	the Company	Invention patent	PRC
64 . . .	Mixer image observation system and mixer	the Company	Invention patent	PRC
65 . . .	A paver and its material level control method and system	the Company	Invention patent	PRC
66 . . .	Main pump variable power regulation system and method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
67 . . .	Adaptive control method and device	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
68 . . .	Engineering vehicle and its air filtration system	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
69 . . .	Water heating circulation device, seat heating system and seat heating method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
70 . . .	Fan Clutch and Construction Machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
71 . . .	Electronically Controlled Engine and Its Energy-Saving Method, Energy-Saving Device, and Construction Machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
72 . . .	Engine Top Cover Support Device and Construction Machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
73 . . .	Excavator Speed-Up Control Energy-Saving System and Method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
74 . . .	Tensioning device, track equipped with the tensioning device, and construction machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
75 . . .	Telescopic pilot lock switch armrest box and construction machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
76 . . .	Chassis positioning structure, chassis, and rotary drilling rig	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
77 . . .	Engine fuel cooling device, cooling method, and construction machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
78 . . .	Excavating loader and its hydraulic system	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
79 . . .	A hydraulic assembly and excavator	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
80 . . .	Hydraulic excavator, fuel heating system and method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
81 . . .	Fan, engine cooling system and construction machinery	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
82 . . .	Excavator, bucket, and their connecting mechanism	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
83 . . .	Coolant leakage prevention device and method, engineering machinery cooling system	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
84 . . .	Engineering vehicle, hydraulic oil preheating device and method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
85 . . .	Interference fit detection system, interference fit detection method	SANY Heavy Machinery Co., Ltd.	Invention patent	PRC
86 . . .	Milling machine material conveying control method, milling machine material conveying control system, and milling machine	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
87 . . .	Control method for power system, control system, and construction machinery	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
88 . . .	Hydraulic control system, outrigger device, and control method	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
89 . . .	Mixing drum speed control method, device, and truck mixer	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
90 . . .	Concrete pump truck and its boom device	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
91 . . .	Outrigger control system and construction machinery	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
92 . . .	Mixing drum speed control method, device, and truck mixer	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
93 . . .	Engine, early warning control device for engine, and early warning control method for engine	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
94 . . .	An electric vehicle chassis and electric vehicle	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
95 . . .	Engine speed control method, control system, and boom-type engineering machinery	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
96 . . .	Paver hopper control system, paver, and paver hopper control method	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
97 . . .	Boom device and construction machinery	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
98 . . .	Concrete pumping structure and control method for concrete pumping structure	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
99 . . .	Pump truck stability control system, control method, and pump truck	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
100 . .	A boom control method and device, concrete pump truck, and distributor	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
101 . .	Control method for road rollers and road rollers	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
102 . .	A telescopic outrigger and construction machinery equipped with the same	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
103 . .	Control method and system for fire trucks, fire truck, and computer-readable storage medium	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
104 . .	Intelligent control method, device, and system for multi-joint robotic arms	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
105 . .	Intelligent discharge monitoring method and system for mixing stations	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
106 . .	A construction machinery and its control method, control system	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
107 . .	Control method and system for concrete discharge and pumping	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
108 . .	Paver distributing system, paver and paver distributing control method	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
109 . .	Flow distribution system, device and method for multi-section booms, and construction machinery equipment	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
110 . .	Boom control system, control method, and concrete pump truck	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
111 . .	Hydraulic cylinder, material pumping system and material pumping equipment	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
112 . .	Control method and system for folding boom, controller, and concrete placing machinery	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
113 . .	Control method for pump truck outriggers, control device, and control method for pump trucks	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
114 . .	Automatic travel control method for pavers, control system, and pavers	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
115 . .	Paver material transfer vehicle guidance system, pavers, and paver material transfer vehicle guidance method	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC

No.	Patent	Patent Owner	Patent category	Place of Registration
116 . .	Leveling control system for aerial work platform baskets, leveling control method, and aerial work platforms	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC
117 . .	A closed hydraulic circuit hot oil replacement system and concrete pumping equipment	SANY Automobile Manufacturing Co., Ltd.	Invention patent	PRC

(c) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Software Name	Registered Owner	Place of Registration
1. . .	SANY Pumping System Parts Design Platform V1.0	SANY Automobile Manufacturing Co., Ltd.	PRC
2 . . .	SANY Pump Truck 3D Boom Scene Reproduction System	SANY Automobile Manufacturing Co., Ltd.	PRC
3 . . .	Elevating Fire Truck Simulation Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
4 . . .	Analysis platform for pipe blockage of pump truck	SANY Automobile Manufacturing Co., Ltd.	PRC
5 . . .	Design Platform for Vibration Mechanism of Paver	SANY Automobile Manufacturing Co., Ltd.	PRC
6 . . .	Pump Truck Boom Multi-body Dynamics Simulation Platform V1.0	SANY Automobile Manufacturing Co., Ltd.	PRC
7 . . .	Embedded Control Software for C10 Milling Machine	SANY Automobile Manufacturing Co., Ltd.	PRC
8 . . .	Paving machine boom component-based collaborative design software	SANY Automobile Manufacturing Co., Ltd.	PRC
9 . . .	Component Based Collaborative Design Software for Vibrating Wheel of Road Roller	SANY Automobile Manufacturing Co., Ltd.	PRC
10 . .	Component-based collaborative design environment software for grader working devices	SANY Automobile Manufacturing Co., Ltd.	PRC

No.	Software Name	Registered Owner	Place of Registration
11 . .	SANY Paver Load Spectrum Intelligent Acquisition System	SANY Automobile Manufacturing Co., Ltd.	PRC
12 . .	CAN bus valve pressure and flow composite control software	SANY Automobile Manufacturing Co., Ltd.	PRC
13 . .	Pumping Cloud Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
14 . .	Pump predictive maintenance system	SANY Automobile Manufacturing Co., Ltd.	PRC
15 . .	Pump truck health model system	SANY Automobile Manufacturing Co., Ltd.	PRC
16 . .	Pump Cloud Equipment Rental Management Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
17 . .	SANY Pump Truck Data Quality Inspection Platform V1.0	SANY Automobile Manufacturing Co., Ltd.	PRC
18 . .	Elevating Platform Fire Truck Parametric Calculation Software	SANY Automobile Manufacturing Co., Ltd.	PRC
19 . .	Elevated work platform lightweight optimization software	SANY Automobile Manufacturing Co., Ltd.	PRC
20 . .	Elevated Jet Fire Truck Operation Recording and Data Analysis System Software	SANY Automobile Manufacturing Co., Ltd.	PRC
21 . .	Intelligent Boom Angle Precision Testing Software	SANY Automobile Manufacturing Co., Ltd.	PRC
22 . .	Elevating Fire Truck Simulation Platform Software	SANY Automobile Manufacturing Co., Ltd.	PRC
23 . .	Emergency Equipment Intelligent Management Cloud Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
24 . .	Emergency cloud platform backend management system	SANY Automobile Manufacturing Co., Ltd.	PRC
25 . .	SANY Emergency Cloud Android Knowledge Network Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
26 . .	Real-time bus test system for display screen of high-lift jet fire truck	SANY Automobile Manufacturing Co., Ltd.	PRC
27 . .	Elevated jet fire truck human-machine interaction system	SANY Automobile Manufacturing Co., Ltd.	PRC
28 . .	SANY Emergency Video Control System	SANY Automobile Manufacturing Co., Ltd.	PRC
29 . .	Auxiliary Parking and Predictive Operation System Software	SANY Automobile Manufacturing Co., Ltd.	PRC
30 . .	Fire truck intelligent maintenance and repair system software	SANY Automobile Manufacturing Co., Ltd.	PRC
31 . .	High-pressure spray fire extinguishing system comprehensive calculation software	SANY Automobile Manufacturing Co., Ltd.	PRC

No.	Software Name	Registered Owner	Place of Registration
32 . .	High-pressure spray fire extinguishing & fire characteristics calculation	SANY Automobile Manufacturing Co., Ltd.	PRC
33 . .	SANY Intelligent Compaction Assistance System	SANY Automobile Manufacturing Co., Ltd.	PRC
34 . .	5-ton double steel wheel electric roller control software	SANY Automobile Manufacturing Co., Ltd.	PRC
35 . .	Rapid verification platform for electro-hydraulic control system performance of pump truck	SANY Automobile Manufacturing Co., Ltd.	PRC
36 . .	Equipment Interconnection Data Acquisition System	SANY Automobile Manufacturing Co., Ltd.	PRC
37 . .	Pump truck third-generation display screen application program	SANY Automobile Manufacturing Co., Ltd.	PRC
38 . .	Electric Vehicle Digital Twin Platform V1.0	SANY Automobile Manufacturing Co., Ltd.	PRC
39 . .	Pump Road Manufacturing Platform Cockpit System	SANY Automobile Manufacturing Co., Ltd.	PRC
40 . .	Pump Road Work Collaboration Platform	SANY Automobile Manufacturing Co., Ltd.	PRC
41 . .	Huaxing LM Studio Integrated Development Environment Software V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
42 . .	Huaxing Construction Machinery Control Software V3.00	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
43 . .	SANY Huaxing Yiyan APP Software (iOS Version) V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
44 . .	SANY Huaxing Yiyan APP Software (Android Version) V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
45 . .	Evision Equipment Registration System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
46 . .	Evision standalone information software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
47 . .	Evision Real-time Working Condition Information Software V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
48 . .	E-Vision Market Analysis System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
49 . .	Panoramic Map Equipment Distribution Monitoring System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
50 . .	Equipment Service Order Tracking System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
51 . .	Digital Mine Operation Report Software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
52 . .	Remote Control Management System for 5G Remote-Controlled Excavators V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC

No.	Software Name	Registered Owner	Place of Registration
53 . .	Customer Visual Statistical Analysis System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
54 . .	SANY Huaxing Microservice Integrated Monitoring Platform V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
55 . .	Single Equipment Health Index Visual Analysis System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
56 . .	Huaxing Easy-to-Use APP (Android Version) V2.1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
57 . .	Huaxing Easy-to-Use APP (iOS Version) V2.1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
58 . .	Fleet Health Management System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
59 . .	Intelligent Touch Screen Working Condition Display Software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
60 . .	SANY Huaxing EVICloud Service Management System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
61 . .	Digital Mine Operation Measurement Software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
62 . .	Digital Mine Path Planning System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
63 . .	Digital Mine-based Vehicle Operation Scheduling System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
64 . .	Intelligent Maintenance Service Management System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
65 . .	Equipment Valuation System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
66 . .	Yilianhui APP Software V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
67 . .	Equipment Health Management Dashboard System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
68 . .	Digital Mine Operation Planning Management System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
69 . .	AIE Sharing Platform V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
70 . .	E-Vision Log Management Software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
71 . .	Service Operation Report Visualization System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
72 . .	Yilianhui APP iOS Version Software V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
73 . .	E-Vision Operation Statistics System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
74 . .	Digital Mine Scheduling and Shift System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC

No.	Software Name	Registered Owner	Place of Registration
75 . .	Customer Value Analysis System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
76 . .	Huaxing Digital Mine APP Software (Android Version) V2.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
77 . .	Digital Mine-based Full-process Fuel Tracking System (PC Version) V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
78 . .	SANY Huaxing Yikong APP Software (Android Version) V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
79 . .	Huaxing Double Wheel Milling Application Software V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
80 . .	Digital Mine Working Condition Data Playback System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
81 . .	SANY Huaxing E-Vision International Edition APP Software (Android Version) V3.2.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
82 . .	SANY Huaxing E-Vision International Edition APP Software (IOS Version) V3.2.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
83 . .	Industrial Internet Intelligent Service Platform Multi-Device Customized Large Screen Component System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
84 . .	Construction Machinery Service System Indicator Evaluation System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
85 . .	Construction Machinery Service Traceability System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
86 . .	SANY Huaxing Product Information Traceability System V5.5.7	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
87 . .	National IV Regulation Monitoring Platform Filing Management System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
88 . .	Huaxing Vehicle Control Software V1.00	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
89 . .	Huaxing Intelligent Central Control Software V1.00	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
90 . .	SANY Huaxing Yilifang (DMS) APP Software (Android Version) V2.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
91 . .	SANY Huaxing Yilifang (DMS) APP Software (iOS Version) V2.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
92 . .	Automatic Test Platform V1.0 for Central Control System Based on ICC4.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
93 . .	SANY Huaxing E-Vision APP Software (Android Version) V16.6.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
94 . .	SANY Huaxing E-Vision APP Software (iOS Version) V16.6.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC

No.	Software Name	Registered Owner	Place of Registration
95 . .	E-Vision Overseas Standalone Details System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
96 . .	Overseas Working Hours Fence System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
97 . .	Digital Mine Alarm System V1.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
98 . .	Equipment Maintenance Full Lifecycle Management System V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
99 . .	SANY Huaxing E-Vision APP Software (Harmony Edition) V18.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC
100 .	SANY Huaxing Overseas Key Customer Equipment Management System (H5 Version) V1.0.0	Shanghai Huaxing Digital Technology Co., Ltd.	PRC

(d) Domain Name

As of the Latest Practicable Date, our Group had registered the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner
1	31crane.com	SANY Automobile Hoisting Machinery Co., Ltd.
2	sany-vehicle.cn	SANY Automobile Manufacturing Co., Ltd.
3	ishrising.com	Shanghai Huaxing Digital Technology Co., Ltd.

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters

We [have] entered into a service contract or appointment letter with each of the Directors and Supervisors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors and Supervisors

Save as disclosed in the sections headed "Directors, Supervisors and Senior Management" and in the Accountant's Report set out in Appendix I in this document, no Director or Supervisor received other remuneration or benefits in kind from our Company in respect of each of the three financial years ended December 31, 2022, 2023 and 2024.

C. Disclosure of Interests

Save as disclosed below, immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange.

(i) Interest in Shares of our Company

Name of Director or Supervisor	Position	Shares to be held after the [REDACTED]	Nature of interest	Number of Shares	Approximate % interest in Shares of our Company immediately after the [REDACTED][(1)]
Mr. Liang Wengen . . .	Non-executive Director	A Shares	Beneficial owner	235,840,517	[**REDACTED**]
			Interest in controlled corporation[(2)]	2,522,616,776	[**REDACTED**]
			Interests held jointly with another person[(2)]	100,124,798	[**REDACTED**]
Mr. Xiang Wenbo . . .	Executive Director, Chairman of the Board	A Shares	Beneficial owner	27,193,189	[**REDACTED**]
			Interests held jointly with another person[(2)]	2,831,388,902	[**REDACTED**]
Mr. Yu Hongfu . . .	Executive Director, Vice Chairman of the Board and president	A Shares	Beneficial Owner	3,234,200	[**REDACTED**]
			Beneficial Interest[(3)]	6,844,825	[**REDACTED**]
Ms. Xi Qing .	Independent non-executive Director	A Shares	Beneficial Owner	400,000	[**REDACTED**]

Name of Director or Supervisor	Position	Shares to be held after the [REDACTED]	Nature of interest	Number of Shares	Approximate % interest in Shares of our Company immediately after the [REDACTED][1]
Mr. Liu Daojun . . .	Supervisor and Chairman of the Supervisory Committee	A Shares	Beneficial Owner	794,750	[**REDACTED**]
			Beneficial Interest[3]	2,742,784	[**REDACTED**]
Mr. Yao Chuanda . .	Supervisor	A Shares	Interest in controlled corporation[4]	20,000	[**REDACTED**]
			Interest of spouse	1,000	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) See "Substantial Shareholders" for further details.

(3) Mr. Yu Hongfu and Mr. Liu Daojun are entitled to receive shares pursuant to the 2022 Stock Ownership Scheme and 2025 Stock Ownership Scheme subject to vesting conditions. See "Statutory and General Information — 4. Our Incentive Schemes — B. Stock Ownership Schemes" for details.

(4) As of the Latest Practicable Date, Mr. Yao Chuanda was interested in approximately 96.77% of the registered capital of Wuxi Yilida Machinery Co., Ltd. (無錫億利大機械有限公司). Therefore, Mr. Yao Chuanda is deemed to be interested in the entire Shares held by Wuxi Yilida Machinery Co., Ltd. under the SFO.

(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, see the section headed "Substantial Shareholders" in this document.

As of the Latest Practicable Date, so far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [**REDACTED**], be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Our subsidiaries	Name of substantial shareholder(s)	Approximate percentage of interest
		(%)
Loudi Zhongyuan New Material Co., Ltd.	China Wealth (Asia) Machine Limited	25.16%
Hunan SANY Road Machinery Co., Ltd.	China Wealth (Asia) Machine Limited	25.70%
Loudi Zhongxing Hydraulic Components Co., Ltd.	China Wealth (Asia) Machine Limited	25.00%
SANY Equipment South Africa (Pty) Ltd.	Zhang Liang	15.00%
SANY Equipment South Africa (Pty) Ltd.	Wei Jie	11.00%
SANY Guinea Machinery Public Limited Company	Xu Shaopang	21.00%
SANY Guinea Machinery Public Limited Company	Zhang Haijun	10.00%
SANY Hongxiang Battery Co., Ltd.	Changsha SANY Zhixin Enterprise Management Partnership Enterprise (Limited Partnership)	15.00%
Wuxi SANY Venture Capital Partnership Enterprise (Limited Partnership)	Wuxi Huikai Zhengyuan Venture Capital Partnership Enterprise (Limited Partnership)	28.57%
Wuxi SANY Venture Capital Partnership Enterprise (Limited Partnership)	Changzhou Hengyi Intelligent Equipment Co., Ltd	14.29%
Wuxi SANY Venture Capital Partnership Enterprise (Limited Partnership)	Wuxi Fengrun Investment Co., Ltd.	14.29%
SANY Heavy Industry (Thailand) Co., Ltd.	Zhang Hongyuan	46.00%
PT. SANY Perkasa	Benny Kurniajaya	20.00%
Max SANY	Max Crane	49.00%
PT. SANY Makmur Perkasa	Anatasha	30.00%
PT. SANY Makmur Perkasa	Riyan	15.00%
PT. SANY Makmur Perkasa	Wei Yuanyuan	10.00%
Hunan SANY Venture Capital Management Limited	Changsha Economic and Technological Development Zone Industrial Investment Co., Ltd	20.00%

Our subsidiaries	Name of substantial shareholder(s)	Approximate percentage of interest
		(%)
Sarl SANY Heavy Industry North Africa	Zhang Zhongke	28.33%
Shanxi Sanlong Juxing Engineering Machinery Sales Co., Ltd.	Long Yong	24.00%
Shandong Sanhui Construction Machinery Co., Ltd.	Fang Jian	15.00%
Shandong Hongtong Zhenyou Machinery Co., Ltd.	YEDA Hongtong Machinery Co., Ltd.	40.00%
Kunshan SANY Machinery Co., Ltd.	SANY Hong Kong Group Limited	25.00%
Xianyang Tairuida Trading Co., Ltd.	Tang Xiangmin	49.00%
Sichuan Zhong'anxin Engineering Equipment Co., Ltd.	Ju Yupeng	32.00%
Shenyang Sanyiyuan Engineering Machinery Co., Ltd.	Wei Xian'gai	14.00%
North China Baosiwei (Tianjin) Construction Machinery Co., Ltd.	Wu Jianbing	35.00%
PT SANY Indonesia Finance	PT. Sumi Traktor Perkasa	15.00%
Putzmeister Holding GmbH	CP Machinery Limited S.à.rl	10.00%
Putzmeister (Thailand) Co., Ltd.	MRS Onnapha Bunphiphatthanaphong	51.00%

D. Disclaimer

Save as disclosed in this section and the section headed "Business" in this document:

(i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**];

(ii) none of our Directors, Supervisors or any of the experts referred to under the paragraph headed "— Other Information — E. Qualification of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(iv) none of our Directors or Supervisors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(v) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(vi) save as disclosed in this document, none of our Directors, Supervisors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. OUR INCENTIVE SCHEMES

A. Restricted Share Incentive Scheme

The following is a summary of the principal terms of 2022 Restricted Share Incentive Scheme (the "**Restricted Share Incentive Scheme**") which were outstanding as of the Latest Practicable Date. The terms of Restricted Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of restricted Shares by our Company after our [**REDACTED**].

(i) Purpose

The purpose of the Restricted Share Incentive Scheme is to improve our Group's corporate governance structure, establish and enhance the long-term incentive mechanism of the Company, attract and retain talents, and incentivize the Directors, senior management and other key employees to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. The Restricted Share Incentive Scheme was implemented under the premise of protecting shareholders' interests and with a principle of evaluating the benefits according to contribution.

(ii) Administration

The Restricted Share Incentive Scheme is subject to the approval of the Shareholders' meeting, administration of the Board and the supervision of the Supervisory Committee and independent non-executive Directors of the Company.

(iii) Participants

The participants of the Restricted Share Incentive Scheme include Directors, senior management and other key personnel of our Group who have significant contributions to the business operation and development of the Group. The scope of participants excludes independent directors, supervisors and shareholders or actual controller who individually or collectively hold 5% or more of the shares of our Company and their spouse, parents and children.

(iv) Source and maximum number of Shares

The Shares underlying the Restricted Share Incentive Scheme shall be A Shares purchased by our Company from the secondary market. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of restricted Shares that can be granted under the Restricted Shares Incentive Scheme is 29,070,184.

(v) Date of grant and term of the Scheme

The date on which the restricted Shares are granted shall be determined by the Board within 60 days after the date of approval of the Restricted Share Incentive Scheme by the shareholders' meeting. The grant of restricted Shares shall be approved by the Board, registered and announced within 60 days after the approval of the Restricted Share Incentive Scheme by the Shareholders' meeting. The Restricted Share Incentive Scheme shall be effective from the date of completion of the grant of restricted Shares under the Schemes up to the date when the restricted Shares granted under the Schemes are no longer under any lock-ups or have been repurchased and canceled, provided that the term of the Schemes shall not each exceed 45 months.

(vi) Lock-up for Directors and the senior management team

If the grantee is a Director or a senior management of our Company who terminates the employment before expiry of the term, during the period of the original term of employment, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(vii) Conditions to the grant of restricted Shares

The restricted Shares under the Restricted Share Incentive Scheme will only be granted to selected participants when the following conditions are fulfilled:

(a) With respect to our Company, none of the following circumstances having occurred:

(1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) the Company has not distributed dividends in accordance with the laws and regulations, the Articles of Association or the public commitment within the last 36 months after its [**REDACTED**];

(4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) Any other circumstances determined by the CSRC.

(b) With respect to a grantee, none of the following circumstances having occurred:

(1) The grantee has been regarded as an inappropriate person by the relevant stock exchange within the last 12 months;

(2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) Any other circumstances determined by the CSRC.

(viii) Unlocking and vesting of restricted Shares

The lock-up period for restricted Shares commences from date of grant of restricted Shares to the grantee. The lock-up periods of the restricted Shares are divided into two schedules: 20 months and 32 months. During the lock-up period, the restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. In addition, the restricted Shares will only be unlocked when (i) the conditions set out under paragraph (vii) above are fulfilled; and (ii) the annual assessment and performance targets as set out under the Schemes are achieved.

The restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out under the scheme during a period of 20 to 32 months as follows:

(a) unlocked in tranche of 50% in each of the two unlocking periods that occur between the first trading date after the 20-month anniversary from the date of grant and the last trading day up to the 32-month anniversary of the date of grant; or

(b) unlocked in tranche of 50% in each of the two unlocking periods that occur between the first trading date after the 32-month anniversary from the date of grant and the last trading day up to the 44-month anniversary of the date of grant.

The grantees shall pay the grant price upon fulfillment of all the conditions of the restricted Shares to purchase the A Shares from our Company. The grant price of each restricted Shares under the Restricted Share Incentive Scheme shall not be lower than the higher of (1) 50% of the average trading price of the A Shares on the trading date before the announcement of the draft scheme; and (2) 50% of the average trading price of the A Shares during the 60 trading dates before the announcement of the draft 2022 Restricted Share Incentive Scheme.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, rights issue, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares. The Company may repurchase the restricted Shares upon occurrence of certain events as set out in the Schemes, including but not limited to the change of the positions of the grantee or termination of employment. Subject to the price adjustment mechanisms and other terms and conditions as set out under the Schemes, the price payable by our Company for the repurchase of restricted Shares shall be equivalent to the grant price of the relevant restricted Shares.

(ix) Dividend and voting rights

Upon transfer of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights. Before the unlocking of the restricted Shares, the restricted Shares (including the right to receive dividends) shall be locked and such restricted Shares shall not be transferred or used to guarantee or repay debts.

(x) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the Restricted Share Incentive Scheme was 10,762,200, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]), among which 10,174,200 restricted shares will be unlocked and 588,000 restricted shares will be repurchased by the Company, as approved by the twenty-sixth meeting of the eighth session of the Board on April 17 and Shareholders' meeting on May 9, 2025, subject to subsequent procedures.

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the Restricted Share Incentive Scheme as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Number of outstanding restricted Shares	Grant Price	Lock-up period	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
						(%)
Directors						
Mr. Xiang Wenbo	Executive Director, chairman of the Board	July 29, 2022	600,000	RMB9.66	50% and 50% of the restricted shares granted under the Restricted Share Incentive Scheme will vest in each of the two exercise periods that occur between the first trading date after the 20-month anniversary from the date of grant and the last trading day up to the 32-month anniversary of the date of grant and between the first trading date after the 32-month anniversary from the date of grant and the last trading date up to the 44-month anniversary of the date of grant, respectively	**[REDACTED]**
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and president	July 29, 2022	500,000	RMB9.66		**[REDACTED]**

Name of grantee	Position in our Company	Date of grant	Number of outstanding restricted Shares	Grant Price	Lock-up period	Approximate percentage of issued Shares immediately after completion of the [REDACTED][1]
						(%)
Senior Management						
Mr. Huang Jianlong	Senior vice president	July 29, 2022	350,000	RMB9.66	50% and 50% of the restricted shares granted under the Restricted Share Incentive Scheme will vest in each of the two exercise periods that occur between the first trading date after the 20-month anniversary from the date of grant and the last trading day up to the 32-month anniversary of the date of grant and between the first trading date after the 32-month anniversary from the date of grant and the last trading date up to the 44-month anniversary of the date of grant, respectively	**[REDACTED]**
Connected Persons						
Mr. Wang Zheng	General manager of SANY Heavy Machinery Co., Ltd. and Shanghai SANY Heavy Machinery Co., Ltd.	July 29, 2022	273,700	RMB9.66	50% and 50% of the restricted shares granted under the Restricted Share Incentive Scheme will vest in each of the two exercise periods that occur between the first trading date after the 20-month anniversary from the date of grant and the last trading day up to the 32-month anniversary of the date of grant and between the first trading date after the 32-month anniversary from the date of grant and the last trading date up to the 44-month anniversary of the date of grant, respectively	**[REDACTED]**
Mr. Peng Guangyu	Director and general manager of SANY Automobile Manufacturing Co., Ltd.	July 29, 2022	61,050	RMB9.66		**[REDACTED]**
Mr. He Xin	Supervisor of Shanghai SANY Heavy Machinery Co., Ltd.	July 29, 2022	107,450	RMB9.66		**[REDACTED]**
Mr. Deng Jinghui	Director of SANY Heavy Machinery (Chongqing) Co., Ltd.	July 29, 2022	84,900	RMB9.66		**[REDACTED]**
Mr. Chen Jiayuan	Chairman of the board of SANY Heavy Machinery Co., Ltd. and director of Shanghai SANY Heavy Machinery Co., Ltd.	July 29, 2022	304,400	RMB9.66		**[REDACTED]**

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the Restricted Share Incentive Scheme as of the Latest Practicable Date.

Restricted Share Incentive Scheme	Number of Grantees	Date of grant	Number of outstanding restricted Shares	Grant Price	Lock-up period	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
						(%)
2022 Restricted Share Incentive Scheme	110	July 29, 2022	8,480,700	RMB9.66	50% and 50% of the restricted share granted under the Restricted Share Incentive Scheme will vest in each of the two exercise periods that occur between the first trading date after the 20-month anniversary from the date of grant and the last trading day up to the 32-month anniversary of the date of grant and between the first trading date after the 32-month anniversary from the date of grant and the last trading date up to the 44-month anniversary of the date of grant, respectively	[**REDACTED**]

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

B. Stock Ownership Schemes

Our Company adopted the 2021 Stock Ownership Scheme, the 2022 Stock Ownership Scheme, the 2023 Stock Ownership Scheme, the 2024 Stock Ownership Scheme and the 2025 Stock Ownership Scheme (collectively, the "**Stock Ownership Schemes**") during the period from June 18, 2021 to April 21, 2025, which were outstanding as of the Latest Practicable Date. Given the Stock Ownership Schemes do not involve issue of new Shares by our Company, the terms of the Stock Ownership Schemes are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the terms of each of the Stock Ownership Schemes are substantially similar and are summarized below.

(i) Participants of the schemes

The participants of the Stock Ownership Schemes include directors, supervisors, senior management, middle-level management, key position personnel and core business (technical) personnel of our Company as set out in the schemes.

(ii) Source of shares and participants' interest in the scheme

Our Company will repurchase the A Shares from the open market and such A Shares will be transferred to the Stock Ownership Schemes at the purchase price as set out under each scheme. The Stock Ownership Schemes were funded by our Company under the bonus fund set aside. Each participant of the Stock Ownership Schemes will be entitled to a corresponding portion of A Shares underlying the Stock Ownership Schemes ("**Awards**").

(iii) Term of the scheme

Each Stock Ownership Scheme is valid for a period of six years commencing from the date of publication of announcement of our Company in respect of transfer of the relevant A Shares from the repurchase securities account of our Company to the Stock Ownership Schemes (the "**Announcement Date**").

(iv) Administration of the scheme

The Stock Ownership Schemes are subject to the approval of the Shareholders. Each scheme is administered by a committee (the "**Scheme Management Committee**"), the members of which are elected by the participants of the Stock Ownership Scheme. The Scheme Management Committees oversee the day-to-day management of the Stock Ownership Schemes and exercise shareholders' rights on behalf of the participants.

(v) Lock-up and vesting of the Awards

The A Shares underlying the Awards granted under the Stock Ownership Schemes are subject to a lock-up period of 12 months, commencing from the Announcement Date. After the expiry of the forgoing lock-up period, subject to attainment of performance targets and personal evaluation, the participants' entitlement to the corresponding portion of A Shares (together with the dividend) held by the Stock Ownership Schemes will be vested either in five tranches in the proportion of 20% each, or in two tranches in the proportion of 50% each. The A Shares underlying the vested Awards will be sold by the Scheme Management Committee and the proceeds will be distributed to the participants proportionately.

(vi) Total number of shares held by the schemes

As of the Latest Practicable Date, the total number of A Shares held by the Stock Ownership Schemes was 61,910,689, representing approximately [**REDACTED**] of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued Shares between the Latest Practicable Date and the [**REDACTED**]). [The 2025 Stock Ownership Scheme will be implemented before the [**REDACTED**], pursuant to which no more than 33,271,099 A Shares will be transferred to the 2025 Stock Ownership Scheme, and the Awards in respect of such A Shares will be granted to no more than 5,552 grantees.] The table below sets forth the details of the A Shares held by the Stock Ownership Schemes as of the Latest Practicable Date:

Number of Stock Ownership Scheme	Number of Grantees	A Shares held by the scheme as of the Latest Practicable Date	Approximate percentage of issued Shares as of the Latest Practicable Date	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
				(%)
2021 Stock Ownership Scheme	2,207	1,034,541	0.01%	[**REDACTED**]
2022 Stock Ownership Scheme	3,299	5,194,156	0.06%	[**REDACTED**]
2023 Stock Ownership Scheme	3,733	14,561,561	0.17%	[**REDACTED**]
2024 Stock Ownership Scheme	6,241	41,120,431	0.49%	[**REDACTED**]

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

The following table set forth the details of the grantees under the Stock Ownership Schemes that are Directors and Supervisors of our Company as of the Latest Practicable Date:

Name of grantee	Position in our Company	A Shares held by the grantee under the scheme as of the Latest Practicable Date	Approximate percentage of issued Shares as of the Latest Practicable Date	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
			(%)	*(%)*
2021 Stock Ownership Scheme				
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and president	82,564	0.0010%	**[REDACTED]**
Mr. Liu Daojun	Supervisor and Chairman of the Supervisory Committee	32,186	0.0004%	**[REDACTED]**
2022 Stock Ownership Scheme				
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and president	259,415	0.0031%	**[REDACTED]**
Mr. Liu Daojun	Supervisor and Chairman of the Supervisory Committee	97,252	0.0011%	**[REDACTED]**
2023 Stock Ownership Scheme				
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and president	274,334	0.0032%	**[REDACTED]**
Mr. Liu Daojun	Supervisor and Chairman of the Supervisory Committee	142,592	0.0017%	**[REDACTED]**
2024 Stock Ownership Scheme				
Mr. Yu Hongfu	Executive Director, vice chairman of the Board and president	328,508	0.0039%	**[REDACTED]**
Mr. Liu Daojun	Supervisor and Chairman of the Supervisory Committee	170,750	0.0020%	**[REDACTED]**

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the sections headed "Business" and "Financial Information" in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

C. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [**REDACTED**] for [**REDACTED**] of, and permission to [**REDACTED**], the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US$300,000 in aggregate to act as a sponsor of our Company in connection with the proposed [**REDACTED**] on the Hong Kong Stock Exchange.

D. Compliance Advisor

Our Company has appointed Somerley Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Qualification of Experts

The qualification of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

Name	Qualification
Hunan Qiyuan Law Firm	Legal advisor to our Company as to PRC laws
Ashurst (Tokyo).	Legal advisor to our Company as to International Sanctions laws
Ernst & Young.	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co	Independent industry consultant

F. Consents of Experts

Each of the experts as referred to in "— Other Information — E. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

G. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

H. No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this document, and up to the date of this document.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to "Summary of the Articles of Association — Increase, Decrease, Repurchase and Transfer of Shares — Repurchase of Shares" in Appendix III to this document.

K. Preliminary Expenses

We have not incurred any material preliminary expenses.

L. Promoters

The promoters of our Company are Sany Holdings Co., Ltd. (三一控股有限公司), Hunan High-tech Venture Capital Co., Ltd. (湖南高科技創業投資有限公司), Xishan Yilida Machinery Co., Ltd. (錫山市億利大機械有限公司), Henan Xinghua Machinery Manufacturing Plant (河南興華機械製造廠) and Loudi Xinye Enterprise Co., Ltd. (婁底市新野企業有限公司).

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in "Appendix I — Accountants' Report — 49. Related Party Transactions."

N. Miscellaneous

Save as disclosed in this section and in the section headed "Financial Information" in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) our Company has no outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be [**REDACTED**] in connection with the [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H shares to be admitted into CCASS for clearing and settlement.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information — Other Information — F. Consents of Experts" in Appendix VI to this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **https://www.sany.com.cn/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountant's report from Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

(d) the report from Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan referred to in "Industry Overview" in this document;

(f) the PRC legal opinions issued by Hunan Qiyuan Law Firm in respect of certain general corporate matters and property interests in Mainland China of our Group;

(g) the international sanctions opinion issued by Ashurst (Tokyo);

(h) the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix VI to this document;

(i) the written consents referred to in "Statutory and General Information — Other Information — F. Consents of Experts" in Appendix VI to this document;

(j) the contracts referred to in the section headed "3. Further Information About Our Directors and Supervisors — A. Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters" in Appendix VI to this document; and

(k) the PRC Company Law, Securities Law and the Trial Measures, together with unofficial English translations thereof.