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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)

(Stock Code: 6031)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended December 31, 2025 amounted to RMB89,700 million, representing an increase of RMB11,317 million or 14.4% from 2024.
- Profit attributable to owners of the parent for the year ended December 31, 2025 amounted to RMB8,408 million, representing an increase of RMB2,452 million or 41.2% from 2024.
- Basic earnings per share for the year ended December 31, 2025 amounted to RMB0.9834, representing an increase of RMB0.2796 compared with basic earnings per share in 2024. Diluted earnings per share for the year ended December 31, 2025 amounted to RMB0.9834, representing an increase of RMB0.2799 compared with diluted earnings per share in 2024.
- The Board proposed a final dividend of RMB0.18 per share for the year ended December 31, 2025.

The board of directors (the “**Board**”) of SANY Heavy Industry Co., Ltd. (the “**Company**”) hereby announces the annual consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2025 (the “**Reporting Period**”) together with the comparative figures for 2024.

FINANCIAL RESULTS

Financial information extracted from the consolidated financial statements for 2025 prepared in accordance with IFRS Accounting Standards.

Consolidated statement of profit or loss and other comprehensive income

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4	89,699,505	78,383,379
Cost of sales		<u>(64,831,182)</u>	<u>(57,480,390)</u>
Gross profit		24,868,323	20,902,989
Other income and gains, net	4	1,680,116	2,322,172
Selling and marketing expenses		(6,414,677)	(5,464,214)
Administrative expenses		(3,163,456)	(3,487,700)
Research and development costs		(5,032,789)	(5,380,621)
Impairment losses on financial instruments and contract assets, net		(1,179,913)	(897,319)
Loss on derecognition of financial assets at amortised cost		(29,170)	(363)
Other expenses, net		(297,584)	(300,422)
Finance costs		(568,877)	(845,080)
Share of profits and losses of:			
Joint ventures		22,473	45,159
Associates		<u>22,725</u>	<u>13,169</u>
PROFIT BEFORE TAX	5	9,907,171	6,907,770
Income tax expense	6	<u>(1,419,521)</u>	<u>(815,232)</u>
PROFIT FOR THE YEAR		<u><u>8,487,650</u></u>	<u><u>6,092,538</u></u>

<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i> <i>(restated)</i>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of a defined benefit plan, net of tax	3,244	(1,110)
Share of other comprehensive income/(loss) under equity method, net of tax	46,450	(39,999)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	65,412	(1,824)
	<hr/>	<hr/>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	115,106	(42,933)
	<hr/>	<hr/>
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (loss)/income under equity method	(14,333)	36,288
Changes in fair value of bills receivables at fair value through other comprehensive income, net of tax	5,381	(4,102)
Exchange differences on translation of foreign operations	178,579	(183,403)
	<hr/>	<hr/>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	169,627	(151,217)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	284,733	(194,150)
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,772,383	5,898,388
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Profit attributable to:		
Owners of the parent	8,408,057	5,955,567
Non-controlling interests	79,593	136,971
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	8,487,650	6,092,538
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	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i> <i>(restated)</i>
Total comprehensive income attributable to:			
Owners of the parent		8,689,215	5,780,015
Non-controlling interests		83,168	118,373
		<u>8,772,383</u>	<u>5,898,388</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>8</i>		
Basic (RMB)		<u>0.9834</u>	<u>0.7038</u>
Diluted (RMB)		<u>0.9834</u>	<u>0.7035</u>

Consolidated statement of financial position

At December 31, 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000 <i>(restated)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		22,309,534	23,686,341
Investment properties		204,080	218,063
Right-of-use assets		3,292,297	3,271,596
Goodwill		40,771	48,010
Other intangible assets		2,249,878	2,310,253
Investments in joint ventures		304,256	302,024
Investments in associates		2,184,843	2,122,494
Financial assets at fair value through other comprehensive income (“FVOCI”)		694,271	608,455
Financial assets at fair value through profit or loss (“FVPL”)		271,164	285,051
Loans and advances	<i>9</i>	627,139	1,285,536
Trade receivables	<i>10</i>	3,850,099	2,913,625
Receivables under finance lease	<i>11</i>	8,882,290	9,897,782
Contract assets		62,328	52,511
Deferred tax assets		3,982,262	3,576,592
Other non-current assets		46,175	61,424
Total non-current assets		49,001,387	50,639,757
CURRENT ASSETS			
Inventories		22,526,664	19,947,981
Trade and bills receivables	<i>10</i>	28,974,284	28,343,222
Contract assets		75,550	99,206
Prepayments, other receivables and other assets		10,124,788	11,839,513
Financial assets at fair value through other comprehensive income		461,187	456,501
Financial assets at fair value through profit or loss		15,736,293	11,062,402
Derivative financial instruments		61,070	375,720
Loans and advances	<i>9</i>	1,061,328	2,016,412
Receivables under finance lease	<i>11</i>	6,637,655	6,531,876
Restricted deposits		1,694,757	689,488
Time deposits		22,039,322	8,566,529
Cash and cash equivalents		14,904,853	11,576,470
Total current assets		124,297,751	101,505,320

	<i>Notes</i>	2025 RMB'000	2024 RMB'000 <i>(restated)</i>
CURRENT LIABILITIES			
Trade and bills payables	12	36,064,231	28,654,359
Other payables and accruals		13,847,502	14,570,091
Contract liabilities		2,958,450	2,520,831
Derivative financial instruments		225,280	106,762
Placements from banks		3,647,206	3,507,970
Interest-bearing bank and other borrowings		13,588,703	13,354,749
Lease liabilities		273,718	215,933
Income tax payable		1,251,296	738,534
		<u>71,856,386</u>	<u>63,669,229</u>
Total current liabilities			
		<u>52,441,365</u>	<u>37,836,091</u>
NET CURRENT ASSETS			
		<u>101,442,752</u>	<u>88,475,848</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>101,442,752</u>	<u>88,475,848</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		7,853,367	11,556,182
Lease liabilities		771,241	541,634
Deferred income		2,396,339	2,347,376
Deferred tax liabilities		778,341	792,251
Other non-current liabilities		212,067	236,806
		<u>12,011,355</u>	<u>15,474,249</u>
Total non-current liabilities			
		<u>12,011,355</u>	<u>15,474,249</u>
Net assets		<u>89,431,397</u>	<u>73,001,599</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		9,195,004	8,474,978
Treasury shares		(796,109)	(142,628)
Reserves		79,932,349	63,591,516
		<u>88,331,244</u>	<u>71,923,866</u>
Non-controlling interests		<u>1,100,153</u>	<u>1,077,733</u>
Total equity		<u>89,431,397</u>	<u>73,001,599</u>

NOTES TO THE 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 Beijing, China.

During the year, 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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have 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. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. These amendments to illustrative examples do not have any significant impact on the Group's financial statements.

3. 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 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 December 31, 2025	Concrete machinery RMB'000	Excavating machinery RMB'000	Hoisting machinery RMB'000	Piling machinery RMB'000	Road machinery RMB'000	Financial services RMB'000	Others RMB'000	Total RMB'000
Segment revenue								
Sales to external customers	15,737,918	34,543,625	15,562,967	2,819,528	3,756,829	468,482	16,810,156	89,699,505
Segment results	3,171,806	11,828,763	4,507,420	927,186	1,077,240	297,593	3,058,315	24,868,323
Reconciliation:								
Selling and marketing expenses								(6,414,677)
Administrative expenses and research and development costs								(8,196,245)
Finance costs								(568,877)
Other gains or expenses								218,647
Profit before tax								<u>9,907,171</u>
Year ended December 31, 2024	Concrete machinery RMB'000	Excavating machinery RMB'000	Hoisting machinery RMB'000	Piling machinery RMB'000	Road machinery RMB'000	Financial services RMB'000	Others RMB'000	Total RMB'000
Segment revenue								
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								<u>6,907,770</u>

Geographical information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	33,430,685	29,521,685
Outside Chinese mainland	<u>56,268,820</u>	<u>48,861,694</u>
Total revenue	<u><u>89,699,505</u></u>	<u><u>78,383,379</u></u>

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 the years ended December 31, 2025 and 2024.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	88,288,793	76,724,493
Revenue from other sources		
Financial service	468,482	609,988
Gross rental income	<u>942,230</u>	<u>1,048,898</u>
Total	<u><u>89,699,505</u></u>	<u><u>78,383,379</u></u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 <i>RMB'000</i>
Types of products or services		
Concrete machinery	15,737,918	14,368,034
Excavating machinery	34,543,625	30,373,600
Hoisting machinery	15,562,967	13,115,027
Piling machinery	2,819,528	2,076,069
Road machinery	3,756,829	3,001,227
Others	15,867,926	13,790,536
Total	88,288,793	76,724,493
Geographical markets		
Chinese mainland	32,471,628	28,458,486
Outside Chinese mainland	55,817,165	48,266,007
Total	88,288,793	76,724,493
Timing of revenue recognition		
Services transferred over time	158,499	169,498
Goods transferred at a point in time	88,130,294	76,554,995
Total	88,288,793	76,724,493

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	2025 RMB'000	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	2,520,831	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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income and gains, net		
Interest income	1,149,380	1,009,363
Government grants*		
– Related to assets	204,625	197,226
– Related to income	480,055	673,511
Gains/(losses) on disposal of items of property, plant and equipment, net	30,454	(155,484)
(Losses)/gains on disposal of leasehold land included in right-of-use assets and other intangible assets, net	(168,111)	93,452
Gains on disposal of subsidiaries	–	96,997
Net realised gains on financial assets		
at FVPL and amortised cost	402,976	464,730
Dividend income from financial assets at FVOCI	8,152	23,316
Fair value (losses)/gains on financial assets at FVPL and derivative financial instruments, net	(358,401)	109,558
Foreign exchange differences, net	(212,044)	(305,967)
Others	143,030	115,470
Total other income and gains, net	<u>1,680,116</u>	<u>2,322,172</u>

* Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	53,855,932	47,704,606
Cost of services provided	164,461	256,435
Depreciation of property, plant and equipment	2,747,226	2,822,995
Depreciation of right-of-use assets	407,424	397,585
Amortisation of other intangible assets*	382,099	359,559
Depreciation of investment properties	17,421	11,990
Research and development costs		
Current year expenditure	5,168,911	5,488,155
Less: Development expenditure	(136,122)	(107,534)
Net current year expenditure	<u>5,032,789</u>	<u>5,380,621</u>
Lease payments not included in the measurement of lease liabilities	72,628	89,617
Auditor's remuneration	7,432	7,100
Listing expenses	8,608	–
Employee benefit expenses (excluding directors' and supervisors' remuneration):		
Wages, salaries and other allowances	10,262,728	9,895,259
Share-based payments	70,333	62,516
Pension scheme contributions and social welfare**	548,182	531,407
Total	<u>10,881,243</u>	<u>10,489,182</u>
Foreign exchange differences, net	212,044	305,967
Impairment costs:		
Inventories	101,342	157,541
Property, plant and equipment	–	1,254
Investment properties	24,469	40,727
Other intangible assets	2,078	1,449
Other non-current assets	10,754	–
Total	<u>138,643</u>	<u>200,971</u>
Impairment of financial instruments and contract assets, net:		
Impairment of trade receivables, net	784,777	781,645
(Reversal)/impairment of contract assets, net	(211)	385
Impairment of receivables under finance lease, net	279,049	41,665
Reversal of impairment of loans and advances	(71,893)	(82,752)
Impairment of financial assets included in prepayments, other receivables and other assets	180,259	203,557
Impairment/(reversal) of guarantee contracts included in non-current liabilities	7,932	(47,181)
Total	<u>1,179,913</u>	<u>897,319</u>

5. PROFIT BEFORE TAX (continued)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fair value (gains)/losses, net:		
Financial assets at FVPL	(79,009)	56,631
Derivative financial instruments	437,410	(166,189)
Losses on derecognition of financial assets at amortised cost	29,170	363
Net realised gains on financial assets		
at FVPL and amortised cost	(402,976)	(464,730)
Dividend income from equity investments at FVOCI	(8,152)	(23,316)
Interest income	(1,149,380)	(1,009,363)
(Gains)/losses on disposal of items of property, plant and equipment	(30,454)	155,484
Losses/(gains) on disposal of other intangible assets and leasehold		
land included in right-of-use assets	168,111	(93,452)
Gains on disposal of investments in subsidiaries	–	(96,997)
Donation expenses	33,459	29,291
	<u>33,459</u>	<u>29,291</u>

* The amortisation of other intangible assets for the year is included in “Administrative expenses” and “Research and development costs” in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. 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.

Chinese mainland

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 Chinese mainland 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 years ended December 31, 2025 and 2024 are analysed as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax	1,815,548	1,377,511
Deferred income tax	<u>(396,027)</u>	<u>(562,279)</u>
Total	<u>1,419,521</u>	<u>815,232</u>

7. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interim dividends in respect of the current year, declared or paid during the year (tax inclusive)	2,613,946	–
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	<u>3,029,640</u>	<u>1,859,656</u>
Total	<u>5,643,586</u>	<u>1,859,656</u>

The interim dividend of RMB3.10 per 10 shares (tax inclusive) in respect of the six months ended June 30, 2025 were approved by the extraordinary general meeting of the Company in September 2025. The final dividends of RMB3.60 and RMB2.20 per 10 shares (tax inclusive) in respect of the years ended December 31, 2024 and 2023 were approved by the annual general meeting of the Company.

8. 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 year.

No adjustment has been made to the basic earnings per share amounts presented for the year ended December 31, 2025 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 December 31, 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:

	2025	2024
Earnings:		
Profit for the year attributable to owners of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	<u>8,408,057</u>	<u>5,955,567</u>
Number of shares:		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (in thousand shares)	8,549,925	8,459,104
Effect of dilution – weighted average number of ordinary shares: Share scheme (in thousand shares)	<u>–</u>	<u>3,730</u>
Total	<u>8,549,925</u>	<u>8,462,834</u>

The weighted average number of shares was after taking into account the effect of treasury shares held.

9. LOANS AND ADVANCES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loans and advances	1,763,699	3,540,820
Less: Loss allowance	<u>(75,232)</u>	<u>(238,872)</u>
	<u>1,688,467</u>	<u>3,301,948</u>
Analysed into:		
Current portion	1,061,328	2,016,412
Non-current portion	<u>627,139</u>	<u>1,285,536</u>

The movements in the loss allowance for impairment of loans and advances are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	238,872	321,624
Amount written off as uncollectible	(91,747)	–
Reversal of impairment losses during the year	<u>(71,893)</u>	<u>(82,752)</u>
At the end of the year	<u>75,232</u>	<u>238,872</u>

10. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	37,272,427	35,143,568
Bills receivables, at amortised cost	483,366	397,632
Impairment	<u>(4,931,410)</u>	<u>(4,284,353)</u>
Net carrying amount	<u>32,824,383</u>	<u>31,256,847</u>
Analysed into:		
Current portion	28,974,284	28,343,222
Non-current portion	<u>3,850,099</u>	<u>2,913,625</u>

The Group's trading terms with its customers are mainly on credit. The credit terms for our PRC customers under instalment and credit payment typically range from 3 to 24 months, whereas overseas customers are granted terms of 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.

An ageing analysis of the trade and bills receivables as at December 31, 2025 (based on the invoice date) is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	31,560,079	30,055,683
After one year but within two years	1,968,448	2,065,787
After two years but within three years	1,258,913	753,353
After three years but within four years	592,710	622,035
After four years but within five years	558,393	446,088
After five years	1,817,250	1,598,254
Total	37,755,793	35,541,200

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	4,284,353	3,755,593
Impairment losses, net	784,777	781,645
Amount written off as uncollectible	(89,488)	(224,644)
Exchange realignment	(48,232)	(28,241)
At the end of the year	4,931,410	4,284,353

For bills receivables, the Group considered the non-settlement of these bills by the issuing banks on maturity is not probable. Therefore, during the years ended December 31, 2025 and 2024, the Group estimated the expected loss rate for bills receivables is minimal.

11. RECEIVABLES UNDER FINANCE LEASE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Gross investments	17,702,059	18,576,435
Unearned finance income	(1,371,459)	(1,614,418)
Less: Loss allowance	16,330,600 (810,655)	16,962,017 (532,359)
	15,519,945	16,429,658
Analysed into:		
Current portion	6,637,655	6,531,876
Non-current portion	8,882,290	9,897,782

The movements in the loss allowance for impairment of receivables under finance lease are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	532,359	492,290
Provision of impairment losses during the year	279,049	41,665
Exchange realignment	(753)	(1,596)
	<u>810,655</u>	<u>532,359</u>
At the end of the year	<u>810,655</u>	<u>532,359</u>

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.

12. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	27,247,771	21,264,967
Bills payables	8,816,460	7,389,392
	<u>36,064,231</u>	<u>28,654,359</u>
Total	<u>36,064,231</u>	<u>28,654,359</u>

An ageing analysis of the trade and bills payables as at December 31, 2025 is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	35,683,600	28,396,361
Over 1 year	380,631	257,998
	<u>36,064,231</u>	<u>28,654,359</u>
Total	<u>36,064,231</u>	<u>28,654,359</u>

Trade payables are non-interest-bearing.

13. CONTINGENT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mortgage loan guarantee obligations	846,752	589,036
Finance lease guarantee obligations	11,931,216	13,311,285
	<u>12,777,968</u>	<u>13,900,321</u>
Total	<u>12,777,968</u>	<u>13,900,321</u>

- (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 December 31, 2025 and 2024, the outstanding guarantee obligations assumed by the Group amounted to RMB0.85 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 December 31, 2025 and 2024, the outstanding repurchase guarantee obligations amounted to RMB11.93 billion and RMB13.31 billion, respectively. Of these amounts, the balance of repurchase guarantee obligations related to finance lease agreements with China Kangfu International Leasing Co., Ltd. (hereinafter “Kangfu”) and Hunan Zhonghong Financial Leasing (hereinafter “Hunan Zhonghong”) was RMB0.14 billion and RMB0.41 billion, respectively for the reporting period.

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, 2025 and 2024, the outstanding balances of such obligations were RMB9.72 billion and RMB7.95 billion, respectively. Management assesses the likelihood of triggering these liquidity support obligations as low.

In 2025, the Group received a ruling from Indonesia’s Business Competition Supervisory Commission (KPPU) alleging that some subsidiaries violated the Anti-Competition Law. The ruling required the subsidiaries to amend its distributor agreements, restructure its product distribution channels, and impose a total fine of IDR 417 billion (approximately RMB166.8 million). The subsidiaries believed the ruling contained material deficiencies and has filed an appeal in August 2025. As of the date of this results announcement, the case remained pending adjudication. Based on consultations with the Group’s legal counsel, as well as legal analysis and legal opinions, the Group believes it is more likely that the subsidiaries will succeed in overturning the KPPU’s ruling, and the likelihood of having to pay the fine is low. Accordingly, the Group has not recognized a provision for this contingent liability.

14. EVENTS AFTER THE REPORTING PERIOD

Pursuant to a resolution passed at the Board meeting on March 30, 2026, a final dividend for the year ended December 31, 2025 of RMB0.18 per share was proposed, totaling RMB1,647 million.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been re-presented as if the business combination under common control during the current year had been taken place at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis were prepared based on our financial information prepared in accordance with IFRS Accounting Standards.

Revenue

Our revenue increased by 14.4% from RMB78,383 million for the year ended December 31, 2024 to RMB89,700 million for the year ended December 31, 2025, primarily due to the year-on-year growth in both domestic and international sales.

Cost of Sales

Our cost of sales increased by 12.8% from RMB57,480 million for the year ended December 31, 2024 to RMB64,831 million for the year ended December 31, 2025, mainly due to a corresponding increase in costs as a result of the growth in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.0% from RMB20,903 million for the year ended December 31, 2024 to RMB24,868 million for the year ended December 31, 2025. Our gross profit margin increased from 26.7% for the year ended December 31, 2024 to 27.7% for the year ended December 31, 2025, mainly due to an increase in the gross profit margin of excavating machinery and hoisting machinery. Additionally, the year-on-year growth in international gross profit margin contributed to the increase in overall gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.4% from RMB5,464 million for the year ended December 31, 2024 to RMB6,415 million for the year ended December 31, 2025, primarily due to an increase in selling expenses, such as employee compensation and benefits, as a result of the growth in revenue.

Administrative Expenses

Our administrative expenses decreased from RMB3,488 million for the year ended December 31, 2024 to RMB3,163 million for the year ended December 31, 2025, primarily due to a decrease in salary and benefits.

Research and Development costs

Our research and development (“R&D”) expenses decreased from RMB5,381 million for the year ended December 31, 2024 to RMB5,033 million for the year ended December 31, 2025, primarily due to the Company’s optimization of its R&D project management mechanisms, which resulted in a decrease in R&D compensation.

Other Income and Gains, Net

Our other income and gains, net decreased from RMB2,322 million for the year ended December 31, 2024 to RMB1,680 million for the year ended December 31, 2025, primarily due to a decrease in the gain on fair value change.

Impairment Losses on Financial Instruments and Contract Assets, Net

Our impairment losses on financial instruments and contract assets, net increased from RMB897 million for the year ended December 31, 2024 to RMB1,180 million for the year ended December 31, 2025, primarily due to a slight increase in the provisions for impairment of accounts receivable.

Loss on Derecognition of Financial Assets at Amortized Cost

Our loss on derecognition of financial assets at amortized cost increased from RMB0.1 million for the year ended December 31, 2024 to RMB29 million for the year ended December 31, 2025, primarily due to the occurrence of accounts receivable forfeiting business during the current period.

Other Expenses, Net

Our other expenses, net decreased from RMB300 million for the year ended December 31, 2024 to RMB298 million for the year ended December 31, 2025, representing a minor change and remaining largely unchanged.

Finance Costs

Our finance costs decreased from RMB845 million for the year ended December 31, 2024 to RMB569 million for the year ended December 31, 2025, primarily due to the factors such as a reduction in the Company's borrowing.

Share of Profits and Losses of Joint Ventures

Our share of profits and losses of joint ventures decreased from RMB45 million for the year ended December 31, 2024 to RMB22 million for the year ended December 31, 2025, primarily due to a decrease in the earnings of joint ventures, which had no material impact on the Company.

Share of Profits and Losses of Associates

Our share of profits and losses of associates increased from RMB13 million for the year ended December 31, 2024 to RMB23 million for the year ended December 31, 2025, primarily due to an increase in the earnings of associates.

Income Tax Expense

Our income tax expense increased from RMB815 million for the year ended December 31, 2024 to RMB1,420 million for the year ended December 31, 2025, primarily due to an increase in the total profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 39.3% from RMB6,093 million for the year ended December 31, 2024 to RMB8,488 million for the year ended December 31, 2025.

Financial Position

The table below sets forth the absolute amounts from the Company's consolidated statement of financial position as of December 31, 2025 and December 31, 2024:

	As at December 31, 2025 <i>RMB million</i>	As at December 31, 2024 <i>RMB million</i>
Total non-current assets	49,001	50,640
Total current assets	124,298	101,505
Total assets	173,299	152,145
Total non-current liabilities	12,011	15,474
Total current liabilities	71,856	63,669
Total liabilities	83,867	79,143
Equity attributable to owners of the parent	88,331	71,924
Net assets	89,432	73,002

The total non-current assets of the Company decreased from RMB50,640 million as at December 31, 2024 to RMB49,001 million as at December 31, 2025, with the amount remaining relatively stable.

The total current assets of the Company increased from RMB101,505 million as at December 31, 2024 to RMB124,298 million as at December 31, 2025, primarily due to an increase in time deposits and restricted cash.

The total non-current liabilities of the Company decreased from RMB15,474 million as at December 31, 2024 to RMB12,011 million as at December 31, 2025, with the amount remaining relatively stable.

The total current liabilities of the Company increased from RMB63,669 million as at December 31, 2024 to RMB71,856 million as at December 31, 2025, primarily due to an increase in trade and bills payables.

The net assets of the Company increased from RMB73,002 million as at December 31, 2024 to RMB89,432 million as at December 31, 2025, primarily due to the Hong Kong share financing and the growth in net profit.

Liquidity and Capital Resources

The Company maintains sufficient cash and cash equivalents to ensure capital flexibility. The Company's cash and cash equivalents mainly comprise cash at banks, cash in hand, and short-term bank deposits with initial terms within three months. The table below sets forth the absolute amounts of cash and cash equivalents of the Company as at December 31, 2025 and December 31, 2024:

	As at December 31, 2025 <i>RMB'000</i>	As at December 31, 2024 <i>RMB'000</i>
Cash and bank balances	38,451,241	20,383,176
Placements with banks	187,691	449,311
Subtotal	38,638,932	20,832,487
Less:		
Restricted deposits	(1,694,757)	(689,488)
Time deposits with original maturity of more than three months	(22,039,322)	(8,566,529)
Cash and cash equivalents	14,904,853	11,576,470

The Company's cash and cash equivalents increased from RMB11,576 million as of December 31, 2024, to RMB14,905 million as of December 31, 2025. This increase was primarily due to an increase in cash and cash equivalents resulting from net cash flow from operating activities during the year, as well as the impact of funds raised through the issuance of new shares.

The Company obtains financing based on market interest rates and its capital operation plans. The Company's bank loans and bonds are sourced from commercial banks and financial institutions in Chinese Mainland and other countries or regions. The table below sets forth the absolute amounts of bank loans and debentures as at December 31, 2025 and December 31, 2024:

	As at December 31, 2025 <i>RMB'000</i>	As at December 31, 2024 <i>RMB'000</i>
Current		
Current portion of long-term bank loans-unsecured	2,735,293	3,738,637
Current portion of long-term bank loans-secured	313,603	—
Bank loans-unsecured	4,506,196	3,442,289
Bank loans-secured	4,622,251	2,511,067
Other borrowing-secured	1,411,360	2,077,806
Short term bonds	—	1,584,950
Subtotal	13,588,703	13,354,749

	As at December 31, 2025 RMB'000	As at December 31, 2024 RMB'000
Non-current		
Bank loans-secured	285,418	274,847
Bank loans-unsecured	7,567,949	11,281,335
	<hr/>	<hr/>
Subtotal	7,853,367	11,556,182
	<hr/>	<hr/>
Total	21,442,070	24,910,931
	<hr/> <hr/>	<hr/> <hr/>

As at December 31, 2025, the total current assets of the Group amounted to approximately RMB124,298 million (as at December 31, 2024: RMB101,505 million). As at December 31, 2025, the total current liabilities of the Group amounted to approximately RMB71,856 million (as at December 31, 2024: RMB63,669 million).

As at December 31, 2025, the total assets of the Group amounted to approximately RMB173,299 million (as at December 31, 2024: approximately RMB152,145 million), and the total liabilities amounted to approximately RMB83,868 million (as at December 31, 2024: approximately RMB79,143 million).

As at December 31, 2025, the gearing ratio (the net debt divided by the equity plus net debt) was approximately 48.4% (as at December 31, 2024: 52.0%).

Charge on Assets

As at December 31, 2025, the Group recorded pledged bank deposits of approximately RMB1,695 million (December 31, 2024: approximately RMB689 million) as securities for the issuance of bank acceptance bills, mortgaged borrowings and statutory deposit reserves placed with central bank. As at December 31, 2025, the Group recorded financial assets at fair value through profit or loss of approximately RMB1,716 million (December 31, 2024: RMB2,134 million), which were pledged for repurchase of national debts. As at December 31, 2025, the Group recorded bills receivables of RMB262 million (December 31, 2024: RMB235 million), which were pledged to obtain loans. As at December 31, 2025, the Group recorded receivables under finance lease of RMB1,521 million (December 31, 2024: RMB1,779 million), which were pledged for trade receivables factoring. As at December 31, 2025, the Group recorded loans and advances of RMB0 million (December 31, 2024: RMB566 million), which were pledged to obtain loans.

Capital Expenditure and Commitments

As at December 31, 2025, the contracted capital commitments of the Group which were not provided for in the financial statements were approximately RMB918 million (as at December 31, 2024: approximately RMB1,587 million).

Contingent Liabilities and Guarantees

As at December 31, 2025, the Group provided certain distributors and agents with bank guarantee amounting to approximately RMB847 million (December 31, 2024: approximately RMB589 million) to secure their obtaining and use of banking facilities. As at December 31, 2025, the Group provided guarantee for repurchase liabilities in respect of failure of the lessees under finance leases to settle instalment payments and interest under finance leases. Risk exposure in respect of possible guarantee for repurchase liabilities amounted to approximately RMB11,931 million (as at December 31, 2024: approximately RMB13,311 million).

Significant Investments and Material Acquisitions or Disposals by the Group

There were no significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2025, nor was there any plan authorized by the Board for material investments or capital assets at December 31, 2025.

Foreign Exchange Risk

The Company operates globally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries.

The Company employs hedging strategies for currency settlement, including the use of various derivative instruments (primarily including forwards, options and futures contracts), entering into forward foreign exchange hedging contracts, and managing the scale of foreign currency assets and liabilities to minimize foreign exchange risk and mitigate the impact of exchange rate fluctuations on operating results.

Employees and Remuneration Policy

As at December 31, 2025, the Group had 28,469 full-time employees (December 31, 2024: 25,363). These changes were primarily due to an increase in headcount to support the Group's business development. For the year ended December 31, 2025, total employee compensation expenses (including equity incentive expenses) amounted to RMB10,909 million, compared to RMB10,523 million for the year ended December 31, 2024.

The Company has established a fair, transparent and merit-based performance evaluation system and implements a highly competitive compensation and benefits policy. Employees' annual performance bonuses are awarded based on their performance and the Company's overall results. These bonuses directly reflect employees' performance and contributions, embodying the performance-oriented nature of our compensation incentives. The Company offers salary increases and promotion opportunities to high-performing employees every year. The Company also provides various special awards to employees and teams who demonstrate outstanding performance during the year.

BUSINESS REVIEW AND OUTLOOK

I. Review of Operation for the Year 2025

In 2025, China's economy advanced steadily guided by the principle of high-quality development, with the effect of macro-level incremental policies continuing to unfold. Domestically, there was a commercial inflection point resulting from the continuous expansion of high-standard farmland construction and water conservancy projects, as well as the replacement demand for new energy equipment, and the construction machinery market formally transitioned from the "cyclical consolidation" phase to a new stage of "structural recovery". Overseas markets remained highly prosperous, and mining and infrastructure investment in emerging markets such as Africa and Southeast Asia accelerated, driving strong growth in equipment exports.

During the Reporting Period, the Company achieved total revenue of RMB89.7 billion, representing a year-on-year increase of 14.4%; net profit attributable to owners of the parent of the Company amounted to RMB8.41 billion, representing a substantial year-on-year increase of 41.2%, demonstrating strong profitability; net cash flow from operating activities amounted to RMB19.98 billion, representing a year-on-year increase of 34.8%, with risk control and operational quality maintaining at a high level. The Company maintained stable market shares for core products. Its main products such as excavating machinery and concrete machinery ranked first in terms of domestic market share, while their global share rose steadily. In terms of new energy products, electric mixers, electric dump trucks and other products saw explosive growth, with annual sales of new energy products reaching RMB8.64 billion, representing a year-on-year increase of 115%. As at the end of the Reporting Period, the Company's total assets amounted to RMB173.3 billion.

(I) Steady Growth in Market Share of Core Products

During the Reporting Period, the Company's product competitiveness continued to strengthen, leading to sustained market share growth.

Excavating machinery: Sales revenue amounted to RMB34.54 billion, ranking first in the domestic market for 15 consecutive years.

Concrete machinery: Sales revenue amounted to RMB15.74 billion, ranking as the No.1 brand worldwide for 15 consecutive years.

Hoisting machinery: Sales revenue amounted to RMB15.56 billion, with a steady increase in global market share.

Road machinery: Sales revenue amounted to RMB3.76 billion, with a growth of over 30% in overseas sales.

Piling machinery: Sales revenue amounted to RMB2.82 billion, with rotary drilling rigs maintaining No.1 in domestic market share.

(II) Significant Improvement in Profitability and Continuous Optimization of Operational Quality

During the Reporting Period, the Company adhered to the principle of high-quality development, achieving synchronous improvement in operational quality, business scale and profitability.

A record-high cash flow: In 2025, net cash flow generated from operating activities amounted to RMB19.98 billion, representing a year-on-year increase of 34.8% to a record high, providing solid support for the Company's long-term operational stability.

Substantially enhanced profitability: Benefiting from the steady recovery of market demand and effective implementation of cost-reduction and efficiency-improvement measures, the Company recorded net profit attributable to the owners of the parent of the Company of RMB8.41 billion during the Reporting Period, representing a substantial year-on-year increase of 41.2%, with net profit margin of 9.5%, up by 1.7 percentage points year-on-year.

Continuous improvement in operational efficiency: The Company continuously optimized its inventory and receivables management, with continuous improvement in the scale, quality and turnover days of inventory and outstanding receivables.

(III) Solid Progress in Globalization Strategy

The Company remained unwavering in its commitment to globalization as its top priority, accelerating the comprehensive operational upgrade from “product export” to “industry going global”. During the Reporting Period, the Company achieved revenue from international business of RMB56.27 billion, representing a year-on-year increase of 15.2%, with the revenue from international business accounting for 63% of the total.

1. Overall Strategy: “Group Leadership, Localized Operation, Service First”

“Group Leadership”: The Group formulated the overall overseas operation strategy, actively promoted the Company's unique channel model, and vigorously developed overseas self-operated channels. To date, the Company has established an overseas market channel system covering more than 400 overseas subsidiaries, joint ventures and premium distributors.

“Localized Operation”: Localization of the management team served as the cornerstone of local operation. The Company would continuously promote the localization across the management team, products, culture, processes and mechanism.

“Service First”: The Company strengthened service capacity building, accelerated the deployment of service personnel, service vehicles, service outlets and other resources, optimized parts centers in all overseas regions, enhanced overseas parts supply capacity, and built the No.1 service brand. The Company launched the unified customer interaction interface MySANY in 129 countries and regions in the world, enabling convenient functions such as one-click customer communication, online visibility and real-time service outlet tracking, significantly improving service efficiency and enhancing customer experience.

2. Continuous Upgrade of Global Organizational Structure

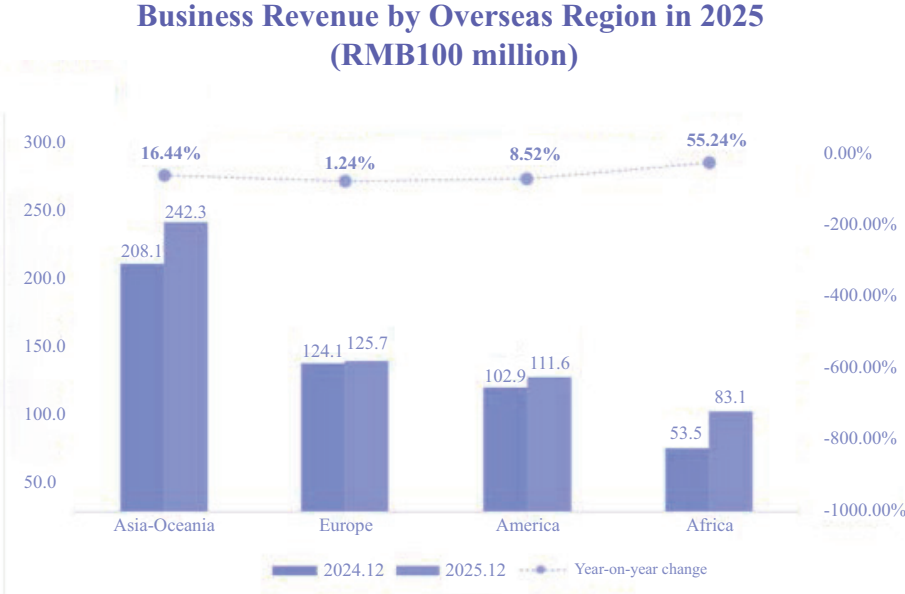
To match the new stage of high-quality and in-depth development of international business, the Company officially established the Global Key Customer Headquarters, comprehensively upgrading the strategic marketing and service system for global core customers. Focusing on global leading mining enterprises, multinational infrastructure contractors and rental companies, it effectively broke down regional marketing barriers. Relying on this strategic coordination platform, the Company was able to precisely deploy global R&D, manufacturing and supply chain resources, providing strategic-level key customers with full life-cycle comprehensive solutions covering early working condition scheme design, full-scenario whole sets of equipment delivery and later on-site operation and maintenance, significantly enhancing the Company’s global competitiveness and operational efficiency.

3. Accelerated Global Product R&D

The Company comprehensively strengthened global R&D capabilities, promoted the construction of global R&D centers, and accelerated the development of global products. In 2025, the Company launched 60 products for global market promotion.

4. Rapid Growth in Major Global Markets

As of the end of 2025, overseas product sales covered more than 150 countries and regions. Revenue from our businesses by overseas region* in 2025 was as follows:



*Note: Revenue from our businesses by overseas region was shown in accordance with PRC Accounting Standards and for information purposes only.

The Asia-Oceania region was RMB24.23 billion, representing an increase of 16.44%; the European region was RMB12.57 billion, representing an increase of 1.24%; the American region was RMB11.16 billion, representing an increase of 8.52%; and the African region was RMB8.31 billion, representing an increase of 55.24%.

5. Steady Improvement in Overseas Market Profitability

Benefiting from expanded international sales scale, improved product structure and continuous advancement of cost-reduction and efficiency-improvement measures, the gross profit margin of the Company's international business increased steadily. During the Reporting Period, the gross profit margin of our international business reached 31.7%, up by 2 percentage points.

6. Stable Market Position of Main Products

According to customs statistics, the Company's excavating machinery and concrete machinery both maintained No.1 in the industry in terms of overseas export volume, demonstrating a solid market position.

(IV) Active Promotion of Digital and Intelligent Transformation

Seizing opportunities in the new era, the Company integrated digital and intelligent construction into manufacturing, products, services, operations and other scenarios, actively promoting digital and intelligent transformation.

1. Intelligent Manufacturing

Lighthouse Factory: As of the end of the Reporting Period, 37 Lighthouse Factories had been completed and put into production by the Company. The Company was the only heavy industry enterprise recognized by the World Economic Forum as a "Lighthouse Factory". Two of Sany Heavy Industry's factories, namely "Beijing Piling Machinery Plant" and "Changsha No.18 Plant", obtained the "Lighthouse Factory" certifications, offering a reference for digital and intelligent development directions for global manufacturing enterprises.

In 2025, aiming to build a new generation of "Lighthouse Factories", the Company deeply integrated independently developed industrial software, establishing a digital management system covering the entire production process. Changsha No.18 Plant introduced industrial large models, and realized intelligent autonomous decision-making in production scheduling, quality inspection, equipment maintenance and other aspects, continuously optimizing manufacturing precision, efficiency and quality.

Hardware Technology Breakthroughs: Through 57 self-developed high-precision technology clusters (digital decision-making solutions for manufacturing processes, 3D printing-assisted casting, ultra-high-strength steel forming, robotic laser hybrid welding, etc.), the Company pioneered a new "Human-Machine Collaboration 4.0" paradigm.

Software Technology Breakthroughs: The Company promoted online and transparent management of key operations in five major areas including planning collaboration, production execution, material management, quality defects and equipment repairs and maintenance. It integrated manufacturing systems such as MES, APS, WMS and EQP, and realized dashboard-based production scheduling management, established automatic processes for product quality error-proofing, materials and quality inspection, and achieved station-level automatic access and exit management.

2. Intelligent Products

The Company adhered to a customer-centric approach, and promoted the evolution of construction machinery intelligence from “single-unit breakthrough” to “machine fleet coordination” and “complete intelligent construction”. In 2025, the Company’s unmanned paving and rolling construction solution for road machinery was applied on a large scale in 23 provinces across China. The solution kept industry records in core indicators such as maximum operation width, largest fleet scale and longest continuous operation duration. The Company led the formulation of 3 relevant industry standards, and further consolidated its leading position in the unmanned construction field.

3. Intelligent Operation

The Company continued to promote comprehensive data utilization, realized data value, enhanced refined operational efficiency and further created value for customers.

The Company’s industrial Internet platform IOT extensively connected various equipment and systems, integrated, utilized and analyzed massive data, and realized digital twin technology through modelling, driving enterprise quality improvement, cost reduction and efficiency enhancement. The Company realized real-time online access to 18,000 units of equipment, 33,000 units of instruments and 61,000 units of cameras. Through data analysis and algorithm models, the system optimized and reduced costs and energy consumption. In 2025, our energy-saving projects cumulatively saved over approximately RMB72 million in energy costs in connection with the Company’s operations.

(V) Leading the Industry’s Decarbonization

Decarbonization represented a major opportunity for the development of the construction machinery industry. The Company comprehensively promoted the electrification of main products and the development of relevant core components and parts and technologies, and was committed to creating new energy products of high quality, low energy consumption and superior level of experience, and leading the industry’s decarbonization trend.

The Company attached great importance to cultivating and introducing professional electrification talents, with many leading talents joining the Company, covering fields such as battery cells, electronic control, electric drive, electronics and electrical engineering, control algorithms and thermal management.

- 1. Main Product Development:** The Company focused on technological approaches, including pure electrical, hybrid and hydrogen, and comprehensively promoted the electrification of engineering vehicles, excavating machinery, loading machinery, hoisting machinery and other products.
- 2. Core Components and Parts and Technology Research:** The Company's electric technologies gradually developed towards high integration, high efficiency and low cost, laying a solid foundation for further intelligent transformation of products. Through independent development and external strategic cooperation, the Company laid out in core technologies such as battery cells, e-axle, VCU centralized control platforms, charging/swapping stations and control technologies, and focused on breakthroughs in integrated e-axle and electronic and electrical architecture and other core technologies, further enhancing product core competitiveness.
- 3. Rapid Growth of New Energy Products:** In 2025, the Company's new energy product sales reached RMB8.64 billion, representing a year-on-year increase of 115%. Among currently commercially viable new energy construction equipment sectors, the Company achieved a leading position in the industry. For example, the Company ranked first in the industry in terms of market share of sales of electric mixers, electric excavators, electric cranes and electric pump trucks.

(VI) Remarkable R&D and Innovation Achievements

R&D and innovation was the primary driver for the Company's development. The Company believed that investing in R&D was investing in the future. In 2025, the Company invested RMB5.033 billion as R&D expenses, mainly focusing on global R&D layout, digital and intelligent technologies and low-carbon products.

- 1. Patent Inventions:** There were 619 patent applications in 2025, including 325 invention patents.
- 2. R&D Talents:** Attracting and retaining talents through sound incentive mechanisms and multi-channel cooperation, the Company ensured that R&D led innovation. As of the end of 2025, the Company had 5,720 R&D personnel, of whom 40.28% held master's degrees or above.
- 3. Testing and Trial Production:** The Company built 4 field test sites and 8 trial production centers, achieving 90% coverage of test scenarios and significantly shortening test cycles.

4. **System Upgrade:** The Company actively promoted the transformation of the IPD R&D management system, driving a profound transformation in the R&D model from traditional “technology-driven” to “customer demand and commercial value-driven”, and reshaping an end-to-end R&D business flow. By forming cross-functional product development teams, the Company effectively broke down departmental barriers between R&D, manufacturing, supply chain and marketing, realizing forward-looking control of target costs and quality. Meanwhile, the Company vigorously strengthened the construction of public basic modules, and improved the universality and reusability of core technology platforms. This significantly shortened the time-to-market of the Company’s new energy and high-end digital and intelligent products, markedly improving the returns on R&D resources and one-off success rate of product delivery, equipping the Company with stronger agile response and cost control capabilities when facing complex and high-frequency customized demand in global markets.
5. **Product R&D:** The Company firmly implemented the product strategy of “high-end, large-scale and low-carbon”, relying on a strong global collaborative R&D system to continuously consolidate its leading advantages in the field of high-end whole sets of equipment. Major landmark R&D achievements include:

SAC2500E7PHEV All-terrain Crane: As the world’s largest tonnage hybrid all-terrain crane, it successfully broke through core software self-development and independent matching and calibration technical barriers, overcame industry challenges such as axle load restrictions and reliability, setting a global technology benchmark for hybrid crane.

Electric 412 truck mixer: The new-generation electric mixer, centered on the iSee3 electronic and electrical architecture, independent software control system and the 329 electric cab, precisely addressed construction pain points in complex urban construction conditions. With the core competitive advantages of “large loading capacity, low energy consumption and high reliability”, the model quickly gained high market recognition, with steadily rising market share, becoming a core hit product driving the growth of concrete business.

SY4000H Mining Excavator: As Sany’s largest tonnage mining excavator to date, it was successfully delivered to copper mine customers and put into actual operation, and it passed stringent tests in extreme cold environments and harsh mining conditions. The on-site operation performance of the whole machine comprehensively outperformed competing products of the same tonnage, and its dual-power hydraulic cross-control system demonstrated excellent performance, with both comprehensive fuel consumption and operation efficiency leading the industry. This milestone marked SANY’s formal entry into the ranks of core mining excavator manufacturers, laying a key technical route and market foundation for the R&D and industrialization of even larger-tonnage mining excavators.

II. Business Outlook of the Group

(I) Industry Landscape and Trends

1. Construction Machinery Industry Landscape

In recent years, China's construction machinery industry has continued to develop, with an overall trend of increasing market share concentration. In terms of products, domestic brands represented by Sany Heavy Industry dominate the concrete machinery market, with solid and growing market shares; the excavating machinery market shows a trend of concentration towards leading enterprises and domestic brands, and leading enterprises with advantages in brand, scale, technology, service and channels will gain greater competitive advantages. Sany Heavy Industry has ranked as the top sales in the domestic market for 15 consecutive years; the hoisting machinery market is dominated by three major domestic brands. In overseas markets, the global competitiveness of Chinese enterprises has continued to improve, with their shares in the global construction machinery market gradually rising.

2. Industry Development Trends

Digitalization and decarbonization have become major trends in China's construction machinery industry.

Currently, the Fourth Industrial Revolution and the Third Energy Revolution are having a combined effect, and the world is in a period of significant technological opportunity. The Chinese government has put forward the goals of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060". Digitalization and decarbonization have become irresistible trends of the industry, and China's construction machinery has entered a long-term technological upward cycle.

The construction machinery market is cyclical, but in recent years, factors such as machinery replacing labor, improved global competitiveness and upgraded emission standards of the construction machinery industry have become important drivers of industry growth, expanding the application scenarios of construction machinery.

3. Industry Development Prospects

The construction machinery industry has broad and long-term market prospects. China has huge demand in infrastructure investment sectors such as rail transit, highways, airports, port waterways, farmland water conservancy, urban renewal and environmental protection, bringing long-term development opportunities for the construction machinery industry. Globalization, digitalization and decarbonization have become long-term drivers of industry development, bringing unprecedented strategic opportunities to the construction machinery industry.

(II) Development Strategies of the Company

With the combined effect of the Fourth Industrial Revolution and the Third Energy Revolution, the world is in a period of significant technological opportunity. The Company shall seize the opportunity and firmly implement the strategies of globalization, digitalization and decarbonization.

1. Globalization Strategy

The Company will unswervingly advance the globalization strategy. Under the guiding principle of “dedicated efforts for market expansion with strict risk control”, it will implement the overall strategy of “Group Leadership, Localized Operation, Service First”, continuously promote global organizational reform, strengthens overseas marketing channel construction, improve overseas service and parts systems, accelerate overseas product R&D, and establish sustainable global operational capabilities.

2. Digitalization Strategy

Based on a global data middle-platform, the Company will utilize data and intelligent decision-making to build a value flywheel for business processes, intelligent platforms and data quality. Guided by the business philosophy of “long-termism”, it will continuously invest in enhancing innovation capabilities and achievements in the three fields of “intelligent products, intelligent manufacturing and intelligent operation”, consolidate data assets in the construction machinery industry and application scenarios, and build itself into a future-oriented agent enterprise through data-driven decision-making, platform-based management and intelligent applications.

3. Decarbonization Strategy

The Company is committed to creating low-carbon products with high-quality, low-energy consumption and offering superior user experience. Actively laying out key components and parts and technologies in pure electrical, hybrid and hydrogen fields, it will accelerate the iterative upgrade of new energy main products. The Company will also continue to explore more efficient and environmentally friendly new energy product solutions, thus creating greater value for customers and promoting the green transformation of the industry.

(III) Business Plans

In 2026, the Company will adhere to the principle of high-quality development, accelerate the transformation of globalization, digitalization and decarbonization, continuously promote overseas organizational and R&D management reform, focus on product and technological innovation, comprehensively improve process capabilities and product quality, and further enhance profitability and overall competitiveness.

1. Adhering to High-quality Development

The Company has always adhered to the business principle of “high-quality development”. By further optimizing its business structure and strengthening risk control, the Company aims to continuously enhance its profitability. The Company will concentrate its core resources on key clients and major application scenarios, accelerate the commercialization of high-end integrated equipment, and drive profit growth with higher-value-added products. On the operational side, the Company will continue to strengthen its management of accounts receivable and inventory. By strictly controlling customer credit reviews and avoiding high-risk orders, the Company ensures its high-quality, sustainable growth trajectory in a complex and ever-changing market environment.

2. Promoting Global Transformation

Under the guiding principle of “dedicated efforts for market expansion with strict risk control”, the Company will increase overseas resource allocation, and fully explore overseas markets.

The Company will firmly implement the overall strategy of “Group Leadership, Localized Operation, Service First”, strengthen the construction of overseas self-owned channels, adhere to local team operations, and accelerate the construction of overseas service networks.

The Company will continue to promote overseas organizational reform and upgrade its strategic marketing and service system for core customers around the world. We will enhance the synergistic efficiency of global R&D, manufacturing and supply chain resources to effectively strengthen the Company’s overall competitiveness in high-end overseas markets.

3. Advancing Our Digital Transformation

The digital transformation implementation plan covers three areas, namely “intelligent products, intelligent manufacturing and intelligent operation”. In terms of intelligent products, the Company will further improve unmanned and intelligent system solutions for business scenarios, empower product design and development with AI technology, and create ultimate solutions and products for customers relying on fields of electric, hydraulic, numerical control, transmission and other technological accumulation. In terms of intelligent manufacturing, the Company will promote the construction of Lighthouse Factories and manufacturing platform reform, realize material visibility, machine decision-making and full-process online production scheduling, and significantly improve quality, efficiency, cost management and inventory turnover.

4. Promoting Decarbonization Transformation

Centering on its “decarbonization” strategy, the Company will continuously strengthen R&D capabilities and product core competitiveness, providing inexhaustible momentum for high-quality development of enterprises, and assisting industrial transformation and upgrading. The Company is committed to comprehensively promoting a green and sustainable development model, focusing on the green and low-carbon transformation of energy, establishing a full-process green production chain that focuses on carbon reduction from the beginning of the process to the end, and contributing to China’s goals of “carbon peak emissions and carbon neutrality” and the global clean energy transformation.

5. Strengthening R&D and Innovation

The Company will build an innovation model of “technology pre-research” and “platform reserve”. Based on customer pain points, product development needs and technological development trends, it will formulate technology planning through “technology pre-research” and research innovative technologies supporting next-generation products. It will build a technology reserve platform, incorporate fully validated technical solutions into the technology platform, and establish replication capabilities for hit products. Meanwhile, it will further strengthen test capacity building and test method research to ensure full validation of technologies.

6. Strengthening Product Quality Management

The Company will firmly implement the concept of comprehensive quality management. Leveraging its newly upgraded digital quality management platform, the Company will systematically reconstruct its quality evaluation system across the entire value chain. On the R&D side, we are deeply integrating preventive tools such as advance quality planning to consolidate the foundation for comprehensive testing and validation across all scenarios; on the supply chain side, we are strengthening specialized evaluation and empowerment to build a high-quality supplier ecosystem characterized by collaboration, mutual benefit, and dynamic optimization; on the manufacturing side, we are fully integrating the end-to-end data loop spanning “design-processing-manufacturing” to comprehensively enhance process control over core operations. We are continuously working to reduce failure rates throughout the entire product lifecycle, providing quality assurance to support the Company’s steady growth.

7. Strengthening Human Resources Construction

The Company has always regarded outstanding talent as a core asset driving its high-quality development, and will continue to refine its performance-based evaluation and long-term incentive mechanisms. By aligning competitive compensation with high professional standards, the Company aims to fully unleash organizational potential and foster mutual growth between the Company and its employees. At the same time, the Company will systematically optimize its talent structure and performance evaluation mechanisms in line with the Company's strategic direction of "globalization, digitalization and decarbonization". The Company will intensify its efforts to recruit industry leaders in a targeted manner and steadily advance the overseas practical training of high-potential talent. Relying on a continuously improving tiered training system, the Company will accelerate the cultivation and replication of core business talent within the organization, continuously increasing the proportion of multidisciplinary professionals with expertise in "three transformations", to provide a solid talent foundation for the Company to navigate industry cycles.

(IV) Potential Risks

1. Policy Risks

The construction machinery industry is closely related to infrastructure construction and investment in the construction industry. Changes in macroeconomic policies and fixed-asset investment growth will affect downstream customer's demand of the Company, thereby impacting its product sales.

2. Market Risks

The construction machinery industry is highly sensitive to the macroeconomic environment and fixed asset investment cycle. In the event that global economic growth slows down in the future, or domestic investment demand in downstream sectors such as infrastructure and real estate falls short of expectations, the overall industry outlook will be under pressure. Meanwhile, intensifying competition in the domestic market, coupled with a complex geopolitical landscape and changes in the international trade environment, may expose the Company to the risk of declining product gross margins and hindered overseas market expansion.

3. Exchange Rate Risks

The Company conducts a certain amount of business in currencies such as U.S. dollars, Euro and Japanese Yen. Fluctuations in the exchange rates of relevant currencies will have a certain impact on the Company's financial position.

4. Risks of Fluctuations in Raw Material Prices

The costs of the Company's raw materials and components and parts may be affected by various factors, such as market supply and demand, changes in suppliers, availability of alternative materials, changes in suppliers' production conditions and natural disasters.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

Pursuant to a resolution passed at the Board meeting on March 30, 2026 a final dividend for the year ended December 31, 2025 of RMB0.18 per share was proposed, totaling RMB1,647 million. The final dividend is calculated based on the total share capital of the Company as of December 31, 2025 after deducting the number of repurchased shares in the special account for repurchase, and adjusted accordingly based on the total share capital at the date of record when profit distribution is made. The specific amount is subject to actual distribution. Such proposal is subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend is expected to be paid to the shareholders of the Company on or about June 22, 2026. Information regarding the date of the annual general meeting, the record date and book close date to determine the entitlement to the final dividend and attendance of the annual general meeting will be announced in due course.

COMPLIANCE WITH THE CODE PROVISIONS IN THE CORPORATE GOVERNANCE CODE AS SET OUT IN PART 2 OF APPENDIX C1 TO THE LISTING RULES

The H shares of the Company (“**H Shares**”) became listed on the Main Board of the Stock Exchange on October 28, 2025 (the “**Listing Date**”). Since the Listing Date, the Board has adopted all code provisions in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code of the Company. During the period from the Listing Date to December 31, 2025, the Company complied with all the applicable code provisions set out in Part 2 of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

Since the Listing Date, the Company has adopted the rules governing the securities transactions by directors under the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry to all directors of the Company (“**Directors**”), and all its Directors have confirmed that they complied with the Model Code throughout the period from the Listing Date to December 31, 2025. The Company has not identified any non-compliance with the Model Code by any of its Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Repurchase of H Shares of the Company

During the period from the Listing Date to December 31, 2025, the Company had not repurchased any of its H Shares on the Stock Exchange.

Repurchase of A Shares of the Company

During the Reporting Period, the Company repurchased a total of 72,679,200 A shares of the Company (“**A Shares**”) on the Shanghai Stock Exchange as follows:

Month	Number of A Shares repurchased	Highest price paid per A Share (RMB)	Lowest price paid per A Share (RMB)	Aggregate consideration (RMB)
April	55,767,600	19.39	17.83	1,055,419,300
June	16,911,600	18.00	17.39	299,949,400
Total	72,679,200	19.39	17.39	1,355,368,700

On April 17, 2025, the Company convened the twenty-sixth meeting of the eighth session of the Board and the twenty-fifth meeting of the eighth session of the Board of Supervisors to consider and pass the resolution on the repurchase and cancellation of certain restricted Shares, approving the repurchase and cancellation of certain restricted Shares. On May 9, 2025, the Company convened the 2024 annual general meeting to consider and pass the resolution on the repurchase and cancellation of certain restricted Shares, approving the repurchase and cancellation of a total of 588,000 restricted Shares granted to seven grantees, which did not fulfill met the unlocking conditions. The above-mentioned Shares were cancelled on August 6, 2025.

On April 21, 2025, the Company convened its second extraordinary general meeting of 2025, during which the proposal on the Company's 2025 employee stock ownership plan (draft) and its summary as well as relevant proposals were reviewed and approved. 32,497,800 Shares in the special securities account for repurchase of the Company have been transferred to the 2025 employee stock ownership plan account of the Company on July 16, 2025. The lock-up period of the employee stock ownership plan is one year, and the duration is 72 months. As of the end of the Reporting Period, the 2025 employee stock ownership plan was subject to lock-up and there were a total of 32,497,800 Shares of the Company in the account.

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

SUBSEQUENT EVENTS

Save as disclosed in this announcement and in Note 14 to the consolidated financial information contained herein, there were no other material subsequent events since the end of the Reporting Period and up to the date of this announcement.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee of the Company is primarily responsible for reviewing and supervising the financial reporting process and internal controls system of our Group, reviewing and approving connected transactions and providing 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.

The Audit Committee has reviewed the annual consolidated results of the Company for the year ended December 31, 2025 and the accounting principles and practices adopted by the Company and discussed matters relating to internal control and financial reporting.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the annual results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT

This results announcement is published on the websites of the Company (www.sany.com.cn) and the Stock Exchange (<http://www.hkexnews.hk>). The 2025 annual report of the Company will be available on the websites of the Company and Stock Exchange in due course.

By order of the Board
SANY Heavy Industry Co., Ltd.
XIANG Wenbo
Executive Director and Chairman of the Board

Hong Kong, the PRC
March 30, 2026

As at the date of this announcement, the Board comprises: (i) Mr. XIANG Wenbo and Mr. YU Hongfu as executive Directors; (ii) Mr. LIANG Wengen, Mr. LIANG Zaizhong and Mr. LIU Daojun as non-executive Directors and (iii) Mr. WU Zhongxin, Ms. XI Qing and Mr. LAM Yuk Kun Lawrence as independent non-executive Directors.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

This announcement contains certain forward-looking statements. These forward-looking statements are based on information currently available to the Group or the current belief, expectations and assumptions of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and shareholders and investors of the Company should not place undue reliance on such statements.