



2025

ENVIRONMENTAL SOCIAL AND GOVERNANCE(ESG) REPORT



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About This Report

Introduction

This is the third Environmental, Social, and Governance (ESG) Report issued by Guangxi LiuGong Machinery Co., Ltd. (“the Company”), following 16 previous Social Responsibility Reports. In the principles of objectivity, standardization, transparency, and comprehensiveness, this report provides a detailed disclosure of the Company’s concepts, practices and performance in environmental, social, and governance for the year 2025.

Reporting Scope

Reporting Period: This report covers the period from January 1, 2025 to December 31, 2025. To improve the comparability and completeness of this report, some statements and data are retrospective and extended where appropriate.

Scope of Organization: Unless otherwise specified, this report primarily focuses on Guangxi LiuGong Machinery Co., Ltd., including its headquarters and subsidiaries. The scope of data disclosure aligns with that of the Company’s consolidated financial statements. Any content beyond this scope will be explained within this report.

Release Cycle

This Environmental, Social and Governance (ESG) Report is released on an annual basis.



Preparation Basis

- Shenzhen Stock Exchange "Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Main Board Listed Companies"
- Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainability Report (for Trial Implementation)
- Research on Compilation of ESG Reports by Central SOE-Controlled Listed Companies issued by the State-owned Assets Supervision and Administration Commission of the State Council
- Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards")
- China Enterprise Reform and Development Society Guide to Corporate Sustainability Reporting in China(CASS-ESG 6.0)
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
- Sustainable Development Goals (SDGs) of the United Nations
- Sustainability Accounting Standards Board (SASB) Standards

Definition

For the ease of expression and readability, the following terms are used in this report:

Term	Interpretation
LiuGong, the Company, LiuGong Machinery or we	Guangxi LiuGong Machinery Co., Ltd.
LiuGong Group	Guangxi LiuGong Group Co., Ltd.
LiuGong Changzhou Machinery, LiuGong Changzhou, or LiuGong Excavator	LiuGong Changzhou Machinery Co., Ltd.
LiuGong Loader Plant	Guangxi LiuGong Machinery Co., Ltd. (Loader Manufacturing Plant)
LiuGong Driveline	LiuGong Liuzhou Driveline Co., Ltd.
OVM	Liuzhou OVM Machinery Co., Ltd.
Zhongyuan Hydraulic, or Zhongyuan Machinery	Hydraulic Components Branch of Guangxi Zhongyuan Machinery Co., Ltd.
Zhongheng Leasing	Zhongheng International Leasing Co., Ltd.
Jiangsu LiuGong	Jiangsu LiuGong Machinery Co., Ltd.
Anhui LiuGong	Anhui LiuGong Crane Co., Ltd.

Data Sources and Explanations

The financial data in this report are sourced from the 2025 Annual Report of Guangxi LiuGong Machinery Co., Ltd., and other information and data come from statistical summaries of data from relevant departments or public documents. This report doesn't contain any false records, misleading statements, or material omissions. Unless otherwise specified, all amounts in this report are expressed in RMB.

Access and Feedback

This report is released in both Chinese and English versions. For any discrepancy between the Chinese and English versions, the Chinese version shall prevail. You may access and download the electronic version of this report on the websites of Shenzhen Stock Exchange (<http://www.szse.cn/>), cninfo (<http://www.cninfo.com.cn/>) and the official website of Guangxi LiuGong Machinery Co., Ltd. (<https://www.liugong.com/>), and the Company's WetChat Official Account.

For any report-related comments or suggestions, please feel free to contact us:

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Zheng Jin
Party Secretary and
Chairman of LiuGong
Group and LiuGong
Machinery

Message from the Chairman

2025 is the final year for the “14th Five-Year Plan” of LiuGong. In the face of a complex environment shaped by global industrial chain restructuring and rapid industry transformation, we anchor our vision to “be the world leading equipment and technology solutions provider”, and adhere to our strategy of “Total Solution, Total Intelligence, and Globalization”. Through the deep integration of ESG principles across all aspects of our operations, we have achieved closed-loop improvement and high-quality development in areas such as corporate governance, green transformation, technological innovations, and value sharing.

Upholding Strategy Guidance and Strengthening Governance Foundation:

LiuGong always upholds Party leadership throughout corporate governance, fosters the deep integration of Party building with production and operation practices, and achieves high-quality development through exceptional Party building efforts. We continuously refine our modern corporate systems with Chinese characteristics, optimize our corporate governance structure, and strengthen the construction and standardized operation of the Board of Directors. We also deepen investor relations management and information disclosure, and effectively safeguard the legitimate rights and interests of investors. Our high-standard corporate governance provides a solid foundation for our risk mitigation, opportunity capture, and long-term value creation.

Honoring Environmental Commitments and Creating Shared Value:

LiuGong strives to achieve the national goals of “carbon peaking and carbon neutrality”, and adopts green development as a core strategy of the Company. Rooted in our core equipment manufacturing businesses, we prioritize high-end, intelligent, and green transformation, strengthen breakthroughs in critical technologies, and drive the commercialization of innovation achievements, and make sustainability the distinctive foundation for the high-quality development of LiuGong. We also actively fulfill our social responsibilities, support the growth and development of our employees, advance public welfare initiatives, and create a value ecosystem that enables shared success with employees, customers, partners, and communities. These efforts demonstrate the responsibility and commitment that define LiuGong as a leading national equipment manufacturer.

Looking ahead,

LiuGong still have a long way to go. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will continue to anchor the vision to “be the world leading equipment and technology solutions provider”. We will advance green transformation with great determination, deepen innovation-driven development with concrete measures, and ensure stable and sustainable development with enhanced governance. Together with our customers, partners, and stakeholders worldwide, we will jointly open a new chapter of win-win cooperations that deliver positive impacts on the economy, the environment and society and contribute to global sustainable development.

Message from the President

In 2025, adhering to the strategy of “Total Solution, Total Intelligence, and Globalization”, LiuGong fully integrated ESG principles into all business processes such as production, operation, R&D, manufacturing, marketing and customer service. We steadily advanced the implementation of ESG initiatives, improved our systems through practice, achieved results through dedicated efforts, and fulfilled our solemn commitment to sustainable development with concrete actions.

Advancing Green Mission and Shaping Sustainable Foundation.

We extend green principles throughout the entire product lifecycle, formulate and rigorously implement green development plans, and establish an energy and environmental management system covering the entire value chain, to continuously advance clean production, energy conservation, consumption reduction, and resource recycling. During the Reporting Period, LiuGong was recognized as a “Green Supply Chain Management Enterprise” by the Ministry of Industry and Information Technology of the People’s Republic of China, and some of our subsidiaries were included in the lists of provincial and municipal green manufacturers.

Empowering Employee Development and Fulfilling Social Responsibility.

Guided by a people-centered development philosophy, we safeguard employees’ legitimate rights and interests, and continuously refine talent development systems and incentive mechanisms. Through platforms such as “LiuGong University”, we support employees in their growth and development to unlock innovation and creativity across LiuGong. As a state-owned enterprise, we actively engage in initiatives such as rural revitalization, education support, and community development, to fulfill our social responsibilities and our commitment to social well-being.

Strengthening Innovation-Driven Development and Forging National Industrial Strength.

Centered on our R&D strategy of “technology leadership, quality leadership, TCO leadership, and application leadership”, we continuously increase R&D investment, tackle core technological challenges, and achieve a series of breakthroughs in new energy construction machinery, large and high-end equipment, intelligent construction solutions, etc. We vigorously promote the upgrading of intelligent manufacturing, build smart factories, and empower quality enhancement and efficiency transformation through digitalization. We also establish a global service system to effectively safeguard customers’ rights and interests through rapid response and closed-loop management and forge LiuGong’s high reputation and global competitiveness.

Embarking on a New Journey, and Creating a Better Future.

In 2026, we will deepen our ESG management systems, address development gaps, and strengthen our competitive advantages. We will also accelerate the market adoption of green technologies and products, advance intelligent manufacturing and digital transformation, and continuously enhance employee care and community engagement programs. These efforts will help us gain strong momentum to achieve high-quality development and promote sustainable growth across the industry.

Luo Guobing
Deputy Party Secretary,
Vice Chairman,
and President of
LiuGong Machinery



About LiuGong

Introduction

Guangxi LiuGong Machinery Co., Ltd. was established in 1958 and is headquartered in Liuzhou, Guangxi. Listed on the Shenzhen Stock Exchange in 1993, LiuGong is the first listed company (Stock Code: 000528) in China's construction machinery industry and in Guangxi Zhuang Autonomous Region, and has significant influence in the construction machinery sector.

LiuGong mainly focuses on the research and development, manufacturing, sales, and service of construction machinery, building machinery, agricultural machinery, engineering vehicles, and related components. The Company is the industry leader in product diversification, categories and total solutions. LiuGong firmly believes that "all outstanding equipment exists solely to meet customer needs". Therefore, our products adopt a human-centered and user-friendly design to support the smooth execution of customers' engineering projects while consistently delivering superior performance. The Company ranks 18th¹ among global construction machinery manufacturers, and leads similar providers in China for the sales and market share of its earthmoving machinery.

As of 2025, with 25 manufacturing facilities, over 15,000 employees, 12 R&D bases, as well as a sales network covering over 180 countries and regions, LiuGong has become a globally leading provider of equipment and technology solutions at the forefront of technology, production and supply logistics.

¹Yellow Table 2025, International Construction Magazine of KHLGroup



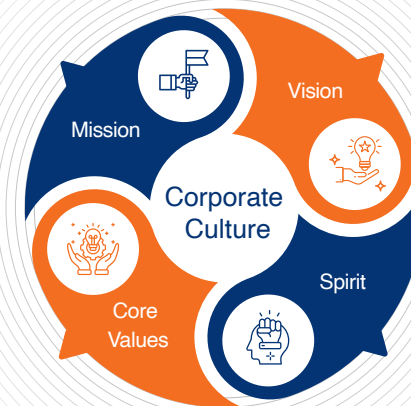
Mission

Empower People with Intelligent
Green Machinery



Vision

To be the World Leading
Equipment and Technology
Solutions Provider



Core Values

Putting Customer First, and
Driving the Future by Innovation
Striving Forward, and Creating
Value through Cooperation



Spirit

Self-Reliance; Pragmatism;
Openness and Inclusivity;
Long-Term Strategic Vision;
Unwavering Commitment to
Mission

Milestones in 2025

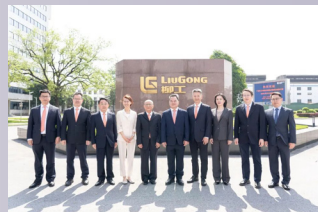
Overseas performance continues to make breakthroughs. The total number of on-site participants and intended orders at the 11·26 Global Customer Festival reached a record high.



Zheng Jin, Party Secretary and Chairman of LiuGong Group and LiuGong Machinery, attended and delivered a speech at the Symposium on the Economic Situation with Experts and Entrepreneurs chaired by Premier Li Qiang of the State Council.



LiuGong Machinery completed the re-election of the 10th Board of Directors and senior management team.



LiuGong achieved new progress in large-scale, electrified, and intelligent products and relevant technologies, and accelerated the commercialization of scientific and technological achievements.



According to the recognition results of "National Master Craftsmen in 2025" announced by the All-China Federation of Trade Unions, Pang Qiwen, Chief Technician and Manufacturing Director of LiuGong Driveline, became the first LiuGong employee honored as a "National Master Craftsman", which marked a historic breakthrough of LiuGong in the cultivation of national-level skilled talent.



New Energy & Intelligent Global Innovation Center officially opened and serves as the headquarters of LiuGong Machinery.



Honors




The 7th
Guangxi Zhuang Autonomous
Region Chairman Quality Award
People' s Government of
Guangxi Zhuang Autonomous Region






Top 50 Global Construction
Machinery Manufacturers
Organizing Committee of Global Top 50 Construction
Machinery Summit, *China Construction
Machinery Magazine*





2025
Top 500 Chinese Enterprises in
Creditworthiness
China Enterprise Reform and Development Society,
China Association of Cooperative
Trade Enterprises


Third Prize of Guangxi Scienceand
Technology Progress Award
State-owned Assets Supervision and Administration
Commission of Guangxi Zhuang Autonomous
Region, People' s Government of
Guangxi Zhuang Autonomous Region



Special Prize of Guangxi Patent
Award – Hydraulic Control Method and
System for Excavators
Market Supervision Administration (Intellectual Property Office)
of Guangxi Zhuang Autonomous Region





Second Prize of Machinery
Industry Science and Technology
Progress Award
China Machinery Industry Federation,
Chinese Mechanical Engineering Society

Vice-Chairman Unit of the Industrial Chain and
Supply Chain Working Committee of China
Construction Machinery Association (2024–2029)
China Construction Machinery Association; Industrial
Chain and Supply Chain Working Committee

Vice-Chairman Unit of the Third Council of
Guangxi Machinery Industry Federation
Guangxi Machinery Industry Federation




Top 10 Aerial Work Platform
Manufacturers in China
Organizing Committee of the T50 Summit of World
Construction Machinery Industry



ESG Performance Highlights in 2025



Economic Performance

Operating Revenue

331.44 RMB 100 million

Net Profit Attributable to Shareholders of the Listed Company

16.09 RMB 100 million

Total Assets

494.53 RMB 100 million



Environmental Performance

Total Green Electricity Trading Volume

53,747,000 kWh

Environmental Investment

2,877 RMB 10,000

Photovoltaic Power Capacity

48,422,497 kWh

Number of Environmental Training Sessions

131 Times

Comprehensive Energy Consumption per 10,000 Yuan of Output Value

0.0114 tce/10,000 yuan

Pollutant Emission Compliance Rate

100%

Comprehensive Water Consumption per 10,000 yuan of Output Value

0.49 Cubic meters/10,000 Yuan

Compliant Disposal Rate of Solid Waste

100%

Carbon Dioxide Emissions per Unit of Output

0.0232 tCO₂e /10,000 yuan



Governance Performance

Percentage of Female Directors

18.18%

Percentage of Independent Directors

33.33%

Proportion of Cash Dividends to Net Profit Attributable to Shareholders in the Consolidated Financial Statements

40.02%



Social Performance

Investment in R&D **14.23** RMB 100 million

Total Investment in Safety Training **79.03** RMB 10,000

Total Number of Granted Valid Patents **3,604** Items

Total Investment in Rural Revitalization **1,019.55** RMB 10,000

First Pass Yield **100%**

Total Investment in Social Welfare **1,263.1** RMB 10,000

ESG Management

ESG Strategy

LiuGong has always positioned sustainable development as a core strategic priority. In 2025, the Company broke new ground by adopting a top-level design. We organized the formulation of the 2030 ESG Strategic Plan of LiuGong in alignment with industry trends and global standards. The plan clearly defines the development vision, core objectives, and implementation pathways, and provides fundamental guidance for all our ESG initiatives. It is not only a forward-looking arrangement against the market transformation and the policy orientation of the 15th Five-Year Plan, but also a master framework for integrating resources and driving innovations, demonstrating the Company's firm commitment to sustainable development.

Upholding the ESG vision of "Safeguarding Our Green Home and Building a Better Future for Humanity" and the ESG mission of "Empowering People with Intelligent Green Machinery", the Company has established the "CREST" strategy model around five strategic priorities.



Based on current management realities, prior research findings, best practices, and practical experience, and in alignment with ESG indicator requirements for state-owned listed companies, LiuGong has defined detailed development goals, time limits, key actions, and milestone events for each ESG-related strategic priority and material topic, which helps us to effectively track the implementation progress of our strategies. Ultimately, we identified 47 development goals, 142 key actions, and 181 milestone events for the implementation of our ESG strategy.



ESG Management

ESG Governance System

LiuGong strives to establish a comprehensive ESG governance system. In 2024, the Company formulated the *ESG Management System*, and established an ESG governance framework comprising the Board of Directors, the Strategy and ESG Committee, the ESG Leading Group, and the ESG Working Group, to ensure the seamless integration of top-level decision-making and strategy research with actual execution. In 2025, based on the existing governance framework, the Company further improved the ESG working mechanisms. The Board of Directors (the "Board") and senior management actively advanced the management of ESG topics, and standardized workflows for topics including: anti-corruption, anti-monopoly and fair competition, climate change, environmental management, energy utilization, R&D innovation, product quality, and occupational health and safety. These efforts ensure alignment with the Company's ESG strategic development requirements.



ESG Risk Management

LiuGong has integrated ESG risk management into the overall risk management process, and established the *ESG Risk Monitoring System* to assess, monitor, and address relevant risks. During the Reporting Period, in accordance with IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB), as well as applicable guidelines in China, the Company advanced ESG disclosure and management practices around the four core pillars of governance, strategy, risk management, and metrics and targets. We conducted due diligence to comprehensively identify and assess ESG risks across all business processes, including climate change, pollutant emissions, occupational health and safety, supply chain management, and product quality. The Board of Directors bears the ultimate oversight responsibility for ESG matters, particularly ESG risk management, to ensure the safe, stable, and sustainable development of the Company.

Establishment of ESG Systems

From the strategic importance of sustainable development, LiuGong systematically organizes and integrates ESG-related processes, responsibilities, and control requirements, and has established a “1+N” ESG management framework. Centered on the *ESG Management Manual* and supported by specialized documents such as the *ESG Information Management System* and the *ESG Risk Monitoring System*, this framework clarifies implementation standards, responsibility boundaries, and operational mechanisms for each dimension, thus laying a solid institutional foundation for the deep integration of ESG principles into corporate operations and management.

ESG Assessment Mechanism

The Company integrates ESG performance evaluation and oversight mechanisms into existing performance management systems, in alignment with corporate strategy and industry characteristics. Key ESG indicators are incorporated into the KPI contracts signed with executives, and comprehensively cover critical areas such as work safety, environmental protection, and compliant operations. The Company assesses the completion of ESG indicators in the annual assessment, and the assessment results are applied to determining the performance-based compensation of the Management. Simultaneously, differentiated metrics and assessment cycles based on job responsibilities are established for all employees, to effectively drive the integration and implementation of ESG principles across departments and business units.

ESG Management Manual

Clarifies ESG topic management processes and relevant internal/external governance mechanisms, and promotes the sustainable development and compliant information disclosure of the Company.



ESG Information Management System

Standardizes processes for collecting, analyzing, and compiling ESG information, and ensures the Company can have a comprehensive, accurate, and timely access to relevant information during daily operations.



ESG Risk Monitoring System

Establishes a risk monitoring mechanism, and safeguards the robust implementation of the Company's ESG strategy.



Stakeholder Communication System

Standardizes stakeholder identification and communication processes, and enables continuous monitoring and improvement through systematic mechanisms to enhance sustainability performance.



Topic Materiality Assessment System

Clarifies the materiality assessment process of ESG topics, accurately identifies material topics that affect the sustainable competitiveness of the Company and the core concerns of internal and external stakeholders.



▶ ESG Capability Enhancement

To strengthen the foundation of ESG management and enhance the professional capabilities of all employees, the Company actively establishes a systematic training framework during the Reporting Period. Sustainability-related training courses are launched at the Capital Markets Institute of LiuGong University, and third-party experts are invited to provide specialized ESG strategy training for the Management and employees across departments. The Company introduces best practices from industry benchmarks, clarifies optimization pathways for ESG management in all business processes, and comprehensively improves ESG management professionalism. In addition, global ESG policies are interpreted to help employees accurately understand the latest domestic and international regulatory requirements and industry development trends, thereby solidifying the foundation for compliant operations and strategic planning. In 2025, the Company offered a total of 10 ESG training sessions, including 4 specialized trainings and 6 thematic trainings, with the number of participants exceeding 300 person-times.



Training Session for the ESG Execution Group



ESG-Themed Training Session for the Board of Directors

▶ Recognition and Awards in ESG

Through outstanding ESG practices, LiuGong continues to deepen the integration of intelligent manufacturing and green development, setting a benchmark for sustainable development in China's equipment manufacturing industry. During the Reporting Period, the Company leveraged the ESG framework to empower high-quality development, and achieved a significant upgrade in ESG ratings: the WIND ESG rating rose from BB in 2024 to A, and the Sino-Securities ESG rating advanced to AA. The Company's case of "Empowering Green Transformation with Intelligence to Build a New Manufacturing Paradigm" was selected as an outstanding case by the Ministry of Ecology and Environment, and recognized as a "Best Practice Case in Sustainable Development" by the China Association for Public Companies, further demonstrating LiuGong's remarkable achievements in ESG governance.



Communication with Stakeholders

Attaching great importance to the expectations and demands of stakeholders, LiuGong has formulated the *Stakeholder Communication System* to systematically regulate and manage the communication with interested or affected parties. These efforts help the Company understand stakeholders' reasonable expectations and needs and actively address their key ESG concerns.

Stakeholders	Demands and Expectations	Communication Channels and Methods	LiuGong's Actions
Governments	Legal Compliance Management	Daily Work Reporting and Communication	Serve major national strategies
	Proactive Tax Payment	Meetings and Exchange Activities	Contribute to rural revitalization
	Support for Local Development	Special Summary Reports	
Shareholders and Investors	Information Disclosure	Investor Hotline	Standardize company governance
	Reduction of Operational Risks	Performance Briefings	Strengthen information disclosure
	Economic Value Creation	Product Exhibitions	Manage investor relations
		Roadshows and Counter Roadshows	Maintain profitability growth
Employees	Protection of Basic Rights and Interests of Employees	Regular Employee Congress	Provide a healthy and safe working environment
	Protection of Employee's Occupational Health	Establishment of Diverse Communication Channels	Safeguard the human rights of employees
	Broad Career Development Opportunities	Regular Training	Establish a comprehensive compensation and benefit system
	Balance between Work and Life	Employee Activities	Conduct diversified training
			Smooth career advancement paths
			Organize employee care activities

Stakeholders	Demands and Expectations	Communication Channels and Methods	LiuGong's Actions
Customers	Cost-effective Products	Client Visits and Communications	Control product quality and safety
	Supplying High-Quality Service	Meetings	Protect customers' rights and interests
	Protection of Customers' Privacy	WeChat Interaction	Launch global customer festivals
		Hotline Service	
Partners	Transparent and Honest Cooperation	Enhancement of Project Cooperation	Build responsible supply chains
	Mutual Support	Advancement of Daily Communication	Support the development of small and medium-sized enterprises up and down the supply chain
	Win-Win Development		Offer dealer training
			Convene an annual meeting of distributors
Environment	Reduction of Environmental Impact from Operations	Adherence to Environmental Information Disclosure	Help to save energy and reduce emissions
	Enhancement of Green Development Capacity	Participation in Environmental Protection Forums and Exchanges	Manage environmental compliance
		Environmental Advocacy	Improve resource utilization efficiency
			Develop green industries
Communities	Community Support	Public Welfare Activities	Participate in public welfare and charitable activities
	Support for Community Development	Community Engagement	Organize volunteer activities
		Information Disclosure	

Management of Material Topics

Assessment Process and Methods

With reference to the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17—Sustainable Development Reports (for Trial Implementation)* (hereinafter referred to as the “*the Guidelines*”), and based on the characteristics of the industry and the business realities of the Company, we conducted a comprehensive assessment of the Company’s performance in relevant topics to see whether they have a material impact (i.e., impact materiality) on the economic, social, and environmental aspects. We also assess whether each topic will have a material effect (i.e., financial materiality) on the business model, operations, development strategy, financial situation, cash flow, financing methods and costs, value chain of the Company. Through such materiality assessment, and with reference to the relevant requirements of the international mainstream sustainability reporting standards, the Company conducted the materiality assessment of the topics in the topic library, the specific implementation steps are as follows:

Step 1: Learn about company background

Analyze the background of the Company based on global macro trends, China’s industry development trends, the industry in which the Company operates, and the Company’s business model, and identify the Company’s stakeholders and the impacts, risks, and opportunities the Company faces.

Step 2: Conduct preliminary topic screening

Use the 21 topics outlined in the Guidelines as the foundation for the topic list, refer to international mainstream sustainability reporting standards such as GRI, and consider related topics from domestic and international peers, align with the Sustainable Development Goals (SDGs) of the United Nations, establish 2025 ESG topic library consisting of a total of 27 topics. During the Reporting Period, the Company updated and optimized material ESG topics, integrated risk management and tax compliance into compliance management, included the “Protection of Shareholders’ Rights and Interests” into corporate governance, and added “Due Diligence” as a new material topic.

Step 3: Assess topic materiality

① Impact Materiality Assessment

We identified the potential or actual positive and negative impacts of each topic on the external environment, society, and the economy. Through questionnaire-based surveys on stakeholders, combined with expert judgment, we identified topics with impact materiality.

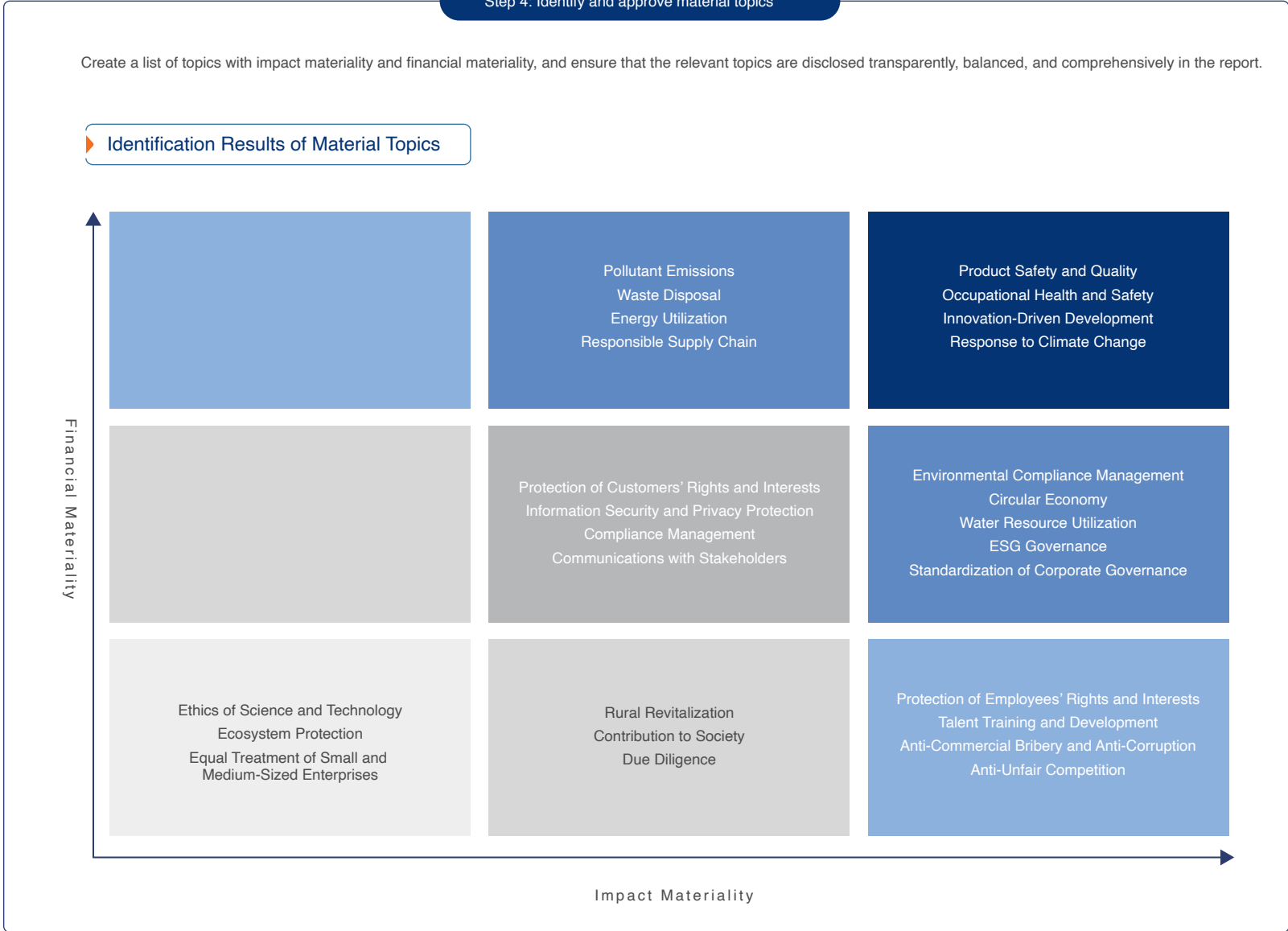
② Financial Materiality Assessment

Recognize and assess risks and opportunities under each relevant topic, and identify topics with financial materiality, through the analysis of impacts, dependencies, and other factors, in combination with expert judgment and risk identification and evaluation lists from departments.

Step 4: Identify and approve material topics

Create a list of topics with impact materiality and financial materiality, and ensure that the relevant topics are disclosed transparently, balanced, and comprehensively in the report.

Identification Results of Material Topics



Resilient Foundation: Empowering Steady Development through Governance Excellence

03

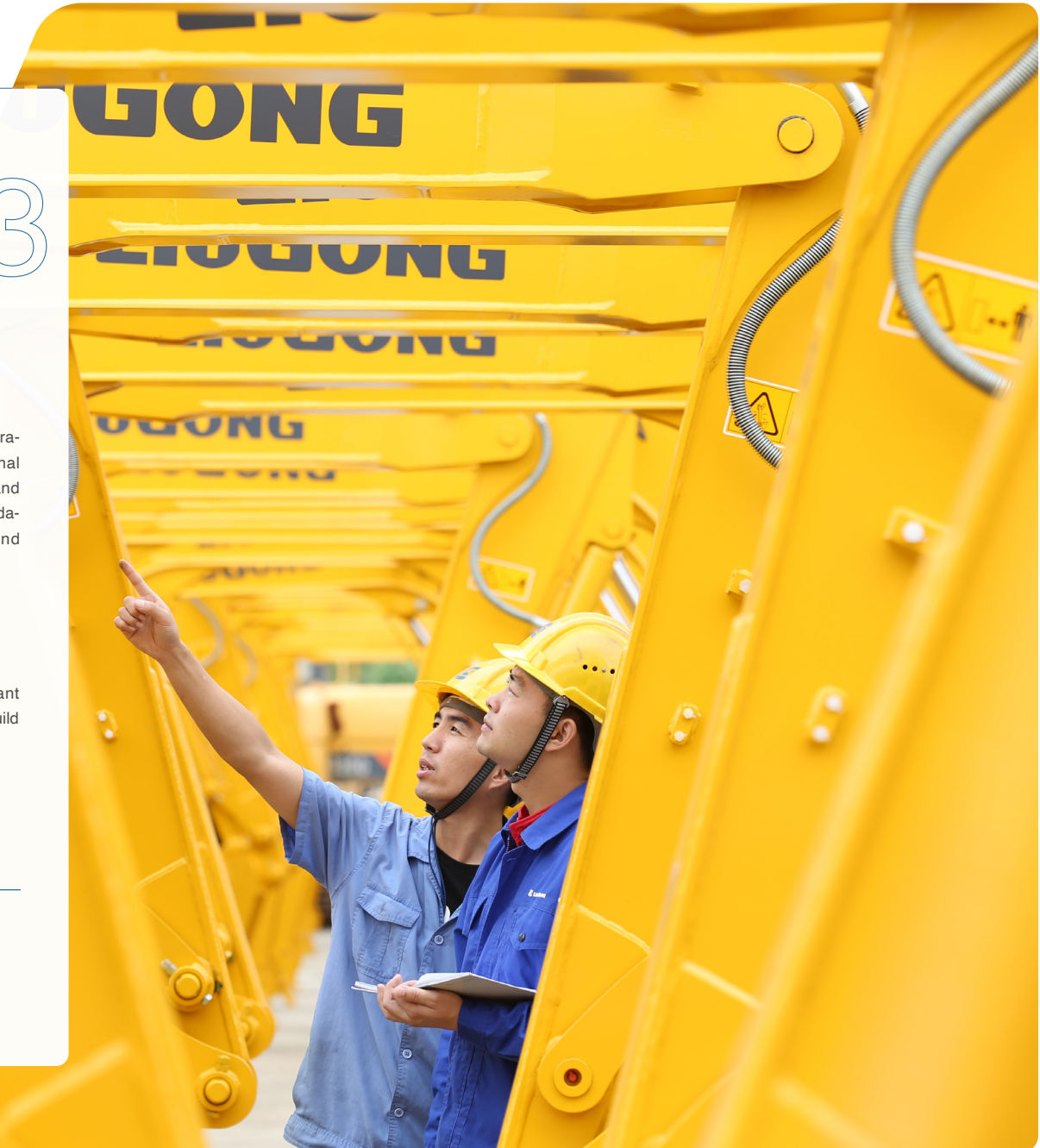
Our Philosophy

LiuGong continuously improve governance structure and operation mechanisms, strengthens risk management and internal control, effectively protect investors' rights and interests, and foster a culture of integrity. These efforts provide a solid foundation for our sustainable and high-quality development and long-term value creation.

Our Actions

We standardize corporate governance, adhere to compliant operations, strengthen investor relations management, and build an integrity framework.

SDGs Responded _____



Responsibility Focus

Implementing Risk Control through Three Lines of Defense, Forging Robust Compliance Barriers for LiuGong

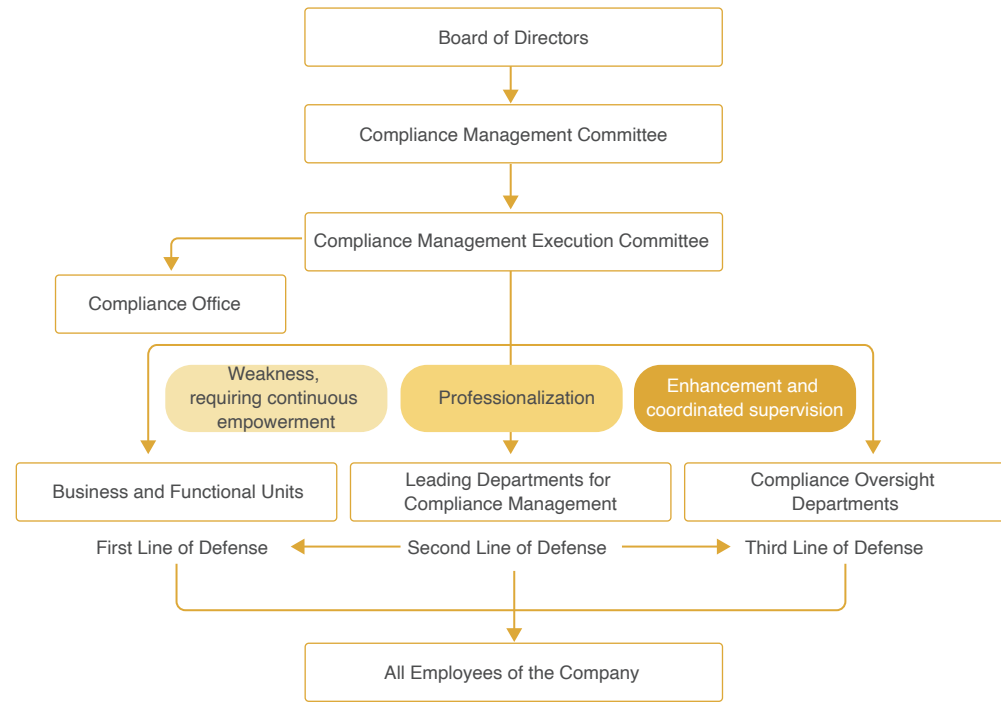
With comprehensive compliance as the cornerstone, LiuGong continues to establish a modern risk governance system that supports global development. In 2025, we further deepened our compliance governance structure centered on the “three lines of defense”, and regularly conducted activities such as compliance risk identification and assessment, compliance reviews, compliance inspections, closed-loop rectification of compliance risks, and compliance culture development. These efforts helped us foster an industry-leading compliance ecosystem and lay a solid foundation for the steady and long-term development of the Company in a complex environment.

Strengthening the Foundation of Compliance Governance

In building the compliance governance system, LiuGong has gone through the following three stages: forming compliance organizations, standardizing compliance operations, and establishing compliance standardization systems. The Company has initially formed a modern and international compliance governance system that serves as an industry benchmark. A “three lines of defense” framework under the unified leadership of the Compliance Management Committee of the Board of Directors has been established to clarify responsibilities at all levels and form a compliance governance pattern that features clear accountability and coordinated collaboration.

At the institutional level, the Company has formulated a series of documents, including the *Standardized Management Manual of Compliance System*, the *Compliance Manual*, and the *Compliance Management System*, to establish a multi-layered framework that encompasses operational management protocols for the compliance system and guidelines for key compliance areas, thereby ensuring effective implementation and continuous optimization of compliance management.

The Company has established a sound internal audit system and implemented internal audit management policies. The Audit Committee under the Board of Directors undertakes the oversight and evaluation of internal control, as well as the communication, supervision, and verification of both internal and external audits. The Company conducts internal audits in accordance with the annual audit plan to ensure compliant operations and effective internal controls. In 2025, the Company carried out a total of 29 audit projects.



Compliance Governance Structure of LiuGong

▶ Deepening Comprehensive Risk Management

LiuGong integrates risk management deeply into corporate strategy and daily operations, and continuously promotes the systematic improvement and effectiveness of risk management systems. The Company has formulated policies such as the *Risk Identification and Control Procedure* and the *Risk Evaluation and Graded Control Procedure* to standardize risk identification and assessment activities. The Compliance Committee takes overall responsibility for risk management. The affiliated Compliance Management Execution Committee is responsible for organizing and promoting the assessment of compliance risks, the evaluation of compliance management, and relevant continuous improvements. The Compliance Management Office regularly organizes annual risk assessments for all business units, along with functional departments in the headquarters. Additionally, the Company has established a legal and compliance organization responsible for vertical management and unified leadership, to ensure the effective control of legal and compliance risks.

To strengthen tax risk management, the Company has formulated the *Tax Management Policy* and related operational guidelines. Through annual tax health checks for subsidiaries, internal learning, and external training, the Company systematically evaluates and promotes issue rectification to ensure stable operations in a complex tax environment. To prevent improper related-party transactions and safeguard the legitimate rights and interests of the Company and all shareholders, the Company has established and improved internal control systems for related-party transactions. All related-party transactions must adhere to the principles of integrity, fairness, openness, and impartiality.

In 2025, the Company conducted a comprehensive compliance risk assessment across all units/business divisions, covering 20 key areas and 336 compliance risk monitoring indicators, including corporate governance, bidding management, HSE, product compliance, and personal information protection for employees. This helped us gain a detailed compliance risk map to accurately identify compliance risks and continuously promote closed-loop rectification. The Company continuously tracked the results of the 2024 compliance risk assessment and completed the rectification of all 29 high-risk issues. The rectification rate for high-risk issues reached 100%, ensuring the Company's steady and sustainable development.

▶ Fostering a Culture of Compliance among All Employees

The Company has incorporated compliance culture development, training, and education into the *Standardized Management Manual of Compliance System*, and regularly offers systematic, tiered, and categorized legal and compliance training sessions for employees. Through case analysis, policy interpretation, and scenario-based teaching, the Company continuously strengthens employees' compliance awareness and risk identification capabilities, solidifying the ideological and behavioral foundation for stable corporate operations. During the Reporting Period, the Company offered 32 legal training sessions for 1,100 participants, with a total training duration of 48 hours.



Thematic Training on Construction Engineering Contracts at OVM



Legal and Compliance Training at Anhui LiuGong



Compliance Training at LiuGong's Changzhou Base

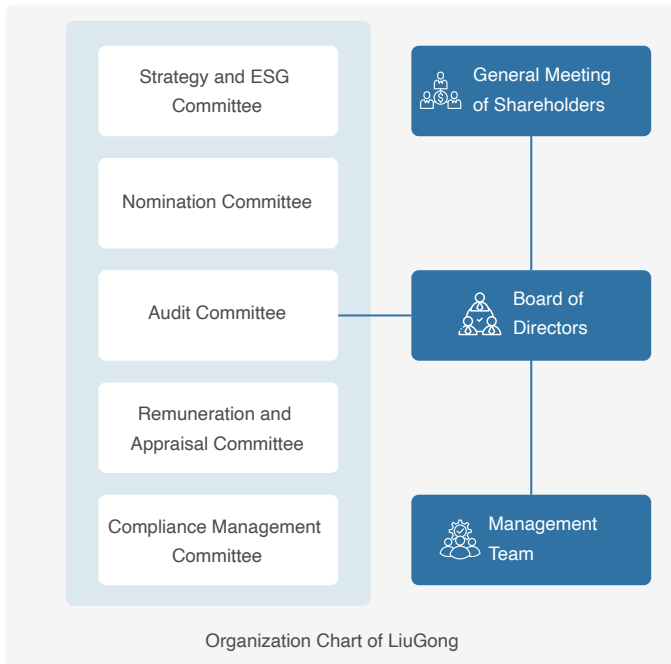


Compliance Training at Jiangsu LiuGong

Standardization of Corporate Governance

Governance Framework

The General Meeting of Shareholders is the supreme authority of the Company. The Board of Directors is accountable to the General Meeting of Shareholders and has five special committees under it: the Strategy and ESG Committee, the Nomination Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Compliance Management Committee. Each committee performs its functions and powers in accordance with the *Articles of Association* and the respective working rules of the committees. The Company has completed the cancellation of the board of supervisors, and the corresponding supervisory functions and powers are exercised by the Audit Committee in accordance with the law.



Operation Mechanisms

General Meeting of Shareholders

LiuGong strictly regulates the convening, holding, and voting procedures of General Meeting of Shareholders in accordance with the *Rules of Procedure for the General Meeting of Shareholders* and other regulations, ensuring that resolutions are made by shareholders in a fair and transparent manner. During the Reporting Period, the Company held 4 shareholders' meetings, including 1 annual general meeting of shareholders and 3 extraordinary meetings of shareholders, at which 22 proposals were reviewed and approved.

Board of Directors

During the Reporting Period, the Board of Directors comprised 12 members, convened 10 meetings (including 4 extraordinary sessions), approved 65 resolutions (with a resolution follow-up rate of 91%), and reviewed 27 reports. The specialized committees under the Board of Directors convened 24 meetings and reviewed 38 proposals. Two meetings of the independent directors were held, at which 4 proposals were reviewed.

During the Reporting Period, the Company continued to enhance the internal governance system, revised and disclosed a total of 27 regulations, with governance effectiveness steadily enhanced. Through standardized and efficient governance practices, the Company received honors from the China Association for Public Companies, as follows.



◆ Diversity

The composition of the Board of Directors is determined by future operational development needs and diversified selection criteria, taking into account industry experience, educational background, professional skills, international experience, gender, and other factors. The Board consists of 6 internal directors (including 1 employee director), 2 external directors, and 4 independent directors. Among these, there are 2 female directors, accounting for 18.18% of the total. Board members possess diverse professional backgrounds and work experience spanning critical domains such as legal compliance, investment, finance, audit, internal control, corporate governance, internationalization, and construction machinery. This diversity provides a crucial foundation for the Board of Directors to make scientific and efficient decisions.

◆ Independence

The Company has established the *System of Work of Independent Directors* and the *Special Meeting System of Independent Directors*, providing a more standardized operating platform for independent directors. This promotes the performance efficiency of independent directors and enhances the standardized operational level of the Company. To maintain independence, independent directors conduct annual self-assessments of their independence and submit the results to the Board of Directors. The Board of Directors evaluates the independence of incumbent independent directors and issues a special opinion every year, which is disclosed at the same time as the annual report. During the Reporting Period, independent directors engaged in specialized communications with the Company's functional departments to gain an in-depth understanding of the Company's operation and management realities and provide targeted professional advice. The Company also organized independent directors for 4 on-site visits to conduct to key subsidiaries/business lines, enabling them to understand subsidiary operations and development plans. This deepened their comprehension of the Company's overall business, prepared them thoroughly for subsequent deliberations on important proposals, and strengthened the scientific and rational nature of major decisions and continuous improvement of standardized governance. A total of 12 subsidiary-related proposals were approved at the meetings of the Board of Directors.

Key Performance

During the Reporting Period, independent directors constituted **33.33%** of the Board, **80%** of the Remuneration and Appraisal Committee, **60%** of the Audit Committee, and **60%** of the Nomination Committee.



On-Site Visits by Independent Directors at Subsidiaries

◆ Effectiveness

The Company has formulated and implemented the *Measures for the Administration of Directors* which clearly define directors' qualifications, performance requirements, and evaluation systems, complemented by incentive measures to effectively motivate directors to fulfill their duties. Additionally, 4 specialized training sessions were offered to continuously enhance directors' professional capabilities. At the meetings of the Board of Directors, directors actively provided professional opinions, and formed 81 resolutions, of which 20 were incorporated into a special oversight mechanism for continuous follow-up and implementation. This strengthened the oversight over subsidiaries' operations and strategic execution, ensured the quality of financial information, and effectively enhanced corporate governance and risk management effectiveness.

Case Study: Leveraging the Governance Effectiveness of the Board of Directors and Providing Professional Empowerment for Core Management Improvement

At LiuGong, the Board of Directors offered specialized financial training sessions based on its governance capabilities and the professional expertise of independent directors, to empower the operation and development of the Company. On December 24, the Company specially invited independent directors to deliver a training session on “Comprehensive Competence and Decision-making Capabilities” for senior executives, heads of functional departments, and all chief financial officers. The training featured two core courses delivered by independent directors. The courses focused respectively on managerial soft skills—such as emotional intelligence and financial management thinking—and on core business fundamentals, including value creation and risk control. These courses offered both theoretical and practical value. This training effectively enhanced the capabilities of the core team, laying a solid foundation for the Company’s high-quality development and highlighting the professional value of the Board of Directors.



Training on “Comprehensive Competence and Decision-Making Capability”
Delivered by Invited Independent Directors

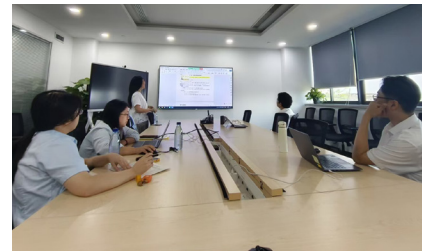
Remuneration Management

Through the formulation of the *Policy on the Allowance for Directors and Supervisors and the Remuneration for Senior Management*, LiuGong has established a standardized incentive mechanism and a remuneration system. To guide long-term value creation, the Board of Directors has explored the implementation of medium- and long-term market-oriented incentive methods such as equity incentives and employee stock ownership plans. The Company also strictly complies with regulations for listed companies and regularly discloses relevant remuneration information to ensure transparency and standardization in management.

Case Study: Practices in Systematic Enhancement of Subsidiary Governance

To consolidate the foundation of overall corporate governance and build a vertically integrated and effective governance system, LiuGong focused on improving the quality and efficiency of subsidiary governance and implemented classified and precise management and control. According to different equity structures in enterprises such as joint ventures, holding subsidiaries, wholly-owned subsidiaries, and equity-participating companies, the Company employed differentiated management processes and control standards, to promote standardized and efficient board operation at more than 20 subsidiaries. During the Reporting Period, we completed the reforms of supervisory boards for 45 subsidiaries, improved the primary oversight and duty performance system, and effectively strengthened the effectiveness of governance oversight.

LiuGong prioritizes enhancing the professional capabilities of governance personnel at subsidiaries. The Company has offered 8 specialized training sessions for directors, supervisors, and board secretaries (275 participants in total), to comprehensively strengthen the professional competence of the grassroots governance team.



Special Guidance Meeting on Board
Operation for Subsidiaries



Specialized Training on Board
Operation for Subsidiaries

System Improvement

During the Reporting Period, in accordance with the new *Company Law* and securities regulatory requirements, LiuGong revised and issued 27 governance systems, including the *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, *Rules of Procedure for the Board of Directors*, *Management System for Resignation of Directors and Senior Management*, and *Related Party Transaction Management System*. The Company has continuously improved its corporate governance system and strengthened standardized operation.

Protection of Investors' Rights and Interests

Information Disclosure

The Company has formulated and improved the *Information Disclosure Policy*, *Voluntary Information Disclosure Policy*, and *Management System for the Suspension and Exemption of Information Disclosure*. In accordance with the *Decision on Establishing a Responsibility Implementation Plan for the Annual Information Disclosure Evaluation List of the Shenzhen Stock Exchange* issued by the Board of Directors, the Company has benchmarked against the SZSE information disclosure evaluation criteria, clarified management responsibilities, established a regular communication mechanism, strengthened communication and collaboration among major business units, standardized related party transaction procedures, and integrated the concept of information disclosure compliance into all links of the entire value chain, so as to ensure the timely, accurate and complete disclosure of the Company's financial position, operating results, material events and other information. During the Reporting Period, the Company's annual information disclosure evaluation grade was Class A.

Investor Relations Management

LiuGong has formulated the *Investor Relations Management System*, clarifying that the Chairman bears primary responsibility, while the Board Secretariat coordinates the management of investor relations. The Company actively expands diversified communication channels, including regularly holding performance briefings and organizing investors to pay field visits, and also maintains timely interaction on CNINFO (irm.cninfo.com.cn) and through investor hotlines to ensure the open, transparent, and effective communication with investors. The Company's management attaches great importance to investor relations. During the Reporting Period, the Company organized more than 280 investor exchange activities both online and offline, including "Shareholders Come", "2025 BICES Thematic Exchange", "1126 Global Customer Festival", with more than 2,800 investor communications, and 158 investor inquiries were effectively answered through CNINFO (irm.cninfo.com.cn), with a response rate of 100%.



Investor Meeting on Customer Day



2025 BICES Thematic Exchange



Investors' Visit to Listed Companies



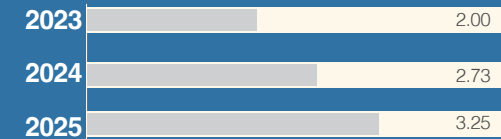
On-site Visits for Investors

Shareholder Returns

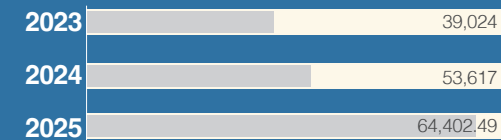
LiuGong has formulated and implemented a shareholder return plan, to share development achievements based on sustained and stable operating performance and a competitive dividend policy. Since 2001, the Company has distributed cash dividends for 25 consecutive years, fulfilling its value commitment to shareholders through a long-term, stable, and predictable return mechanism.

Cash Dividend Distributed by the Company in the Past Three Years

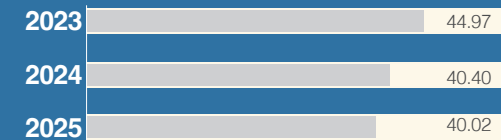
Cash Dividend per 10 Shares(RMB)



Total Cash Dividend(RMB 10,000)



Proportion to Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements(%)



Adherence to Business Ethics

▶ Anti-Bribery and Anti-Corruption

Integrity Management System

LiuGong has formulated institutional documents such as the *Guidelines for Anti-Corruption and Compliance Management* and the *Measures for the Management of Legal and Compliant Organizations* to strengthen anti-corruption compliance management and regulate the conduct of relevant personnel and suppliers. The Party Committee of the Company is primarily responsible for improving the Party's work style and promoting clean governance, with the Secretary of the Party Committee fulfilling the duties as the "first responsible person". The Company's Commission for Discipline Inspection assumes the supervisory responsibility and actively assists the Party Committee in improving the Party's work style and coordinating anti-corruption work. In 2025, the signing rate of the commitment to business ethics (including integrity) reached 95%.

Regarding the anti-corruption management of suppliers, the Company has incorporated integrity clauses into supplier contracts, established a negative indicator assessment and evaluation mechanism for suppliers' integrity and compliance, proactively supervised suppliers, regulated their business ethics conduct, advocated the establishment of sound compliance management structures, formulated and implemented anti-corruption policies, and built an integrity-based supply chain.

Anti-Corruption Risk Management

LiuGong has established a full-process anti-corruption management system and implemented the *Integrity Risk Prevention and Control Manual*. The Company conducts special risk assessments mainly against high-risk areas such as sales, bidding and tendering, contracts, and finance, and formulates targeted prevention and control measures to systematically manage integrity risks and safeguard corporate reputation and asset security.

To effectively safeguard the legitimate rights and interests of employees, customers, partners, and the public, the Company has established a whistleblowing mechanism for reporting violations. We implement a series of measures to prevent, detect, and combat all forms of illegal and non-compliant activities. We encourage all stakeholders to supervise and report violations, strictly protect whistleblowers' information, and impose serious penalties for any disclosure of such information. Retaliation in any form is strictly prohibited. For every complaint and report received, the Company promptly conducts investigations. Upon verification, strict accountability measures will be taken against the responsible departments and individuals. The handling process follows the principles of objectivity, fairness, and prudence, and decisions are made based on facts and evidence to uphold the seriousness and fairness of the system.

Whistleblowing Channels:

Whistleblowing Hotline: 0772-3887690

Whistleblowing Email: lghgb@liugong.com



Construction of a Culture of Integrity

The Company has established the “five-dimension” integrity culture brand, built a matrix of integrity culture brands, carried out collective integrity interviews, and offered specialized training sessions on integrity education and mandatory training for high-risk personnel, to prevent corruption risks. During the Reporting Period, 100% of directors participated in anti-commercial bribery and anti-corruption training, with a total training duration of 45 hours; 100% of management personnel participated, with a total training duration of 52 hours; and 4,242 employees participated, with a total training duration of 65 hours.

Case Study: Work Conference on Strengthening Party Governance, Integrity Building, and Anti-Corruption Efforts

In March 2025, LiuGong convened the 2025 Conference on Strengthening Party Governance, Integrity Building, and Anti-Corruption Efforts, and conducted collective integrity interviews for employees. The conference organized all participants to collectively watch an educational film about typical cases and invited a senior judge from the Criminal Tribunal of the People’s Court of Liunan District to conduct specialized training on the prevention of duty-related crimes.



Specialized Training on Duty-Related Crimes

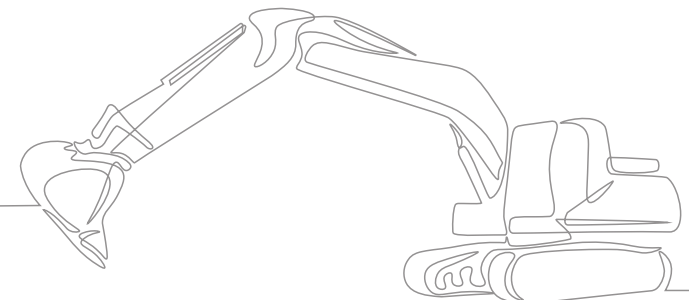
LiuGong regularly carries out the “Transparent Procurement Month” integrity-themed series activities for suppliers, and invites all suppliers to participate in integrity-themed calligraphy and painting, Party-building, and specialized training on anti-corruption, aiming to build a clean and transparent ecosystem within LiuGong’s supply chain system.

Case Study: Specialized Anti-Corruption Training for LiuGong’s Global Suppliers in 2025

In November 2025, the Global Supplier Conference of LiuGong was held in Liuzhou, gathering over 600 global supplier partners. The conference featured a specialized anti-corruption training for suppliers. The conference publicized LiuGong’s supply chain system integrity and compliance management requirements, and advocated for the joint construction of a clean, compliant, and healthy global supply chain system for LiuGong, contributing value to the achievement of the Company’s long-term strategic targets.



Specialized Anti-Corruption Training for Suppliers



▶ Anti-Monopoly and Anti-Unfair Competition

LiuGong strictly complies with laws and regulations related to anti-monopoly and anti-unfair competition and has formulated the *Guidelines for Anti-Monopoly Compliance Management* and the *Guidelines for Anti-Unfair Competition Compliance Management*. The Legal and Compliance Department of the Company is responsible for coordinating anti-monopoly and anti-unfair competition initiatives. Furthermore, the Company adheres to responsible marketing and comprehensively supervises the compliance of marketing activities to jointly maintain market order. In 2025, the Company offered two training sessions on responsible marketing for 110 (person-times) participants.

LiuGong has systematically established a risk prevention and control system for anti-unfair competition covering key business scenarios such as marketing promotion, data application, and trade secret protection. In response to core risks such as false advertising, commercial bribery, illegal data acquisition, and trade secret leakage, the Company has formulated specific measures, including compliance review of promotional content, full traceability of benefit exchanges, lawful authorization for data acquisition, and strict personnel confidentiality management. By establishing a compliance system framework, conducting special training, carrying out regular risk inspections, and participating in industry self-discipline initiatives, we have formed a long-term mechanism for continuous improvement to comprehensively safeguard a fair competition environment. During the Reporting Period, no major litigation events related to unfair competition or anti-monopoly occurred in the Company.

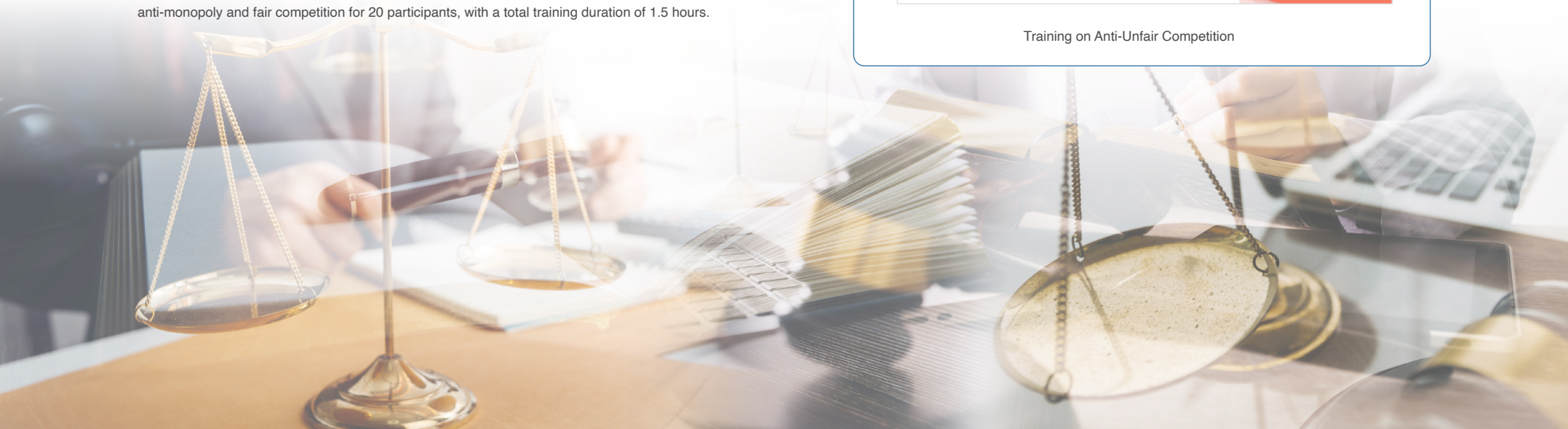
The Company attaches great importance to the cultivation of an anti-monopoly culture. The Compliance Management Department closely monitors updates to the *Anti-Monopoly Law of the People's Republic of China* and other relevant laws and regulations, and invites external law firms to improve the anti-monopoly awareness of all employees. In 2025, the Company offered one training session on anti-monopoly and fair competition for 20 participants, with a total training duration of 1.5 hours.

Case Study: Interpretation of Key Revisions to the New *Anti-Unfair Competition Law of the People's Republic of China* and Relevant Alerts of Compliance Risks

In July 2025, LiuGong offered a live-stream course on the interpretation of key revisions to the new *Anti-Unfair Competition Law* and relevant alerts of compliance risks, to enhance the understanding of the changes in the new *Anti-Unfair Competition Law* and ensure proactive and effective compliance across the organization.



Training on Anti-Unfair Competition



Ecological Stewardship: Powering Green and Intelligent Manufacturing Innovation

04

Our Philosophy

We implement the primary responsibility for ecological environmental protection, and integrate ecological and environmental protection requirements into the Company's development strategy and corporate governance process. Focusing on green environmental protection, economy, and intelligence, we continuously promote the industry's low-carbon transformation, and actively participate in ecological civilization construction, pollution control, resource conservation, and other related work.

Our Actions

We address climate change, improve the environmental management system, manage pollutants and waste, enhance resource efficiency, practice the circular economy principles, and protect ecosystems.

SDGs Responded



Responsibility Focus

Driving Transformation with Digital Intelligence, Creating Green and Smart Machinery Factories

Guided by the “carbon peaking and carbon neutrality” goals, LiuGong deeply integrates green development principles into the entire production and manufacturing process. In 2025, the Company optimized production processes by applying green technologies, empowered low-carbon operations through digital transformation in manufacturing, and improved resource efficiency through circular economy practices. By coordinating and advancing the greening of production methods, the Company achieved multiple win-win outcomes, including pollution reduction, environmental improvement, and resource conservation.

▶ Deepening the Application of Green Processes

During the Reporting Period, the Company continued to promote green manufacturing and applied green processes in key fields such as foundry, material cutting, welding, machining, assembly and painting, so as to reduce pollution, lower the labor intensity of employees and improve the working environment, realizing a "greener" production mode and establishing a green intelligent factory. In 2025, with its outstanding performance in green manufacturing, energy conservation, carbon reduction and resource recycling, the Company was successfully selected into the "Green Factory" list issued by the Ministry of Industry and Information Technology. This national-level honor is not only an authoritative recognition of LiuGong's long-term implementation of the green development strategy, but also demonstrates the Company's exemplary role in promoting the green transformation of industry.

Pollution Reduction

- Conduct research and improvements on casting sand properties to reduce the overall scrap rate of castings;
- Adopt the lost foam to reduce casting dust emissions;
- Promote the application of electrostatic spraying to improve coating utilization;
- Replace traditional paint coating with powder coating to improve coating utilization rate and reduce VOC emissions;
- In the processing of major structural components of the Company such as loaders and excavators, dry cutting has been realized to reduce the discharge of cutting fluid.

Improvement of Working Environment

- A large number of welding robots have been invested to replace manual welding, reducing the amount of manual welding and the labor intensity of workers; smoke and dust control has been carried out to eliminate direct emissions;
- Torque-controlled tools have been fully adopted to replace pneumatic wrenches, improving tightening accuracy and reducing noise, with 100% coverage of torque-controlled tools in key processes;
- Adopt robotic spray painting to replace manual spraying on new production lines of loaders, excavators and hydraulic components;
- Introduce the automated warehouse to realize automated sorting in new factories of loaders and excavators.

Reduction of Employee Workload

- Deploy sanding machines in material cutting areas to replace manual grinding;
- In the casting and pouring area, AGVs have replaced fuel-powered forklifts for molten iron handling;
- In the assembly area, AGVs/RGVs have replaced fuel-powered forklifts for material distribution;
- In the assembly area, automatic tightening machines, filling machines and other equipment have been applied to replace manual work for tightening and filling operations.

▶ Accelerating Digital Transformation in Manufacturing

With the digital project development as a breakthrough point, the Company empowers the low-carbon transformation of manufacturing processes, reduces energy consumption, minimizes resource waste, and enhances operational efficiency, through process digitization, simulation optimization, data application, and IoT platform construction.

▶ Practicing Circular Economy Principles

LiuGong actively practices the principles of the circular economy, and fully utilizes waste components and parts for remanufacturing. In 2025, the Company reused and sold 1,300 tons of used parts, reducing carbon emissions by 5,408 tCO₂e.

LiuGong continuously increases investment in remanufacturing operations, and possesses full-process capabilities of recycling, dismantling, and cleaning used parts, and of remanufacturing complete units and components for loaders and excavators. Following on-site audits by experts from the Ministry of Industry and Information Technology (MIIT), LiuGong became one of the first enterprises to meet the *Specifications for Remanufacturing Industry of Mechanical and Electrical Products*. In May 2025, the Company successfully passed the follow-up regulatory inspection by the MIIT again.



附件6
符合《机电产品再制造行业规范条件》企业名单
(第一批)

序号	地区	企业名称
19	河南	郑州机械研究所有限公司
20	湖南	湘潭电机股份有限公司
21		珠海纳思达信息技术股份有限公司
22	广东	广东欧陆通设备股份有限公司
23		广州番禺通宝设备股份有限公司
24	广西	广西柳工机械股份有限公司

Remanufacturing Plant of LiuGong

Intelligent Manufacturing Projects of LiuGong

○ Digital Process Platform

Implementation Highlights

- Process efficiency is significantly enhanced through the establishment of 3D model review workflows and the optimization of EBOM approval procedures.
- Close alignment has been achieved between process tasks and design workflow nodes.
- The formulation and implementation of BOM construction standards have enhanced the consistency rate between E/MBOM. For pilot products, the consistency rate increased by 4%–7%, reducing the occurrence of multiple codes for a single item. The complexity of material management is reduced, and the MBOM compilation efficiency has been increased by approximately 20%.

○ Enhancement of Process Simulation Application Capabilities

Implementation Highlights

- The simulation and optimization in machining, logistics, and other projects reduce equipment idle time and logistics congestion, thereby lowering energy consumption and material waste.
- Digital achievements like 3D work instructions and cross-border simulation demonstrations reduced paper drawings and international travel, lowering carbon emissions and resource consumption.
- Process simulation has been embedded in the fixed asset investment project initiation stage to optimize equipment layout and capacity configuration, avoid repetitive construction and resource redundancy, and effectively implement the green development strategy.

○ Enhancement of Data Application Capabilities

Implementation Highlights

- Key components of welding robot systems are manufactured in-house to break foreign technology monopolies. Stable and autonomous equipment operation under controllable conditions significantly optimizes equipment energy consumption.

○ Construction of LiuGong Intelligent Manufacturing IoT Platform

Implementation Highlights

- Upon launch, this company-wide industrial IoT platform unifies equipment data standards, enhances connectivity and data application efficiency, and optimizes energy management.



LiuGong aims to improve the utilization of renewable resources and reduce waste and pollution, thus contributing to sustainable economic and social development. LiuGong has established internal policies, including the *Component Circular Packaging Management Procedure* and the *Guidelines for Green and Lean Packaging Design of Procured Components*. In the procurement process, the Company prioritizes materials, products, and services that have lower environmental impact, higher resource utilization, recyclability, or biodegradability.

As a leading enterprise in the construction machinery industry, LiuGong launched the “fuel-to-electricity” business and achieved significant emission and carbon reduction through the wide promotion of electrified equipment. The business has evolved from the “fuel-to-electricity” conversion of mining trucks, to a full-value-chain green solution covering R&D, product portfolio, energy replenishment solutions, and intelligent systems. Its core value lies in the deep integration of cost reduction, carbon reduction, efficiency improvement, and intelligent coordination. In 2025, the Company completed the “fuel-to-electricity” conversion of 67 sets of complete machines, reducing carbon dioxide emissions by 8,080 tons.



Fuel-to-Electricity Conversion



Response to Climate Change

Governance

LiuGong places high importance on climate change management, and has incorporated it into strategic planning. The Company continuously refines its climate governance and oversight systems, and establishes an ESG Management System Working Group to manage climate-related risks and opportunities. The Board of Directors serves as the highest decision-making and accountability body for climate governance, with the Strategy and ESG Committee responsible for formulating overall climate governance strategies and targets and supervising climate-related risks and opportunities. The ESG Leading Group composed of all senior executives is responsible for coordinating and promoting the implementation of climate governance initiatives. The Company has formulated and issued the *Climate Change Management System*, clearly defining the responsibilities of 14 departments and organizations, including the Board Secretariat, the Health, Safety and Environment Office, and the Supply Chain Center. We also standardize processes for climate risk identification, risk management, carbon emissions management, and climate information disclosure.

During the Reporting Period, the Company engaged third-party experts to provide carbon management training. Covering five core modules (low-carbon context, carbon inventory, CDP climate questionnaire, etc.), the training provided detailed practical guidance on corporate carbon accounting, emission reduction project implementation, and carbon management system establishment. By integrating case studies of benchmark enterprises and compliance requirements, the training helped LiuGong clarify the carbon management pathway while enhancing the ESG competitiveness and low-carbon development capabilities.

Strategy

In accordance with TCFD recommendations, the Company identifies and assesses climate-related risks and opportunities, and takes reasonable and effective measures to ensure stable operations.

Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence ²	Impact Duration ³	Expected Financial Impact	Countermeasures
Physical Risks	Acute Risk	Extreme weather events (such as heavy rainfall and typhoons) may cause disruptions to production facilities and supply chains, affecting normal operations.	Medium	Short term	Impact on raw material supply and product transportation can result in cost increases and revenue decreases.	<ul style="list-style-type: none"> Establish a sound emergency management mechanism, formulate emergency plans, and conduct regular emergency drills. Implement reinforcement and protection measures for important equipment and buildings; Stay informed about the supply of raw materials and establish a supply chain risk management mechanism.
	Chronic Risk	Global warming-induced sea level rise triggers natural disasters like heatwaves and droughts, affecting equipment performance and lifespan while increasing risks of employee heatstroke and water scarcity.	Low	Medium and long term	This impacts factory production efficiency, resulting in a decrease in revenue.	<ul style="list-style-type: none"> Develop products adapted to extreme climates; Develop emergency response plans for high temperatures, and monitor temperature and humidity in real time; Implement water-saving measures to reduce water consumption.
Transformational Risks	Policy Risk	Governments at home and abroad may impose stricter requirements on greenhouse gas (GHG) emissions. The EU's carbon tariff mechanisms and stricter emission standards expose enterprises to compliance risks.	High	Short, medium and long terms	Failure to disclose relevant environmental information in a timely manner according to relevant laws, regulations, and policies may lead to increased fines or impact export business.	<ul style="list-style-type: none"> Monitor and strictly comply with relevant domestic and international laws and regulations. Continuously track regulatory policy changes and strengthen climate-related information disclosure.
	Technology Risks	As the competition in the electrification of construction machinery intensifies, the demand for new energy construction machinery products is steadily increasing.	High	Short, medium and long terms	Green technology research and development leads to higher operating costs for the Company	Continuously promote technological innovation and optimize industrial layout.

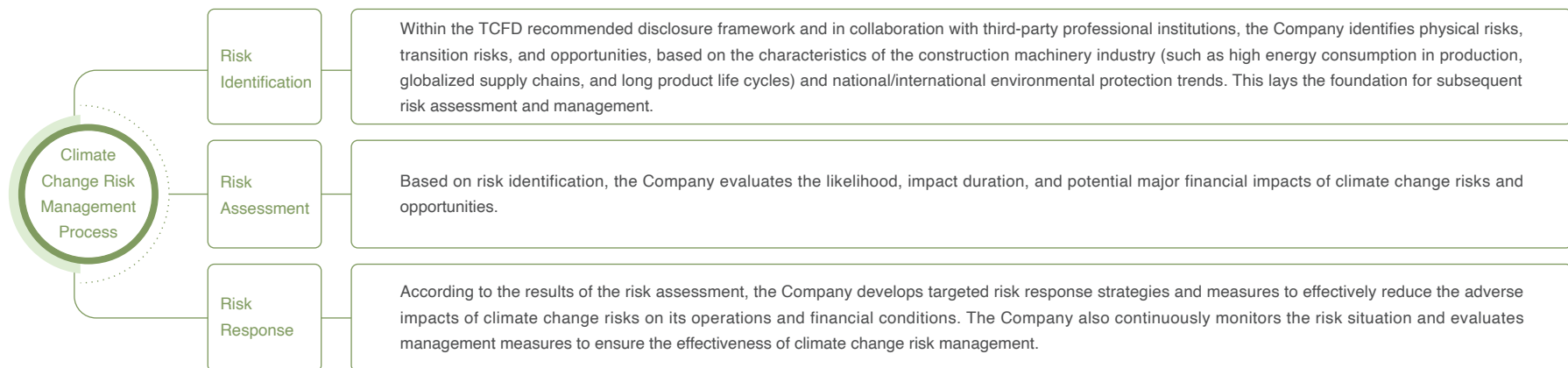
Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence ²	Impact Duration ³	Expected Financial Impact	Countermeasures
Transformational Risks	Market Risks	Customer demand is changing to green and low-carbon, and competition in the market is intensifying	High	Short, medium and long terms	This impacts traditional machinery sales, leading to a decline in revenue.	<ul style="list-style-type: none"> Communicate in a timely manner and understand customer needs; Launch electrified products.
	Technological Opportunities	Green production and energy-saving carbon reduction in production have become trends.	High	Short, medium and long terms	Reduce Operating Costs	Energy-saving and carbon-reducing technologies are used in the production process to reduce greenhouse gas emissions.
Opportunities	Products and services	The demand for new energy construction machinery products is growing.	High	Short, medium and long terms	Market share is expanding, and revenue is increasing.	Increase R&D on electrified products and launch new green products.

²Likelihood of occurrence refers to the frequency or probability of a risk/opportunity occurring, primarily based on historical occurrence probability, external scenarios, progress in policy implementation, and expert predictions. The likelihood of occurrence ranges from "low" to "high".

³The Impact Duration refers to the different periods when different climate-related risks and opportunities will affect the Company. The Company categorizes the impact duration into short-term (0-1 year), medium-term (1-5 years), and long-term (over 5 years).

► Impact, Risk, and Opportunity Management

LiuGong establishes a climate change risk management process, and identifies and assesses risks and opportunities arising from climate change, in accordance with domestic and international climate policies and standards. On this basis, the Company, in alignment with business planning, develops reasonable risk management strategies and adjusts and updates them in a timely manner in response to changes in the external environment, to enhance resilience in addressing climate risks.



Metrics and Targets⁴

LiuGong has defined the ESG strategy for the 15th Five-Year Plan period, and set specific decarbonization targets in the field of climate change, including gradually increasing the percentage of renewable energy in total organizational energy consumption, achieving carbon peaking by 2030 and carbon neutrality by 2055. The Company breaks these into phased targets for continuous tracking, evaluation, and updating, with specific achievement paths planned and implemented across production and operation processes, supporting the Company in achieving net-zero greenhouse gas emissions.

⁴Some targets in this ESG Report were systematically updated or adjusted based on the 2030 ESG Strategic Plan, which was officially formulated by LiuGong in 2025.

Greenhouse Gas Emission Management

LiuGong actively implements the Science-Based Targets initiative (SBTI), promotes zero-carbon factory construction, comprehensively enhances green manufacturing capabilities, and supports the Company to upgrade toward high-end, intelligent, and green development. The CO₂ emissions from the Company's units mainly arise from production processes such as component cutting, welding, polishing, cleaning, machining, assembly, and vehicle transportation. The Company continues to improve processes, and adopts mixed-gas welding to reduce carbon dioxide usage.

During the Reporting Period, LiuGong achieved key breakthroughs in greenhouse gas management and formally launched the full-value-chain carbon management system. The Company completed its first organizational-level greenhouse gas inventory, selecting LiuGong Changzhou and LiuGong Loader Plant as pilots. Strictly following ISO 14064 greenhouse gas verification standards, the Company systematically clarified the emission boundaries, sources, and quantified data for the pilot factories. This lays a solid data foundation for establishing a routine carbon inventory mechanism and accurately identifying emission reduction potential.

Targets in 2025

Renewable energy accounts for 30% of total energy consumption.

Achieved

CO₂ emissions per 10,000 yuan of output value decrease by 18% compared with 2020.

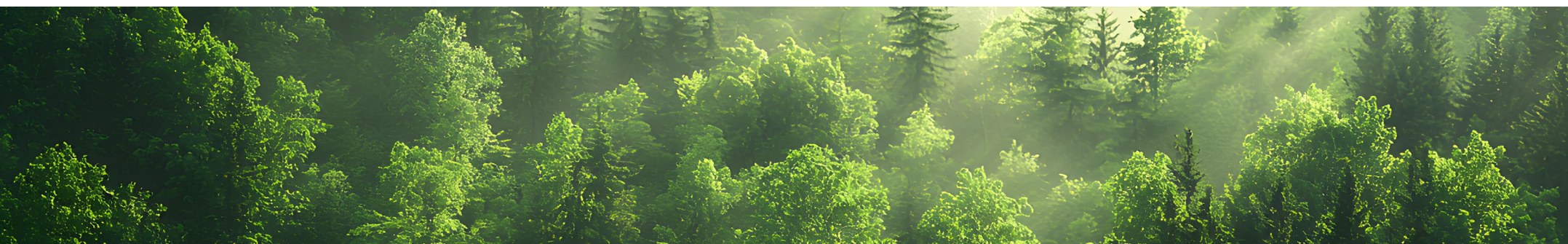
Achieved

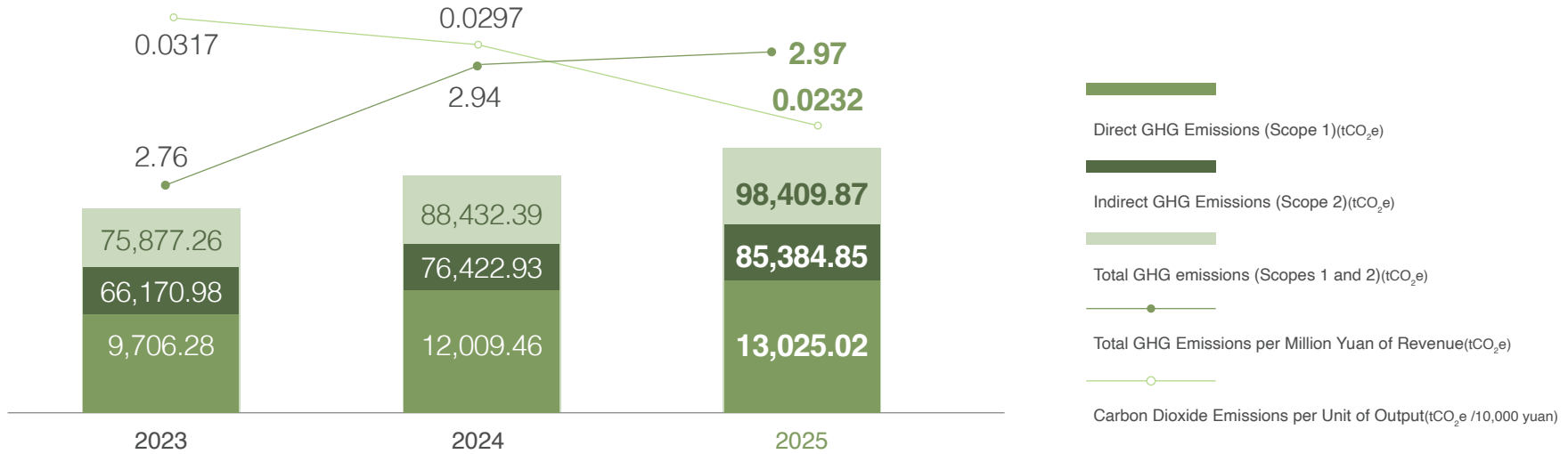


ISO 14064 Certification Certificate of LiuGong Changzhou

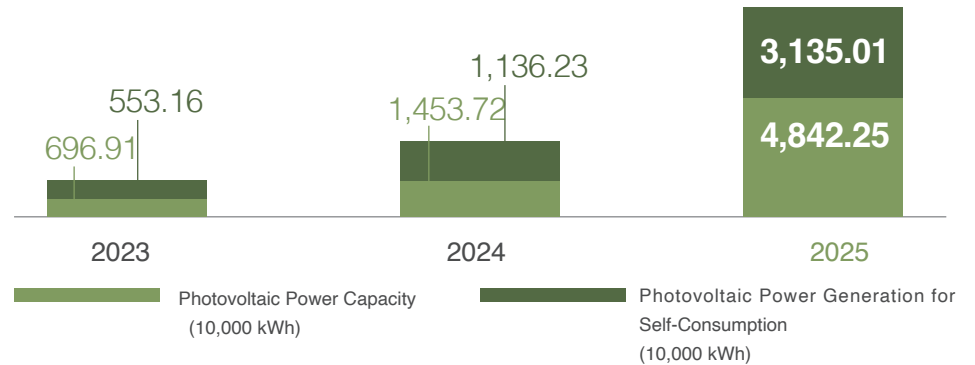


ISO 14064 Certification Certificate of LiuGong Loader Plant



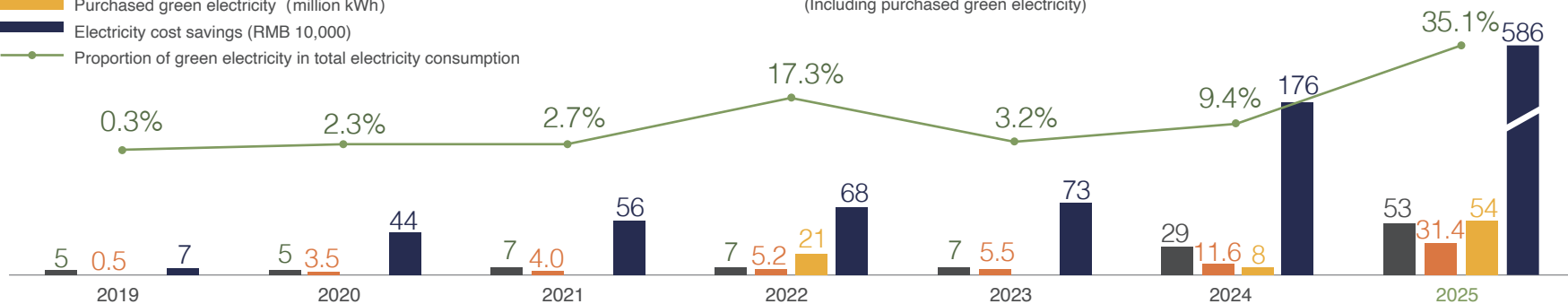


LiuGong continues to expand the use of clean energy and is committed to reducing carbon dioxide emissions. The Company actively participates in green power trading. As of the end of 2025, the cumulative green power traded by the Company reached 82.9937 million kWh. Regarding PV power generation system construction, 25.08 MW of new capacity was connected to the grid in 2025. The Company's cumulative PV installed capacity reached 53.85 MW, with cumulative self-generated and self-consumed PV electricity totaling 61.772 million kWh over the years. In 2025, LiuGong's PV power generation totaled 48.4225 million kWh, of which 31.3501 million kWh was self-generated and self-consumed, and 53.747 million kWh was externally purchased green electricity. Through these measures, the Company effectively reduced carbon dioxide emissions by 69,865 tons, making a significant contribution to sustainable development.



- Total installed capacity (MWp)
- Self-generated and self-used photovoltaic electricity (million kWh)
- Purchased green electricity (million kWh)
- Electricity cost savings (RMB 10,000)
- Proportion of green electricity in total electricity consumption

Situation of photovoltaic construction and green power application (Including purchased green electricity)



Environmental Compliance Management

Environmental Management System

LiuGong has established a comprehensive environmental management system in strict compliance with the *Environmental Protection Law of the People's Republic of China*, other national laws, regulations, and local operational requirements. Each year, the Company engages independent third-party certification bodies to conduct supervisory audits of the system, and a recertification audit is conducted every three years. By the end of the Reporting Period, LiuGong and its 17 subsidiaries had all passed the ISO 14001 Environmental Management System certification. During the Reporting Period, no major environmental accidents or environmental violations occurred in the Company.

LiuGong actively promotes clean production audits and implements environmental protection strictly in accordance with clean production standards. The Company implements clean production plans, formulates annual environmental remediation project plans, and completes them as required to ensure it can reach the level of an advanced domestic clean production enterprise. Additionally, LiuGong has actively applied for clean production enterprise status. We were awarded the title of Clean Production Enterprise of Guangxi in 2014, and successfully passed re-examinations in 2018 and 2023.

Governance

LiuGong has formulated environmental management systems such as the *Air Pollution Management System*, the *Water Pollution Management System*, and the *Solid Waste Management System*, to clearly define the responsibilities of each department and related personnel in pollutant emissions and the management of corresponding environmental protection equipment and facilities. The Board of Directors and the Senior Management are responsible for strategic planning and guidance of environmental management. The Company and its subsidiaries have established the Health, Safety, and Environmental (HSE) Management Committee which is responsible for overseeing water, air, and solid waste pollution prevention at all levels. Additionally, LiuGong has established an Excellence Manufacturing Center staffed with dedicated environmental management personnel, and each subsidiary has designated full-time or part-time environmental management positions. Environmental management responsibilities are implemented at every level to ensure efficient accountability.

Furthermore, the Company strengthens pollution prevention at the source, standardizes procedures for handling and investigating environmental pollution incidents, strictly prevents and mitigates environmental risks, and advances ecological civilization construction. Environmental management is incorporated into departmental performance assessments to enforce oversight and management responsibilities.



Environmental Management System Certification Certificate (Partial)

Environmental Investment ⁵	
	RMB 10,000
2023	4,146
2024	4,486
2025	2,877

Environmental Protection Taxes Paid	
	RMB 10,000
2023	19.87
2024	20.84
2025	24.94

⁵The construction of new intelligent factories at LiuGong Loader Plant and LiuGong Changzhou in 2023 to 2024, along with large-scale investments in environmental protection equipment, resulted in higher environmental expenditures.

Strategy

LiuGong systematically identifies and analyzes all kinds of environmental factors in production and operation, as well as the risks and opportunities arising from these factors, and formulates corresponding measures to continuously improve the Company's environmental risk management capability.

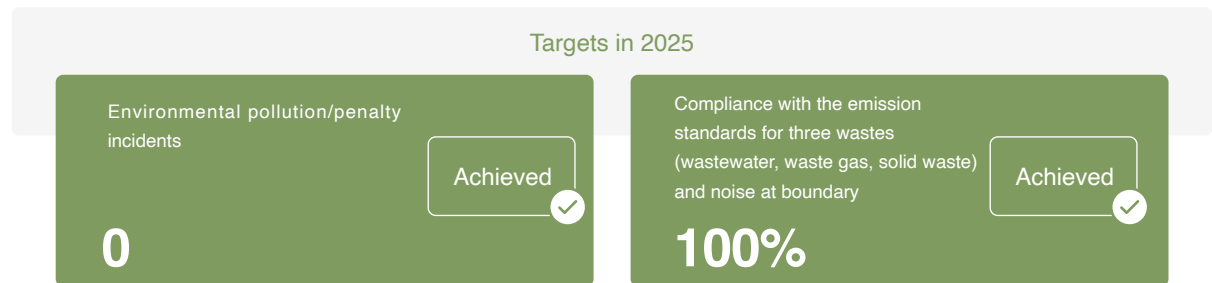
Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Policy Risk	With stricter environmental regulations and higher pollutant emission standards in overseas markets (e.g., EU and North America), the Company must allocate additional funds for technological upgrades and pollution control.	High	Short term	Possible substantial fines and litigation compensation	<ul style="list-style-type: none"> Stay updated and strictly comply with laws and regulations related to pollutants and waste; Strengthen the maintenance and management of environmental protection equipment and standardize measures for the disposal of emissions; Conduct regular environmental hazard inspections and strengthen pollutant monitoring.
Opportunities	Technological Opportunities	Pollutant and waste emissions are reduced through equipment optimization, technological transformation, and other methods.	High	Medium and long term	Reduce Operating Costs	<ul style="list-style-type: none"> Continuously develop the remanufacturing business and strengthen the recycling of used parts; Vigorously promote the construction of green manufacturing system, adopt green technology and reduce environmental pollution from the source; Make Continuous optimization of pollutant treatment technologies.

Impact, Risk, and Opportunity Management

LiuGong has formulated the *Risk and Opportunity Identification and Control Procedure*, requiring annual identification and assessment of environmental risks and opportunities. Based on the annual assessments, the Company determines the annual environmental protection work plan. During the Reporting Period, the Company evaluated the effectiveness of all risk and opportunity measures. We will continue to track internal and external environmental changes for dynamic adjustment and optimization.

Metrics and Targets

During the Reporting Period, LiuGong updated its annual environmental compliance management targets in accordance with the *15th Five-Year Environmental Protection Plan*, ensuring all emission indicators remained within permitted limits while steadily advancing ecological conservation and green sustainable development.



Promotion of Environmental Awareness

In 2025, the Company offered 4 professional training programs for environmental management personnel across all units, covering topics such as: the *Wastewater Treatment Technology* and the *Welding Fume Control Technology*. Employees were also organized to visit external wastewater treatment plants and hazardous waste collection units for on-site learning, with a total of 306 participants. These efforts effectively improved the environmental management personnel's professional knowledge and practical skills. Leveraging key observances such as World Environment Day and National Ecology Day, the Company launches environmental awareness campaigns company-wide to further consolidate the collective commitment to ecological conservation.

Indicator	Unit	2023	2024	2025
Number of Environmental Training Sessions	Time	114	129	131 ↑
Number of Participants in Environmental Training	Person-time	7,128	8,594	9,098 ↑
Total Hours of Environmental Training	Hour	206.5	213	242 ↑

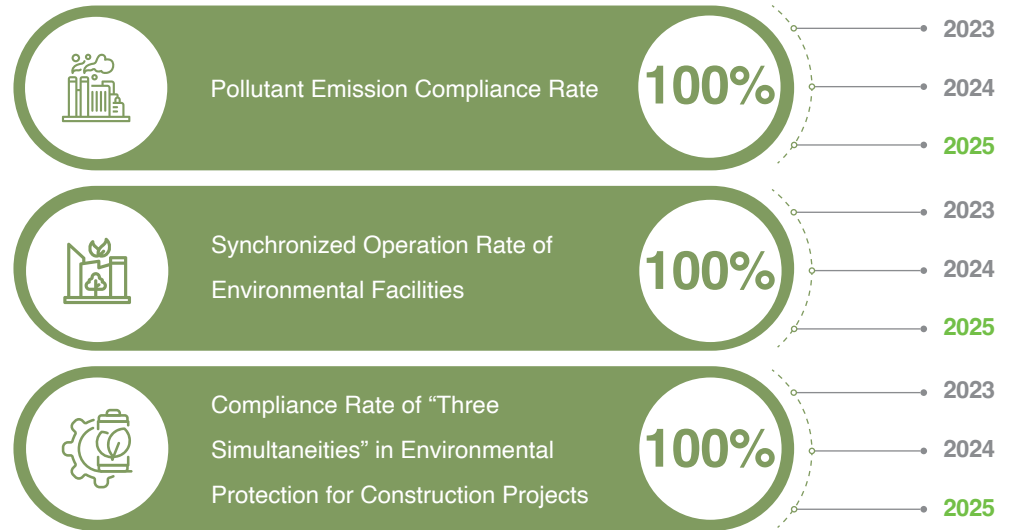
▶ Environmental Emergency Drills

LiuGong has formulated the *Emergency Response Plan for Environmental Incidents*, clarifying emergency rescue procedures and responsibility assignments to minimize personnel losses and social harm. Each subsidiary conducts annual environmental emergency training and drills tailored to its specific environmental risks. During the Reporting Period, LiuGong subsidiaries collectively conducted 47 environmental emergency drills.

▶ Pollutant Emissions

To ensure compliance with emission standards for pollutants such as exhaust gases, wastewater, and noise at boundary, the Company developed an environmental monitoring plan in accordance with pollutant discharge permit management requirements. LiuGong's equipment and facilities operate normally. Wastewater, exhaust gases, and other emissions from all units are treated to meet standards before discharge. Third-party monitoring agencies are commissioned annually to monitor wastewater, exhaust gases, and noise at boundary. No violations were recorded, and no adverse impacts were observed on employees or surrounding residents. In 2025, all units completed 249 monitoring sessions for exhaust emission outlets and 97 sessions for wastewater discharge outlets and rainwater monitoring. All monitored indicators met national and local pollutant discharge standards.

LiuGong strictly implements the "Environmental Impact Assessment System" and the "Three Simultaneities" System. All new, modified, or expanded projects undergo mandatory environmental impact assessments and adhere to the "Three Simultaneities" construction requirements.



Management of Wastewater

The Company's subsidiaries operate 15 wastewater treatment stations, primarily employing a three-stage combination technology of "oil separation + air flotation + contact oxidation". Electroplating wastewater is treated using a combination of "electrochemical methods + ultrafiltration + reverse osmosis". All treated water is recycled for production use without external discharge. During the Reporting Period, the Company achieved a wastewater recycling rate of 2.27%, over 4 times higher than that in 2024. Additionally, the Company has installed online wastewater monitoring equipment to conduct real-time dynamic monitoring of water quality, ensuring efficient wastewater management.

Indicator ⁶	Unit	2023	2024	2025	
Wastewater Discharges ⁷	Ton	510,833	481,983	551,455	↑
Wastewater Recycling Volume	Ton	1,517	2,102	12,496	↑
Chemical Oxygen Demand (COD _{Cr})	Ton	20.01	19.73	32.8	↑
Five-day Biochemical Oxygen Demand (BOD ₅)	Ton	4.34	2.82	9.6	↑
Suspended Solids	Ton	17.17	15.13	10.4	↓
Ammonia Nitrogen (NH ₃ -N)	Ton	4.18	3.88	5	↑
Total Phosphorus (P)	Ton	0.56	0.28	2.06	↑

⁶Wastewater-related data statistics scope cover the Company's headquarters and subsidiaries, and the following data for waste gases and waste solids is similarly applicable.

⁷The addition of new production lines for excavators, Zhongyuan hydraulic component, and excavator wastewater treatment stations in 2025 led to increased total wastewater discharge some pollutants, and recovery volumes.

Management of Waste Gases

The Company implements categorized and targeted treatment measures for different exhaust gases. After processing, all pollutants meet national and local environmental emission standards, injecting green momentum into regional air quality improvement.

Measures for Waste Gas Management

Waste Gas from VOCs

- Control volatile organic compounds (VOCs) such as benzene, toluene, and xylene in paint by adopting powder coating and electrostatic spraying technologies;
- Upgrade existing treatment equipment with a combined technology process of "dry filtration + activated carbon adsorption or zeolite rotor + catalytic combustion".

Welding Fumes

- Replace manual welding with robotic welding, and configure efficient cartridge-type dust collection equipment for treatment.

Shot Blasting Dust and Casting Dust

- Use efficient bag-type dust collection equipment or cartridge-type dust collection equipment for treatment.

Electroplating Chromic Acid Mist

- Equip electroplating production line with an exhaust gas collection device and uses a three-stage spraying tower for treatment.



Indicator	Unit	2023	2024	2025	
Waste Gas Emissions ⁸	10,000 m ³	1,062,664	1,103,023	1,670,479	↑
Nitrogen Oxide (NO _x)	Ton	3.6	4.76	14.75	↑
Sulfur Dioxide	Ton	4.2	3.17	7.76	↑
Volatile Organic Compounds (VOC)	Ton	32.66	34.68	115.6	↑
Particulate Matter (PM)	Ton	50.72	56.54	45	↓

⁸Emissions data for 2024 and prior years are calculated based on manual monitoring records. By 2025, online monitoring systems were largely installed across all units, and emission data can be sourced from these systems.

Noise Management

LiuGong continuously optimizes production processes, selects low-noise equipment, employs electric torque wrenches during assembly, utilizes torque-controlled tools, and adopts low-noise KBK overhead crane systems, significantly reducing regional noise levels. For end-of-pipe treatment, the Company implemented engineering measures, including vibration isolation, noise absorption, and sound insulation, to effectively block noise propagation.

Management of Wastes

LiuGong has established internal management systems, including the *Solid Waste Management System* and the *Standard for Pollution Control on Hazardous Waste Storage*, which are implemented by all subsidiaries. All solid waste is classified and disposed of according to law, and hazardous waste is handed over to qualified units for proper disposal. Additionally, the Company regularly conducts training sessions on standardized solid waste management to continuously enhance employees' awareness of classification and operational compliance.

Indicator	Unit	2023	2024	2025	
Disposal Volume of General Industrial Solid Waste ⁹	Ton	39,526	34,364	39,682	↑
Disposal Volume of Domestic Waste	Ton	6,682	4,001	3,844	↓
Hazardous Waste Disposal	Ton	1,505	1,621	2,447	↑
Compliance Rate of Solid Waste Disposal	Ton	100	100	100	

⁹From 2023 to 2024, LiuGong Changzhou, Zhongyuan Hydraulic, and Hubei OVM were in the construction and trial operation stage, with relatively low hazardous waste generation and disposal volume. They began formal production in 2025, led to an increase in the disposal of general industrial solid waste and hazardous waste.



Resource Management

Resource Management System

Governance

LiuGong strictly adheres to national and local laws and regulations, including the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*. Energy management is conducted in accordance with *the Energy Management Systems—Requirements with Guidance for Use (GB/T 23331-2020)*. The Board of Directors and the Senior Management are responsible for strategic planning and guidance on energy management. The Energy Technology Office is set up within the Intelligent Manufacturing Research Institute of the Excellence Manufacturing Center, and serves as the Company's headquarters-level energy management organization. In 2025, LiuGong restructured its energy management system, and established 46 documents covering energy management systems, processes, and standards across multiple dimensions, including planning, energy supply system construction, energy procurement, energy system operation and maintenance, and energy usage. In the same year (2025), the Company initiated carbon emission management in the manufacturing process, and published the *Management Plan for Carbon Emission in Manufacturing Process* and the *Management System for Carbon Emission in Manufacturing Process*, as well as an *Initiative for Energy Conservation and Low Carbon*, to advocate for collective efforts of all employees toward carbon reduction and energy efficiency.

The water resource management efforts of LiuGong are carried out in accordance with the *Energy Management System*.

Strategy

LiuGong conducts comprehensive analyses of its energy consumption structure, utilization efficiency, and external environmental changes to systematically identify potential risks and incremental opportunities arising from policy shifts, technological advancements, and supply chain collaboration.

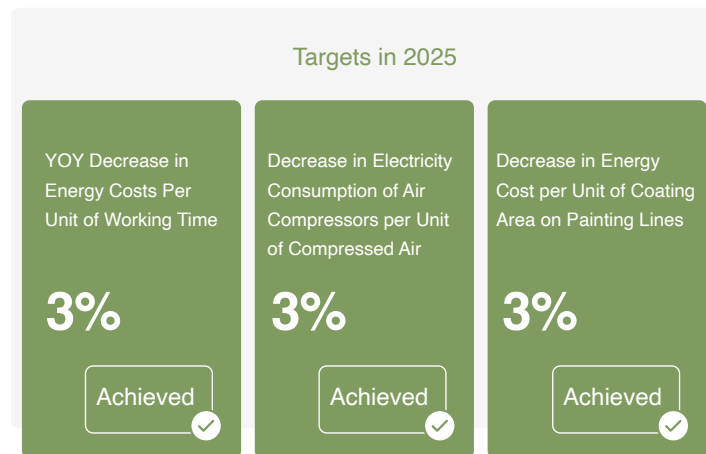
Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Financial Impact	Countermeasures
Risk	Market Risks	Electricity and diesel fuel account for a significant proportion of the Company's production and operational energy consumption. Volatile energy prices may impact production costs.	Medium	Short and medium term	Increase in energy costs and decline in profits	<ul style="list-style-type: none"> Establish energy consumption management targets; Continuously advance PV power generation and green electricity trading.
Opportunities	Technological Opportunities	The integration of digital and intelligent technologies with energy management creates significant potential for efficiency gains. Developing emerging energy technologies and implementing energy-efficiency upgrades will enhance energy utilization efficiency.	High	Short, medium and long terms	Increase in production efficiency, and reduction of production costs.	<ul style="list-style-type: none"> Carry out projects such as compressed air system energy-saving and coating line energy-saving; Actively advance digital infrastructure development.
	Policy Opportunities	Subsidies, incentive measures, and preferential loans introduced by the government encourage companies to adopt clean energy or improve energy efficiency.	High	Medium and long term	Reduction in investment costs and increase in income sources	Pay attention to government policies.

Impact, Risk, and Opportunity Management

The Company establishes an energy usage ledger to record and analyze energy consumption, comprehensively identify and assess the risks and opportunities that may arise in the process of energy utilization. The Company has deployed monitoring and protection systems to conduct real-time online surveillance of electrical equipment operations, ensuring long-term stable performance. We have also established an energy management system for subsidiaries to enable real-time energy data collection and consumption management.

Metrics and Targets












Based on strategic development needs, LiuGong formulated the *15th Five-Year Plan for Energy Operations* in 2025, and set the five-year energy targets: increase the proportion of renewable energy to 40% by 2026, with a subsequent increases of 5% each year; reduce CO₂ emissions per 10,000 yuan of output value by 3% annually, and regularly track the progress toward these goals. The Company continues to build a standardized, systematic energy management platform to achieve digital, information-based, and intelligent control and management of energy.



Energy Utilization

The Company improves energy utilization efficiency by eliminating outdated technologies and high energy-consuming equipment and promoting new energy technologies. In the production of components, the Company uses laser cutting machines, dry cutting technology, robot powder spraying, robot welding and other advanced green process technologies. In the production operation, the Company effectively monitors the utilization rate of plates, the amount of paint per unit area, the amount of welding gas used for a single kilogram of welding wire and other green process indicators to achieve low-consumption and energy-saving production.

Energy Consumption of LiuGong

Category	Unit	2023	2024	2025	
Natural Gas	10,000 m ³	203.70	311.94	442.89	
Diesel	Ton	1,230.80	1,175.35	645.10	
Gasoline	Ton	7.93	5.90	1.91	
Fuel	Liter	0	0	0	
Liquefied petroleum gas	Ton	0	0	0	
Electric Power	kWh	157,928,323	182,558,915	205,960,324	
Heat	GJ	10,450	8,954	6,826	
Renewable Energy Consumption	tce	680	2,410	10,458	
Proportion of Renewable Energy Consumption	%	3	8	32.3	
Total Energy Consumption	tce	24,248.98	28,612.52	32,385.98	
Total Energy Consumption per Million Revenue	tce	0.88	0.95	0.98	
Comprehensive Energy Consumption per 10,000 Yuan of Output Value	tce/10,000 yuan	0.0108	0.0111	0.0114	
Total Green Electricity Trading Volume	10,000 kWh	0	824.67	5,374.7	

Implementation of Energy-saving Renovation

Focusing on the two major themes of “guaranteeing energy supply and reasonable energy use”, LiuGong has actively implemented energy-saving renovation projects, continuously optimized the process and accelerated the promotion of relevant technologies. During the Reporting Period, the Company made energy-saving improvements in projects such as the intelligent transformation projects of LiuGong Changzhou and LiuGong Loader Plant, the renovation project of LiuGong Driveline, and the projects of LiuGong’s Excavator Smart Factory and Zhongyuan Hydraulic. Specifically, the coating line was changed from using electric heating to using efficient and clean natural gas heating, to improve thermal efficiency.

In addition to routine energy conservation management for air compressors and coating lines, the Company prioritized energy efficiency initiatives for foundry melting furnaces and transmission heat treatment furnaces in 2025. This involved implementing measures such as scheduling centralized production, optimizing insulation/furnaces, improving product yield rates, and enhancing equipment maintenance. These measures were formalized into management documents, achieving a 17% year-on-year reduction in electricity consumption per kilogram of parts for transmission heat treatment furnaces and a 6% year-on-year decrease in electricity consumption per ton of parts for casting melting furnaces. The Company also implemented 41 on-site energy-efficiency modifications and optimizations, collectively saving 13.48 million kWh of electricity.

Implementation of Energy-Efficient Transportation

LiuGong adopts a low-carbon transportation solution, changing the mode of automobile transportation to a combination of land and water transportation, which significantly reduces logistics and transportation costs while reducing carbon emissions. The Company gradually replaced fuel-powered forklifts with new transport tools like AGVs/RGVs and electric forklifts, particularly for indoor material delivery operations. By the end of 2025, fuel-powered forklifts had been completely phased out for indoor distribution in the assembly plants of both loaders and excavators.

Education on Energy Conservation

LiuGong consistently centers its efforts on empowering all employees, embedding energy conservation principles deeply into the mindset and externalizing it into action. The Company regularly conducts training and promotional activities around energy efficiency, guiding all employees to shift from “passive energy conservation” to “proactive energy creation”. During the Reporting Period, the Company organized diverse training initiatives, including National Energy Efficiency Publicity Week, the 2025 Energy Technology Exchange Conference of the Manufacturing Technology Month, and energy policy dissemination sessions. These efforts fostered a strong culture of energy conservation and low-carbon practices, contributing to the development of a Beautiful China.

Case Study: National Energy Efficiency Publicity Week

In the National Energy Efficiency Publicity Week (from June 23 to 29, 2025), the Company headquarters displayed event themes and energy-efficiency promotion videos on the electronic screen at the factory gate and the LED screen on the first floor of the headquarters office building. This ensured visitors were informed about the themes of the Energy Efficiency Publicity Week and the Low-Carbon Day, enhancing employees' awareness of energy efficiency. During the National Energy Efficiency Publicity Week, subsidiaries conducted on-site inspections targeting energy waste, thoroughly examining electricity, water, and compressed air usage in production areas to promptly address any instances of waste.



National Energy Efficiency Publicity Week

Water Resource Utilization

LiuGong implements various water-saving measures based on its production characteristics, continuously improving the water resource reuse rate. Subsidiaries manage water use through methods such as water balance testing, water supply network inspection, troubleshooting, and leak sealing. In addition, the casting and heat treatment processes in the production process of subsidiaries use cooling water towers and pools to recycle water resources.



2025 Water Conservation Measures

LiuGong Changzhou conducts monthly leak inspections on the main water pipelines in the factory area. In late June, one leak was detected and promptly repaired.

An external contractor was commissioned to inspect water supply management at the new factory of the after-sales company, and repair 5 leak points. Following repairs, monthly water consumption decreased by 1,340 tons.

A leak detection agency was commissioned to inspect the water supply and fire protection pipelines within the International Industrial Park, and it identified and repaired 2 leaks in fire protection pipelines and one leak in a fire protection water tank supply pipe.

Water Resource Utilization of LiuGong	2023	2024	2025	
Total Freshwater Consumption(Ton)	1,681,284	1,400,371	1,568,544	
Total Water Consumption(Ton)	1,534,946	1,294,362	1,382,352	
Comprehensive Water Consumption per 10,000 yuan of Output Value(m ³ /10,000 Yuan)	0.68	0.50	0.49	

Green Office

LiuGong guides employees to actively participate in green office practices by promoting paperless workflows, optimizing resource allocation, and establishing classified recycling systems, creating a culture where “everyone practices green office and integrates low-carbon concepts into all work”.



Water Saving

- Use foot-operated water valves, sensor faucets, and other water-saving devices.
- Regularly conduct training on water-saving.



Electricity Saving

- Strictly control the temperature of air conditioning in summer and winter.
- Ensure that lights are turned off when leaving offices and firmly prevent lights from being “always-on”.



Paper Saving

- Promote paperless office practices and continue to drive the construction of information systems.
- Advocate double-sided printing to reduce paper waste.



Waste Sorting and Recycling

- Strictly follow relevant regulations to carry out waste sorting, and collect and treat wastes such as used batteries and pen refills in a centralized manner.



Completion and Commissioning of Innovation Center

- Complete the green building of the Innovation Center and put it into operation, and pass the LEED Platinum Certification.



Protection of Ecosystem and Biodiversity

LiuGong systematically advances ecological and environmental protection, actively developing and manufacturing electrical and new-energy products, integrating advanced energy-efficiency and emission-reduction technologies, and reducing dependence on fossil fuels. Electric products emit no exhaust gases or noise, and minimize potential impacts on terrestrial/aquatic ecosystems and animal/plant habitats during downstream project construction. The Company strengthens control of the three wastes, recycles scrap steel and other wastes, and ensures that hazardous wastes such as paint and used activated carbon are 100% disposed of by compliant organizations, without causing any contamination to surrounding soil and groundwater. During the Reporting Period, the Company did not conduct production or business activities in ecologically sensitive or fragile areas, and no incidents damaging biodiversity occurred in the Company.



Innovation Integration: Stabilizing Industrial Chains and Refining Quality to Boost Industries

05

Our Philosophy

We adhere to an innovation-driven development philosophy, strengthen collaboration between R&D and the supply chain, upholds safety and quality standards, optimize customer service, fortify data security, and empower the sustainable and high-quality development of the Company.

Our Actions

We insist on R&D and innovation, protect intellectual property rights, strengthen supply chain management, conduct responsible purchasing, treat SMEs equally, guarantee quality assurance, optimize customer service, and protect information security and privacy.

SDGs Responded



Responsibility Focus

Creating Value through Product Excellence, Setting Safety and Sustainability Benchmarks in Construction Machinery

LiuGong systematically integrates the principles of safety, sustainability, and accessibility into the entire product R&D and design process. In 2025, driven by technological innovation, the Company built a multi-layered protection system for product safety, implemented low-carbon requirements in green design, and addressed diverse market demands for product accessibility. Through comprehensive product design upgrades, we have achieved a deep integration of product value with industrial and social responsibility, providing solutions for high-quality development in the industry.

► Deepening Product Safety Design

Safety remains the top priority in LiuGong's product design and manufacturing process. Through a multi-tiered, intelligent safety technology system, the Company comprehensively safeguards equipment operation, operator safety, and the working environment, fulfilling its dual commitment to product safety and social responsibility. The products of LiuGong Aerial Work Platforms demonstrate the following core safety features:

- **Redundant Safety Design**
Sensors and boom-balancing valves feature dual redundant configurations for enhanced reliability and safety.
- **Intelligent Active Protection**
An optional active safety protection system utilizes radar detection and audible/visual alerts to identify personnel or obstacles within the operation area in real time, and triggers automatic shutdown to effectively prevent collision and crushing risks.
- **Smooth Control Technology**
The boom features speed reduction at extreme positions, and scissor lifts are equipped with proportional lowering valves across all models, ensuring smooth movements, minimal shaking, and improved operational stability and comfort.
- **Adaptive Working Condition Safety**
The lateral tilt angle adaptive technology dynamically adjusts the permissible tilt range based on platform height, enhancing equipment adaptability and safety in complex working conditions.
- **Comprehensive Warning System**
Equipped with low-battery voice alarms, anti-collision alerts, and fault pre-diagnosis systems, the system provides early risk warnings through voice prompts, remote monitoring, and intelligent diagnostics to minimize unexpected downtime.

Case Study: LiuGong AEM's Lateral Tilt Angle Adaptive Technology

In the field of aerial work equipment, safety and efficiency are core to ESG practices. LiuGong AEM has developed an innovative lateral tilt angle adaptive technology for its LS1412H model. By integrating a mechanical shaft angle sensor with a horizontal tilt sensor, this technology dynamically optimizes the safety performance of the equipment. It automatically adjusts the maximum allowable lateral tilt angle based on the platform's lifting height, significantly enhancing equipment stability under complex working conditions and ensuring the safety of operators.



LS1412H

▶ Implementing Green Product Design

In 2025, LiuGong applied green design principles across the full product R&D process, focusing on the low-carbon and unmanned transformation of construction machinery. A complete green product matrix covering multiple scenarios and technical paths was developed to fulfill ESG environmental responsibility and sustainable development goals. Now, the Company has developed over 150 new-energy products across 14 product lines, including loaders, excavators, and mining trucks, alongside more than 100 digital technology developments. The electrification strategy has progressed from exploration to full leadership, with scenario-based solutions such as large intelligent green mines enabling fully unmanned and low-carbon coordinated operations.

Case Study: Integrated Green Mining Solutions Enabling Unmanned Coordination

In September 2025, LiuGong launched a large intelligent green mining solution, integrating electric excavators, mining trucks, mobile power supply vehicles, and other complete equipment sets, paired with the “LiuGong Brain” AI system, to achieve full-process unmanned mining operations. The 135-ton 9135FE electric excavator works in coordination with fully electric mining trucks. Using 5G + centimeter-level positioning technology, the system achieves 24-hour continuous production, increases operational efficiency by 25% and reduces carbon emissions by 70%.



9135FE Electric Excavator

Case Study: Continuous Innovation in Digital and Intelligent Products, and AI Enabling Autonomous Path Planning

In September 2025, the 856HE MAX unmanned electric loader of LiuGong was successfully delivered. Inheriting the core advantages of LiuGong’s electric loader products, it features a vehicle-grade high-performance domain controller, integrates a multi-source fusion perception system for 360° real-time environmental monitoring, and uses laser SLAM and inertial navigation fusion for high-precision positioning. AI dynamic obstacle avoidance algorithms enable fully autonomous path planning in complex scenarios without any manual intervention.



856HE MAX Unmanned Electric Loader

▶ Enhancing Product Accessibility

Leveraging global footprint and local presence, LiuGong has established a highly accessible and adaptable product and service ecosystem, comprehensively enhancing customer value across channels, service assurance, and product compatibility. The Company maintains a global network of over 500 dealers and more than 1,300 service centers, with business coverage in over 180 countries and regions, which ensures rapid response under the “global resources, local service” model. In terms of service, LiuGong integrates full-process support including product selection, leasing, and after-sales services, and proactively implements on-site maintenance in remote areas, effectively addressing equipment accessibility and long-term usability challenges. In terms of products, LiuGong offers a diversified equipment portfolio spanning over 30 product lines, introduces flexible solutions like operational leasing, and provides technical support tailored to customers of varying scales. This significantly lowers usage barriers, addresses diverse market needs, and systematically enhances both product accessibility and customer value.

Innovation-Driven Development

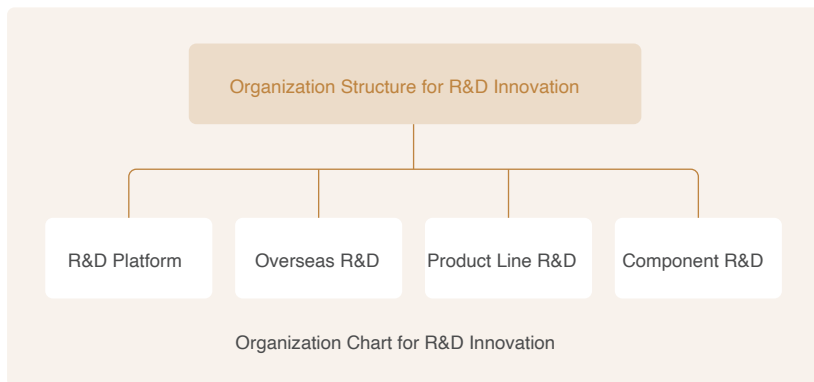
R&D Innovation Management

Governance

R&D System

LiuGong has established a comprehensive R&D innovation management system encompassing multiple dimensions such as innovation strategy, innovation culture, resource allocation, process management, knowledge management, and performance incentives. Led by the Global R&D Center, this system enables closed-loop management spanning corporate strategy, product strategy, product development, and product discontinuation. The Company has developed R&D management policies including the *R&D Innovation Management Manual*, the *Annual R&D Project Planning Management Procedure*, and the *Measures for the Management of Innovation Incentives*. We have also developed an efficient and collaborative LiuGong Development Process (LDP) that covers 6 sub-processes including complete machines, components, and technology development, effectively improving R&D quality and efficiency.

The Company's R&D innovation organization includes four major R&D centers: R&D platform, overseas R&D, product line R&D, and component R&D. Each line has clear responsibilities, and works together to promote the Company's technological innovation and product upgrades.



Investment in R&D

LiuGong's R&D Investment in the Last Three Years

	Investment in R&D (RMB 10,000)	Proportion of Total R&D Investment to Operating Revenue(%)
2023	104,703.59	3.80
2024	123,797.89	4.12
2025	142,330.41	4.29

R&D Team

LiuGong has built a systematic talent development mechanism, focusing on cultivating core technical leaders and implementing tiered, categorized specialized training to support long-term technological competitiveness. During the Reporting Period, the Company had 2,361 R&D personnel, including top R&D experts having senior overseas R&D backgrounds and work experience with world-leading construction machinery manufacturers.

R&D Personnel Structure

Number of RD Personnel (person)	Proportion of R&D Personnel to Total Workforce (%)	Number of Core Technical Personnel (person)
2,325	15.46	1,034

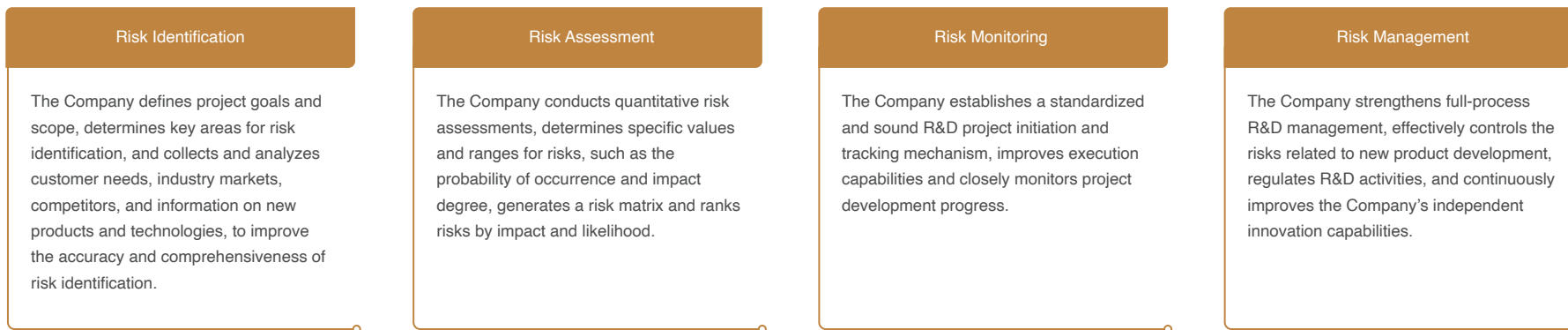
Strategy

By evaluating innovation risks and opportunities, LiuGong identifies industry technology trends, mitigates R&D uncertainties, and converts market opportunities into product competitiveness and financial returns, supporting the implementation of the "Full Intelligence" strategy.

Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Regulatory Risks	European and American countries restrict Chinese products from entering their markets through regulations such as battery regulations, REACH regulations, cybersecurity, functional safety, P-FAS regulations, and anti-dumping/countervailing duties, as well as trade policies.	High	Medium and long term	Decrease in operating revenue	<ul style="list-style-type: none"> Establish a comprehensive product regulatory management organization. Conduct research and compliance checks on relevant regulations to ensure exported products meet local requirements.
Opportunities	Market Opportunities	Leveraging a rich electric product portfolio and systematic solutions such as "Smart Mine", LiuGong expands into high-value emerging markets and customer groups with a rigid demand for green construction and intelligent sites.	High	Medium and long term	Increase in operating revenue	<ul style="list-style-type: none"> Actively expand into new markets and customer bases. Accelerate the deployment and development of electric technologies and core electric components to build an electrification industrial ecosystem.

Impact, Risk, and Opportunity Management

LiuGong strengthens core competitiveness and empowers industrial upgrading through new technology and product R&D. By implementing forward-looking strategic planning and systematic risk management, we precisely capture development opportunities to achieve a steady and sustainable growth.



Metrics and Targets

Focusing on breakthroughs in core technologies, LiuGong established clear technological innovation targets during the Reporting Period, continuously tracking progress to support sustainable development through sustained technological leadership.

Targets in 2025



R&D Innovation and Achievements Transformation

Support for R&D Innovation

The Company established the *Strategic New Product R&D Expense Support Management System*, enabling flexible short-, medium-, and long-term incentives. Performance and compensation are linked to strategic target achievement, stimulating intrinsic motivation for independent innovation. Additionally, LiuGong has established a Technology Innovation Award. Each May, the Company holds a Technology Innovation Conference to recognize teams with outstanding R&D contributions and individuals with major technological breakthroughs by granting them honors and rewards. During the Reporting Period, the Company issued R&D innovation incentive bonuses amounting to RMB 43,363,800.

Short-, Medium-, and Long-Term Incentive Measures

Short Term

Implement equity incentives, stock option incentives, and executive term-based incentives.

Medium and Long Term

Releases annual performance bonus plans, while introducing R&D project awards to retain core technical talent and exploring incremental gross profit incentives.

Construction of R&D Platform

LiuGong has established a three-tiered R&D structure, forming a global collaborative innovation platform headquartered in Liuzhou and extending across China, India, the United States, and other countries. As a national high-tech enterprise, the Company possesses 13 national technological innovation platforms. During the Reporting Period, LiuGong Driveline was recognized as a national-level Specialized and Sophisticated “Little Giant” enterprise. The “Guangxi LiuGong Shenzhen Intelligent Research Institute” was approved as a Sci-Tech Innovation Pilot Zone in Guangxi Autonomous Region; the “Guangxi Low-Carbon Intelligent Engineering Equipment Major Pilot Platform” was approved under Guangxi’s Innovation-Driven Development Special Project; and the “Guangxi High-End Equipment Manufacturing Artificial Intelligence Joint Innovation Center” is currently in the public announcement phase.



High-Tech Enterprise Certificate

R&D Achievements and Progress

LiuGong, driven by technological innovation, leverages the dual engines of “intelligence + green” to achieve continuous breakthroughs in electrification, intelligence, digitalization, and large-scale machinery. We have built an innovative product matrix and technical standards system covering all scenarios. As these achievements have been deeply applied in key sectors such as new energy, ports, and mining, the Company has become an important benchmark for new quality productive forces in high-end equipment manufacturing.

Science and Technology Awards Obtained by LiuGong in 2025



Key Technologies and Industrial Applications for Energy-Efficiency Defoaming of Hydraulic Fluids in Construction Machinery

2025 Mechanical Industry Science and Technology Award
Second Prize



Development and Application of Key Technologies for Unmanned Loaders

2025 Mechanical Industry Science and Technology Award
Second Prize



Development and Industrialization of the First-Generation New Energy Electric Drive Wheel Loaders

2025 Mechanical Industry Science and Technology Award
Second Prize



Key Technologies and Applications of 90-Ton Hydraulic Mining Excavators

Guangxi Science and Technology Progress Award
Third Prize

Promotion of Industry Development

◆ Standard Development

LiuGong actively participates in the formulation of international and domestic technical standards. During the Reporting Period, LiuGong contributed to 15 standards, including 7 national standards (2 led by LiuGong), 5 industry standards, and 3 group standards. Additionally, LiuGong is an important member of multiple industry and technical associations. In 2025, LiuGong, as the Secretariat of the Electric Earthmoving Machinery Subcommittee, organized reviews for 2 standards; participated in 3 international meetings; and attended 4 industry exchange meetings.

◆ Industry Cooperation

LiuGong has established a systematic R&D innovation industry cooperation model, integrating external resources to form a symbiotic ecosystem driven by scenarios and values. This approach propels technological and product upgrades, leading the digital and intelligent transformation of the construction machinery industry.

Case Study: Signing of the Strategic Cooperation Agreement among China Northern Vehicle Corporation Ltd., Guangxi LiuGong Machinery Co., Ltd., and BEIBEN Trucks Group

On September 25, LiuGong signed a strategic cooperation agreement with China Northern Vehicle Corporation Ltd. and BEIBEN Trucks Group. The three parties will leverage industry and channel advantages to deepen collaboration in infrastructure, mining, and supply chain sectors, expand overseas aftermarket cooperation, and achieve resource sharing and mutual benefits.



Signing Ceremony of the Strategic Cooperation Agreement

Science and Technology Ethics

LiuGong is primarily engaged in the R&D, manufacturing, and service of construction machinery and related intelligent equipment. In activities such as intelligent product development and industrial data application, the Company complies with laws and regulations, including the *Law of the People's Republic of China on Science and Technology Progress*. We strictly adhere to technological ethics requirements concerning data security and privacy protection, and conduct scientific and technological innovation and operations in accordance with regulations. During the Reporting Period, no violations of science and technology ethics occurred in the Company.

► Protection of Intellectual Property Rights

Intellectual Property Management

In strict compliance with the *Patent Law of the People's Republic of China* and other relevant laws and regulations, LiuGong has established systems such as the *Measures for the Management of Legal Risks Related to Intellectual Property Rights* and the *Measures for the Management of Patent* to regulate the application, maintenance, use, transfer, licensing, and dispute handling of patents, trademarks, copyrights, and other intellectual property rights (IPR). The Patent Management Committee has been established to promote the Company's patent management and protection efforts. The Secretariat of the Patent Management Committee handles daily affairs, and committee members, including the Global R&D Center, the Legal and Compliance Department, and subsidiaries such as LiuGong Loader Plant and Liuzhou LiuGong Excavators Co., Ltd., ensure implementation of all tasks and continuously advance the IPR management and protection for the Company. Among subsidiaries, Zhongyuan Machinery and OVM have obtained IPR management system certification.

Protection of Intellectual Property Rights

LiuGong has established a "six-in-one" IPR management system covering registration, authorization, dispute resolution, customs supervision, administrative enforcement, and proactive litigation. The Company continuously promotes the transformation of IPR management from compliance-focused to value-oriented operations, achieving a strategic upgrade from passive defense to proactive layout. Strict confidentiality measures are implemented for technical materials involving trade secrets, with employees signing non-disclosure agreements and non-compete agreements to prevent IPR leakage. Through patent searches and analysis, risk patents are identified, patent layout plans are formulated, and design-around strategies are implemented to avoid infringing others' IPR.







Intellectual Property Training

To further strengthen employee awareness of IPR protection and management, LiuGong conducts training on patent search (including database operation and search strategies) and patent mining and layout. Case-based teaching methods are used to improve patent search capabilities for engineers and designers, helping them monitor industry technology trends and avoid patent infringement risks in product and technology development.



Intellectual Property Training



Indicator	2023	2024	2025	
Total Number of Granted Valid Patents (Item)	2,882	3,235	3,604	
Total Number of Granted Valid Invention Patents (Item)	882	1,020	1,077	
Total Number of Granted Valid Utility Model Patents (Item)	1,819	1,977	2,219	
Total Number of Granted Valid Design Patents (Item)	181	238	308	
Cumulative number of software copyrights (Item)	227	285	358	
Total number of published papers (Item)	2,032	2,159	2,286	

Creation of Responsible Supply Chains


► Supply Chain Management


Governance LiuGong has established the *Supplier Management Procedure*, the *Supplier Performance Evaluation Management System*, and the *Supplier Yellow-Red-Green-Black List Management Standard*, which define standards and processes for supplier sourcing, qualification review, and admission assessment. A quantified performance evaluation system is used to assess and grade suppliers, enabling dynamic control of supply chain risks and performance.


LiuGong has established a clearly defined supply chain management structure led by the Procurement Department. This cross-functional collaboration mechanism involves multiple departments, with SQE responsible for process audits and supplier continuous improvement.


LiuGong implements quality assessments based on the EVA 1000-4000 four-dimensional supplier evaluation system, enabling full lifecycle quality evaluation of suppliers and driving continuous improvement in their products and services.

Supplier Management Process

- Admission 

 - The Purchasing Department seeks potential suppliers based on development projects, and organizes a potential supplier audit (EVA1000 audit) for suppliers passing the initial review. Once passing such an audit, the suppliers will be added to the list of qualified suppliers.
 - Supplier admission now requires ISO14001 / ISO45001 certification and ongoing compliance tracking requirements.
- Grading 

 - Suppliers are classified into five grades (A, B, C, D, and E) for effective management.
- Review 

 - An HSE scoring module has been incorporated into the evaluation process for potential suppliers, with a "safety veto" criterion established alongside additional safety qualification standards for supplier admission.
 - Second-party audits now include verification of ISO 14001 certifications, conflict minerals investigation and control status, and green packaging utilization rates, with dedicated safety scoring criteria established for suppliers.
- Exit 

 - The Company talks with unqualified suppliers on their performance evaluation, informs them of performance-impacting factors, communicates on the next improvement direction, and applies for a procurement freeze in the OA system.
 - The *Supplier Performance Management System* has been updated to incorporate penalty mechanisms for serious environmental and safety violations, including score deductions and potential disqualification from the supplier roster.



Strategy

LiuGong incorporates supply chain sustainability into strategic management. By identifying ESG impacts, risks, and opportunities and implementing optimization measures, the Company enhances supply chain resilience and transparency, striving to build a stable, efficient, and green modern supply system.

Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Raw Material Risks	Key raw materials are susceptible to geopolitical factors and trade policies, which may lead to supply disruptions, cost fluctuations, and production delays, impacting LiuGong's production plans and market supply.	Medium	Medium and long term	Increase in operating costs and decrease in operating income	Implement supplier diversification and localization strategies, establish safety stock for critical materials, validate alternative materials, and sign long-term framework agreements with core suppliers to stabilize supply.
Opportunities	Development of Green Supply Chain	By promoting green procurement, requiring suppliers to reduce energy consumption and emissions, and collaborating on green packaging and circular logistics, LiuGong reduces the environmental footprint across the entire supply chain, meets customer and market demand for low-carbon products, and seeks support from green policies.	High	Medium and long term	Reduction in operational costs, increased revenue	Develop a green supply chain development plan, incorporate environmental indicators into the supplier performance evaluation system, collaborate with suppliers to improve energy efficiency and consumption reduction, and publish the following: <i>Green Lean Packaging Design for Procured Components</i> ; and <i>Packaging Review Process for Procured Components</i>

Impact, Risk, and Opportunity Management

LiuGong has established HSE evaluation standards and integrated them throughout the full lifecycle management of suppliers, identifying and assessing supply chain risks and mitigating their impact. Simultaneously, the Company capitalizes on opportunities such as digital transformation and cost optimization to enhance supply chain efficiency and flexibility.

Risk Identification

The SPM organizes and completes the identification and information collection of potential risks of qualified suppliers, including historical data of supplier management and external information obtained through surveys and intelligence gathering.

Risk Assessment

The scaling method is used to estimate the occurrence probability and possible impact of each risk.

Risk Monitoring

For identified risks and their consequences, root cause analysis is conducted, risk monitoring and response measures are standardized, and emergency response plans are developed.

Risk Management

SPM develops risk response plans, implements mitigation measures, and employs either a seven-step methodology or Six Sigma approaches for execution.

Metrics and Targets

To strengthen supply chain risk prevention capabilities and implement supply chain risk management, market research, and supply chain material risk management, the Company has established corresponding metrics and targets:



The Company prioritizes developing the professional and compliance capabilities of supply chain personnel through regular training sessions. During the Reporting Period, the Company launched the "Transparent Procurement Month" initiative and offered open training sessions on the *Guidelines for Anti-Corruption and Compliance Management* to actively foster a fair, impartial, and transparent procurement culture.



"Transparent Procurement Month" Recognition Meeting

► Supplier ESG Management

LiuGong integrates ESG principles into supply chain management. Through advocacy training, contractual agreements, and collaborative empowerment, the Company drives suppliers to improve sustainability performance and jointly build a responsible supply chain ecosystem. In October 2025, the Company released the *Supplier Code of Conduct*, establishing behavioral constraints for suppliers regarding human rights, environmental protection, and social responsibility. We also require suppliers to sign the *Agreement on Safety and Environmental Production* and the *Commitment to Health, Safety, and Environmental Protection*, offer on-site safety training for suppliers, and guide and drive suppliers to meet the requirements of ESG systems.

Key Performance:



During the Reporting Period, the signing rates of both *Agreement on Safety and Environmental Production* and the *Commitment to Health, Safety, and Environmental Protection* are **99%**.

In 2025, the Company released the LiuGong ESG Assessment Questionnaire to suppliers, and collected feedback on ESG implementation from 520 suppliers. Based on the ESG regulations and laws in China, Europe, and the US, a baseline survey of suppliers was conducted from 10 key perspectives.

On September 15, 2025, the Company held the 2025 LiuGong Supplier Quality Conference themed “Enhancing Quality and Efficiency for Win-Win Collaboration”. Li Haifu, Director of the Supply Chain Center, presented our ESG principles to 120 attendees, shared the Company’s achievements in ESG, and offered specialized ESG training for suppliers. The training interpreted the *Supplier Code of Conduct* and ESG management requirements, calling on all suppliers to collaboratively build a transparent, green, and responsible sustainable supply chain ecosystem.

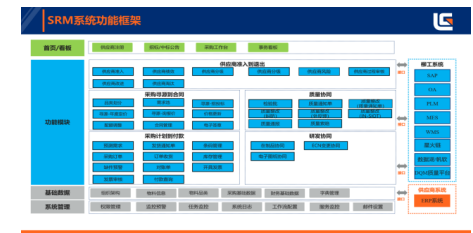
► Implementation of Responsible Procurement

LiuGong actively implements responsible procurement by establishing the *Procurement Control Procedure*, requiring supply chain personnel to sign the *Commitment to Integrity*, incorporating monitoring and anti-corruption clauses in *Purchase Contract of Industrial Goods*, and regularly conducting integrity-focused training to ensure procurement decisions are fair and transparent.

The Company promotes green supply chain management by selecting environment-friendly materials and green suppliers, and digitizes procurement management based on the SRM system. During the Reporting Period, LiuGong conducted a self-assessment of the green supply chain and successfully passed a third-party verification. On January 23, 2025, LiuGong was officially recognized as a Green Supply Chain Management Enterprise by the Ministry of Industry and Information Technology.



Procurement Personnel Integrity Commitment



SRM System Function Framework

► Equal Treatment of Small and Medium-Sized Enterprises

Adhering to the principles of equality and mutual benefit, LiuGong provides technical and financial support to SMEs across the supply chain. As a “chain leader”, the Company helps over 2,000 upstream and downstream companies form a “supply chain integration model” and regional industrial clusters where enterprises achieve a combined industrial scale exceeding RMB 10 billion. During the Reporting Period, LiuGong had no overdue payments to SMEs.



Specialized Training on Regulations for Safeguarding Payments to SMEs

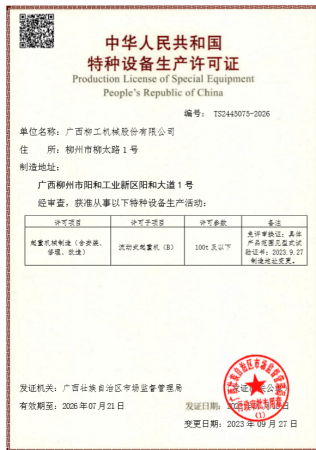
Pursuit of Craftsmanship Quality

Product Quality Management

Governance

LiuGong has established a Quality Committee and implemented a Chief Quality Officer (CQO) accountability mechanism, which explicitly grants the CQO veto power over product quality and safety and holds them accountable for product safety. The Company has formulated the *Quality Incentive and Accountability System* and the *Managers' Quality Performance Assessment Method*, to clearly define each employee's responsibilities and KPIs regarding product quality, and establish a rigorous quality control and safety inspection mechanism. During the Reporting Period, no quality or safety incidents or complaints occurred in the Company.

LiuGong and its subsidiaries have passed ISO9001 & GB/T19001 quality system certification. Among others, mobile cranes and forklift products have been awarded with the Production License of Special Equipment; and truck cranes have passed the China Compulsory Certification. The Company has implemented the ISO10012 Measurement Management System and passed the AAA-level certification for the measurement management system.



Special Equipment Production License



China National Compulsory Product Certification



Quality Management System Certification



Measurement Management System Certification

Strategy

LiuGong establishes the quality strategy based on the ESG strategy, internal and external environment, and industry competition. Strategic initiatives are decomposed across three dimensions: system construction, capability building, and competitiveness enhancement. The Company identified and assessed risks and opportunities related to product quality and safety, improving product quality and market competitiveness to meet customer needs.

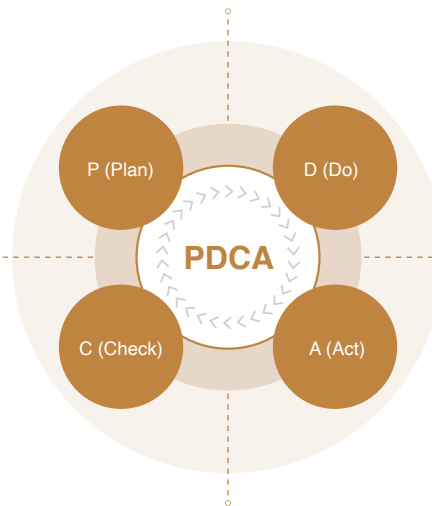
Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Product Quality Risk	Design, manufacturing, or supply chain material issues may lead to batch-level product quality defects, resulting in customer claims, sharply increased costs, and brand value erosion.	Low	Medium and long term	Decrease in operating income and increase in operating costs	Strengthen critical process control and inspection, improve quality traceability systems, and strictly enforce supplier quality management.
Opportunities	Market Opportunities	By building excellent and replicable quality management capabilities, LiuGong enhances customer confidence and brand loyalty through stable product quality. This enables LiuGong products to stand out in high-end domestic and international markets, securing premium pricing and expanding market share.	High	Medium and long term	Increase in operating revenue	Benchmark against global best practices, continuously invest in upgrading quality management systems, cultivate talent, and build a quality-driven culture, and strive to achieve the strategic targets of elevating global quality competitiveness.

Impact, Risk, and Opportunity Management

LiuGong prioritizes quality risk management by implementing the PDCA cycle and establishing a comprehensive management system covering risk mitigation and opportunity realization.

When planning the quality management system, internal and external factors affecting the organization and its environment, as well as stakeholder needs and expectations, are considered. Each department is responsible for identifying and determining the impact of internal and external factors and planning measures to address risks and realize opportunities.

The audit and internal control departments regularly organize inspections of major risks and the implementation of preventive actions by relevant departments, evaluating the effectiveness of actions taken. The strategic operations departments periodically hold business review meetings with relevant units to assess the favorable impact of measures addressing internal and external factor changes on the Company's strategy, operational results, and achievement of expected objectives.



Each department implements risk management according to the planned measures. These measures should be commensurate with the potential impact of risks and opportunities on the conformity of products and services. Action plans are developed by leveraging strengths to enhance positive impacts and taking preventive or mitigating actions to address weaknesses.

During the Company's review process, if the effectiveness of the response measures is insufficient or there are differences from the expected goals, the responsible units must take corrective and preventive actions. The Company's audit and internal control department is responsible for organizing changes and revisions to the risk prevention objectives, which must be approved by the Company's management.

Metrics and Targets

LiuGong has clearly established ambitious strategic goals in strengthening product quality management and customer service management and is committed to building an excellent quality management system.



Product Quality Management Measures

Deepening Quality Culture

During the Reporting Period, we upgraded LiuGong's "0123433" quality culture, released the *LiuGong Quality Culture Handbook*, routinely conducted quality audits, addressed quality issues in the "Four Do Not Let Go" principle, held evaluations of trusted quality teams/individuals, and advanced the implementation of quality culture with multiple approaches.

The Company promotes and transmits LiuGong's quality culture concept to customers, distributors, suppliers, and employees through forms such as information disclosure, exhibitions, visits, meetings, communication activities, and internal quality-focused activities.



Promotion and Implementation of Quality Culture Handbook



Quality Excellence Recognition



Quality Leadership Training



Training for Inspector Skill Certification



Key Performance:

During the Reporting Period, the Company offered over **300** quality training sessions for **32,317** (person-times) internal employees, with a total training duration of **1,392** hours.

Enhancing Product Quality

The full product manufacturing process of LiuGong covers key stages including incoming material inspection, subassembly, on-line assembly, process inspection, debugging, and final inspection before warehousing. The Company has established supporting management systems such as the *Incoming Material Inspection and Testing Procedure*, the *Complete Machine Inspection and Testing Procedure*, and the *Process Inspection and Testing Procedure*. We strictly enforce the “Three Don’ts” quality principle (do not accept non-conforming products, do not manufacture non-conforming products, and do not pass non-conforming products) to ensure robust quality control across the entire supply chain. The Company utilizes over 41,000 measuring instruments, including five-axis large coordinate measuring machines, gear measuring centers, valve bore online measurement units, electric torque-controlled tightening systems, direct-reading spectrometers, and online cleanliness inspection devices to ensure our capabilities in the measurement of key part dimensions and product characteristics. Additionally, third-party testing agencies are commissioned to conduct type testing, further ensuring product quality compliance.

To safeguard product quality and safety, LiuGong has established systems including the *Equipment Management System*, the *Equipment Inspection Management System*, and the *Special Equipment Repair Management Process*. We rigorously implement a quality assurance framework for production equipment management, and conduct regular preventive maintenance and inspections to ensure efficient and stable operation of production equipment.

LiuGong has established a comprehensive product safety and recall management mechanism. For automotive crane products falling under the scope of the *Regulation on the Administration of Recall of Defective Auto Products*, the Company strictly implements the *Rules on the Administration of Recall of Auto and Crane Products*, and builds a full-process system from defect identification to recall execution. For product lines not subject to mandatory recalls under applicable rules and regulations, the Company proactively initiates recalls for sold products for technical upgrades or repairs, in accordance with the *Regulations on Technological Upgrade of Domestic Products* and the *Mandatory Repair Control Procedure for Products on International Markets*. This effort aims to eliminate potential risks and fulfill product responsibility. The Company continuously monitors product performance and customer feedback through a quality information feedback system covering the entire product lifecycle. Once any anomaly potentially affecting safety or critical performance is detected, we will immediately initiate an investigation and assessment, and decide whether to initiate a recall based on relevant results and established procedures. In addition, all LiuGong products are fully traceable. The Company uses SAP and MES systems for quality inspection control, closed-loop management of manufacturing process quality issues, and file management for complete machines.



Key Performance:

During the Reporting Period, the Company achieved a first pass yield of **100%**, and a product recall rate of **0%**.

► Protection of Customers' Rights and Interests

Customer Service Management System

LiuGong has established systems such as the *Customer Inquiry and Complaint Handling Procedure* and the *Quality Complaint Management Measures*. We have built a global customer service network that clearly defines responsibilities at all levels and a closed-loop handling mechanism. Through coordinated pre-sales, in-sales, and after-sales processes, customer needs are efficiently addressed, enhancing service solution quality and customer satisfaction.

Response Mechanism for Customer Complaint

The Company operates 1,090 service outlets nationwide, and provides customers with multiple repair request channels, including hotline, WeChat, and the "Smart Butler" APP. Based on systems like the *Customer Inquiry and Complaint Handling Process*, the Company has established a closed-loop complaint management mechanism. Complaints are assigned through the DMS system, with dedicated follow-up personnel conducting handling and customer callbacks. If dissatisfaction persists, the complaint is rerouted until resolution. Major complaints are tracked and rectified by the International Business Center.

Training on Customer Service

LiuGong emphasizes the capability building of its customer service team through multi-level, multi-dimensional training including policy promotion, professional courses, skill retraining, and overseas technical training, improving the overall competency of internal and external service personnel and strengthening the global service network.

Case Study: *Training Course on Resolving Complaints @: Handling Complaints to Outpace the Growth of Customer Awareness of Rights*

Customer service personnel from headquarters were arranged to participate in a course named "*Resolving Complaints @: Handling Complaints to Outpace the Growth of Customer Awareness of Rights*" organized by Caibo (China) Customer Management Institute. After the course, they offered training to all service personnel in the Company worldwide. 132 participants attended the training, with a total training duration of 4 hours.

Key Performance:

During the Reporting Period, the Company offered **7** specialized training sessions on the response to customer complaints for **416** participants, with a total training duration of **21** hours. One assessment was conducted for this training, achieving a **100%** pass rate.

Customer Satisfaction

LiuGong has established systems including the *Customer Satisfaction Measurement Procedure* and the *Customer Satisfaction Index (CSD) Measurement Method*, and conducts satisfaction assessments for end-users and dealers through questionnaires, face-to-face interviews, and phone calls. From February 2025, the Company conducted a monthly comprehensive survey on customer satisfaction, and 12,472 (or 19.2% of the total) customers have participated in the survey. Simultaneously, the Company implemented a satisfaction self-assessment, setting a target score of 85. The actual average score achieved was 81.73, with a completion rate of 96.15%. In total, over 100 product improvement suggestions were submitted to the back end and R&D and quality departments, and many of these suggestions have been adopted into the product design improvement scheme.

Protection of Customer Privacy

The Company has established systems such as the *Customer File Management System* and the *Customer Information Request Process*, and strictly enforces confidentiality requirements to safeguard customer information security. During the Reporting Period, no negative incidents involving customer privacy breaches occurred in the Company.

Data Security and Privacy Protection

Information Security Management System

In strict compliance with laws and regulations concerning information security, LiuGong formulated and implemented systems such as the *Provisions on the Management of Network Security Protection* and the *Information Security Incident Management System*, and established the Information Technology Management Committee to coordinate daily security operations, technical protection, and employee security awareness training.

Normalized Security Governance Measures

Identification of Information Security Risks

LiuGong has built an information security risk identification system that combines technical tools with manual management. By deploying automated security monitoring tools, conducting regular network vulnerability scans and penetration tests, cooperating with external agencies for security audits, and collecting employee-reported potential security issues, the Company proactively identifies potential security threats.

Security Technology and Capabilities

LiuGong has formulated the *Management Measures for Trade Secrets*, classifying trade secrets into three levels - core, important, and internally disclosed secrets - based on data sensitivity, and implementing corresponding technical protection measures for each level. The Company employs advanced encryption technologies to safeguard sensitive data and conducts regular system vulnerability scans and remediation to ensure the security of information assets and support stable business operations. LiuGong has developed a data lake system to centralize the collection of product operation and business data, clearly defining basic management processes for data ownership, sharing, and utilization.

Information Security Training

Through regular information security training, LiuGong enhances employees' security awareness, continuously consolidates and optimizes the Company's information security protection system, and effectively responds to emerging and complex security threats, thereby comprehensively improving overall information security capabilities.

Emergency Incident Management

The Company has established the *Emergency Response System for IT Anomalies* and corresponding contingency plans. We create a systematic response process to ensure that, in the event of information system anomalies or other emergencies, prompt actions can be taken to protect data security and control risks. Each year, the Company participates in cybersecurity attack-and-defense drills organized by local government agencies to assess and strengthen the effectiveness of the emergency response system, effectively safeguarding corporate reputation and user trust.

IT Anomalous Event Handling Process

Daily Monitoring of Information System Operations

The Secondary Process and the Information Technology Center monitors the daily operation of information systems, and reports any abnormalities identified.

Information Reporting

The Process and Information Technology Center classifies the reported incidents, and the Information Security Group under the Information Technology Management Committee confirms the classification.

Emergency Activation

The Information Security Group under the Information Technology Management Committee issues the emergency response activation order.

Emergency Response

The Process and Information Technology Center handles the situation according to the emergency plan, and the system administrators of the Secondary Process and Information Technology Center takes emergency response measures.

Emergency Response Summary

The Process and Information Technology Center conducts a cause analysis and summarize the experience, and reports to the Information Security Group under Information Technology Management Committee.

Shared Prosperity: Anchoring Responsibility for Sustainable Growth

06

Our Philosophy

We always prioritize employee occupational health and safety, practices fair and transparent compliance employment, and build a global talent pipeline. We also actively fulfill our social responsibilities by supporting rural revitalization through pragmatic initiatives, and strive to achieve a harmonious unity of employee growth, corporate advancement, and societal development.

Our Actions

We ensure occupational health and safety, protect employees' rights and interests, provide welfare and care for employees, strengthen democratic management, and focus on employee training and development.

SDGs Responded



Responsibility Focus

Strengthening Foundations through Global Presence, Building a Distinctive Talent Development Ecosystem for LiuGong

Talent is the core engine of LiuGong's globalization journey. In 2025, the Company continued to refine a LiuGong-specific talent cultivation mechanism. From innovating training management models and driving organizational efficiency transformation through the launch of AI knowledge assistants, to building a multi-tiered international talent pipeline for the activation of internal talent potential, establishing an overseas branch in Indonesia and co-building a training hub for local value creation in West Africa, LiuGong has achieved leapfrog development in talent development by advancing from the training of internal workforce to the construction of global talent ecosystem.

▶ Innovating Training Management Models

As a vital platform supporting the Company's strategic implementation and talent development, LiuGong University has expanded its existing 13 professional colleges to include two new business colleges: Pre-stressing and Excavators. The Company has over 400 internal trainers. LiuGong University has cumulatively launched over 2,500 courses covering multiple dimensions including leadership, professional skills, and general competencies.

In 2025, the Company focused on building a unified knowledge management system to extract organizational experience and empower employee growth. During the Reporting Period, the knowledge management platform was made accessible to all employees, enabling knowledge accumulation, sharing, and value transformation through digital means. The platform has currently accumulated over 9,000 knowledge entries, facilitating over 785,000 learning sessions and effectively improving employee productivity. Simultaneously, the Company innovated the knowledge management model by cultivating 22 internal knowledge extractors, producing 50 high-quality knowledge outputs throughout the year, fully launching the AI knowledge assistant, and creating a closed-loop management system for knowledge accumulation, sharing, and value transformation, thus making knowledge a core engine for driving organizational efficiency.

▶ Building an International Talent Pipeline

Aligned with LiuGong's 15th Five-Year Plan strategic requirements, the Company continues to implement key training programs covering employees at all levels, solidifying the foundation for international talent. During the Reporting Period, LiuGong advanced the "Jiaolong Program". We selected high-potential fresh graduates for a 12-month targeted development program, aiming to cultivate them into junior management talents with strong job competencies, who, upon meeting performance standards, will be assigned overseas to reserve new talent for international operations. For existing management, the Company formally launched the Specialized Training Program for International Business Directors in December 2025. Tailored to the challenges of international operations, this program employs a tiered training-on-the-job model with customized curricula. The inaugural session focused on strategic analysis and change management, empowering managers to advance their capabilities and ensure effective implementation of corporate strategy in overseas markets.

► Establishing the First Overseas Branch Campus

While expanding markets, LiuGong emphasizes creating local value. Through technology and knowledge transfer, the Company collaborates with educational institutions in Indonesia, Thailand, Vietnam, and other countries to systematically cultivate localized talent. To accelerate talent localization, the first overseas branch campus of LiuGong University was officially opened in Indonesia on December 9, 2025, marking a new chapter in the establishment of a comprehensive global talent development system. During the Reporting Period, the Indonesia branch has already launched the inaugural corporate culture course and appointed 10 local cultural ambassadors. This initiative deeply integrates local culture with LiuGong's philosophy, aiming to cultivate a cohort of local talent who "master technology, understand business, and embrace culture", thus providing a solid talent foundation for LiuGong's deepened development in Southeast Asia.

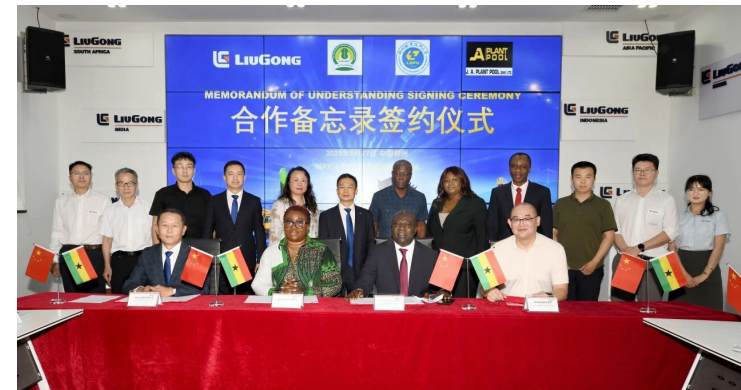


Inauguration Ceremony of the Indonesia Branch of LiuGong University

Additionally, the Company has partnered with vocational institutions in Liuzhou, local universities in Ghana, and dealers to establish a talent development system, planning to establish a "Training Hub in West Africa".

Case Study: LiuGong Signed a Four-Party Cooperation Memorandum to Deepen Talent Development in Ghana

In May 2025, LiuGong, Liuzhou Vocational and Technical College, the Ghana Technical University Alliance, and JA PLANT POOL (a dealer of LiuGong) signed a four-party cooperation memorandum. This represents further in-depth collaboration between LiuGong and Ghana in education and localization. The signing underscores LiuGong's commitment not only as an equipment provider but also as a dedicated partner in talent development, social responsibility, and overseas market cultivation, supporting the advancement of education in Africa.



Signing Ceremony of Cooperation Memorandum



Support for Employee Growth

Occupational Health and Safety

Safety and Health Management System

Governance

LiuGong has established 63 HSE system documents, including the *Occupational Health, Safety, and Environmental Management System* and the *Work Safety Standardization Management Manual*. At the organization level, the Health, Safety, and Environmental Management Committee oversees safety matters at the organization level, with subsidiary companies at all levels also establishing their own Health, Safety, and Environmental Management Committees. At the execution level, the Company has established an independent department—the Excellence Manufacturing Center (Health, Safety, and Environment)—to exercise authority over occupational health and work safety management.

LiuGong's occupational health and safety management system was first certified in 2003. Every year, an independent third-party certification agency conducts system supervisory audits, and a re-certification (certificate renewal) audit is carried out every three years. During the Reporting Period, LiuGong and its 17 subsidiaries obtained occupational health and safety management system certification.

Strategy

The Company has established the *Risk and Opportunity Identification and Control Procedure*, organizing the identification and assessment of occupational health and safety risks and opportunities annually. In 2025, a total of 47 occupational health and safety risks and opportunities were identified, with corresponding mitigation measures developed.



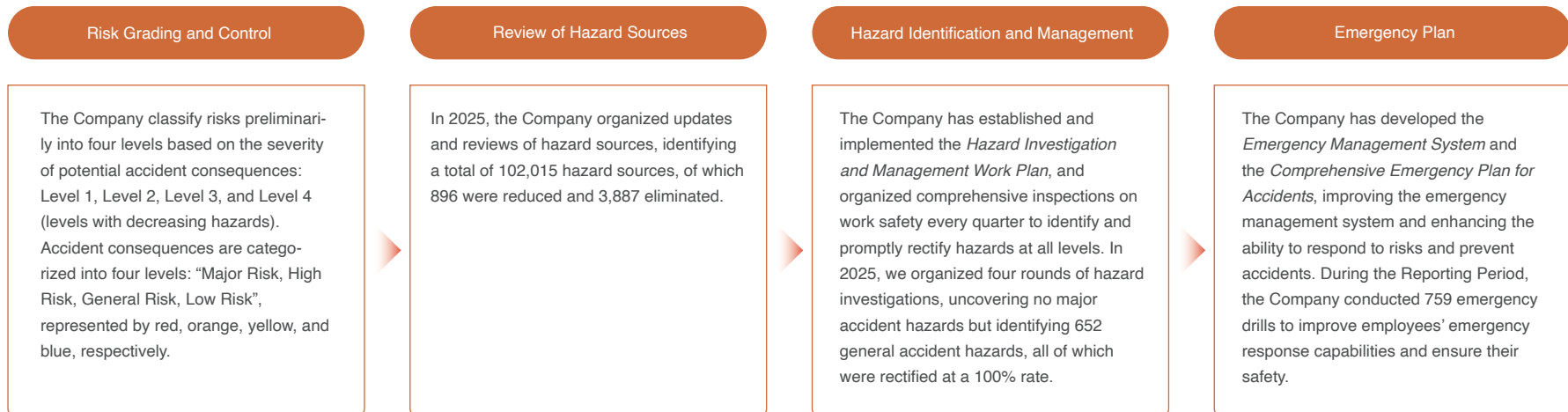
Occupational Health and Safety Management System Certification Certificate (Partial)

In fulfilling the enterprise's primary responsibility for work safety and the work safety duties of the primary person in charge, the Chairman and Party Secretary of LiuGong, as well as the general managers of all subsidiaries, sign and publicize work safety commitment letters annually. In addition, the Company has established a sound work safety assessment mechanism. Target responsibility letters for work safety are signed at all levels from senior executives to ordinary employees each year. Professional safety personnel conduct work safety performance evaluations in accordance with relevant assessment standards, which are incorporated into the monthly or annual comprehensive personal performance appraisal.

Type of Risk/Opportunity		Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Operational Risk	Once an occupational health or safety production accident occurs, the business of the Company may be interrupted, and a large amount of funds are required to handle the accident, restore the site, and carry out subsequent rectification.	High	Short term	Increase in operational costs/fines	Continuously implement the Dual Prevention Mechanism, strengthen risk management, and ensure effective execution of control measures through hierarchical hazard inspection and remediation.
Opportunities	Management Efficiency	Through occupational health management, the Company can more effectively prevent and control potential hazards in the work environment, improve employee productivity, and avoid large-scale financial expenditures.	High	Short, medium and long terms	Reduction in expense expenditure	Develop a digital platform for work safety, refine risk warning and emergency response mechanisms, and enhance the precision and operational efficiency of occupational health and safety management.

◆ Impact, Risk, and Opportunity Management

The Company has developed the *Risk Evaluation and Hierarchical Control Procedure* and the *Regulation on the Management of Hazard Identification and Evaluation*. The main safety risk management methods and processes include risk point identification and classification, job risk identification, assessment and classification, formulation of risk control measures, hierarchical risk management, risk notification, and execution of risk measures.



Case Study: Emergency Response Drills

On December 3, 2025, to further enhance employees' fire safety awareness and improve their ability to respond to sudden fires, LiuGong conducted a fire emergency evacuation drill at the office building of the New Energy & Intelligent Global Innovation Center. This marked the first emergency evacuation drill conducted since LiuGong's headquarters relocated to its new premises. The drill successfully evacuated all 1,129 persons from the office building within 2 minutes and 12 seconds. LiuGong will continue to strengthen fire safety measures by regularly organizing similar drills, to build a robust defense for employee health and safety.



Emergency Response Drills

Metrics and Targets

Actively responding to the national occupational health and work safety plan, LiuGong formulated the *Strategic Plan for Health, Safety, and Environmental Protection in 2021-2025*, outlining a five-year roadmap for key initiatives and establishing annual health, safety, and environmental protection plans. The Company sets occupational health and safety performance indicators annually.

Key Performance:

During the Reporting Period, the Company recorded **6** safety incidents, with a total of **6** work-related injuries, an injury rate of **0.03%**, a fatality rate of **0%**, and an injury rate per million working hours of **18.83%**, resulting in **401** lost workdays due to work-related injuries.

Targets in 2025

<p>No Serious or Fatal Incidents</p> <p>Achieved ✓</p>	<p>Frequency of Lost-Time Incidents</p> <p>≤ 0.561</p> <p>Achieved ✓</p>	<p>No Fire Incidents</p> <p>Achieved ✓</p>	<p>No New Occupational Diseases</p> <p>Achieved ✓</p>	<p>Hazard Rectification Rate Upon Expiry</p> <p>100%</p> <p>Achieved ✓</p>	<p>Compliance Rate at Toxic and Hazardous Operation Points</p> <p>≥ 97%</p> <p>Achieved ✓</p>	<p>Occupational Health Examination Coverage</p> <p>100%</p> <p>Achieved ✓</p>
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Safety Production Management

LiuGong always prioritizes safe production, adheres to the principle of “Life First, Safety Foremost”, and implements multiple safety management measures to ensure work safety.

Digital Management Platform

The iHSE Intelligent Management Platform officially went live in 2025, marking LiuGong’s safety governance entering a new stage of systematization and intelligence.

Safety Production Standardization

Dedicated personnel perform regular equipment maintenance, monthly supervision checks, and closed-loop rectifications, while maintaining ongoing communication with regulatory authorities. All subsidiaries have achieved 100% compliance through work safety standardization assessments.

Safety Inspections

The Company strictly enforces safety regulations, including the Hazardous Chemical Management System, and conducts comprehensive, specialized inspections across all stages of hazardous chemicals management, including storage, usage, and emergency response. Additionally, regular inspections and targeted checks are carried out to ensure that fire safety management is effectively implemented.

Stakeholder Safety Management

The Company strictly adheres to the *Contractor Health, Safety, and Environmental Management System* and signs work safety agreements with all contractors. We undertake projects for the development of contractor safety management systems and implement differentiated safety training and access mechanisms.

Protection of Occupational Health

For workplaces with occupational disease hazards, LiuGong takes effective protective measures to ensure that hazard levels comply with national occupational hygiene standards.

Occupational Disease Hazard Factor Detection

The Company conducts annual on-site occupational hazard monitoring and a triennial occupational hazard assessment. In 2025, the occupational hazard assessment and on-site monitoring of dust, toxins, and noise achieved a compliance rate of 98.3%.

Personal Protective Equipment

The Company currently has 516 sets of occupational health equipment and facilities, and 10 categories comprising 115 types of protective equipment.

Occupational Hazard Notification

Additionally, 2,152 occupational health warning signs and hazard notification cards are deployed, with annual updates of occupational hazard monitoring data for each position.

Occupational Health Checkups

Targeted inspections are arranged based on the occupational characteristics of different roles. Employees found to have occupational contraindications or related health impairments during medical examinations are reassigned from their original posts in accordance with regulations.

Education on Occupational Health and Safety

Through the Health, Safety, and Environmental College, LiuGong promotes the training on occupational health and safety at all levels and achieves effective results.

Training in 2025

<p>Safety Training for Mid-to-Senior Management</p>	<p>In May, the Company organized health, safety, and environmental competency training for department directors, covering 53 directors. In July, training for enterprise leaders and safety management personnel was held, focusing on a comprehensive interpretation of the new <i>Law of the People's Republic of China on Work Safety</i>. A total of 507 participants received training, strengthening certified compliance management.</p>
<p>Professional Training for Safety Management Personnel</p>	<p>In March, HSE internal auditor certification training was conducted, certifying 92 dual-system internal auditors, with 32 participants attending the HSE internal auditor advanced training course. In April, experts on national work safety standardization conducted professional capability enhancement training for heads and technical personnel of safety, equipment, and process departments across units, with 254 participants.</p>
<p>Occupational Health Education</p>	<p>In April, the Company organized emergency first aid training, including instruction and hands-on exercises, with 250 participants.</p>
<p>Safety Education for All Employees</p>	<p>From May to June, LiuGong carried out the Work Safety Month themed "Everyone Talks Safety, Everyone Knows Emergency Response—Identify Safety Hazards Around You", including 17 events such as the Firefighter Emergency Rescue Skills Competition, involving 13,260 participants.</p>

Key Indicators	Unit	2023	2024	2025	
Total Investment in Safety Training	RMB 10,000	85	85	79.03	↓
Safety Education and Training Sessions	Session	20,903	21,120	22,680	↑
Number of Participants in Safety Education and Training Sessions	Person-time	418,072	422,681	582,019	↑
Total Hours of Safety Education and Training	Hour	459,879	468,350	553,349	↑
Coverage Rate of Safety Education and Training	%	100	100	100	
Coverage Rate of Safety Risk Protection Training	%	100	100	100	

Compliant Employment

Protection of Employees' Rights and Interests

In 2025, the Company further strengthened human resources functions by adding the Human Resources Policy and Compliance module and establishing a comprehensive lifecycle system covering recruitment, onboarding, compensation, development, and separation. Key policy documents include the *Employee Handbook* and the *Code of Conduct for Global Employees*. During the Reporting Period, LiuGong achieved 100% labor contract signing rate and a 100% social insurance coverage.

1.

Diversity, Equality and Inclusivity

In line with the commitments of the *Universal Declaration of Human Rights* and internationally recognized human rights and labor standards, the Company has developed and published the *Global Human Rights Policy of Guangxi LiuGong Machinery Co., Ltd.* This policy clearly defines 14 key areas, including the prohibition of discrimination, harassment, forced or compulsory labor, child labor, and the promotion of diversity and inclusion. The Company safeguards employees' equal rights and cultural identity through measures such as implementing an age verification mechanism during recruitment, conducting specialized human rights policy training for global management, promoting localized practices in various regions, setting up barrier-free facilities and nursing rooms, and distributing festival gifts to ethnic minority employees.

To advance a culture of diversity, equity, and inclusion (DEI), LiuGong has integrated corporate culture management functions into the HR system and established the "LiuGong HR Communication", a global employee communication platform, to ensure full coverage of culture and information. DEI principles have also been incorporated into the *LiuGong HR "15th Five-Year" Strategic Plan*, permeating the entire talent lifecycle of selection, development, utilization, and retention. In 2025, LiuGong issued the *Cultural Training Standards Manual*, appointed 5 director-level internal trainers, integrated diversity and inclusion concepts into various training programs, and conducted 9 specialized training sessions covering over 1,000 core employees throughout the year.

2.

Protection of the Rights and Interests of Female Employees

The *Special Collective Agreement on the Protection of Female Employees' Rights and Interests* is included in the collective contract system. A Female Employees' Committee under the Trade Union is dedicated to protecting the legal rights and special interests of female employees. In 2025, LiuGong was awarded the "Four-Good" Advanced Collective for Standardized Female Employee Organization Construction 2024. During the Reporting Period, women accounted for 16% of management personnel; 115 employees took maternity leave, with a 100% return-to-work rate; 576 employees took parental leave, with a 100% return-to-work rate.



Video Editing Course



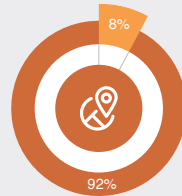
Fun Sports Meeting

Talent Attraction and Recruitment

LiuGong adheres to a recruitment philosophy of “Fairness, Transparency, and Diversity” and strictly implements the *Employee Recruitment Management System*, establishing standardized recruitment processes. The Company ensures compliance at key points through technology integration and AI review, and emphasizes interviewers’ professionalism and impartiality. Systematic training and certification are conducted using the *LiuGong Interviewer Handbook*, ensuring objectivity and standardization in both process and personnel.

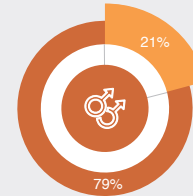
Recruitment channels cover mainstream online platforms (such as Liepin and Zhilian Zhaopin), on-site job fairs, headhunter partnerships, and internal referral systems. In 2025, the Company participated in a special recruitment event for veterans, recruited diverse groups including persons with disabilities, established talent development partnerships with over 20 universities nationwide, and successfully hired more than 300 fresh graduates. Differentiated recruitment strategies are implemented across regional markets. For example, in North America, job descriptions use gender-neutral language, and recruitment information is distributed through diverse talent channels to reach a broader candidate pool. During the Reporting Period, the Company had a total of 15,036 employees, including 3,302 employees from ethnic minority groups, 108 employees with disabilities, 1,837 dispatched workers and 0 part-time employees.

2025 Employee Composition¹⁰



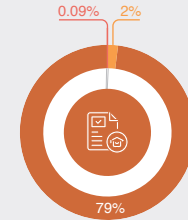
Number of Employees (by Region)

- Chinese Mainland 92%
- Overseas Regions 8%



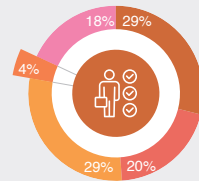
Number of Employees (by Gender)

- Male 79%
- Female 21%



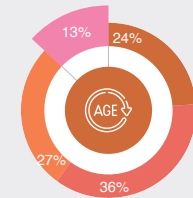
Number of Employees (by Employee Level)

- Senior Management 0.09%
- Middle Management 2%
- Individual Contributors 98%



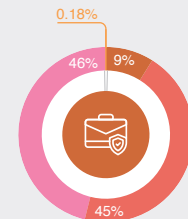
Number of Employees (by Profession)

- Production 29%
- Sales 20%
- Technology 29%
- Finance 4%
- Administration 18%



Number of Employees (by Age)

- Under 30 (exclusive) Years Old 24%
- 30 (inclusive) to 40 (exclusive) Years Old 36%
- 40 (inclusive) to 50 (exclusive) Years Old 27%
- 50 Years Old or above 13%



Number of Employees (by Academic Qualification)

- Doctoral Degree 0.18%
- Master's Degree 9%
- Bachelor's degree 45%
- College Degree or Below 46%

¹⁰Number of Employees by Gender: The Company respects employees’ privacy and self-identification. By the end of the Reporting Period, 56 employees did not provide or chose not to disclose their gender, so the sum of male and female employees is less than the total number of employees. These individuals are included into the total number of employees.

Number of Employees by Academic Qualification: The Company respects employees’ privacy. By the end of the Reporting Period, 845 employees (mainly foreign employees) did not declare their education level, so the sum of employees by education is less than the total employee count. These individuals are included into the total number of employees.

Remuneration and Benefits Management

◆ Compensation Design

The Company has established the *Compensation Management System*, providing institutional support for compensation decision-making, disbursement, and adjustment. We have developed a diversified compensation and incentive structure based on position salary and linked to performance appraisal, incorporating short-, medium-, and long-term incentives, honor rewards, and employee benefits. Market salary benchmarking and internal position evaluations are conducted regularly to ensure that the income of grassroots employees is not lower than the local minimum wage standard.

For performance incentives, the Company provides a combination of short-term and medium- to long-term incentives. Programs such as employee stock ownership plans and stock options systematically support the attraction, motivation, and long-term retention of core talent. During the Reporting Period, the first tranche of the 2023 Stock Option Incentive Plan met unlocking conditions, with 915 eligible participants and a total of 19,820,252 stock options available for exercise. Meanwhile, the Company completed two phases of share repurchase, totaling approximately 55,231,000 shares, intended for new stock incentives or employee stock ownership plans.

◆ Performance Management

The Company's performance evaluation follows the PDCA management principle and implements differentiated assessment mechanisms for employees at different levels: Senior executives and director-level personnel are evaluated annually based on performance, values, and personal capabilities, using the Performance Responsibility Agreement as the basis. Employees below the director level are assessed on a monthly, semi-annual, or annual cycle using target plans or fixed indicators.

For performance feedback, the Company has established a routine employee performance feedback mechanism. At the end of the assessment period, employees receive feedback from their direct supervisors. If there is disagreement between the evaluator and the employee, the employee may file an appeal within 5 working days of receiving the assessment results. This process includes two stages: appeal and review. Appeals are organized and handled by supervisors at the relevant level, while reviews are conducted by the HR department responsible for auditing and organizing the process. The Company strictly maintains the confidentiality of the appellant's information and content, and prohibits any form of retaliation, ensuring the legal rights of the employee filing the appeal are protected.

◆ Welfare System

The Company's benefits system includes statutory benefits and supplementary corporate benefits. Statutory benefits: The Company provides legally mandated social insurance contributions, including pension, medical, unemployment, work injury, maternity insurance, and housing provident fund, and ensures employees enjoy paid annual leave, marriage leave, maternity leave, and other statutory holidays. Corporate benefits: The Company focuses on employees' practical needs related to "clothing, food, housing, and transportation," including single apartments, health check-ups, and medical insurance.

Collective agreements clarify working hours, rest and leave, extended work time and compensation, monthly payroll schedule, daily overtime pay base, and other negotiated terms. In addition, the Company implements a standard working hours system and has established "core collaboration hours" for flexible work scenarios of non-production employees to ensure cross-regional collaboration efficiency.

Indicator	2023	2024	2025
Voluntary Turnover Rate of Key Employees (%)	2.73	1.40	1.50



Enhancement of Democratic Governance

◆ Diverse Communication Channels

LiuGong has built a diversified feedback mechanism that includes both institutional participation platforms and daily communication channels. Employees can voice their concerns through platforms such as the Employee Congress and democratic consultation meetings, as well as daily channels such as email and employee improvement proposals. The Company convenes at least one Employee Congress annually to collect and address employee suggestions, ensuring timely responses and closed-loop management.

Case Study: The Fourth Plenary Session of the 10th Employee Congress of LiuGong

In January 2025, the Company held the fourth plenary session of the 10th Employee Congress and the second plenary session of the 18th National Congress of the All-China Federation of Trade Unions at the Auditorium of the Global R&D Center. The meeting systematically reviewed the Company's operational achievements and strategic execution from the previous year and deployed the development goals and key tasks for the new year. At the same time, the meeting fully recognized the Employee Congress as a key channel for corporate democratic management.



Employee Congress

◆ Appeals and Whistleblowing

Regarding employee appeals and whistleblowing channels, the Company has established a clear appeals mechanism in accordance with the *Global Human Rights Policy*. In addition, the Company has set up multiple channels, including a GM Mailbox supporting anonymous feedback, an anti-harassment whistleblowing hotline in North America, and a legal aid lawyer hotline accessible to all employees. Lawyers are regularly organized to visit grassroots units to conduct legal awareness activities, ensuring employees' legitimate rights are protected from multiple dimensions.

Human Rights-Related Appeal Process at LiuGong

Step 1 of Appeal

Report to the direct supervisor (N+1) of the employee involved in the violation.

Step 2 of Appeal

If Step 1 fails to resolve the issue effectively or the person involved is the direct supervisor, report to the N+2 supervisor of the employee involved.

Step 3 of Appeal

If the first two steps fail to resolve the issue effectively or the above person is one party to the appeal, please report to the Human Resources Manager of the organization where the employee works.

Step 4 of Appeal

If the first three steps fail to resolve the issue effectively or the above person is one party to the appeal, please report to the Human Resources Manager of the organization where the employee works.

If none of the above steps resolve the issue effectively, or if all persons mentioned are parties to the appeal, employees may also report in writing or via email to the Compliance Office of the Company.



The designated email address for receiving appeals is lghgb@liugong.com

◆ Employee Satisfaction Survey

To continuously listen to employees' voices and promote management improvement, since 2025, LiuGong has upgraded the traditional "Employee Engagement Survey" to the "Employee Insight Survey", covering all global employees. Focusing on seven dimensions including strategic consensus, corporate culture, work experience, and managerial leadership competence, the Company systematically collects and analyzes employee feedback, experience and behavioral data to gain in-depth insights into employee status, needs and potential issues, thereby providing a basis for optimizing management decisions and improving organizational effectiveness. The Company has always attached great importance to the protection of female employees' rights and interests, and earnestly practiced the principle of gender equality. According to the results of employee insight surveys, female employees and male employees share highly consistent recognition in core dimensions such as strategic consensus and professional dedication. The overall satisfaction and sense of identity are excellent, which fully reflects the effectiveness of a diverse, equal and inclusive workplace culture.

Indicator	Unit	2023	2024	2025
Employee Satisfaction	%	81.0	86.5	92.8
Survey Coverage for Employees	Person	14,055	14,218	13,594

Care for Employees

◆ Employee Activities

The Company supports employees' comprehensive development through diversified activities, including the 5 · 28 and 11 · 26 Employee and Family Open Day events, with over 5,000 employees and family members participating, and the "Celebrate May 1 & Welcome May 4" commemorative conference. Attention is also given to retired employees to strengthen corporate cohesion.



2025年柳工5·28全球客户节-员工家庭开放日
5 · 28 Family Open Day



11 · 26 Family Open Day



Legal Consultation for Retired Employees



Art Performance on Double Ninth Festival

◆ Care for Employees in Difficulty

Through holiday greetings, targeted assistance programs, and other forms, the Company provides financial support and emotional care to employees and their families in need. In 2025, the Company extended care to approximately 42,700 individuals, including union members, employees in difficulty, hospitalized staff, employees relocated to northern bases, domestic marketing staff in remote areas, personnel stationed in Antarctica, and founding employees, distributing care packages and aid totaling approximately RMB 9.75 million; over 4,500 frontline employees received high-temperature and high-production support; rewards totaling RMB 110,000 were given to 16 children of employees in difficulty and 101 children admitted to undergraduate programs; medical mutual-aid subsidies of RMB 437,500 were provided to 8,750 employees.



Support for Employees in Difficulty on Spring Festival



Visits to Founding Employees on Spring Festival

◆ Protection of the Mental Health of Employees

The Company integrates mental health assessment into the onboarding process and provides routine psychological support services through full-time counselors in the Trade Union and expert consultations every Tuesday and Thursday. From April to May 2025, the Company organized 136 training sessions themed “Caring for Workers’ Mental Health”. In August, the HSE Department, in cooperation with professional medical institutions, officially established on-site health consultation platforms at the Liuzhou and Changzhou bases, further expanding the coverage of services. In addition, LiuGong has established an “online + offline” employee mental health service platform, providing 22 sessions of free psychological counseling and 30 hotline consultations, and hosting 2 themed lectures on “Stress Management” and “Emotion Regulation”.



Psychological Counseling Room



Stress Relief Room



Themed Lecture on Mental Health



Mental Health Consultation Lectures

◆ Employee Care for Northern Relocation Project

The Company formulated a *Special Care Plan for Employees Involved in Northern Relocation Project* with a three-dimensional approach of “on-site experience + interactive promotion + democratic consultation”, to effectively enhance employees’ sense of gain, recognition, and belonging in the new park. A Women’s Care Room was provided to coordinate arrangements for multiple pregnant employees to work in established office areas; two rounds of free medical check-ups were organized to provide professional and considerate healthcare services to nearly 1,000 employees; courses on women employee’s health and care were offered to help them balance work and life. This effectively addresses the practical difficulties of employees affected by the northern relocation.

Rural Revitalization

LiuGong developed the *Guideline for Rural Revitalization*, actively exploring sustainable development pathways aligned with rural realities and demonstrating state-owned enterprise responsibility. Focusing on key areas such as industrial empowerment, talent support, and ecological improvement, the Company is committed to making solid contributions to agricultural and rural modernization. In 2025, LiuGong completed the re-election of the rural revitalization resident work team, appointed a new first secretary and resident team members to continuously strengthen the frontline support for rural revitalization. The total investment in rural revitalization reached RMB 10.1955 million.

Case Study: Opening New Baking Facility to Help Villagers Gain Fresh Opportunities for Prosperity

In August 2025, LiuGong officially launched an agricultural product baking facility project in Si’ou Village, Doujiang Town, Sanjiang Dong Autonomous County, Liuzhou City, for the monk fruit baking operations by local villagers. This effort addresses the challenges of short storage periods and high spoilage rates for local farmers’ monk fruits, significantly improving baking efficiency and quality while promoting industrial development and increasing farmers’ incomes.



Assistance in Baking Monk Fruit

Case Study: Consumption-Based Assistance to Ignite Rural Development Vitality

In 2025, LiuGong continued consumer assistance initiatives, distributing red glutinous rice as employee benefits for 2026 Lunar New Year. LiuGong purchased 20,000 kg of red glutinous rice from Meisu Village. This effort will help to expand the planting area by 120 acres, and increase villagers' income by over RMB 300,000, thus driving accelerated development of Meisu Village' s specialty industries through strong consumption momentum.

Case Study: Implementation of the Donation Plan for Public Welfare Education Support in 2025

In 2025, LiuGong precisely implemented a public welfare donation plan for education support, providing a total of RMB 111,500 to high school and university students from registered poverty-stricken households in Sanjiang Dong Autonomous County. This heart-warming initiative vividly reflects LiuGong's long-standing commitment to supporting education in Sanjiang County.

Contribution to Society

LiuGong has deeply embedded social responsibility into corporate development, actively giving back to society through institutionalized efforts and concrete actions. The Company released the *External Donation Management System*, systematically standardizing the decision-making, management, and oversight processes for public welfare resources. This marks a new phase of systematic and transparent social responsibility practices for the Company. In 2025, the Company, with a total public welfare donation up to RMB 12.631 million, organized 59 volunteer activities, engaging 2,065 participants to contribute 390 service hours.

Public Welfare and Charity

LiuGong carries out pragmatic actions in education support, community co-construction, environmental protection, disaster relief, and other fields, contributing to social harmony and sustainable development.

Case Study: LiuGong Clears "Lifelines" with Mechanical Power

In June 2025, Sanjiang Dong Autonomous County in Liuzhou, Guangxi, faced severe flooding due to persistent heavy rainfall. Water levels exceeded warning thresholds, roads collapsed, farmlands were submerged, and communications were temporarily disrupted. Facing the severe flood situation, LiuGong urgently mobilized nearby equipment, rushed to the scene to clear silt and obstacles, and repaired roads, using mechanical power to clear "lifelines" demonstrating LiuGong' s strong capabilities and social responsibility.



Flood Control and Disaster Relief at Frontline in Liuzhou, Guangxi



Case Study: Donation of RMB 1 Million to Support Fire Rescue and Recovery Efforts in Tai Po, Hong Kong

On the afternoon of November 26, a fire broke out in multiple residential buildings at Wang Fuk Court in Tai Po, Hong Kong, causing significant casualties and wide concerns among people across the nation. LiuGong responded with high priority, actively fulfilling its social responsibility by immediately activating its emergency assistance mechanism. The Company urgently donated RMB 1 million to Hong Kong to support disaster relief efforts, including assistance for affected residents and post-disaster recovery and reconstruction.



Charity Donation Plaque



Case Study: Red Bond Enduring 18 Years, Love Donation Fueling the Original Aspiration

In February 2025, LiuGong collaborated with the Guangxi Blood Center to organize a voluntary blood donation event themed “Passing on Love with True Care” at the entrance of its headquarters factory, alongside a “Certificate of Appreciation” awarding ceremony. Throughout the year, 486 employees participated in blood donation, contributing a total of 167,400 milliliters of blood.



Certificate of Appreciation Received by LiuGong from Guangxi Blood Center

Case Study: Nurturing Healthy Growth, Shaping Bright Future

LiuGong remains committed to supporting youth development. In May 2025, LiuGong partnered with 25 organizations, including the Liuzhou Civil Affairs Bureau and Women's Federation to launch the Children's Care Awareness Month Themed “Nurturing Healthy Growth, Shaping Bright Future”. We carefully prepared “cooling” gift packs and distributed them to child representatives, establishing a solid foundation for their growth through targeted support.



Representatives Presenting Children with “Cooling” Gift Packages

Global Responsibility Fulfillment

LiuGong engages in responsible investment and operations in countries and regions along the Belt and Road through actions such as supporting infrastructure development and promoting local employment, striving to achieve mutual benefits in economic returns and social value.

Case Study: LiuGong Roller Supporting Municipal Road Reconstruction in African to Build a Benchmark for Infrastructure Projects under the Belt and Road Initiative

In April 2025, LiuGong Roller actively participated in African road renovation projects, adding another benchmark project to China-Africa cooperation under the Belt and Road Initiative. Beyond providing robust equipment support for African infrastructure, LiuGong Roller demonstrates the strength of Chinese manufacturing and serves as a vivid testament to friendly cooperation between China and Africa.



LiuGong Roller Working in the Sun

Case Study: Successful Closure of the Main Span of the Fifth Lao-Thai Friendship Bridge

In June 2025, the main span of the Fifth Lao-Thai Friendship Bridge was officially closed. OVM provided prestressed systems, cable-stayed systems, and construction guidance services, becoming a key force in bridge construction. The completion of this bridge represents a new model for implementing the Belt and Road Initiative in South-east Asia.



Construction Site of Fifth Lao-Thai Friendship Bridge



Future Outlook

As we enter the new development stage of the 15th Five-Year Plan, LiuGong will uphold a higher political stance and stronger sense of mission, steadfastly implement the new development philosophy, and serve Guided by our core strategy of "Total Solution, Total Intelligence, and Globalization" we will systematically plan and steadily advance future ESG management efforts, striving to write a new chapter in building a world-class enterprise.

Continuously Improving Governance System, Laying Foundation for High-Quality Development.

LiuGong will uphold and strengthen the Party's comprehensive leadership, continuously improve the modern enterprise system with Chinese characteristics, optimize corporate governance structures, and enhance the strategic guidance and decision-making effectiveness of the Board of Directors. As a state-owned enterprise, we will further deepen our reform efforts, strengthen the integrated development of internal control, risk management, and compliance systems, and elevate the standardization and precision of operational management. We will also place greater importance on investor relations management and value communication, reward shareholder trust with steady performance and transparent communication, and solidify the governance foundation for the sustainable development of the Company.

Strengthening the Core Role of Innovation to Drive Industrial Capacity Upgrading.

LiuGong will adhere to an innovation-driven development strategy, continuously increase R&D investment, and focus on cutting-edge technology areas such as new energy, intelligence, and digitalization, and break through bottlenecks in key core technologies. We will accelerate the iterative upgrade of product electrification and intelligence, and improve the green product portfolio. Simultaneously, we will deepen our intelligent manufacturing transformation, create more intelligent factories and benchmark production lines, and build future-oriented global core competitiveness through technological innovation and exceptional quality.

Deepening Comprehensive Internationalization and Enhancing Global Brand Influence.

LiuGong will integrate more deeply into the global industrial chain, and consolidate traditional markets while vigorously expanding the Belt and Road Initiative and emerging markets. We are committed to providing comprehensive solutions tailored to local needs and strengthening strategic cooperation with international partners. By participating in international standard-setting and optimizing our global service network, we will systematically elevate the international recognition and reputation of the LiuGong brand, achieving a leap from "going global" to "integrating into the global market".

Practicing Green Development Commitments and leading Low-Carbon Industry Transformation.

LiuGong will steadfastly realize the "carbon peaking and carbon neutrality" goals, embed green and low-carbon requirements throughout strategic decision-making and operational processes. We will further deepen green supply chain management and collaborate with upstream and downstream partners to reduce emissions. We will also continuously advance energy conservation, consumption reduction, and clean production upgrades in our own operations, while intensifying R&D and market promotion of eco-friendly products. This will provide customers with full-lifecycle low-carbon solutions and spearhead a green revolution in the construction machinery industry.

Let's embark on a long journey with steadfast commitment. LiuGong will embrace an even more proactive stance, deeply integrate ESG principles into our development. We will balance development with safety, harmonize economic, environmental, and social benefits, and collaborate with all stakeholders to build a sustainable and prosperous future.

Annex ▶ Indexes

Chapters and Sections		<i>Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards)</i>	<i>Guide to Corporate Sustainability Reporting in China (CASS-ESG 6.0)</i>	<i>Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainability Report (for Trial Implementation)</i>
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Annex ▶ Feedback Form

We appreciate your time in reading the *2025 Environmental, Social and Governance (ESG) Report of Guangxi LiuGong Machinery Co., Ltd.* To improve LiuGong's performance in environment, society, and governance, further enhance our sustainable development capabilities and levels, and strengthen communication with all sectors of society, we sincerely hope that you will provide valuable feedback and suggestions on our work and report amidst your busy schedule.

Your Information

Name: _____

Tel.: _____

Unit: _____

Email: _____



Multiple Choice (Please check ✓ in the appropriate box)

1. Your overall evaluation of LiuGong's 2025 ESG Report:

Good Average Needing Improvement I don't know

2. How do you think LiuGong has performed in terms of customer service?

Good Average Needing Improvement I don't know

3. How do you think LiuGong has performed in terms of technological innovation?

Good Average Needing Improvement I don't know

4. How do you think LiuGong has performed in terms of corporate governance?

Good Average Needing Improvement I don't know

5. How do you think LiuGong has performed in terms of team building?

Good Average Needing Improvement I don't know

6. How do you think LiuGong has performed in terms of social welfare?

Good Average Needing Improvement I don't know

7. How do you think LiuGong has performed in terms of environmental protection?

Good Average Needing Improvement I don't know

8. How do you think LiuGong has performed in terms of sustainable supply chains?

Good Average Needing Improvement I don't know

9. Do you have any comments on LiuGong's performance in ESG efforts?
