

	Conservative	Liberal	
Value of imports 2024	[15,617,000-21,130,000]	[35,601,000-48,167,000]	Taken from Consumption Appendix
Total value of subsidised imports	[811,000-1,099,000]	[1,850,000-2,504,000]	Value of imports multiplied by average subsidy % in B25

Total Subsidy Dingli	438,036,378
Total Revenue	7,798,913,979.04
% Subsidy	5.62

Total Subsidy XCMG	4,045,314,188
Total Revenue	91,659,763,824
% Subsidy	4.41

Total Subsidy Liugong	1,084,731,981
Total Revenue	30,424,768,357
% Subsidy	3.57

Total Subsidy Zoomlion	3,300,000,000
Total Revenue	45,843,137,255
% Subsidy	7.20

Average Subsidy %	5.20
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Calculation Methodology

Only figures in highlighted in green in all other tabs were used to calculate the total amount of subsidy received by these four companies. Instead of removing duplicate entries, their total amounts were changed to 0.00, which balances itself out for the purpose of the calculations. Grants, cash refunds and cash received were taken into consideration in full. Export tax refund receivables were calculated as a difference between the opening balance and ending balance and the difference was considered in full as a subsidy received. For EIT - the calculation formula applied is the difference between the normal tax rate and the preferential tax rate, namely 25%-15%=10%. The 10% of revenue foregone was considered in full. For the deferred income, the difference between the opening balance and the closing balance was attributed as subsidy. For VAT refund the entire amount was attributed as subsidy. Measures found directly in the annual reports for 2024 were not additionally included in Appendix F.1.

In this Appendix, the Applicant included the bank acceptance drafts ("BADs") received by all Chinese exporting producers as indicated in their annual reports. However, the Applicant did not include BADs in the detailed subsidy calculations, because key information was unavailable, such as, *inter alia* , the contractual term of each BAD, the actual term thereof, and any applicable interest rate. The Applicant therefore requests that the TRA investigate this issue further during the investigation phase. Based on the evidence reasonably available to the Applicant, the Applicant understands that BADs differ from conventional credit instruments because *de facto* they do not accrue interest; instead, they carry a flat fee, typically 0.05% of the draft's value. This fee-based structure is significantly lower than the cost of financing under normal market conditions. Therefore, to estimate the benefit conferred, the Applicant proposes comparing the actual cost under the BAD scheme with the hypothetical cost if the same amount had been financed at the prevailing Loan Prime Rate (LPR) published by the People's Bank of China. The LPR is the standard benchmark lending rate in China and therefore represents the appropriate market-based comparator. The calculation should use the actual duration for which the BAD was outstanding, as BADs are frequently extended beyond the contractual credit period. The benefit would therefore be calculated as:

Benefit = Hypothetical Interest Cost – Actual Cost
where:
Hypothetical Interest Cost = Principal × LPR × Days / 365
Actual Cost = Principal × 0.0005

This methodology reflects the interest-free nature of BADs and provides a reasonable basis for quantifying the financial advantage enjoyed by the exporting producers.

[illegible]

Company Name	Annual Report	Type of Subsidy	Page number (original)	Page number (English version)	Amount	Corresponding Text (original)	Corresponding Text (English translation)	FF Comment	Pre-tax profit for the company	Pre-tax profit for the company page reference	Export percentage of the revenue	Annual report and outside source
XCMG	2024	Government grants	8	10	365,509,361.93	[SENSITIVE - THIS INFORMATION HAS BEEN PROVIDED ON A CONFIDENTIAL BASIS AS THE APPENDIX HAS BEEN PREPARED UNDER A COMMERCIAL ARRANGEMENT. ADDITIONAL INFORMATION NOT RELIED ON IN THE SUBSIDY CALCULATIONS HAS BEEN REMOVED]		They are included in normal operating numbers. Would have been already allocated to the business operations. Confirms that there are more subsidies / grants that were not disclosed.				
XCMG	2024	Government grants (deferred income)	193	265	228,060,149.83		To be used as total amount received.					
XCMG	2024	Other government grants (other income)	197	270	349,655,258.51		Same as above.					
XCMG	2024	Government grant (non-business operation income)	199	272	15,854,103.42		Same as above.					
XCMG	2024	Government grant (cash activities relating to business operations)	200	273	978,041,020.94		Same as above.					
XCMG	2024	Debt activities relating to government grants (amount same as row 3 with more detailed description, set as 0 to avoid duplicate in calculation)	229	312	0.00		Same as above.					
XCMG	2024	Other income included in profit and loss relating to government grants	229	312	350,567,172.24		Same as above.					
XCMG	2024	Export tax refund receivable	169	236	129,652,982.72		Same as above.					
XCMG	2024	Export tax refund receivable (unit K)	170	237	391,265,353.61		Same as above.					
XCMG	2024	Other income (tax refund)	197	270	911,913.73		Same as above.					
XCMG	2024	EIT (Corporate income tax) at preferential rate	161	225	658,222,665.09		On Page 161 Chinese report, most of XCMG's group companies are charged a preferential income tax rate at 15%, the 13% refer to built-in software products. XCMG and many of its affiliates benefit from the preferential corporate tax rate at 15%, due to certified high-tech enterprise status, the certification number is GR202332007989. The certification was awarded on Nov.6th 2023.					
XCMG	2024	VAT preferential treatment	197	270	2,716,824.89		To be used as total amount received.					
XCMG	2024	VAT preferential treatment	197	270	574,857,381.14		Same as above.					
XCMG	2024	VAT preferential treatment	160-161	225-226	Included in Row 11		VAT preferential treatment (distinct from EIT), as there are 3% rebate for part of the software, this is included in the Row 11 and the tax refund for softwares is not specifically listed.					
XCMG	2024	Bank acceptance	168	235	115,428,878.98							
XCMG	2024	Bank acceptance-placed receivables	168	235	46,414,210.22							
XCMG	2024	Bank acceptance - terminated amount	168	235	7,051,111.882							
					Total Subsidy	4,045,314,188.05						
					Total Revenue	91,559,763,823.82						
					% Subsidy	4.41						
Company Name	Annual Report	Segments	Page number (original)	Page number (English version)		Corresponding Text (original)	Corresponding Text (English translation)	FF Comment				
XCMG	2024	Earthmoving Machinery, Hoisting Machinery, Piling Machinery, Concrete Machinery, Road Machinery, Aerial Work Machinery, Mining Machinery, Sanitation Machinery, Agricultural Machinery, Emergency Rescue Equipment, and Other Construction Machinery	131	193								

Company Name	Annual Report	Type of Subsidy	Page number (original)	Page number (English version)	Amount	Corresponding Text (original)	Corresponding Text (English translation)	FF Comment	Pre-tax profit for the company	Pre-tax profit for the company page reference	Export percentage of the revenue	Annual report and outside source
LiuGong	2024	Financial subsidy funds for the 'Three Supplies and One Industry' (government subsidy)	113	126	0			Listed but did not receive in this year. Received in prior years.				
LiuGong	2024	Operational subsidy	114	127	57,568,651.91							
LiuGong	2024	Operational subsidy (other income category)	118	132	106,097,741.58							
LiuGong	2024	Government subsidy (non-business operation)	119	134	9,306,198.72							
LiuGong	2024	Debt-related government subsidy (deferred income)	128	144	215,226,332.42							
LiuGong	2024	Fiscal Interest Subsidy	129	144	411,196.62							
LiuGong	2024	Government subsidy (other non-operating income)	128	144	158,484,783.41							
LiuGong	2024	Government tax refund receivable	44	45	-			(Information not relied upon in Application.)				
LiuGong	2024	Corporate income tax at preferential rate due to high-tech firm certifications (EIT)	73	74	177,375,194.63			Liugong and many of its affiliates benefits from the preferential tax rate at 15% due to high-tech certified enterprises, the certification number is GR202345000093. The detailed awarding date is not shown but from the certificate number it seems this is obtained in 2023.				
LiuGong	2024	Non-taxable income tax preferential treatment	120	135	106,362,891.59			Factors that lead to reduction in taxes payable				
LiuGong	2024	Changes in the opening balance of deferred tax assets/liabilities due to tax rate adjustments, tax preferential treatment	120	135	22,080,661.21			Factors that lead to reduction in taxes payable				
LiuGong	2024	Share of profit or loss of joint ventures and associates accounted for under the equity method, tax preferential treatment	120	135	6,931,687.02			Factors that lead to reduction in taxes payable				
LiuGong	2024	Tax impact of additional deduction for research and development expenses, tax preferential treatment	120	135	113,789,343.90			Factors that lead to reduction in taxes payable				
LiuGong	2024	Other income: Technological transformation construction	118	132	42,828,165.72	[SENSITIVE - THIS INFORMATION HAS BEEN PROVIDED ON A CONFIDENTIAL BASIS AS THE APPENDIX HAS BEEN PREPARED UNDER A COMMERCIAL ARRANGEMENT. ADDITIONAL INFORMATION NOT RELIED ON IN THE SUBSIDY CALCULATIONS HAS BEEN REMOVED]		Listed in Other Income				
LiuGong	2024	Other income: Technology research and development income/subsidy	118	132	44,603,396.24			Listed in Other Income				
LiuGong	2024	Other income: Relocation subsidy	118	132	629,677.43			Listed in Other Income				
LiuGong	2024	VAT refund upon collection	118	132	23,036,148.97			This is preferential treatment specifically for VAT, different from EIT, page 73 lists the description and reference regulation, page 118 includes the accounting records/amount for such VAT refund.				
LiuGong	2024	Bank Acceptance Payable	106	116	692,360,606.84							
LiuGong	2024	Bank Acceptance Balance	80	81	60,628,987.01							
LiuGong	2024	Bank acceptance-terminated amount	81	83	-666,113.00							
Company Name	Annual Report	Segments	Page number (original)	Page number (English version)								
Liugong	2024	construction machinery, road machinery, building machinery, machine tools, electrical machinery, agricultural machinery, air compressors	32	33								

Company Name	Annual Report	Type of Subsidy	Page number (original)	Page number (English version)	Amount	Corresponding Text (original)	Corresponding Text (English translation)	FF Comment	Pre-tax profit for the company	Pre-tax profit for the company page reference	Export percentage of the revenue	Annual report and outside source
Zoomlion (English version)	2024	Government grants	N/A	199 (Hong Kong Report)	602,000,000.00			HongKong report is more concise. Government grant.				Comprehensive version Chinese annual report page 44 (English page 50) states "The overseas revenue has reached RMB 23.38 billion, accounting for over 51% of total revenue" (please note the English version states in 2023 while the Chinese one says 2024, we think this is a error by machine translation, I've double confirmed the original Chinese version does not refer to 2023. This might be OCR recognition error as 2023 is mentioned in another paragraph on this page.
Zoomlion	2024	Deferred income of government grants	N/A	243 (Hong Kong Report)	2,698,000,000.00			Deferred income.			51%	Chinese original text: 海外收入达到233.80 亿元, 占总收入比例超过51%.
Zoomlion (Chinese annual report and its translated English version)	2024	Government grant deferred income										
Zoomlion	2024	Other income: other government grants	256	287	738,674,713.93							
Zoomlion	2024	Non-business operation income	261	292	284,651,455.74							
Zoomlion	2024	Cash activities relating to government grant	263	293	174,093.92							
Zoomlion	2024		264	295	500,010,277.131							
Zoomlion	2024	Liability items related to government grants - deferred income- (amount same as row 5 with slightly different description, set as 0 to avoid duplicate in calculation)	275	308	0.00							
Zoomlion	2024	Government grants recognized in profit or loss for the current period-Industry related government grant	275	308	54,503,927.84							
Zoomlion	2024	Government grants recognized in profit or loss for the current period-Other types of government grant	275	308	14,235,412.09							
Zoomlion	2024	Government grants recognized in profit or loss for the current period-Other types of government grant - (amount same as row 7 with slightly different description, set as 0 to avoid duplicate in calculation)	275	308	0.00							
Zoomlion	2024	Government grants recognized in profit or loss for the current period (excluding those closely related to the company's normal operating activities, granted in accordance with national policies and specified criteria, and having a continuing impact on the company's profit or loss).	308	344	596,367,053.58							
Zoomlion	2024	EIT-corporate income tax at preferential rate	225	252	438,305,413.82			Zoomlion and many of its affiliates are entitled to have the preferential EIT at 15% due to its high-tech certified status, their certification number is GR202343000375				
Zoomlion	2024	VAT preferential treatment	225,261	254,299	30,467,368.49			This is specifically for VAT being different from EIT				
Zoomlion	2024	Bank acceptance	230	258	-458,362,871.89							
Zoomlion	2024	Bank acceptance-terminated amount	230	258	-3,978,333,920							
Zoomlion	2024	Bank acceptance - receivables	251	292	-3,953,989,719.90							
Company Name	Annual Report	Segment	Page number (original)	Page number (English version)				FF Comment				
Zoomlion	2024	Construction Machinery segment including Concrete Machinery, Hoisting Machinery, Aerial Machinery, Earthmoving Machinery, Other Machinery Agricultural Machinery Segment: tractors, harvesters, dryers, and rice transplanters.	295	330								

Total subsidies: 3,300,000,000.00

Note: The Hong Kong report is a simplified version of the comprehensive Chinese report. The subsidies in Hong Kong report is aggregated, therefore for clarity, we adopted the calculations in Hong Kong report.

Total revenue 23,380,000,000 45,843,137,255 51 100

Company name	Year	Credit rating	Rating Agency	Reference
Dingli	unknown	AA(unconfirmed source)	unknown	https://dcfmodeling.com/blogs/health/603338ss-financial-health?srsItid=AfmBOopO_0Mir3ecgKQ8-8uHhJn9LuAjqXGePu7b-hlVA49h3Gk0BsAb
XCMG	2025	AAA	China Chengxin Credit Rating Group	https://money.finance.sina.com.cn/corp/view/vCB_AllBulletinDetail.php?stockid=000425&id=11204189
Liugong	2024	AAA	China Chengxin Credit Rating Group	https://vip.stock.finance.sina.com.cn/corp/view/vCB_AllBulletinDetail.php?stockid=000528&id=10327732
Zoomlion	2024	AAA	China Lianhe Credit Rating Co., Ltd.	https://q.stock.sohu.com/cn/gg/2024/000157/58541032.shtml

[ADDITIONAL INFORMATION NOT RELIED ON IN THE SUBSIDY CALCULATIONS HAS BEEN REMOVED]