

## What's Hot Today:

### ► China Construction Machinery - Replacement & Exports Drive Recovery

China is a core global market for construction machinery but the sector is highly cyclical. Domestic demand remains subdued, but a gradual normalization is taking shape, underpinned by decarbonization targets and faster adoption of intelligent technologies. Replacement-led upgrading is emerging as the key structural support for domestic demand. Meanwhile, overseas markets continue to strengthen, and Chinese OEMs are stepping up global expansion, with rising overseas revenue to offset domestic softness. Overall, the industry is transitioning from an investment-led domestic cycle to a growth framework anchored by technology upgrading and overseas expansion.

#### China market: Replacement and Upgrading Drive Rebound

According to Frost & Sullivan, China's construction machinery market contracted from a 2021 peak of US\$72.3bn to US\$23.4bn in 2024. However, the market is projected to grow at a 16% CAGR over 2024–2030 and potentially exceed US\$57bn by 2030. The recovery is expected to be replacement-led, with replacement demand rising from around 60% at present to 69% by 2030. Two factors driving a structural upgrade namely, energy efficiency and application of intelligent solutions. Both pointing towards higher productivity, more environmentally friendly, less labor dependence, and strengthen operational safety.

#### Export market: Rising Global Footprint

Similar to most industrial sectors in China, overseas markets are the key growth area. China Construction Machinery Industry Association data estimated that export value expanding from US\$20bn in 2020 to US\$50bn in 2024, with 2025E at US\$58bn. CCCME data further point to sustained momentum, with 11m25 exports reaching US\$53.8bn (+12.5% YoY) and November exports at US\$5.2bn, with YoY growth accelerating to 17%. The export structure remains well balanced: complete machines totaled US\$39.08bn (+12.5% YoY), accounting for 72.6% of exports, while parts and components reached US\$14.73bn (+12.4% YoY), representing 27.4%. Regionally, Asia remains the largest destination with a 41.9% share, followed by Europe (21.2%) and Africa (14.7%), while Latin America, North America, and Oceania contribute 11.0%, 7.5%, and 3.6%, respectively, underscoring broad-based market diversification.

China & HK Indices	CLOSE	1D	YTD
HSI	26,710	1.4%	4.2%
HSCEI	9,244	1.0%	3.7%
HSCCI	4,140	1.3%	3.1%
CSI300	4,790	1.5%	3.5%
Shanghai A	4,282	1.5%	1.2%
Shanghai B	256	0.4%	1.2%
Shenzhen A	2,739	1.4%	3.4%
Shenzhen B	1,285	0.7%	1.6%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,462	1.0%	2.9%
S&P 500	6,944	0.6%	1.5%
Nasdaq	23,547	0.6%	1.3%
NIKKEI Index	52,387	-0.2%	4.1%
FTSE Index	10,122	1.2%	1.9%
CAC Index	8,237	0.3%	1.1%
DAX Index	24,892	0.1%	1.6%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,494	1.0%	4.0%
STEEL (US\$/oz.)	2,671	2.4%	5.0%
SILVER (US\$/oz.)	81	6.1%	15.0%
CRUDE OIL (US\$/bbl)	57	-2.0%	-2.7%
COPPER (US\$/oz.)	13,238	6.2%	6.6%
ALUMINIUM (US\$/oz.)	3,129	3.8%	4.5%
PLATINUM (US\$/oz)	2,446	7.5%	18.9%
ZINC (US\$/oz.)	3,251	4.0%	4.3%
WHEAT (US\$/bu)	510	0.8%	0.7%
CORN (US\$/bu)	444	1.5%	0.9%
SUGAR (US\$/lb)	64	-3.6%	-1.8%
SOYBEAN (US\$/bu)	1,056	1.0%	0.8%
PVC (US\$/t.)	4,874	2.4%	0.0%
CRB	302	1.4%	3.0%
BDI		-1.6%	-1.4%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.789	0.856	156.650	0.796	6.984
HKD	0.128		0.110	20.115	10.216	0.897
EUR	1.169	9.104		183.100	1.075	8.164
JPY	0.006	4.971	0.546		0.508	0.045
CHF	1.257	9.788	1.075	196.866		8.774
RMB	0.143	1.115	0.122	22.442	0.114	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	14	3.9%
Source: Bloomberg		

It is also important to highlight that for A-share OEMs, the overseas revenue contribution rose from around 10% in 2020 to 45% in 2024, underscoring the transition from pure exports to full value-chain globalization, alongside deeper localization in overseas manufacturing and service coverage. This trend is also evidenced in the following tables. Table 1 presents a standardized 1H25 financial benchmark across companies, enabling an apples-to-apples assessment of scale, profitability and overseas contribution, while Table 2 maps each company’s business profile and global footprint, highlighting differences in localization progress across manufacturing capacity and after-sales/service networks.

Table 1: 1H25 Financial Comparison (RMB bn)

Enterprise Name	25H1 Revenue (RMB bn)	YoY (%)	25H1 Overseas Revenue (RMB bn)	Overseas Revenue YoY (%)	Overseas Revenue Ratio (%)	GPM (%)	NPM (%)	Global Market Share (%)
XCMG Machinery	54.8	8.0	25.6	16.6	46.6	22.0	8.0	5.4
Sany Heavy	44.5	11.7	26.3	11.7	60.3	27.4	11.7	4.6
Zoomlion Heavy	24.9	1.3	13.8	15.0	55.6	28.1	11.1	2.4
Liugong Machinery	18.2	13.2	8.5	10.5	46.9	22.3	6.8	1.8

Source: Company Data, Sunwah Kingsway Research

Table 2: Business Profile & Global Reach

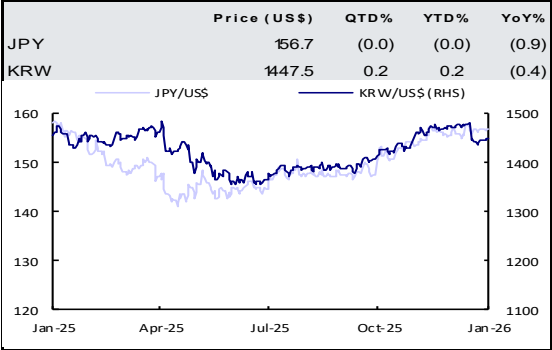
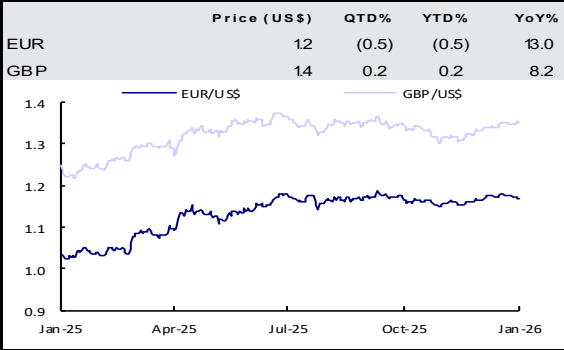
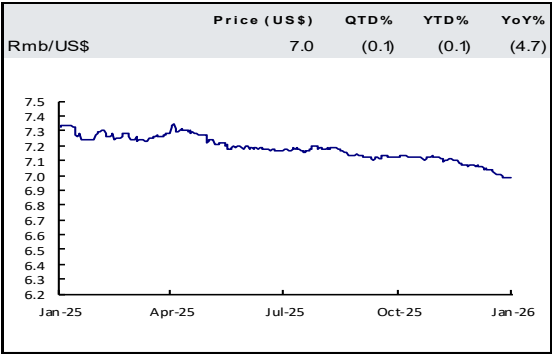
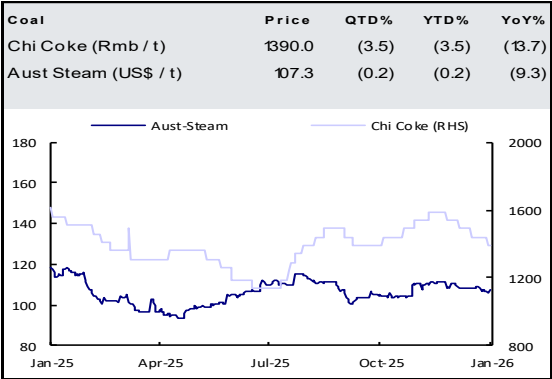
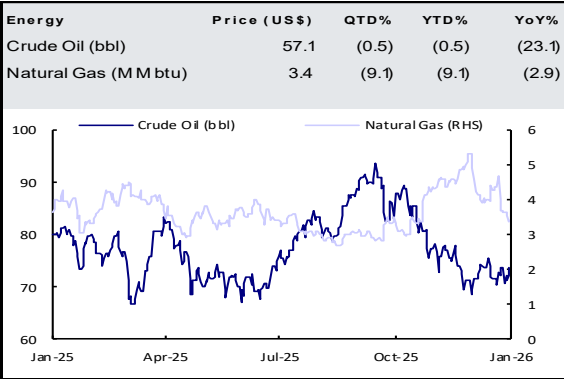
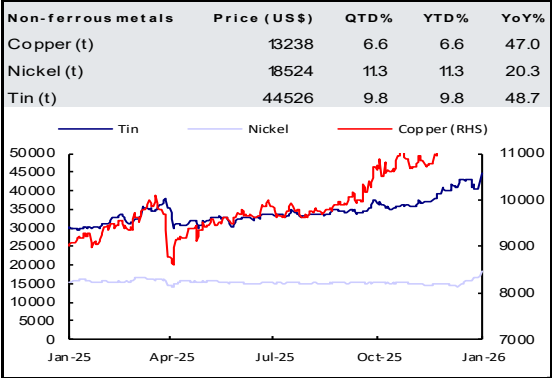
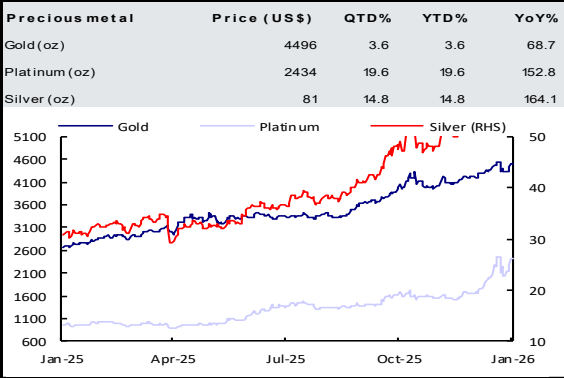
Company	Core Product / Focus	Key Overseas Footprint
XCMG Machinery	Leading in crane machinery.	50+ overseas subsidiaries, 2000+ service/parts outlets, covering 95% of Belt & Road countries.
Sany Heavy Industry	Full-range coverage of core construction machinery segments.	15 overseas manufacturing bases, 1200 service outlets; practices full-value-chain localization.
Zoomlion	Leading in concrete machinery; owns the world's highest straight-boom aerial work equipment.	Products exported to over 170 countries and regions.
Liugong Machinery	Focuses on medium and small-sized excavators.	Deep presence in Southeast & South Asia; 400+ dealers, 1300+ service outlets.

Source: Company Data, Sunwah Kingsway Research

**Our views:** the sector is approaching a cyclical trough after the post-infrastructure peak normalization in China. Domestic demand is supported by the rollout of major projects funded by ultra-long-term special government bonds and incremental policy tailwinds from large-scale equipment replacement programs. Overseas growth will be the key to mitigate domestic softness, as Chinese OEMs deepen localization by expanding overseas manufacturing footprints and strengthening after-sales and service networks. Global demand is underpinned by multiple catalysts: a potential easing cycle could improve North America’s housing-related activity; lean channel inventories in Europe may drive a restocking cycle; and emerging markets retain structural upside, with Southeast Asia benefiting from ongoing urbanization and Africa seeing firmer mining and infrastructure capex amid higher commodity prices.

We prefer Sany Heavy Industry (6031 HK, HK\$22.66, HK\$16.3bn) and XCMG Machinery (000425 SZ, RMB11.76, RMB138.2bn), supported by their scaled and increasingly localized global platforms, structurally higher overseas revenue mix, robust balance-sheet capacity, and sustained technology and product competitiveness. These are trading at 17x and 14x 2026E P/E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		9-Jan-26
PPI	MoM		14-Jan-26
ISM Manufacturing PMI	MoM		2-Feb-26
Personal Income & Spending	MoM		12-Jan-26
Durable Goods Orders	MoM		7-Jan-26
Factory Orders	MoM		7-Jan-26
Initial Jobless Claims	WoW		8-Jan-26
Trade Balance	MoM		8-Jan-26
Wholesale Inventories	MoM		8-Jan-26
Employment Report	MoM		9-Jan-26
CPI	MoM		13-Jan-26
Retail Sales	MoM		14-Jan-26
Existing Home Sales	MoM		14-Jan-26
Industrial Production	MoM		16-Jan-26
GDP	QoQ		22-Jan-26
Consumer Confidence	MoM		27-Jan-26
New home Sales	MoM		13-Jan-26
Business Inventories	MoM		14-Jan-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Jan-26
Money Supply - M2	MoM		9-Jan-26
PPI	MoM		9-Jan-26
CPI	MoM		9-Jan-26
Trade Balance	MoM		14-Jan-26
Retail Sales	MoM		19-Jan-26
Industrial Production	MoM		19-Jan-26
GDP	YoY		19-Jan-26
PMI Manufacturing	MoM		31-Jan-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Currency Reserve	MoM		7-Jan-26
Unemployment Rate	MoM		20-Jan-26
CPI	MoM		22-Jan-26
Trade Balance	MoM		27-Jan-26
Money Supply - M2	MoM		30-Jan-26
GDP	QoQ		30-Jan-26
Retail Sales	MoM		3-Feb-26
PMI	MoM		4-Feb-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Composite Interest Rate	MoM		

Kingsway Research Team

**Analyst**  
**Howard Wong**  
**Alan Li**

**Email**  
[howard.wong@sunwahkingsway.com](mailto:howard.wong@sunwahkingsway.com)  
[alan.li@sunwahkingsway.com](mailto:alan.li@sunwahkingsway.com)

**Phone No.**  
(852) 2283 7307  
(852) 2283 7306

[illegible]

Source: HKEx

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

KFS and/or its affiliates beneficially own shares of SANY HEAVY INDUSTRY CO., LTD – H SHARES (6031 HK).

Copyright 2026 Kingsway Group. All rights reserved.

Head Office

Hong Kong  
Kingsway Financial Services Group Limited  
7/F, Tower One, Lippo Centre,  
89 Queensway, Hong Kong  
Tel: 852-2283-7000  
Fax: 852-2877-2665

Guangdong  
廣東新華滙富商業保理有限公司  
2701, Dongshan Plaza,  
69 Xianlie Middle Road, Yuxiu District  
Guangzhou, 510095

Affiliated & Overseas Offices

Vietnam  
Sunwah Kingsway Vietnam Services Limited  
Representative Office  
Sunwah Tower, Mezzanine Floor  
115 Nguyen Hue  
District 1  
Ho Chi Minh City  
Vietnam