SANYI

SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors ("**Board**") of Sany Heavy Equipment International Holdings Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with comparative figures for the financial year ended 31 December 2018. These annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**"), comprising solely the independent non-executive Directors.

FINANCIAL SUMMARY

For the year end 31 December 2019, the Group recorded revenue of approximately RMB5,656.1 million, representing an increase of approximately 28.1% as compared with approximately RMB4,416.9 million for the year ended 31 December 2018. The increase was mainly due to that (1) the mining equipment of the Group are transforming towards intelligent, unmanned and large-scale products, which significantly increased the sales of products in both domestic and international markets; (2) the newly launched widebody vehicles of the Group gained market shares in the domestic and international markets with their excellent performance, continuously driving the revenue of the Group's mining vehicles to increase significantly on a year-on-year basis; and (3) multiple products of the Group's logistics equipment sector were highly recognized by the market and recorded substantial growth in sales revenue, among which large scale port equipment such as quayside container crane and transtainer recorded a significant increase in domestic sales, while the accumulated sales revenue of new products such as heavy-duty forklift truck, gripper and electric truck also increased significantly.

The gross profit margin of the Group excluding the impairment provisions for inventories for the year ended 31 December 2019 was approximately 29.1%, representing an increase of 1.7 percentage point against approximately 27.4% for the year ended 31 December 2018. Such increase was mainly because (1) the Group effectively controlled costs through process optimization and interconnection of data and equipment, achieving decrease in the cost of roadheaders, integrated mining products, front loaders, stacking machines, etc.; and (2) the international sales of integrated mining products increased and the gross margin is relatively high.

For the year ended 31 December 2019, the Group's profit margin before tax was approximately 18.9%, representing an increase of approximately 2.5 percentage points as compared with approximately 16.4% for the year ended 31 December 2018. The change was mainly due to the increase in sales revenue and successful cost control measures.

For the year ended 31 December 2019, profit attributable to owners of the parent recorded by the Group was approximately RMB919.7 million, as compared with approximately RMB600.2 million for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
REVENUE	*4*	**5,656,064**	4,416,944
Cost of sales		**(3,987,034)**	(3,119,322)
Gross profit		**1,669,030**	1,297,622
Other income and gains	*4*	**488,827**	301,197
Selling and distribution expenses		**(387,756)**	(329,462)
Administrative expenses		**(642,739)**	(492,128)
Reversal of impairment/(impairment) losses on financial assets, net		**32,083**	(10,356)
Other expenses		**(4,246)**	(22,595)
Finance costs	*6*	**(85,473)**	(18,220)
PROFIT BEFORE TAX	*5*	**1,069,726**	726,058
Income tax expense	*7*	**(147,819)**	(122,584)
PROFIT FOR THE YEAR		**921,907**	603,474
Attributable to:			
Owners of the parent		**919,706**	600,209
Non-controlling interests		**2,201**	3,265
		921,907	603,474
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic (RMB Yuan)		**0.30**	0.20
Diluted (RMB Yuan)		**0.26**	0.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**921,907**	603,474
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Contribution from Sany Group Co. Ltd. upon waiver of payables	**–**	18,074
Exchange differences on translation of foreign operations	**16,281**	1,750
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**16,281**	19,824
OTHER COMPREHENSIVE INCOME, NET OF TAX	**16,281**	19,824
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**938,188**	623,298
Attributable to:		
Owners of the parent	**935,987**	620,033
Non-controlling interests	**2,201**	3,265
	938,188	623,298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,413,167**	2,462,871
Right-of-use assets		**1,026,736**	–
Prepaid land lease payments		**–**	1,678,377
Goodwill	*10*	**1,129,520**	1,129,520
Trade receivables	*12*	**145,973**	89,826
Non-current prepayments		**144,689**	144,709
Deferred tax assets		**348,494**	390,667
Total non-current assets		**5,208,579**	5,895,970
CURRENT ASSETS			
Inventories	*11*	**1,438,272**	1,534,274
Properties under development		**760,002**	–
Trade receivables	*12*	**2,634,423**	2,127,075
Bills receivable	*12*	**424,485**	498,997
Prepayments, other receivables and other assets		**614,839**	634,396
Financial assets at fair value through profit or loss	*13*	**3,276,414**	1,046,022
Pledged deposits		**2,010**	33,813
Cash and cash equivalents	*14*	**1,103,171**	1,069,906
		10,253,616	6,944,483
Assets of a disposal group classified as held for sale		**84,241**	84,241
Total current assets		**10,337,857**	7,028,724

	Notes	2019 RMB'000	2018 RMB'000
CURRENT LIABILITIES			
Trade and bills payables		**1,831,552**	1,819,648
Other payables and accruals		**1,535,126**	1,423,100
Dividend payable		**77,349**	75,675
Interest-bearing bank and other borrowings	*15*	**2,512,345**	1,399,951
Tax payable		**253,423**	267,725
Provision for warranties		**32,496**	9,888
Government grants		**94,231**	91,087
Derivative financial instruments		**3,864**	–
		6,340,386	5,087,074
Liabilities directly associated with the assets classified as held for sale		**80,923**	82,098
Total current liabilities		**6,421,309**	5,169,172
NET CURRENT ASSETS		**3,916,548**	1,859,552
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,125,127**	7,755,522
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	**747,181**	–
Government grants		**1,195,142**	1,297,833
Deferred tax liabilities		**37,239**	15,622
Total non-current liabilities		**1,979,562**	1,313,455
Net assets		**7,145,565**	6,442,067
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**307,469**	302,214
Reserves		**6,824,334**	6,128,292
		7,131,803	6,430,506
Non-controlling interests		**13,762**	11,561
Total equity		**7,145,565**	6,442,067

1. CORPORATE AND GROUP INFORMATION

Sany Heavy Equipment International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at No.25, 16 Kaifa Road, Economic and Technological Development Area, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC"). During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of roadheaders, combined coal mining units ("CCMU"), mining transport equipment (including underground and surface equipment), logistics equipment and spare parts and the provision of related services in Mainland China.

In the opinion of the directors of the Company (the "Directors"), the immediate holding company and the ultimate holding company of the Company are Sany Hongkong Group Limited ("Sany HK"), a company incorporated in Hong Kong, and Sany Heavy Equipment Investments Company Limited ("Sany BVI"), a company incorporated in the British Virgin Islands, respectively.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for bills receivable, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. Disposal groups classified as held for sale are stated at the lower of their carrying amounts and fair value less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 and IFRIC 23, the adoption of the above new and revised standards has had no significant financial effect on these financial statements. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases,* IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact on leases where the Group is the lessor.

    The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for a production plant. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedient when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

Financial impact at 1 January 2019

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease)
	RMB'000
Assets	
Increase in right-of-use assets	**1,698,857**
Decrease in prepaid land lease payments	**(1,678,377)**
Decrease in prepayments, other receivables and other assets	**(13,852)**
Increase in total assets	**6,628**
Liabilities	
Increase in interest-bearing bank and other borrowings	**6,628**
Increase in total liabilities	**6,628**

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	7,300
Less: value added tax included in the operating lease commitments	(347)
	6,953
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments as at 1 January 2019	6,628
Lease liabilities as at 1 January 2019	6,628

(b) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in two business units based on its products, and has two reportable operating segments as follows:

(a) Mining equipment segment

The mining equipment segment (previously known as energy equipment segment) engages in the production and sale of coal mining machinery, non-coal mining machinery, mining transport equipment and spare parts and the provision of related services; and

(b) Logistics equipment segment

The logistics equipment segment (previously known as port machinery segment) engages in the production and sale of container equipment, bulk material equipment, general equipment and spare parts and the provision of related services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2019

	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to customers *(note 4)*	**3,422,996**	**2,233,068**	**5,656,064**
Intersegment sales	**–**	**4,250**	**4,250**
Other revenue	**298,685**	**131,953**	**430,638**
	3,721,681	**2,369,271**	**6,090,952**
Reconciliation:			
Elimination of intersegment sales			**(4,250)**
Revenue from operations	**3,721,681**	**2,365,021**	**6,086,702**
Segment results	**678,747**	**418,023**	**1,096,770**
Interest income			**58,189**
Finance costs (other than interest on lease liabilities)			**(85,233)**
Profit before tax			**1,069,726**
Income tax expense			**(147,819)**
Profit for the year			**921,907**
Segment assets	**10,905,170**	**7,576,465**	**18,481,635**
Reconciliation:			
Elimination of intersegment receivables			**(4,388,874)**
Corporate and other unallocated assets			**1,453,675**
Total assets			**15,546,436**
Segment liabilities	**4,430,834**	**5,555,906**	**9,986,740**
Reconciliation:			
Elimination of intersegment payables			**(4,388,874)**
Corporate and other unallocated liabilities			**2,803,005**
Total liabilities			**8,400,871**
Other segment information:			
(Gain)/loss on disposal of items of property, plant and equipment	**(5,204)**	**14**	**(5,190)**
Reversal of impairment of trade receivables, net	**(29,853)**	**(24,812)**	**(54,665)**
Impairment of other receivables, net	**22,049**	**533**	**22,582**
(Write-back of)/provision against slow-moving and obsolete inventories	**(28,706)**	**5,911**	**(22,795)**
Depreciation and amortisation	**161,404**	**88,080**	**249,484**
Other non-cash expense	**8,208**	**8,351**	**16,559**
Capital expenditure*	**35,487**	**224,604**	**260,091**

Year ended 31 December 2018

	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to customers *(note 4)*	2,560,978	1,855,966	4,416,944
Other revenue	125,466	151,413	276,879
Revenue from operations	2,686,444	2,007,379	4,693,823
Segment results	465,657	254,303	719,960
Interest income			24,318
Finance costs			(18,220)
Profit before tax			726,058
Income tax expense			(122,584)
Profit for the year			603,474
Segment assets	7,560,118	5,460,985	13,021,103
Reconciliation:			
Elimination of intersegment receivables			(1,607,786)
Corporate and other unallocated assets			1,511,377
Total assets			12,924,694
Segment liabilities	2,260,233	4,151,806	6,412,039
Reconciliation:			
Elimination of intersegment payables			(1,607,786)
Corporate and other unallocated liabilities			1,678,374
Total liabilities			6,482,627
Other segment information:			
(Gain)/loss on disposal of items of property, plant and equipment	(170)	6,307	6,137
(Reversal of)/impairment of trade receivables, net	(41,209)	50,140	8,931
Impairment/(reversal of impairment) of other receivables, net	5,674	(4,249)	1,425
(Write-back of)/provision against slow-moving and obsolete inventories	(89,007)	3,029	(85,978)
Depreciation and amortisation	150,480	73,808	224,288
Other non-cash expense	13,840	11,989	25,829
Capital expenditure*	112,378	1,230,756	1,343,134

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets/prepaid land lease payments.

Geographical information

(a) Revenue from external customers

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**4,594,926**	3,463,987
Asia (excluding Mainland China)	**587,645**	609,365
European Union	**69,208**	142,000
United States of America	**138,656**	81,157
Other countries/regions	**265,629**	120,435
Total revenue from contracts with customers	**5,656,064**	4,416,944

The revenue information above is based on the locations of the customers.

(b) All of the Group's non-current assets, excluding deferred tax assets, are located in Mainland China.

Information about major customers

Revenue of approximately RMB283,985,000 (2018: RMB395,220,000) was derived from sales to a fellow subsidiary, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**5,656,064**	4,416,944

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

Segments	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Total *RMB'000*
Types of goods or services			
Sale of industrial products	**3,360,893**	**2,173,150**	**5,534,043**
Maintenance services	**62,103**	**59,918**	**122,021**
Total revenue from contracts with customers	**3,422,996**	**2,233,068**	**5,656,064**
Geographical markets			
Mainland China	**3,106,255**	**1,488,671**	**4,594,926**
Asia (excluding Mainland China)	**125,120**	**462,526**	**587,646**
European Union	**–**	**69,208**	**69,208**
United States of America	**–**	**138,656**	**138,656**
Other countries/regions	**191,621**	**74,007**	**265,628**
Total revenue from contracts with customers	**3,422,996**	**2,233,068**	**5,656,064**
Timing of revenue recognition			
Goods transferred at a point in time	**3,360,893**	**2,173,150**	**5,534,043**
Services transferred over time	**62,103**	**59,918**	**122,021**
Total revenue from contracts with customers	**3,422,996**	**2,233,068**	**5,656,064**

For the year ended 31 December 2018

<u>**Segments**</u>	**Mining equipment** *RMB'000*	**Logistics equipment** *RMB'000*	**Total** *RMB'000*
Types of goods or services			
Sale of industrial products	2,501,502	1,794,881	4,296,383
Maintenance services	59,476	61,085	120,561
Total revenue from contracts with customers	2,560,978	1,855,966	4,416,944
Geographical markets			
Mainland China	2,464,464	999,523	3,463,987
Asia (excluding Mainland China)	35,759	573,606	609,365
European Union	40,352	101,648	142,000
United States of America	–	81,157	81,157
Other countries/regions	20,403	100,032	120,435
Total revenue from contracts with customers	2,560,978	1,855,966	4,416,944
Timing of revenue recognition			
Goods transferred at a point in time	2,501,502	1,794,881	4,296,383
Services transferred over time	59,476	61,085	120,561
Total revenue from contracts with customers	2,560,978	1,855,966	4,416,944

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

	2019 ***RMB'000***	2018 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**694,787**	557,809

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon customer acceptance for the industrial products and payment is generally within one year from customer acceptance, except for new customers, where payment in advance is normally required.

Maintenance services

The performance obligation is satisfied over time as services are rendered. Maintenance service contracts are for periods of one year or less, or are billed based on the time incurred.

	2019	2018
	RMB'000	*RMB'000*
Other income		
Bank interest income	**28,800**	9,156
Other interest income	**29,389**	15,162
Government grants	**285,511**	204,756
Exchange gain	**19,918**	–
Rental income	**8,357**	5,338
Others	**28,319**	31,747
	400,294	266,159
Gains		
Fair value gain, net	**83,343**	31,173
Gain on disposal of items of property, plant and equipment, net	**5,190**	–
Gain on disposal of a subsidiary	**–**	3,865
	88,533	35,038
	488,827	301,197

5. PROFIT BEFORE TAX

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

	Note	**2019** **RMB'000**	2018 *RMB'000*
Cost of inventories sold		**3,924,110**	3,129,274
Cost of services provided		**85,719**	76,026
Depreciation of property, plant and equipment		**223,511**	210,346
Depreciation of right-of-use assets (2018: amortisation of land lease payments)		**25,973**	13,942
Auditors' remuneration		**2,555**	2,480
Provision of warranties*		**31,440**	10,597
Research and development costs**		**384,826**	241,779
Minimum lease payments under operating leases		**–**	4,355
Lease payments not included in the measurement of lease liabilities		**7,211**	–
Employee benefit expenses (including directors' and chief executive's remuneration):			
Wages and salaries		**488,753**	338,489
Equity-settled share option expense		**16,559**	25,829
Employee retirement benefits		**22,347**	22,837
Other staff welfare		**13,822**	11,735
		541,481	398,890
Foreign exchange differences, net***		**(19,918)**	9,137
(Reversal of)/impairment of financial assets, net****:			
(Reversal of)/impairment of trade receivables, net	*12*	**(54,665)**	8,931
Impairment of other receivables, net		**22,582**	1,425
		(32,083)	10,356
Write-back of provision against slow-moving and obsolete inventories*****	*11*	**(22,795)**	(85,978)
(Gain)/Loss on disposal of items of property, plant and equipment***		**(5,190)**	6,137
Loss from sales of scrap materials***		**4,246**	3,140
Fair value (gains)/losses, net***:			
Financial assets at fair value through profit or loss – mandatorily classified as such		**(85,445)**	(31,173)
Derivative instruments – transactions not qualifying as hedges		**2,102**	4,181
		83,343	26,992

* Included in "Selling and distribution expenses" in the consolidated statement of profit or loss

** Included in "Administrative expenses" in the consolidated statement of profit or loss

*** Included in "Other income and gains" or "Other expenses" in the consolidated statement of profit or loss

**** Included in "Reversal of impairment/(impairment) losses on financial assets, net" in the consolidated statement of profit or loss

***** Included in "Cost of sales" in the consolidated statement of profit or loss

6. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on interest-bearing bank and other borrowings (other than lease liabilities)	**79,688**	17,278
Interest on lease liabilities	**240**	–
Interest on discounted bills	**5,545**	942
	85,473	18,220

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatments available to certain subsidiaries operating in Mainland China, the companies of the Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the year ended 31 December 2019.

Three of the Group's principal operating companies, Sany Heavy Equipment, Hunan Sany Port Equipment and Sany Marine Heavy Industry, were recognised as High and New Technology Enterprises and were therefore subject to CIT at a rate of 15% in 2019.

	2019	2018
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**84,029**	113,229
Deferred	**63,790**	9,355
Total tax charge for the year	**147,819**	122,584

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**1,069,726**		726,058	
Tax at the statutory tax rate	**267,432**	**25.0**	181,515	25.0
Entities subject to lower statutory income tax rates	**(100,225)**	**(9.4)**	(68,033)	(9.3)
Expenses not deductible for tax	**1,259**	**0.1**	8,820	1.2
Tax losses utilised from previous periods	**(4,497)**	**(0.4)**	(4,991)	(0.7)
Different tax rate when temporary difference is realised	**(7,144)**	**(0.7)**	(11,059)	(1.5)
Super-deduction of research and development costs	**(38,333)**	**(3.6)**	(22,607)	(3.1)
Adjustments in respect of current tax of previous periods	**8,781**	**0.8**	5,176	0.7
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**18,784**	**1.8**	28,534	3.9
Tax losses not recognised	**1,762**	**0.2**	5,229	0.7
Tax charge at the Group's effective tax rate	**147,819**	**13.8**	122,584	16.9

8. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Proposed final dividend – HK$0.12 (2018: HK$0.1) per ordinary share	**372,091**	304,103
Proposed final dividend – HK$0.12 (2018: HK$0.1) per preference share	**57,574**	47,978
	429,665	352,081
Equivalent to RMB'000	**390,302**	300,962

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

A special dividend of HK$0.18 per share, totaling HK$633,746,000 (equivalent to RMB518,791,000), was approved by the board of directors on 23 January 2018. RMB442,999,000 of the dividend was subsequently distributed during the year ended 31 December 2018 and the rest was recorded in "dividend payable" in the consolidated statement of financial position as at 31 December 2018 and 2019.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the year ended 31 December 2019 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,080,554,141 (2018: 3,041,025,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year ended 31 December 2019 attributable to ordinary equity holders of the parent, adjusted to reflect the preferred distribution on the convertible preference shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	2019	2018
	RMB'000	*RMB'000*
Profit		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**919,706**	600,209
Preferred distribution to the convertible preference shares	**85**	85
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**919,791**	600,294

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,080,554,141**	3,041,025,000
Effect of dilution – convertible preference shares	**479,781,034**	479,781,034
Effect of dilution – share options	**41,477,729**	64,172,878
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,601,812,904**	3,584,978,912

10. GOODWILL

	RMB'000
At 31 December 2018 and 31 December 2019:	
Cost	1,129,520
Accumulated impairment	–
Net carrying amount	1,129,520

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the following cash-generating unit for impairment testing:

- Logistics equipment cash-generating unit

The carrying amount of goodwill allocated to the logistics equipment cash-generating unit is as follows:

	2019
	RMB'000
Carrying amount of goodwill	**1,129, 520**

The recoverable amount of goodwill has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 17% (2018: 18%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2018: 3%), which was the same as the long term average growth rate of the industry. The goodwill was not impaired based on the result of the above impairment testing.

Assumptions were used in the value in use calculation for 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected market development.

Discount rate – The discount rate used is before tax and reflects specific risk relating to the relevant unit.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

11. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
Raw materials	**513,293**	679,644
Work in progress	**403,660**	522,134
Finished goods	**652,114**	603,094
	1,569,067	1,804,872
Less: Provision against slow-moving and obsolete inventories	**(130,795)**	(270,598)
	1,438,272	1,534,274

The movements in the provision against slow-moving and obsolete inventories are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**270,598**	356,576
Write-back for the year *(note 5)*	**(22,795)**	(85,978)
Write-off	**(117,008)**	–
At 31 December	**130,795**	270,598

12. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**3,344,547**	2,905,258
Impairment	**(564,151)**	(688,357)
	2,780,396	2,216,901
Less: Trade receivables due after one year	**(145,973)**	(89,826)
	2,634,423	2,127,075
Bills receivable	**424,485**	498,997

The Group generally requires its customers to make payments at various stages of the sales transactions, however, the Group grants certain credit periods to old customers with a good payment history. The credit periods of individual customers are considered on a case-by-case basis and are set out in the sales contracts, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had a certain concentration of credit risk as 4% (2018: 7%) of the Group's trade receivables were due from a single customer, including a group of entities which are known to be under common control with that customer. Included in the trade receivables was an amount due from fellow subsidiaries in aggregate of RMB283,324,000 as at 31 December 2019 (2018: RMB271,943,000) for sales of products by the Group, which accounted for 10% (2018: 12%) of the Group's trade receivables at the end of the reporting period. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 180 days	**1,562,378**	1,244,642
181 to 365 days	**776,888**	504,038
1 to 2 years	**357,836**	251,368
2 to 3 years	**57,257**	180,638
Over 3 years	**26,037**	36,215
	2,780,396	2,216,901

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**688,357**	759,941
(Reversal of impairment)/impairment losses, net *(note 5)*	**(54,665)**	8,931
Amount written off as uncollectible	**(69,541)**	(80,515)
At end of year	**564,151**	688,357

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type, and coverage of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Ageing				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2.37%**	**18.05%**	**38.77%**	**93.78%**	**16.87%**
Gross carrying amount (RMB'000)	**2,396,078**	**436,671**	**93,507**	**418,291**	**3,344,547**
Expected credit losses (RMB'000)	**56,812**	**78,835**	**36,250**	**392,254**	**564,151**

As at 31 December 2018

	Ageing				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	4.10%	16.28%	29.94%	93.08%	23.69%
Gross carrying amount (RMB'000)	1,823,459	300,244	257,847	523,708	2,905,258
Expected credit losses (RMB'000)	74,779	48,876	77,209	487,493	688,357

Bills receivable have been classified as financial assets at fair value through other comprehensive income. The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within six months	**244,801**	407,866
Over six months	**179,684**	91,131
	424,485	498,997

Included in the bills receivable was an amount of RMB43,987,000 as at 31 December 2019 (2018: RMB124,924,000) which was pledged for the issuance of a letter of guarantee.

Included in the bills receivable was an amount of RMB450,000 as at 31 December 2019 (2018: RMB13,000,000) which was endorsed to fellow subsidiaries for purchasing raw materials by the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2019, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB191,510,000 (2018: RMB236,616,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB191,510,000 (2018: RMB236,616,000) as at 31 December 2019.

Transferred financial assets that are derecognised in their entirety

At 31 December 2019, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB574,697,000 (2018: RMB612,636,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the

Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RMB'000	*RMB'000*
Unlisted investments		
Financial investments at fair value through profit or loss	**3,276,414**	1,046,022

The above unlisted investments at 31 December 2019 were wealth management products issued by banks, trusts and funds in Mainland China with maturity periods within one year. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

14. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

	2019	2018
	RMB'000	*RMB'000*
Cash and bank balances	**665,982**	773,719
Time deposits	**439,199**	330,000
	1,105,181	1,103,719
Less: Pledged time deposits for banking facilities	**(2,010)**	(33,813)
Cash and cash equivalents	**1,103,171**	1,069,906
Cash and cash equivalents, time deposits and pledged deposits denominated in		
— RMB	**948,334**	637,216
— Hong Kong dollar ("HK$")	**116,875**	133,715
— United States dollar ("US$")	**30,162**	301,776
— Euro ("EUR")	**9,810**	31,012
	1,105,181	1,103,719

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$, US$ and EUR. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represent balances pledged to banks for the issuance of the Group's bills payable and letters of credit.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2019, bank balances of RMB280,000,000 (2018: RMB230,000,000) are deposited in Sanxiang Bank, a related company of the Group.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2019			**1 January 2019**	31 December 2018		
	Effective interest rate (%)	**Maturity**	**RMB'000**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans – secured	**4.0**	**2020**	**200,000**	**–**	–	–	–
Bank loans – unsecured	**2.92-4.35**	**2020**	**2,308,954**	**968,350**	2.92-4.35	2019	968,350
Current portion of long term bank loans – unsecured	**–**	**–**	**–**	**431,601**	0.6	2019	431,601
Lease liabilities	**4.75**	**2020**	**3,391**	**6,628**			–
			2,512,345	**1,406,579**			1,399,951
Non-current							
Bank loans – unsecured	**4.17-4.28**	**2022**	**747,181**	**–**			–

	2019 RMB'000	2018 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**2,508,954**	1,399,951
In the third to fifth years, inclusive	**747,181**	–
	3,256,135	1,399,951
Other borrowings:		
Within one year	**3,391**	–
	3,259,526	1,399,951

(a) As at 31 December 2019, financial investments at fair value through profit or loss of RMB208,000,000 has been pledged for the Group's bank loans of RMB200,000,000 from China Construction Bank Co., Ltd. at the end of the reporting period.

(b) As at 31 December 2019, Sany Group Co., Ltd. has guaranteed certain of the Group's bank loans up to RMB1,186,136,000 as at the end of the reporting period.

(c) All borrowings are in RMB.

16. SHARE CAPITAL

Shares

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
4,461,067,880 (2018: 4,461,067,880) ordinary shares of HK$0.10 each	**446,107**	446,107
538,932,120 (2018: 538,932,120) convertible preference shares of HK$0.10 each	**53,893**	53,893
Total authorised capital	**500,000**	500,000
Issued and fully paid:		
3,100,762,500 (2018: 3,041,025,000) ordinary shares of HK$0.10 each	**310,076**	304,103
479,781,034 (2018: 479,781,034) convertible preference shares of HK$0.10 each	**47,978**	47,978
Total issued and fully paid capital	**358,054**	352,081
Equivalent to RMB'000	**307,469**	302,214

On 19 December 2014, the Company issued 479,781,034 convertible preference shares ("CPS") of HK$0.10 each at an issue price of HK$2.009 per share. Each CPS is convertible into one ordinary share of the Company at any time after issuance (subject to standard anti-dilution adjustments) and has the same right to receive dividends and other distributions as ordinary shares. The CPS are redeemable by the Company at any time after the third anniversary of the date of the issue of the CPS at the issue price or the fair market value of the CPS, whichever the higher. The holders of CPS are entitled to a preferred distribution at the rate of 0.01% per annum on the issue price.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**		**Share premium**	**Total**
			Equivalent to		
		HK$'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	3,520,806,034	352,081	302,214	2,239,502	2,541,716
Issue of shares *(note)*	59,737,500	5,974	5,255	64,719	69,974
Release of share- based compensation reserve to share premium upon exercise of share options *(note)*	–	–	–	29,456	29,456
At 31 December 2019	3,580,543,534	358,055	307,469	2,333,677	2,641,146

Note: During the year ended 31 December 2019, 59,737,500 new ordinary shares were issued for the share options exercised. Cash proceeds of HK$79,539,000 (equivalent to RMB69,974,000) were received with no transaction costs borne by the Company, and related share option reserve of RMB29,456,000 was transferred to share premium accordingly.

17. COMMITMENTS

(a) The Group had the following capital commitments as at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Buildings	**188,497**	716,449
Plant and machinery	**3,269,088**	3,490,597
	3,457,585	4,207,046

(b) Operating lease commitments as at 31 December 2018

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018
	RMB'000
Within one year	3,650
In the second year	3,650
	7,300

18. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the Novel Coronavirus ("COVID-19") in early 2020 has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Group considers this outbreak to be a non-adjusting post balance sheet event. As the epidemic is fluid and rapidly evolving, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the supply-side structural reform of the coal industry continued to deepen, fixed assets investment increased substantially and the coal industry accelerated its intelligent development, the orders for mining equipment products of the Group increased significantly. Products with competitive edge such as roadheaders, front loaders and stacking machines continued to maintain a leading position in the market, while the market shares of integrated coal mining equipment and mining transport equipment rapidly increased. The development of large clients and overseas clients has achieved remarkable results with development of a number of agents for mining equipment in Southeast Asia, Pan-Russia, Africa, etc., establishment of self-operated channels for logistics equipment in Australia, New Zealand, Mexico, UEA, etc., and strategic cooperation with major customers such as MARITIME of UK and Maersk. The coverage of the Group's overseas marketing channels has primarily reached a substantial scale.

During 2019, the sales revenues of the Group's various products maintained steady growth, and in particular, the growth for mining transport equipment is over 300% as compared to last year. Through digital transformation and strengthening of internal management, the percentage of management expenses (excluding R&D expenses) against revenue continued to decrease and consolidated gross margin increased. The high gross margins of two core products namely roadheader and front loader were maintained, and the gross margin of integrated coal mining product increased significantly as compared to last year.

Major products

The Group divides its products into two categories, namely (1) the mining equipment business sector (previously known as energy equipment business sector), which includes coal mining machinery products, such as roadheaders (all types of soft rock, hard rock roadheader and integrated excavation, bolting and self-protection machine) and mining equipment (coal mining machines (shearer), hydraulic support system, scraper conveyor (Armored-Face Conveyer), etc.); non-coal mining machinery products, such as tunnel roadheader and mining machine; the mining transport equipment (mechanical drive off-highway dump truck and electric drive off-highway dump truck) and widebody vehicle and other relevant products; and (2) the logistics equipment business sector (previously known as port machinery business sector), which includes container equipment* (front loader, stacking machine and quayside gantry crane, etc.), bulk material equipment (gripper, elevated hoisting arm, etc.) and general equipment (heavy-duty forklift truck, telehandler, etc.).

* Note: Container equipment include large-scale port machinery products (such as quayside gantry crane) and small-scale port machinery products (such as front loader and stacking machine).

Research and development capability

The Group insists on developing R&D innovation-driven strategy to transform and upgrade products through intelligent, electrification and unmanned related R&D in line with new demands of industrial development. During 2019, the Group made notable achievement in innovation with new automated and electric products launched which include new energy-saving green products such as intelligent coal mining machine, electric widebody vehicle, electric stacking machine, electric steel and material grippers, second generation electric truck and unmanned electric truck.

For mining equipment, breakthroughs have been achieved in the transparent work face of integrated coal mining such as advanced detection and coal rock intelligent identification, and the automated work face of thin-seam coal achieved phased verification, laying the foundation for commercialisation. The remote intelligent control technology of roadheaders successfully realised cutting operation beyond visual distance and minor errors in the shape and posture of tunnels which will lead industrial development. MG730i intelligent coal mining machine effectively solved challenges faced by the industry in relation to the large undulation, frequent faults, limited space and inefficient coal loading for thin-seam coal. As compared to fuel vehicles, the new generation SKT90E electric widebody vehicle consumes less energy, operates with an environmentally effective way and has lower failure rate, and attracts wide attention of customers upon launching.

For logistics equipment, the 10K and 12K telehandlers were launched to the market. An array of grippers including 50T Electric, 40T Tyred Electric, 50T Track and 35T, and large port machinery such as large front-stretching distance 4547 quayside container crane, river port 3538 quayside crane and 8070 double-lift quayside crane were developed, which further completed the product spectrum. The Group's first fully electric container stacker accelerates the green transformation and upgrade of ports with its environmental friendliness, easy maintenance and quiet operation. The unmanned electric truck enables automated connection between quayside cranes and transtainers, and provides higher precision and faster loading and unloading while reducing the need of human intervention significantly. The automated transtainers have applied multiple key automation technologies and realised remote control, intelligent identification, precise alignment, automated loading and unloading, which notably enhances the efficiency of port operations.

For the year ended 31 December 2019, the Group obtained 18 invention patents, 21 utility model patents, 2 design patents, and 9 copyrights.

Production and Manufacturing

The Group has production and manufacturing bases in Shenyang, Zhuhai and Changsha, respectively. There are 8 plants in the mining equipment industrial park located in the Economic and Technological Development Zone of Shenyang with a total area of approximately 629,000 sq.m. The industrial park for large port machinery is located in Gaolan Port Economic Area of Zhuhai and commenced operation on 6 May 2015. Phase 1 of the project occupies an area of 800 mu, equipped with a deep-water dock with a coastline of 3.5 km which has currently reached the production capability of full range large-scale port machinery. The industrial park for small port equipment is located in the Changsha Industrial Zone with an area of approximately 100,000 sq.m., with several plants and commissioning fields.

During the year ended 31 December 2019, the Group continued to pursue digitalisation. With the networking of production equipment and intelligent monitoring system, real-time and on-site remote monitoring of physical objects was realized, which enables online accessibility to the data related to the energy consumption and operation condition of production facilities. The Group also installed visual equipment at the production workshop to facilitate remote monitoring of production and achieve efficient visual management, with a view to enhancing site production management, standardising operation and improving efficiency of production personnel. In addition, the Group rationally arranges production working hours and allocates resources through intelligent dispatching platform based on order arrangement. Currently, great progress and enhancement are realised in production capability through digitalisation, and basic data for production management and energy management is now available through the production equipment energy management platform. Furthermore, the in-depth analysis of basic data such as electric current and energy would optimize production process in terms of minimising energy consumption and lowering production costs.

Marketing and Service

The Group implements a targeted marketing policy tailored to each major customer with support from our "power trio" team to achieve crucial breakthroughs. The Group has been accelerating its internationalization progress and enhancing its competitiveness in overseas markets. We adopt a specific policy for each country while adhering to our strategy of "focusing on both key products and key regions". We have maintained our leading position in the mobile port machinery sector in the Asia-Pacific region and actively explored the North American market with new products. We have expanded our market share in overseas markets through allocating more resources in international markets, providing more support to overseas agents and cultivating more agents.

The Group adheres to its service philosophy of "All For Customers, All From Innovations", by providing first-class service and highly efficient response to meet customers' needs and addressing any concerns of our customers. The Group's superior product quality, attentive after-sales service and efficient response have gained high recognition from our customers.

FINANCIAL REVIEW

Revenue

For the year end 31 December 2019, the Group recorded revenue of approximately RMB5,656.1 million, representing an increase of approximately 28.1% as compared with approximately RMB4,416.9 million for the year ended 31 December 2018. The increase was mainly due to that (1) the mining equipment of the Group are transforming towards intelligent, unmanned and large-scale products, which significantly increased the sales of products in both domestic and international markets; (2) the newly launched widebody vehicles of the Group gained market shares in the domestic and international markets with their excellent performance, continuously driving the revenue of the Group's mining vehicles to increase significantly on a year-on-year basis; and (3) multiple products of the Group's logistics equipment sector were highly recognized by the market and recorded substantial growth in sales revenue, among which large scale port equipment such as quayside container crane and transtainer recorded a significant increase in domestic sales, while the accumulated sales revenue of new products such as heavy-duty forklift truck, gripper and electric truck also increased significantly.

Other income and gains

For the year ended 31 December 2019, the Group's other income and gains was approximately RMB488.8 million, representing an increase of approximately 62.3% as compared with approximately RMB301.2 million for the year ended 31 December 2018. The increase was mainly due to the increase in gain in fair value of financial products and government subsidies.

Cost of sales

For the year ended 31 December 2019, the Group's cost of sales was approximately RMB3,987.0 million, representing an increase of approximately 27.8% as compared with approximately RMB3,119.3 million for the year ended 31 December 2018. The increase of cost of sales was mainly due to the increase in products revenue.

Gross profit and gross profit margin

The gross profit of the Group was approximately RMB1,669.0 million for the year ended 31 December 2019 (the year ended 31 December 2018: approximately RMB1,297.6 million).

The gross profit of the Group excluding the impairment provisions for inventories for the year ended 31 December 2019 was RMB1,646.2 million (the year ended 31 December 2018: approximately RMB1,211.6 million).

The gross profit margin of the Group excluding the impairment provisions for inventories for the year ended 31 December 2019 was approximately 29.1%, representing an increase of 1.7 percentage point against approximately 27.4% for the year ended 31 December 2018. Such increase was mainly because (1) the Group effectively controlled costs through process optimization and interconnection of data and equipment, achieving decrease in the cost of roadheaders, integrated mining products, front loaders, stacking machines, etc.; and (2) the international sales of our integrated mining products increased and the gross margin for their revenue is relatively high.

Selling and distribution expenses

For the year ended 31 December 2019, the selling and distribution expenses of the Group were approximately RMB387.8 million, representing an increase of approximately 17.7% as compared with approximately RMB329.5 million for the year ended 31 December 2018. For the year ended 31 December 2019, the ratio of the Group's selling and distribution expenses to revenue was approximately 6.9%, representing a decrease of approximately 0.6 percentage points as compared with approximately 7.5% for the year ended 31 December 2018. Such change was mainly due to (1) the increase in sales revenue, and the increase in sales and promotional expenses and staff costs; and (2) the improvement on internal efficiency and effective cost control measures.

R&D expenses

For the year ended 31 December 2019, the R&D expenses of the Group were approximately RMB384.8 million, representing an increase of approximately 59.2% as compared with approximately RMB241.8 million for the year ended 31 December 2018. For the year ended 31 December 2019, its ratio to revenue was approximately 6.8%, representing an increase of approximately 1.3 percentage point as compared with 5.5% for the year ended 31 December 2018. Such change was mainly due to the increase in the investment in R&D on new products of the Group, including smart mine, intelligent terminal, tunnel roadheader, integrated excavation, bolting and self-protection machine, electric widebody vehicles, unmanned electric truck, telehandler and automated transtainer.

Administrative expenses

For the year ended 31 December 2019, administrative expenses of the Group were approximately RMB642.7 million (the year ended 31 December 2018: approximately RMB492.1 million). The administrative expenses excluding R&D expenses were approximately RMB257.9 million (the year ended 31 December 2018: approximately RMB250.3 million), representing a year-on-year decrease in the proportion of revenue by approximately 1.1 percentage points to approximately 4.6% (the year ended 31 December 2018: approximately 5.7%). Such changes were mainly due to the increase in sales revenue and successful cost control measures.

Finance costs

For the year ended 31 December 2019, finance costs of the Group were approximately RMB85.5 million (the year ended 31 December 2018: approximately RMB18.2 million), and the increase was mainly due to the increase in bank borrowings in preparation of the potential capital investments and acquisition opportunities and to meet operational needs of the Group as well. As at the date of this announcement, the Group has not entered into any letter of intention or definitive agreement for the capital investments and acquisition.

Profit margin before tax

For the year ended 31 December 2019, the Group's profit margin before tax was approximately 18.9%, representing an increase of approximately 2.5 percentage points as compared with approximately 16.4% for the year ended 31 December 2018. The change was mainly due to (1) the increase in sales revenue; and (2) the increase of gross profit margin as the Group strengthened cost control measures.

Taxation

For the year ended 31 December 2019, the Group's effective tax rate was 13.8% (the year ended 31 December 2018: 16.9%).

For details regarding income tax, please refer to the above section headed "Notes to Financial Statements – 7. Income Tax".

Profit attributable to owners of the parent

For the year ended 31 December 2019, profit attributable to owners of the parent recorded by the Group was approximately RMB919.7 million, as compared with approximately RMB600.2 million for the year ended 31 December 2018. For the main reasons of such change, please refer to the above paragraphs headed "Revenue", "Gross profit and gross profit margin" and "Profit before tax".

Liquidity and financial resources

As at 31 December 2019, total current assets of the Group were approximately RMB10,337.9 million (31 December 2018: RMB7,028.7 million). As at 31 December 2019, total current liabilities of the Group were approximately RMB6,421.3 million (31 December 2018: RMB5,169.2 million).

As at 31 December 2019, total assets of the Group were approximately RMB15,546.4 million (31 December 2018: approximately RMB12,924.7 million), and total liabilities were approximately RMB8,400.9 million (31 December 2018: approximately RMB6,482.6 million). As at 31 December 2019, the gearing ratio (the asset to liability ratio) of the Group was approximately 54.0% (31 December 2018: 50.2%).

Trade and bills receivables

As at 31 December 2019, the Group's gross balance of trade receivables and bills receivables recorded approximately RMB3,769.0 million, representing an increase of approximately 10.7% as compared with approximately RMB3,404.3 million as at 31 December 2018, among which trade receivables recorded approximately RMB3,344.5 million, representing an increase of approximately 15.1% as compared with approximately RMB2,905.3 million as at 31 December 2018; and bills receivables recorded approximately RMB424.5 million, representing a decrease of approximately 14.9% as compared with RMB499.0 million as at 31 December 2018. Such changes were mainly due to (1) the increase in revenue from product sales; and (2) the increase of the Company's making payments to suppliers by endorsement of bill receivable.

Interest-bearing bank and other borrowings

As at 31 December 2019, interest-bearing bank and other borrowings of the Group were approximately RMB3,259.5 million (31 December 2018: RMB1,400.0 million). For the main reasons of such change, please refer to the above paragraph headed "Finance costs".

Cash flow

As at 31 December 2019, cash and cash equivalents of the Group and deposits with maturity of three months or more were approximately RMB1,103.2 million in total.

For the year ended 31 December 2019, the net cash inflow of the Group from operating activities was approximately RMB801.1 million (the year ended 31 December 2018: approximately RMB280.4 million). Such change was mainly due to (1) the growth of revenue for the year as well as the Company's increased effort in collection in trade receivables, the proceeds collected from trade receivables increased accordingly; and (2) the decrease in expenses as the Company strengthened internal management and cost control.

For the year ended 31 December 2019, the net cash outflow to investing activities of the Group was approximately RMB2,310.6 million (the year ended 31 December 2018: approximately RMB535.6 million). Such change was mainly due to the increasing investing in financial products in 2019.

For the year ended 31 December 2019, the net cash inflow of the Group from financing activities was approximately RMB1,526.5 million (the year ended 31 December 2018: approximately RMB511.7 million). Such change was mainly due to the increase in bank borrowings during 2019.

Turnover days

Excluding the impairment losses for inventories provided, the Group's average turnover days of inventory were approximately 153.6 days as at 31 December 2019, representing a decrease of approximately 51.4 days from 205.0 days as at 31 December 2018, which was mainly because (1) the Company took effective measures to speed up the disposal of obsolete inventory; and (2) the Company enhanced the efficiency in its control on inventory through production process and managed to better utilize the accumulated inventory.

The turnover days of trade and bills receivables as at 31 December 2019 were approximately 231.5 days, representing a decrease of 17.9 days from approximately 249.4 days as at 31 December 2018. Please refer to the above paragraphs headed "Revenue" and "Trade and bills receivables" for the main reasons of such decrease.

Excluding the impairment losses for inventories provided, turnover days of trade and bills payables decreased by approximately 5.3 days from approximately 171.5 days as at 31 December 2018 to approximately 166.2 days as at 31 December 2019, which was mainly due to the shortened payment period to suppliers by the Company to secure sufficient raw material supply and more favourable purchasing prices.

Financing guarantee contracts

As at 31 December 2019, the financing guarantee contracts not provided for in the financial statements amounted to RMB39.1 million, being the financial guarantee under financing lease arrangements provided by Hunan Sany Port Equipment Co., Ltd. (31 December 2018: RMB52.6 million).

Capital commitment

As at 31 December 2019, the contracted capital commitments of the Group which are not provided for in the financial statements were approximately RMB3,457.6 million (31 December 2018: approximately RMB4,207.0 million).

Employees and remuneration policy

The Group persists in training and developing talents. Accordingly, it provides internal training, external training and corresponding courses to its staff according to their ranking and working stage, with an aim to improving their skills relevant to work as well as enhancing their senses of belonging. The Group paid year-end bonuses to staff to reward them for their contributions and dedication to the Group. In addition, the Group implements a share incentive scheme for core employees to share the Company's development results with them. The remuneration of the directors of the Group was determined with reference to their positions, responsibilities, experience and prevailing market conditions.

Material acquisition and disposal

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2019, nor was there any plan authorized by the Board for other material investments or additions of capital assets as at the date of this announcement.

Pledge on assets

As at 31 December 2019, the Group recorded pledged bank deposits with an aggregate value of approximately RMB2.0 million (31 December 2018: approximately RMB33.8 million), for the purpose of issuing bills payable. As at 31 December 2019, none of the Group's bank loans were secured by property, plant and equipment and right-of-use assets (31 December 2018: Nil).

Foreign exchange risk

As at 31 December 2019, the Group's cash and bank balances denominated in foreign currency such as US$ and EUR were equivalent to approximately RMB156.8 million. The Group will monitor the risk exposures and may consider hedging against material currency risk if required.

Social responsibility

The Group has a high sense of social responsibility. Apart from its commitment to business growth, it also actively participates in social activities to support public welfare, striving to contribute to the local economy, people's livelihood and harmonious environment. The management and staff of the Group provides human and material resources to help and support local community development. During the year ended 31 December 2019, the Group launched activities to help staff mitigate their financial stress. The management visited staff with family difficulties and provided them with consolation money and necessities. In addition, the Group organised staff health check regularly, and raised funds for staff requiring assistance and spread love and care to staff who were in need of support.

FUTURE DEVELOPMENT

Looking ahead to 2020, there are still many uncertainties in the global economy. In the beginning of 2020, the outbreak of COVID-19 spread across China and the government has taken public health emergency measures and actions to prevent the spread of the COVID-19. Recently, the COVID-19 is spreading across the world and the task of prevention and control is not yet completed. As the epidemic brings uncertainties to the global economy, the Company will closely monitor the COVID-19 and assess its impact on the operation and financial performance of the Company. Currently, the Company has remained in normal production and operation. The Company will formulate COVID-19 prevention measures, work arrangement and secure employees' safety strictly in accordance with government's requirements related to COVID-19 prevention and control. The Company will continue to properly manage its production and operation, ensure the stability of its supply chain, drive the sales in various segment markets, promote efficient and intelligent production and ensure the high quality and timely delivery of products to satisfy customers' needs.

The Group will closely monitor industry development, grasp opportunities and thoroughly implement its development strategy to achieve sustaining and robust development of the Group.

For the mining equipment, the growth of fixed assets investment in the coal industry continued to pick up and increased approximately 29% in 2019 as compared to last year, while intelligent upgrade has become the biggest driving force for growth in the industry. In February 2020, National Development and Reform Commission, National Energy Administration together with the six government agencies have issued a guiding opinion regarding "Guiding opinions on accelerating the intelligent development of coal mines" to accelerate the progress of coal mine intelligent development, and the growing demand for large, automated, intelligent and unmanned equipment continues. For logistics equipment, container throughput of China in 2019 increased approximately 4.4%, among which the throughput of river ports increased approximately 8.5%. The container throughput of ports in the world is expected to maintain its growth in the next five years, and there will be a steady demand for equipment. Meanwhile, the increase in orders and expedited delivery of super-large container vessels will promote the development of large loading and unloading terminal equipment. As the construction of automated container terminals accelerates in China and abroad, the demand for port automation and intelligent upgrade and transformation will be strong.

In 2019, the Company's products with competitive edge such as roadheaders and front loaders continued to maintain a leading position in the mainstream market, and the market share of new products continued to increase. During the year, the Company successively launched new products such as remote control roadheaders, intelligent coal mining machines, pure water hydraulic supports, widebody vehicles, electric stackers and unmanned electric truck, which brought new profit growth opportunities. In the future, the Company will closely follow the industry's development trend, strengthen R&D and innovation and lead the industry to accelerate development towards whole-set, unmanned and intelligent products.

DIVIDENDS

Final Dividend

On 30 March 2020, the Board resolved the declaration and payment of the final dividend of HK12 cents per ordinary share of the Company, amounting to HK$372,091,500 in total based on the total number of 3,100,762,500 shares of the Company as at 29 February 2020, to be payable to the shareholders of the Company whose names appear on the Company's register of members at the close of business on Wednesday, 3 June 2020. If any circumstances, such as issuance of new shares or share repurchase before the record date for dividend distribution, results in the changes in the Company's total number of shares on the record date for dividend distribution, the dividend per ordinary share of the Company shall remain unchanged and the total dividends amount shall be adjusted accordingly. The final dividend is subject to the Shareholders' approval. Such final dividend is expected to be distributed on or around 22 June 2020.

Reference is also made to the circular of the Company dated 30 November 2014 in relation to, among others, issue of 479,781,034 convertible preference shares (the "**Convertible Preference Shares**") of the Company to Sany Hongkong Group Limited. According to the terms of the Convertible Preference Shares, (1) each Convertible Preference Share shall confer on the holder thereof the right to receive a preferred distribution (the "**Preferred Distribution**") from the issue date of the Convertible Preference Share at a rate of 0.01% per annum on the issue price, and (2) in addition to the Preferred Distribution, each outstanding Convertible Preference Share shall confer, in case of any dividend or distribution being declared and paid by the Company to holders of the ordinary shares, on the holder thereof the same entitlement to dividend or distribution as holder of the number of ordinary shares into which such Convertible Preference Share may be converted upon exercise of conversion rights attached thereto.

As at the date of this announcement, there were 479,781,034 outstanding Convertible Preference Shares registered under the name of Sany Hongkong Group Limited. Accordingly, the holder of the outstanding Convertible Preference Shares are entitled to (a) the Preferred Distribution of approximately HK$96,388.0, representing the preferred distribution accumulated from 1 January 2019 to 31 December 2019, and (b) the final dividend of HK12 cents per Convertible Preference Share, amounting to approximately HK$57,573,724. The Preferred Distribution and the dividends for the Convertible Preference Shares are proposed to be distributed on or around 22 June 2020, on the same distribution date as the final dividend for ordinary shares.

Special Dividend

The Board did not recommend any special dividend for the year ended 31 December 2019.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible enterprise which is open and accountable to the shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards. The Board focuses on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency of all operations of the Company. The Company believes that effective corporate governance is the foundation for creating more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Except for the code provision A.2.1, the Company has complied with the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules from 1 January 2019 to 31 December 2019. In accordance with code provision A.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Further, the division of responsibilities between the chairman and chief executive officer should be clearly established. During the period from 6 August 2015 to 21 October 2019, Mr. Qi Jian was both of the chairman of the Board and the chief executive officer. The Board considered that vesting the role of both chairman of the Board and the chief executive officer in Mr. Qi Jian provided the Company with consistent leadership, facilitated effective and efficient planning and implementation of business decisions and strategies. After taking into account the overall circumstances of the Group and better corporate governance, on 21 October 2019, Mr. Liang Zaizhong was appointed as the chairman of the Board and Mr. Qi Jian was appointed as vice chairman of the Board and remained as the chief executive officer of the Company. Since 21 October 2019, the Company has complied with the code provision A.2.1 of the CG Code.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 25 May 2020. A notice convening the annual general meeting will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS – ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, 20 May 2020 to Monday, 25 May 2020, both days inclusive, during which period no transfer of shares will be registered. The record date for entitlement to attend and vote at the annual general meeting is Monday, 25 May 2020. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 25 May 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 19 May 2020.

CLOSURE OF REGISTER OF MEMBERS – FINAL DIVIDEND PAYMENT

The register of members of the Company will also be closed from Monday, 1 June 2020 to Wednesday, 3 June 2020, both days inclusive, during which period no transfer of shares will be registered. The record date for entitlement to the proposed dividends is Wednesday, 3 June 2020. In order to be entitled to the proposed dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 May 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company (2018: Nil).

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the period under review, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they had complied with the Model Code for the year ended 31 December 2019.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in place in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan, all of whom are independent non-executive Directors. Mr. Poon Chiu Kwok, who possesses professional accounting qualifications, was appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the consolidated annual results of the Group for the full year ended 31 December 2019, including the accounting principles and standard practices adopted by the Group and selection and appointment of the external auditors.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2019, but represents an extract from those accounts.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, the Company had maintained sufficient public float throughout the year ended 31 December 2019.

PUBLICATION OF INFORMATION ON THE WEBSITES

The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.sanyhe.com in due course.

By the Order of the Board
Sany Heavy Equipment International Holdings Company Limited
Liang Zaizhong
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Liang Zaizhong, Mr. Qi Jian, Mr. Fu Weizhong and Mr. Zhang Zhihong, the non-executive Directors are Mr. Tang Xiuguo and Mr. Xiang Wenbo, and the independent non-executive Directors are Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan.