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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 2023 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board (the "**Board**") of directors (the "**Directors**") 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 2023, together with comparative figures for the year ended 31 December 2022. 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 ended 31 December 2023, the Group recorded revenue of approximately RMB20,277.9 million, representing an increase of approximately 30.5% as compared with approximately RMB15,536.7 million for the year ended 31 December 2022. The increase was mainly due to (1) a marked increase in the revenue for the Group's integrated mining equipment, mining trucks, widebodied vehicles, small port machinery and large port machinery products due to the continual market launch of new products with intelligentization and electrification; (2) a significant increase in the international sales revenue as a result of the successful expansion into international markets; and (3) the revenue arose from the oil & gas equipment segment and emerging industry equipment segment, which are newly acquired by the Group during the year ended 31 December 2023.

Profit attributable to owners of the parent recorded by the Group for the year ended 31 December 2023 was approximately RMB1,929.0 million, representing an increase of approximately 15.9% as compared with approximately RMB1,664.9 million for the year ended 31 December 2022. For the main reasons of such change, please refer to the paragraphs headed "Revenue", "Gross profit margin" and "Profit margin before tax" below.

For the year ended 31 December 2023, the gross profit margin of the Group was approximately 26.9%, representing an increase of approximately 3.5 percentage points against approximately 23.4% for the year ended 31 December 2022. Such change was mainly due to (1) increase in the proportion of sales revenue of certain products which had higher gross profit margin; (2) implementation of cost reduction measures and decrease in the price of sea freight charges; and (3) change in product mix after the acquisitions of the oil & gas equipment segment as well as emerging industry equipment segment.

For the year ended 31 December 2023, the research and development ("**R&D**") expenses of the Group were approximately RMB1,681.6 million, representing an increase of approximately 95.5% as compared with approximately RMB860.0 million for the year ended 31 December 2022. For the year ended 31 December 2023, the ratio of R&D expenses against revenue was approximately 8.3%, representing an increase of approximately 2.8 percentage points as compared with approximately 5.5% for the year ended 31 December 2022. The increase of R&D expenses was due to the Group's significant increase in R&D investments in the fields of smart mines, smart ports, unmanned driving, robots, emerging industry equipment as well as oil and gas equipment.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**20,277,944**	15,536,716
Cost of sales		**(14,830,890)**	(11,908,372)
Gross profit		**5,447,054**	3,628,344
Other income and gains	4	**715,197**	646,942
Selling and distribution expenses		**(1,262,226)**	(932,879)
Administrative expenses		**(2,213,353)**	(1,177,331)
Impairment losses on financial and contract assets, net	5	**(225,347)**	(87,194)
Other expenses		**(42,464)**	(24,982)
Finance costs	6	**(158,411)**	(131,967)
PROFIT BEFORE TAX	5	**2,260,450**	1,920,933
Income tax expense	7	**(421,696)**	(251,859)
PROFIT FOR THE YEAR		**1,838,754**	1,669,074
Attributable to:			
Owners of the parent		**1,928,992**	1,664,911
Non-controlling interests		**(90,238)**	4,163
		1,838,754	1,669,074
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic (RMB Yuan)		**0.58**	0.53
Diluted (RMB Yuan)		**0.52**	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,838,754**	1,669,074
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**31,776**	(6,378)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**31,776**	(6,378)
OTHER COMPREHENSIVE INCOME, NET OF TAX	**31,776**	(6,378)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**1,870,530**	1,662,696
Attributable to:		
Owners of the parent	**1,960,768**	1,658,533
Non-controlling interests	**(90,238)**	4,163
	1,870,530	1,662,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,275,832**	4,065,888
Right-of-use assets		**1,388,354**	1,273,397
Goodwill	*10*	**2,537,138**	1,129,520
Intangible assets		**1,407,913**	17,387
Investment in a joint venture		**28,535**	—
Financial assets at fair value through profit or loss		**37,500**	—
Trade receivables	*12*	**1,027,890**	888,356
Non-current prepayments		**27,745**	24,384
Contract assets		**117,746**	65,845
Deferred tax assets		**336,057**	297,805
Total non-current assets		**14,184,710**	7,762,582
CURRENT ASSETS			
Inventories	*11*	**3,432,210**	3,282,540
Properties for sale		**805,253**	883,911
Trade receivables	*12*	**8,355,990**	6,416,294
Bills receivable	*12*	**1,066,199**	1,011,765
Contract assets		**396,755**	68,164
Prepayments, other receivables and other assets		**1,261,432**	700,258
Derivative financial instruments		**15,668**	—
Financial assets at fair value through profit or loss	*13*	**2,160,426**	2,087,646
Pledged deposits	*14*	**43,300**	50,286
Cash and cash equivalents	*14*	**3,241,068**	2,689,823
Total current assets		**20,778,301**	17,190,687

	Notes	**2023** **_RMB'000_**	2022 _RMB'000_
CURRENT LIABILITIES			
Trade and bills payables	_15_	**8,098,198**	6,646,310
Other payables and accruals		**4,783,016**	2,791,041
Dividend payable		**101,288**	83,284
Interest-bearing bank and other borrowings	_16_	**2,652,576**	954,215
Lease liabilities		**28,289**	—
Tax payable		**237,332**	155,113
Provision for warranties		**75,462**	40,053
Government grants		**196,444**	164,656
Derivative financial instruments		**—**	1,106
Total current liabilities		**16,172,605**	10,835,778
NET CURRENT ASSETS		**4,605,696**	6,354,909
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,790,406**	14,117,491
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	_16_	**5,248,801**	2,691,178
Lease liabilities		**9,510**	—
Government grants		**1,720,221**	1,185,182
Deferred tax liabilities		**273,477**	137,357
Total non-current liabilities		**7,252,009**	4,013,717
Net assets		**11,538,397**	10,103,774
EQUITY			
Equity attributable to owners of the parent			
Share capital	_17_	**315,185**	312,789
Reserves		**11,274,274**	9,727,190
		11,589,459	10,039,979
Non-controlling interests		**(51,062)**	63,795
Total equity		**11,538,397**	10,103,774

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2023

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 mining equipment, logistics equipment, robotic and smart mined products, petroleum equipment, new energy manufacturing equipment, and spare parts and the provision of related services in Chinese Mainland.

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. ACCOUNTING POLICIES

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. 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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments had no significant impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

    The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services. During the year ended 31 December 2023, the Group completed several business combinations and the reportable operating segments increased from two to four to reflect the enlarged business structure. The four reportable operating segments are set out as follows:

(a) Mining equipment segment

The mining equipment segment engages in the production and sale of coal mining machinery, non-coal mining machinery, mining transport equipment, robotic and smart mined products and spare parts and the provision of related services;

(b) Logistics equipment segment

The logistics equipment segment engages in the production and sale of container equipment, bulk material equipment, general equipment and spare parts and the provision of related services;

(c) Oil & Gas equipment segment

The oil & gas equipment segment engages in the production and sale of fracturing units and spare parts for oil & gas field, and the provision of oil & gas field cementing and stimulation technical services;

(d) Emerging industry equipment segment

The emerging industry equipment segment mainly engages in the production and sales of Li-ion battery manufacturing equipment, solar modules and electrolysis hydrogen production equipment, 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, 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 2023	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Oil & Gas equipment segment *RMB'000*	Emerging industry equipment segment *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to customers *(note 4)*	**12,501,388**	**5,783,233**	**1,502,419**	**490,904**	**20,277,944**
Intersegment sales	**102,379**	**37,371**	**51**	**6,033**	**145,834**
Other revenue	**348,475**	**190,217**	**14,306**	**(31,064)**	**521,934**
	12,952,242	**6,010,821**	**1,516,776**	**465,873**	**20,945,712**
Reconciliation:					
Elimination of intersegment sales					**(145,834)**
Revenue from operations					**20,799,878**
Segment results	**1,591,265**	**810,955**	**116,611**	**(294,791)**	**2,224,040**
Reconciliation:					
Interest income	**146,893**	**35,649**	**9,127**	**1,594**	**193,263**
Finance costs (other than interest on lease liabilities)	**(87,008)**	**(53,882)**	**(5,554)**	**(10,409)**	**(156,853)**
Profit before tax					**2,260,450**
Income tax expense					**(421,696)**
Profit for the year					**1,838,754**
Segment assets	**16,224,807**	**10,284,328**	**4,660,233**	**2,440,859**	**33,610,227**
Reconciliation:					
Elimination of intersegment receivables					**(2,267,641)**
Corporate and other unallocated assets					**3,620,425**
Total assets					**34,963,011**
Segment liabilities	**7,479,275**	**5,480,373**	**1,736,983**	**2,583,440**	**17,280,071**
Reconciliation:					
Elimination of intersegment payables					**(2,267,641)**
Corporate and other unallocated liabilities					**8,412,184**
Total liabilities					**23,424,614**

Year ended 31 December 2023	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Oil & Gas equipment segment *RMB'000*	Emerging industry equipment segment *RMB'000*	Total *RMB'000*
Other segment information					
Loss/(gain) on disposal of items of property, plant and equipment	**3,379**	**11,762**	**343**	**(51)**	**15,433**
Impairment of property, plant and equipment	**—**	**4,149**	**—**	**—**	**4,149**
Impairment of trade receivables, net	**122,748**	**75,077**	**16,439**	**362**	**214,626**
Impairment/(reversal of impairment) of other receivables, net	**4,055**	**1,113**	**(3,426)**	**780**	**2,522**
Impairment of contract assets, net	**92**	**7,300**	**807**	**—**	**8,199**
Provision against slow-moving and obsolete inventories	**7,195**	**8,673**	**15,748**	**23,353**	**54,969**
Depreciation and amortisation	**213,937**	**194,186**	**72,126**	**45,066**	**525,315**
Other non-cash expenses	**72,983**	**23,463**	**—**	**6,742**	**103,188**
Capital expenditure*	**1,164,787**	**535,542**	**70,225**	**1,507,622**	**3,278,176**

Year ended 31 December 2022	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to customers *(note 4)*	10,942,517	4,594,199	15,536,716
Intersegment sales	37,746	13,205	50,951
Other revenue	397,019	190,775	587,794
	11,377,282	4,798,179	16,175,461
Reconciliation:			
Elimination of intersegment sales			(50,951)
Revenue from operations			16,124,510
Segment results	1,552,198	441,554	1,993,752
Reconciliation:			
Interest income			59,148
Finance costs			(131,967)
Profit before tax			1,920,933
Income tax expense			(251,859)
Profit for the year			1,669,074
Segment assets	15,604,625	9,010,948	24,615,573
Reconciliation:			
Elimination of intersegment receivables			(2,700,218)
Corporate and other unallocated assets			3,037,914
Total assets			24,953,269
Segment liabilities	7,973,971	5,637,879	13,611,850
Reconciliation:			
Elimination of intersegment payables			(2,700,218)
Corporate and other unallocated liabilities			3,937,863
Total liabilities			14,849,495
Other segment information			
Loss/(gain) on disposal of items of property, plant and equipment	1	(3,742)	(3,741)
Impairment of property, plant and equipment	—	21,393	21,393
Impairment of trade receivables, net	66,282	19,361	85,643
(Reversal of impairment)/impairment of other receivables, net	(3,569)	3,426	(143)
Impairment of contract assets, net	1,649	45	1,694
Provision against slow-moving and obsolete inventories	8,662	4,711	13,373
Depreciation and amortisation	153,239	139,304	292,543
Other non-cash expenses	83,763	34,475	118,238
Capital expenditure*	780,650	753,916	1,534,566

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**13,916,244**	11,314,467
Asia (excluding Mainland China)	**2,824,144**	2,490,272
Russia	**1,511,938**	548,677
Africa	**543,660**	339,089
United States of America	**478,071**	548,575
European Union	**270,733**	185,548
Other countries/regions	**733,154**	110,088
Total revenue	**20,277,944**	15,536,716

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 Chinese Mainland.

Information about major customers

Revenue of approximately RMB3,708,754,000 (2022: RMB2,672,117,000) was derived from sales to fellow subsidiaries, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**20,277,944**	15,536,716

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Oil & Gas equipment *RMB'000*	Emerging industry equipment *RMB'000*	Total *RMB'000*
Types of goods or services					
Sale of industrial products	**12,265,810**	**5,616,206**	**1,146,956**	**490,904**	**19,519,876**
Installation services	**33,592**	**57,470**	—	—	**91,062**
Oil field Service	—	—	**342,240**	—	**342,240**
Maintenance services and others	**201,986**	**109,557**	**13,223**	—	**324,766**
	12,501,388	**5,783,233**	**1,502,419**	**490,904**	**20,277,944**
Geographical markets					
Chinese Mainland	**9,694,077**	**2,228,844**	**1,502,419**	**490,904**	**13,916,244**
Asia (excluding Mainland China)	**1,548,023**	**1,276,121**	—	—	**2,824,144**
Russia	**555,969**	**955,969**	—	—	**1,511,938**
Africa	**332,377**	**211,283**	—	—	**543,660**
United States of America	—	**478,071**	—	—	**478,071**
European Union	—	**270,733**	—	—	**270,733**
Other countries/regions	**370,942**	**362,212**	—	—	**733,154**
	12,501,388	**5,783,233**	**1,502,419**	**490,904**	**20,277,944**
Timing of revenue recognition					
Goods transferred at a point in time	**12,265,810**	**5,694,997**	**1,146,956**	**490,904**	**19,598,667**
Services transferred over time	**235,578**	**88,236**	**355,463**	—	**679,277**
	12,501,388	**5,783,233**	**1,502,419**	**490,904**	**20,277,944**

For the year ended 31 December 2022

Segments	Mining equipment *RMB'000*	Logistics equipment *RMB'000*	Total *RMB'000*
Types of goods or services			
Sale of industrial products	10,673,925	4,149,837	14,823,762
Installation services	56,040	114,041	170,081
Maintenance services and others	212,552	330,321	542,873
	10,942,517	4,594,199	15,536,716
Geographical markets			
Chinese Mainland	8,826,634	2,487,833	11,314,467
Asia (excluding Chinese Mainland)	1,358,830	1,131,442	2,490,272
Russia	287,020	261,657	548,677
Africa	202,165	136,924	339,089
United States of America	173,937	374,638	548,575
European Union	—	185,548	185,548
Other countries/regions	93,931	16,157	110,088
	10,942,517	4,594,199	15,536,716
Timing of revenue recognition			
Goods transferred at a point in time	10,729,965	4,584,732	15,314,697
Services transferred over time	212,552	9,467	222,019
	10,942,517	4,594,199	15,536,716

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:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**1,586,880**	1,644,891

(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.

Installation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance, except for new customers, where payment in advance is normally required.

Sale of properties

The performance obligation is satisfied at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property. Payment in advance is normally required.

Oil field Service

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of the services and customer acceptance, except for new customers, where payment in advance is normally required.

Maintenance and other services

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

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**152,050**	42,362
Other interest income	**41,213**	16,786
Government grants	**374,237**	340,562
Rental income	**13,626**	10,467
Profit from sale of scrap materials	**4,001**	56,543
Foreign exchange differences, net	**—**	2,621
Others	**48,707**	36,071
	633,834	505,412
Gains		
Fair value gain, net:		
Financial assets at fair value through profit or loss — mandatorily classified as such	**86,910**	136,347
Derivative instruments — transactions not qualifying as hedges	**(5,547)**	1,442
Gain on disposal of items of property, plant and equipment, net	**—**	3,741
	81,363	141,530
	715,197	646,942

5. PROFIT BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of inventories sold		**14,312,687**	11,753,827
Cost of services provided		**463,234**	141,172
Depreciation of property, plant and equipment		**396,463**	261,380
Depreciation of right-of-use assets		**44,113**	29,255
Amortisation of intangible assets		**84,739**	1,908
Auditors' remuneration		**3,050**	2,555
Provision of warranties*		**56,971**	28,292
Research and development costs**		**1,681,623**	859,973
Lease payments not included in the measurement of lease liabilities		**49,677**	28,332
Employee benefit expenses (including directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**2,209,858**	1,958,561
Share option and share award expenses		**103,188**	118,238
Employee retirement benefits******		**101,152**	60,175
Other staff welfare		**70,221**	43,777
		2,484,419	2,180,751
Foreign exchange differences, net***		**17,360**	(2,621)
Impairment of property, plant and equipment, net***		**4,149**	21,393
Impairment on financial assets and contract assets, net****:			
Impairment of trade receivables, net	*12*	**214,626**	85,643
Impairment of contract assets, net		**8,199**	1,694
Impairment/(reversal of impairment) of other receivables, net		**2,522**	(143)
		225,347	87,194
Provision against slow-moving and obsolete inventories*****	*11*	**54,969**	13,373
Loss/(gain) on disposal of items of property, plant and equipment, net***		**15,433**	(3,741)
Gains from sales of scrap materials***		**(4,001)**	(56,543)
Remeasurement of financial guarantee contracts***		**5,522**	3,589
Fair value (gains)/losses, net***:			
Financial assets at fair value through profit or loss — mandatorily classified as such		**(86,910)**	(136,347)
Derivative instruments — transactions not qualifying as hedges		**5,547**	(1,442)
		(81,363)	(137,789)

* 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 "Impairment losses on financial and contract assets, net" in the consolidated statement of profit or loss

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

****** As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: Nil).

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on interest-bearing bank and other borrowings	**160,872**	121,848
Interest on discounted bills	**17,085**	17,755
Interest on lease liabilities	**1,558**	—
	179,515	139,603
Less: Interest capitalised	**(21,104)**	(7,636)
	158,411	131,967

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.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of the Company are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatments available to certain subsidiaries operating in Chinese Mainland, the companies of the Group which operate in Chinese Mainland were subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the year ended 31 December 2023.

Eleven of the Group's principal operating companies, Sany Heavy Equipment, Hunan Sany Port Equipment, Sany Marine Heavy Industry, Sany Intelligent Mining, Sany Robot Equipment, Sany Robot, Sany Petroleum, Sany Energy, Sany Technology Equipment, Sany Silicon Energy, and Zhuzhou Sany Silicon Technology, were subject to CIT at a rate of 15% in 2023 due to the recognition as High and New Technology Enterprises, and Zhuhai Sany entitled to enjoy the preferential income tax rate of 15% as a qualified enterprise registered in Hengqin District of Zhuhai, a pilot free trade zone in the PRC.

	2023	2022
	RMB'000	*RMB'000*
Current — Hong Kong		
Charge for the year	**142,690**	79,369
Current — Mainland China		
Charge for the year	**338,787**	129,214
Underprovision in prior years	**12,096**	14,807
Deferred	**(71,877)**	28,469
Total tax charge for the year	**421,696**	251,859

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:

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**2,260,450**		1,920,933	
Tax at the statutory tax rate	**565,113**	**25.0**	480,351	25.0
Entities subject to lower statutory income tax rates	**(195,176)**	**(8.6)**	(172,449)	(9.0)
Expenses not deductible for tax	**7,349**	**0.3**	2,108	0.1
Tax losses utilised from previous periods	**—**	**—**	(6,263)	(0.3)
Different tax rate when temporary difference is realized	**(12,760)**	**(0.6)**	(8,676)	(0.5)
Super-deduction of research and development costs	**(208,069)**	**(9.2)**	(128,800)	(6.7)
Super-deduction of equipment and machinery costs	**—**	**—**	(11,753)	(0.6)
Adjustments in respect of current tax of previous periods	**12,096**	**0.5**	14,807	0.8
Income not subject to tax	**(147)**	**—**	(19,610)	(1.0)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**4,560**	**0.2**	17,501	0.9
Withholding tax for the profits of the Group's PRC subsidiaries distributed during the year	**116,739**	**5.2**	74,750	3.9
Tax losses not recognised	**131,991**	**5.8**	9,893	0.5
Tax charge at the Group's effective tax rate	**421,696**	**18.6**	251,859	13.1

8. DIVIDENDS

	2023 *HK$'000*	2022 *HK$'000*
Proposed final dividend — HK$0.19 (2022: HK$0.19) per ordinary share	**606,036**	602,850
Proposed final dividend — HK$0.19 (2022: HK$0.19) per preference share	**91,158**	91,158
	697,194	694,008
Equivalent to RMB'000	**632,570**	619,937

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, totalling HK$633,746,000, was approved by the board of directors on 23 January 2018. HK$547,505,000 of the dividend was subsequently distributed during the year ended 31 December 2018 and the remaining amount of HK$86,241,000 (equivalent to RMB78,153,000 as at 31 December 2023 and RMB76,729,000 as at 31 December 2022) was recorded in "dividend payable" in the consolidated statement of financial position as at 31 December 2023 and 2022.

A dividend payable to a non-controlling shareholder of RMB23,135,000 was recorded in "dividend payable" in the consolidated statement of financial position as at 31 December 2023.

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

(a) Basic earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,928,992,000 (2022: RMB1,664,911,000), adjusted to reflect the distribution to convertible preference shares, and the weighted average number of ordinary shares of 3,181,501,339 (2022: 3,141,714,465) in issue during the year.

(b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,928,992,000 (2022: RMB1,664,911,000). 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 plus the weighted average number of ordinary shares, totaling 516,583,944 (2022: 508,369,870), assumed to have been issued at no consideration on the deemed exercise of share options or conversion of convertible preference shares and share awards into ordinary shares.

10. GOODWILL

	2023 RMB'000	2022 RMB'000
Cost at 1 January	**1,129,520**	1,129,520
Acquisition of subsidiaries	**1,407,618**	—
Cost and net carrying amount at 31 December	**2,537,138**	1,129,520
At 31 December		
Cost	**2,537,138**	1,129,520
Accumulated impairment	**—**	—
Net carrying amount	**2,537,138**	1,129,520

Impairment testing of goodwill

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

- Logistics equipment cash-generating unit;
- Oil & Gas equipment cash-generating unit;
- Li-ion battery manufacturing equipment cash-generating unit;
- Solar modules cash-generating unit; and
- Electrolysis hydrogen production equipment cash-generating unit.

The carrying amounts of goodwill allocated to the cash-generating units are as follows:

	2023 RMB'000	2022 RMB'000
Logistics equipment cash-generating unit	**1,129,520**	1,129,520
Oil & Gas equipment cash-generating unit	**1,259,697**	—
Li-ion battery manufacturing equipment cash-generating unit	**72,112**	—
Solar modules cash-generating unit	**60,573**	—
Electrolysis hydrogen production equipment cash-generating unit	**15,236**	—
Carrying amount of goodwill	**2,537,138**	1,129,520

Logistics equipment cash-generating unit

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 16%. The growth rate used to extrapolate the cash flows beyond the five-year period is 2%, which was the same as the long-term average growth rate of the industry. The goodwill was not impaired based on the results of the above impairment testing.

Oil & Gas equipment cash-generating unit

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 16%. The growth rate used to extrapolate the cash flows beyond the five-year period is 2%, which was the same as the long-term average growth rate of the industry. The goodwill was not impaired based on the results of the above impairment testing.

Li-ion battery manufacturing equipment cash-generating unit

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 21%. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%, which was the same as the long-term average growth rate of the industry. The goodwill was not impaired based on the results of the above impairment testing.

Solar modules cash-generating unit

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%. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%, which was the same as the long-term average growth rate of the industry. The goodwill was not impaired based on the results of the above impairment testing.

Electrolysis hydrogen production equipment cash-generating unit

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 20%. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%, which was the same as the long-term average growth rate of the industry. The goodwill was not impaired based on the results of the above impairment testing.

Assumptions were used in the value in use calculation for 31 December 2023. 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

	2023 *RMB'000*	2022 *RMB'000*
Raw materials	**689,257**	811,996
Work in progress	**936,515**	852,089
Finished goods	**1,924,973**	1,689,838
	3,550,745	3,353,923
Less: Provision against slow-moving and obsolete inventories	**(118,535)**	(71,383)
	3,432,210	3,282,540

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

	2023 *RMB'000*	2022 *RMB'000*
At 1 January	**71,383**	65,015
Charged for the year	**66,337**	25,057
Write-back for the year	**(11,368)**	(11,684)
Write-off for the year	**(7,817)**	(7,005)
At 31 December	**118,535**	71,383

12. TRADE AND BILLS RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Trade receivables	**10,016,434**	7,729,130
Impairment	**(632,554)**	(424,480)
	9,383,880	7,304,650
Less: Trade receivables due after one year	**(1,027,890)**	(888,356)
	8,355,990	6,416,294
Bills receivable	**1,066,199**	1,011,765

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 1% (2022: 3%) of the Group's trade receivables were due from a single third-party customer, including a group of entities which are known to be under common control with that customer. Included in the trade receivables were amounts due from fellow subsidiaries of RMB2,477,305,000 (2022: RMB1,010,987,000) and the Group's joint venture of RMB22,270,000 (2022: Nil) as at 31 December 2023 for sales of products by the Group, which accounted for 25% (2022: 13%) 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:

	2023	2022
	RMB'000	*RMB'000*
Within 180 days	**5,952,064**	4,904,030
181 to 365 days	**2,430,609**	1,760,223
1 to 2 years	**885,403**	537,571
2 to 3 years	**104,020**	89,400
Over 3 years	**11,784**	13,426
	9,383,880	7,304,650

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**424,480**	348,404
Impairment, net	**214,626**	85,643
Amount written off as uncollectible	**(6,552)**	(9,567)
At end of year	**632,554**	424,480

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.

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:

	2023	2022
	RMB'000	*RMB'000*
Within six months	**1,059,931**	824,136
Over six months	**6,268**	187,629
	1,066,199	1,011,765

Included in the bills receivable was an amount of RMB58,952,000 as at 31 December 2023 (2022: RMB156,180,000) which was pledged for the issuance of a letter of guarantee.

None of the bill receivable as at 31 December 2023 (2022: Nil) was endorsed to fellow subsidiaries for purchasing raw materials by the Group.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Unlisted investments, at fair value		
Current	**2,160,426**	2,087,646
Non-current	**37,500**	—
Total	**2,197,926**	2,087,646

The current unlisted investments were wealth management products issued by banks and other financial institutions in Chinese Mainland. The non-current unlisted investment is a limited liability partnership in Chinese Mainland. They were 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 AND PLEDGED DEPOSITS

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**2,956,618**	1,313,642
Time deposits	**327,750**	1,426,467
	3,284,368	2,740,109
Less: Pledged time deposits for banking facilities	**(43,300)**	(50,286)
Cash and cash equivalents	**3,241,068**	2,689,823
Cash and cash equivalents, time deposits and pledged deposits denominated in		
— RMB	**2,396,783**	1,586,091
— Hong Kong dollar ("HK$")	**17,713**	11,204
— United States dollar ("US$")	**768,226**	1,142,669
— Euro ("EUR")	**87,082**	116
— Indonesia Rupiah ("IDR")	**12,729**	—
— Singapore Dollar ("SGD")	**1,835**	—
— Australian Dollar ("AUD")	**—**	29
	3,284,368	2,740,109

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$, US$, EUR, IDR, SGD and AUD. The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 2023, bank balances of RMB327,750,000 (2022: RMB370,104,000) are deposited in Sanxiang Bank, a related company of the Group.

15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 30 days	**5,182,215**	2,421,538
31 to 90 days	**1,746,673**	2,025,989
91 to 180 days	**902,910**	1,673,386
181 to 365 days	**199,395**	485,468
Over 1 year	**67,005**	39,929
	8,098,198	6,646,310

The trade payables are non-interest-bearing and are normally with credit terms of 30 to 180 days.

The bills payable are normally due within 180 days.

Included in the trade and bills payables was an amount due to fellow subsidiaries in aggregate of RMB322,533,000 as at 31 December 2023 (2022: RMB162,491,000) for purchasing raw materials by the Group.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans — secured	**3.20**	**2024/ on demand**	**2,260,212**	1.40–3.50	2023	819,004
Bank loans — unsecured	**2.20–3.25**	**2024**	**7,784**	1.40–3.50	2023	132,028
Other borrowings — unsecured	**4.02–4.35**	**2024/ On demand**	**346,808**	—	—	—
Interest payable	**—**	**2024**	**37,772**	—	2023	3,183
			2,652,576			954,215
Non-current						
Bank loans — secured	**2.65–3.20**	**2025–2038**	**4,510,388**	3.20	2024–2030	2,591,188
Bank loans — unsecured	**2.50–3.30**	**2025–2038**	**703,388**	2.50–3.60	2024–2025	99,990
Other borrowings — unsecured	**4.02–4.35**	**2025–2031**	**35,025**	—	—	—
			5,248,801			2,691,178

	2023 *RMB'000*	2022 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	**2,305,768**	954,215
In the second year	**3,267,482**	1,848,970
In the third to fifth years, inclusive	**1,056,559**	842,208
Beyond five years	**889,735**	—
Subtotal	**7,519,544**	3,645,393
Other borrowings repayable:		
Within one year	**346,808**	—
In the second year	**4,776**	—
In the third to fifth years, inclusive	**15,616**	—
Beyond five years	**14,633**	—
Subtotal	**381,833**	—
Total	**7,901,377**	3,645,393

(a) As at 31 December 2023, RMB900,000,000 and RMB11,250,000 of the Group's bank loans are secured by mortgages over the Group's leasehold land of RMB701,564,000 (31 December 2022: RMB210,811,000) and the Group's right of electricity charge of RMB64,550,000, respectively.

(b) As at 31 December 2023, Sany Group Co., Ltd. has guaranteed certain of the Group's bank loans up to RMB6,111,645,000 (2022: RMB3,293,875,000) as at the end of the reporting period.

(c) As at 31 December 2023 and 2022, all borrowings were denominated in RMB.

(d) Other borrowings of RMB342,232,000 was due to Sany Group Co., Ltd. and was repayable on demand. Other borrowings of RMB39,601,000 was due to Sany Financial Leasing Co., Ltd. and was repayable by 96 monthly equal instalments commencing on 15 October 2023.

17. SHARE CAPITAL

Shares

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
4,461,067,880 (2022: 4,461,067,880) ordinary shares of HK$0.10 each	**446,107**	446,107
538,932,120 (2022: 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:		
3,189,660,321 (2022: 3,162,987,143) ordinary shares of HK$0.10 each	**318,966**	316,299
479,781,034 (2022: 479,781,034) convertible preference shares of HK$0.10 each	**47,978**	47,978
Total issued and fully paid capital	**366,944**	364,277
Equivalent to RMB'000	**315,185**	312,789

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 as ordinary shares to receive dividends declared and other distribution made. 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.

18. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Buildings	**322,145**	317,988
Plant and machinery	**1,240,274**	370,644
	1,562,419	688,632

MANAGEMENT DISCUSSION AND ANALYSIS

Major products

The Group divides its products into four categories, namely (1) mining equipment, 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 (shearer, hydraulic support system, scraper conveyor etc.); non-coal mining machinery products, such as tunnel roadheader and mining machine; mining vehicle products, such as mining transport equipment (mechanical drive off-highway dump truck and electric drive off-highway dump truck) and widebodied vehicle and other relevant products; and smart mine products, such as unmanned driving, automated integrated mining and smart mine operation systems; robotics, such as robotic system integration, mobile robots and electric forklifts; (2) logistics equipment, which includes container equipment (including small port machinery such as front loader, stacking machine, etc., and large port machinery such as quayside gantry crane, etc.), bulk material equipment (gripper, elevated hoisting arm, etc.) and general equipment (heavy-weight forklift, telehandler, etc.); (3) Oil and gas equipment, such as frac spreads, drilling and workover and automated pipe handling equipment and oil and gas field technical services; and (4) emerging industries, such as lithium battery equipment, solar modules and hydrogen production equipment.

Business review

In 2023, the global economy recovered moderately and domestic economic growth was positive and steady. The business segments of the Group have been expanded into oil and gas equipment, lithium battery equipment, solar modules and hydrogen production equipment. Through continuous R&D investment and R&D innovation, the core competitiveness of products has been continuously improved, and the roadheader, front loader, stacking machine, frac spreads has remained the first brand in the industry. The Group's intelligent manufacturing has reached a new level, and the Xi'an Industrial Park where the Group's subsidiary Sany Intelligent Equipment is located has become a national industrial network demonstration factory, and the Zhuhai Industrial Park of Sany Marine Heavy Industry has achieved a comprehensive upgrade of the visualization of the whole production process and the intelligent management of the whole life cycle of products this year. The Group's international sales revenue continued to grow significantly, with a year-on-year increase of 50.7%, and the proportion of international sales revenue increased by 4.2 percentage points, of which the international revenue of mine cars, large port machinery and small port machinery all achieved substantial growth. The Group continues to introduce electric and intelligent new products, and a number of popular products lead the development of the industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded revenue of approximately RMB20,277.9 million, representing an increase of approximately 30.5% as compared with approximately RMB15,536.7 million for the year ended 31 December 2022. The increase was mainly due to (1) a marked increase in the revenue for the Group's integrated mining equipment, mining trucks, widebodied vehicles, small port machinery and large port machinery products due to the continual market launch of new products with intelligentization and electrification; (2) a significant increase in the international sales revenue as a result of the successful expansion into international markets; and (3) the revenue arose from the oil & gas equipment segment and emerging industry equipment segment, which are newly acquired by the Group during the year ended 31 December 2023.

Other income and gains

For the year ended 31 December 2023, the Group's other income and gains were approximately RMB715.2 million, representing an increase of approximately 10.6% as compared with approximately RMB646.9 million for the year ended 31 December 2022. The change was mainly due to the increase in the government grant and interest income.

Cost of sales

For the year ended 31 December 2023, the Group's cost of sales was approximately RMB14,830.9 million, representing an increase of approximately 24.5% as compared with approximately RMB11,908.4 million for the year ended 31 December 2022. The change was mainly due to the increase in the Group's product sales revenue.

Gross profit margin

For the year ended 31 December 2023, the gross profit margin of the Group was approximately 26.9%, representing an increase of approximately 3.5 percentage points against approximately 23.4% for the year ended 31 December 2022. Such change was mainly due to (1) increase in the proportion of sales revenue of certain products which had higher gross profit margin; (2) implementation of cost reduction measures and decrease in the price of sea freight charges; and (3) change in product mix after the acquisitions of the oil & gas equipment segment as well as emerging industry equipment segment.

Selling and distribution expenses

For the year ended 31 December 2023, the selling and distribution expenses of the Group were approximately RMB1,262.2 million, representing an increase of approximately 35.3% as compared with approximately RMB932.9 million for the year ended 31 December 2022.

For the year ended 31 December 2023, the ratio of the Group's selling and distribution expenses to revenue was approximately 6.2%, representing an increase of approximately 0.2 percentage points as compared with approximately 6.0% for the year ended 31 December 2022. Such change was mainly due to (1) increase in international sales expenses of port machinery products; (2) a slightly higher sales expense ratio of oil and gas equipment products.

Research and development expenses

For the year ended 31 December 2023, the R&D expenses of the Group were approximately RMB1,681.6 million, representing an increase of approximately 95.5% as compared with approximately RMB860.0 million for the year ended 31 December 2022. For the year ended 31 December 2023, the ratio of R&D expenses against revenue was approximately 8.3%, representing an increase of approximately 2.8 percentage points as compared with approximately 5.5% for the year ended 31 December 2022. The increase of R&D expenses was due to the Group's significant increase in R&D investments in the fields of smart mines, smart ports, unmanned driving, robots, emerging industry equipment as well as oil and gas equipment.

Administrative expenses

For the year ended 31 December 2023, administrative expenses of the Group were approximately RMB2,213.4 million (for the year ended 31 December 2022: approximately RMB1,177.3 million). The administrative expenses excluding R&D expenses were approximately RMB531.7 million (for the year ended 31 December 2022: approximately RMB317.4 million), which accounted for approximately 2.6% of the revenue, representing an increase of approximately 0.6 percentage points as compared with that for the year ended 31 December 2022 (for the year ended 31 December 2022: approximately 2.0%). Such change was mainly due to (1) the expense ratio of oil and gas equipment segment and emerging industry segment is slightly higher; (2) the increase in the amortization expense for intangible assets as a result of acquisition of oil and gas equipment.

Finance costs

For the year ended 31 December 2023, finance costs of the Group were approximately RMB158.4 million (for the year ended 31 December 2022: approximately RMB132.0 million). Such change was mainly due to an increase in bank borrowings.

Profit margin before tax

The Group's profit margin before tax for the year ended 31 December 2023 was approximately 11.1%, representing a decrease of approximately 1.3 percentage points as compared with approximately 12.4% for the year ended 31 December 2022. Such change was mainly attributable to the significant increase in the proportion of research and development expenses.

Taxation

For the year ended 31 December 2023, the Group's effective tax rate was 18.7% (for the year ended 31 December 2022: 13.1%). For details regarding income tax, please refer to note 7 on pages 20 to 21 hereof.

Profit attributable to owners of the parent

Profit attributable to owners of the parent recorded by the Group for the year ended 31 December 2023 was approximately RMB1,929.0 million, representing an increase of approximately 15.9% as compared with approximately RMB1,664.9 million for the year ended 31 December 2022. For the main reasons of such change, please refer to the above paragraphs headed "Revenue", "Gross profit margin" and "Profit margin before tax".

Liquidity and financial resources

As at 31 December 2023, total current assets of the Group were approximately RMB20,778.3 million (31 December 2022: RMB17,190.7 million). As at 31 December 2023, total current liabilities of the Group were approximately RMB16,792.6 million (31 December 2022: RMB10,835.8 million).

As at 31 December 2023, total assets of the Group were approximately RMB34,963.0 million (31 December 2022: approximately RMB24,953.3 million), and total liabilities were approximately RMB23,424.6 million (31 December 2022: approximately RMB14,849.5 million). As at 31 December 2023, the gearing ratio (the net debt divided by the equity plus net debt) was approximately 60.2% (31 December 2022: 50.9%).

Trade and bills receivables

As at 31 December 2023, the Group's gross balance of trade and bills receivables recorded approximately RMB11,082.6 million, representing an increase of approximately 26.8% as compared with approximately RMB8,740.9 million as at 31 December 2022, among which trade receivables recorded approximately RMB10,016.4 million, representing an increase of approximately 29.6% as compared with approximately RMB7,729.1 million as at 31 December 2022. Such change was mainly attributable to the increase in sales revenue. Bills receivables recorded approximately RMB1,066.2 million, representing an increase of approximately 5.4% as compared with RMB1,011.8 million as at 31 December 2022. Such change was mainly due to the increase in receipt of bills.

For the year ended 31 December 2023, the net impairment of receivables of the Group was approximately RMB214.6 million, representing an increase of approximately 150.7% as compared with approximately RMB85.6 million for the year ended 31 December 2022. Such change was mainly due to the increase in receivables balance as a result of increase in income.

Interest-bearing bank and other borrowings

As at 31 December 2023, interest-bearing bank and other borrowings of the Group were approximately RMB7,901.4 million (31 December 2022: approximately RMB3,645.4 million). The main reason for the increase in the Group's borrowings was to meet the needs of the Group's acquisition of oil and gas equipment business during the year ended 31 December 2023 and to cater for the operational requirements of new business.

As at 31 December 2023, the Group's secured bank and other borrowings carried interests between 2.65% and 3.2% per annum (31 December 2022: 3.2%) and the unsecured bank and other borrowings carried interests between 2.2% and 4.35% per annum (31 December 2022: between 1.4% and 3.6% per annum).

Cash flow

As at 31 December 2023, the cash and cash equivalents and the term deposits with maturity of three months or more of the Group were approximately RMB3,241.1 million in total.

For the year ended 31 December 2023, the net cash inflow of the Group from operating activities was approximately RMB2,524.0 million (for the year ended 31 December 2022: approximately RMB1,084.4 million). Such change was mainly due to persistence in value-based selling and the increase of efforts in recovering receivables.

For the year ended 31 December 2023, the net cash outflow of investing activities of the Group was approximately RMB4,965.1 million (for the year ended 31 December 2022: cash inflow of approximately RMB639.2 million). Such change was mainly due to the payment for the cash consideration for the acquisition of oil and gas equipment business and the purchase of assets.

For the year ended 31 December 2023, the net cash inflow of the Group from financing activities was approximately RMB2,960.6 million (for the year ended 31 December 2022: net cash outflow of approximately RMB376.8 million). Such change was mainly due to the increase in bank borrowing.

Turnover days

As at 31 December 2023, the Group's average turnover days of inventory were approximately 89.5 days, representing a decrease of approximately 4.5 days over approximately 94.0 days as at 31 December 2022, which was mainly because the Group enhanced its control on inventories and implemented direct settlement up-line and down-line, managing by categories and adopting "one product, one strategy".

The turnover days of trade and bills receivables increased by approximately 6.6 days from approximately 172.7 days as at 31 December 2022 to approximately 179.3 days as at 31 December 2023. Such change was mainly due to the increase in proportion of products with long payment cycles.

The turnover days of trade and bills payables increased by approximately 13.9 days from approximately 169.8 days as at 31 December 2022 to approximately 183.7 days as at 31 December 2023. Such change was mainly due to the extension of payment period resulting from the offline settlement.

Financing guarantee contracts

The financial guarantee contracts represent guarantees given to financial institutions or finance lease companies in connection with facilities granted to the Group's customers. Allowance of RMB12.8 million (31 December 2022: RMB3.6 million) was provided for the unsettled loans and lease amounts of RMB5,112.2 million (31 December 2022: RMB1,746.8 million) as at 31 December 2023.

Capital commitment

As at 31 December 2023, the contracted capital commitments of the Group which are not provided for in the financial statements were approximately RMB1,562.4 million (31 December 2022: approximately RMB688.6 million).

Employees and remuneration policy

As at 31 December 2023, the Group had 9,324 (2022: 6,441) full-time employees. Such change was mainly due to the acquisition and merger of oil and gas equipment segment and emerging industry equipment segment during the year, pursuant to which employees of above-mentioned segment were added into the Group.

The Group persists in training and developing talents. Accordingly, it provides regular internal training, external training and corresponding courses to its staff according to their ranking and working stage, with an aim to improve their skills relevant to work as well as enhance their sense of belonging. The Group pays year-end bonuses to staff to reward them for their contributions and dedication to the Group. In addition, the Group implements share award schemes and share option schemes for core employees to share the Company's development results. The remuneration of the Directors of the Group is determined with reference to their positions, responsibilities, experience and prevailing market conditions.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures

On 12 April 2023, the Company entered into a sale and purchase agreement with Sany Perpetual Enterprise Holdings Company Limited in respect of the acquisition of the entire issued share capital of Sany Oil Technology Hongkong Limited and its subsidiaries at the consideration of RMB2,980 million. The acquisition was completed on 10 June 2023, upon which, Sany Oil Technology Hongkong Limited became a wholly-owned subsidiary of the Company. Further details are set out in the Company's announcements dated 12 April 2023 and 19 July 2023 and the Company's circular dated 23 May 2023.

As at 31 December 2023, the Group subscribed certain assets management products from CITIC Securities Company Limited and its subsidiaries at an aggregated subscription amount of approximately RMB1,122.3 million. These products carried an estimated investment return rates ranging from 4.0% to 4.5% per annum. The Group adopted a prudent approach in choosing these products which are with low investment risks. By investing in these products, the Group would earn investment income by using its temporary idle funds which is in the interests of the Company and its Shareholders (the "**Shareholders**") as a whole.

Save as disclosed above, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023, nor was there any plan authorized by the Board for material investments or capital assets as at 31 December 2023.

Pledge on assets

As at 31 December 2023, the Group recorded pledged bank deposits of approximately RMB43.3 million (31 December 2022: approximately RMB50.3 million) for the purpose of issuing security deposit for bank acceptance bills. As at 31 December 2023, the Group's leasehold land of approximately RMB701.6 million (31 December 2022: RMB210.8 million) and the Group's right of electricity charge of RMB64.6 million were pledged for the Group's bank loans of RMB900.0 million and RMB11.3 million.

Foreign exchange risk

As at 31 December 2023, the Group's cash and bank balances denominated in foreign currencies such as US$ and EUR were equivalent to approximately RMB887.6 million. The Group will monitor the risk exposures and consider hedging against material currency risk if and when necessary.

SOCIAL RESPONSIBILITY

Consistently adhering to the concept of "Quality changes the world", the Group proactively supports the national "dual carbon" policy of "carbon peaking and carbon neutrality". Focusing on the needs for green transformation upgrades of customers, the Group actively develops clean technology products and solutions to accelerate the deep integration of traditional industries and technology and empower the intelligent transformation of the manufacturing industry. Pure water hydraulic support in the mining equipment segment helps Shanxi coal mine customers intelligent upgrading, realising efficient, safe and green mining. In the logistics equipment segment, the new energy products such as the newly upgraded electric front loaders, electric stacking machines, electric forklifts and electric trucks are leading the electric segment in all respects, contributing to the construction of green ports around the world leveraging on their low energy consumption and high safety performance.

The development of society is the cornerstone of the Group's progress, and social responsibility is also Sany's mission. We always adhere to the spirit of "self-improvement, industry serves the country" and the national sentiment, insist on scientific public welfare, and endeavour to promote the positive interaction between business and public welfare, and between enterprises and society, so as to jointly build a better society full of vitality, goodwill and trust. Mining equipment created a normalised unmanned intelligent coal mining, cooperating with coal mine customers, to promote the normalised operation of intelligent systems in coal mines, to promote the green, low-carbon, intelligent and efficient operation of mines, and to promote the coal industry to realise the transformation of technology, management, decision-making and other aspects. The self-developed 360 intelligent man-machine safety system, box number and train number identification system and other intelligent technologies are applied to the customer's equipment on-site operation, which empowered the customer to solidify safety, improve efficiency and increase benefits. The Group values the integration of "production, academic and research" and has conducted technical cooperation with colleges and universities such as Northeastern University and Shenyang University of Technology to organize and promote independent innovation of key technologies and key products, actively promoting the technological innovation and development of the industry.

FUTURE DEVELOPMENT

The future economic situation is still full of uncertainty, but also with new opportunities. As the state has implemented the "dual carbon" strategy and built the "dual circulation" pattern, there is still extremely broad room for development in the advanced equipment manufacturing industry. Upholding the business principle of high-quality development, the Group will implement the globalization thoroughly, digital intellectualization, and low carbon strategy when opportunities and challenges arise.

With regard to the globalization strategy, adhering to the overall principle of "autonomy, outstandingness, localization and service first", the Group will make every effort to explore the global market, create popular widebodied vehicles and electric wheel products in mining equipment, and establish differentiated competitive advantages. As the Group's logistics equipment breaks into the mainstream markets in Europe and the US, the Group focuses on the international market, completes the portfolio for electric products and grasps the electrification and intelligent opportunities, thereby making pre-emptive moves in the market. In terms of oil and gas equipment, the Group prioritizes core business products, breaks through the overseas mainstream market, and establishes an international order response mechanism and key portfolio. The Group will increase investment in international resources, and establish subsidiaries and direct sales areas, as well as overseas manufacturing bases and R&D centers. It will also develop a global organization to provide "dual supreme services" beyond the industry standards and customer expectations, while enhancing international service team building and spare parts reserve, to fully meet customer needs.

Regarding digital intellectualization, the Group leads the development of the industry with digital intelligence technology and establishes an absolute competitive advantage through cross-generation products. With the continuous increase in talent investment and the development of new products and new technologies, it is expected to achieve comprehensive breakthroughs in intelligent products. For the mining equipment, the Group will achieve fruitful results in intelligent cutting, intelligent anchor protection and intelligent perception, leading the development of the industry. It will establish an absolute competitive advantage by developing three operating systems, namely unmanned tunneling, unmanned mining and unmanned driving. For the logistics equipment, the Group aims to develop four types of intelligent products, including intelligent front loaders, unmanned stacking machines, automated gantry and remote control quayside gantry crane, leading the industry. In terms of oil and gas equipment, the Group will make breakthroughs in the centralized remote fracturing scene of the unit, 5G remote fracturing, integrated control unit, as well as automatic adjustment scenarios for all unit operating conditions.

As for the low carbon strategy, the Group applies green and low-carbon strategies to form an industrial background. For the mining equipment, the Group aims to achieve iterative upgrading in pure water, pure electricity, hybrid, and multi-power, and excavate permanent magnet frequency conversion application to create green and low-carbon products. For the logistics equipment, the Group will continue technological innovation through the full coverage of electric product spectrum such as electric front loaders, electric stacking machines, electric forklift and electric trucks, to create the core competitiveness of low energy consumption and high safety. In terms of oil and gas equipment, the Group strives to make breakthroughs in technologies such as integrated power supply and generation, distributed electric frac pumper, and become a supplier of intelligent electrification solutions. The Group will consolidate the electric products supply chain industry and further cooperate with suppliers. Meanwhile, it will also strengthen talents development, by improving the proportion of electric R&D personnel, forming an excellent electric R&D team and introducing industry leaders.

Final Dividend

On 27 March 2024, the Board resolved the declaration and payment of the final dividend of HK$0.19 per ordinary share of the Company, amounting to HK$606,035,461.0 in total based on the total number of 3,189,660,321 shares of the Company as at 29 February 2024, to be payable to the Shareholders whose names appear on the Company's register of members at the close of business on Wednesday, 12 June 2024. Should there be any change in the Company's total number of shares between 29 February 2024 and the record date for the 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 approval of the Shareholders at the Company's forthcoming annual general meeting. Such final dividend is expected to be paid on or around 26 June 2024.

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 are 479,781,034 outstanding Convertible Preference Shares registered under the name of Sany Hongkong Group Limited. Accordingly, holders of the outstanding Convertible Preference Shares are entitled to (a) the Preferred Distribution of approximately HK$96,388 representing the Preferred Distribution accumulated from 1 January 2023 to 31 December 2023, and (b) the final dividend of HK$0.19 per Convertible Preference Share, amounting to approximately HK$91,158,396.5. The Preferred Distribution and the dividend on the Convertible Preference Shares are proposed to be distributed on or around 26 June 2024, on the same distribution date as the final dividend on ordinary shares.

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 values 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 maximize returns for the Shareholders.

During the year ended 31 December 2023, the Company has complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in force during the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

There has been no important events affecting the Group since 31 December 2023 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be convened and held on Friday, 31 May 2024. A notice convening the annual general meeting will be published and dispatched to the Shareholders in due course pursuant to the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS — ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, 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 Friday, 31 May 2024. In order to determine the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 31 May 2024, 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, 24 May 2024.

CLOSURE OF REGISTER OF MEMBERS — FINAL DIVIDEND PAYMENT

The register of members of the Company will also be closed from Friday, 7 June 2024 to Wednesday, 12 June 2024, both days inclusive, during which period no transfer of shares will be registered. The record date for entitlement to the proposed dividends is Wednesday, 12 June 2024. In order for the Shareholders 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 Thursday, 6 June 2024.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed securities of the Company (2022: 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 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Upon specific enquiries made with all Directors, each of them confirmed that they had complied with the Model Code throughout the year ended 31 December 2023.

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 CG 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 convened meetings to discuss the auditing, internal control, risk management and financial reporting matters, including the review of the consolidated annual results of the Group for the full year ended 31 December 2023, including the accounting principles and standard practices adopted by the Group and selection and appointment of its external auditors.

REVIEW OF ANNUAL RESULTS

The annual results announcement has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

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 2023 and up to the date of this announcement.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to amend the existing articles of association of the Company (the "**Existing Articles**") to (i) bring the Existing Articles in line with the latest requirements under the Listing Rules, including the amendments to Rule 2.07A with respect to electronic dissemination of corporate communications which took effect from 31 December 2023; and (ii) incorporate certain corresponding and housekeeping amendments (the "**Proposed Amendments**").

The proposed amendments to the Existing Articles is subject to the approval of the Shareholders by way of a special resolution to be proposed at the forthcoming annual general meeting. Prior to the passing of such special resolution at the annual general meeting, the Existing Articles shall remain valid.

A circular containing, among other matters, details of the Proposed Amendments, together with a notice convening the annual general meeting will be despatched to the Shareholders in due course.

The Proposed Amendments are prepared in the English language and their Chinese translation is for reference only. In the event of any inconsistencies between their English and Chinese language versions, the English language version shall prevail.

PUBLICATION OF INFORMATION ON THE WEBSITES

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at http://www.sanyhe.com. The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Liang Zaizhong, Mr. Qi Jian and Mr. Fu Weizhong, 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.