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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)

CONNECTED TRANSACTIONS DEPOSIT SERVICES AGREEMENTS

DEPOSIT SERVICES AGREEMENTS

Reference is made to the Announcement in relation to, among other things, the 2021 Deposit Services Framework Agreement, which expired on 31 December 2023. Upon the expiry of the 2021 Deposit Services Framework Agreement, the Group had continued to place the Deposits with Sanxiang Bank during the Period.

The principal terms of the Deposits under the Deposit Services Agreements are set out below:

Parties

- (1) The Entities; and
- (2) Sanxiang Bank.

Subject

During the Period, the Entities placed the Deposits with Sanxiang Bank and Sanxiang Bank provided deposit services to the Entities.

Details of the transaction date, maximum amount of the Deposits and interest income derived from the Deposits under the respective Deposit Services Agreements are set out below:

Date	Maximum amount of the Deposits⁽¹⁾ <i>approximately in RMB'000</i>	Interest income⁽²⁾⁽³⁾ <i>RMB</i>
1 January 2024	451,243	37,300
2 January 2024	545,755	40,800
3 January 2024	539,433	40,800
4 January 2024	688,383	51,500
5 January 2024	927,608	60,500
6 January 2024	927,608	60,500
7 January 2024	927,608	60,500
8 January 2024	927,571	58,900
9 January 2024	883,206	58,900
10 January 2024	900,679	58,000
11 January 2024	859,563	56,300
12 January 2024	821,784	55,800
13 January 2024	800,119	55,800
14 January 2024	800,119	55,800
15 January 2024	805,879	60,400
16 January 2024	792,602	60,200
17 January 2024	797,334	60,200
18 January 2024	806,235	60,400
19 January 2024	794,579	60,100
20 January 2024	782,821	60,100
21 January 2024	782,821	60,100
22 January 2024	807,091	60,700
23 January 2024	800,893	60,700
24 January 2024	800,076	62,300
25 January 2024	799,811	62,000
26 January 2024	796,690	55,000
27 January 2024	780,205	55,000
28 January 2024	780,205	55,000
29 January 2024	791,455	54,400
30 January 2024	793,181	55,500

Notes:

- (1) The Deposits included time deposits and current deposits placed with Sanxiang Bank by the Entities during the Period.
- (2) In respect of the current deposits placed by the Entities with Sanxiang Bank during the Period, for the deposits of more than RMB100,000, the interest rate for the first RMB100,000 would be 0.5% per annum and the interest rate for the part in excess of RMB100,000 would be 1.35% per annum; and for the deposits of RMB100,000 or below, the interest rate for such deposits would be 0.5% per annum. The interests were payable to the Entities on a quarterly basis.
- (3) In respect of time deposits placed by the Entities with Sanxiang Bank during the Period, the interest rates were interest rates of 3.20%, 3.40% and 4.15% per annum and the terms of these time deposits ranged from 11 days to 5 years. The interests were payable to the Entities upon maturity of the terms of the time deposits.

Under the Deposit Services Agreements, the interest rates offered by Sanxiang Bank to the Entities with respect to the Deposits were in accordance with the pricing policies of Sanxiang Bank, and higher than the interest rates in respect of the same type of deposit service quoted by the People's Bank of China for the same period. During the Period, the Group recorded interest income of approximately RMB1.7 million from placing the Deposits with Sanxiang Bank.

As disclosed in the Announcement, the Company has adopted certain internal control measures with respect to the transactions contemplated under the 2021 Deposit Services Framework Agreement in order to better safeguard the interests of the Shareholders. During the Period, the Deposits placed by the Group with Sanxiang Bank were managed and approved in accordance with the Group's internal policies and the principles adopted in the 2021 Deposit Services Framework Agreement to ensure that such Deposits were properly safeguarded and all the relevant transactions were conducted on terms which were no less favourable to the Group than that offered by Independent Third Parties. The procedures adopted for the Deposits placed with Sanxiang Bank during the Period were no different to any other transactions covered under the 2021 Deposit Services Framework Agreement. In order to ensure that the terms offered by Sanxiang Bank with respect to the time deposits are on normal commercial terms, the Entities had obtained the interest rates in respect of the same type of deposit service quoted by the People's Bank of China for the same period, and the interest rates in respect of the same type of deposit service provided by major domestic commercial banks in the PRC to the Entities for the same period for comparison before placing such Deposits with Sanxiang Bank.

During the ordinary and usual course of business of the Entities, bank accounts maintained by the Entities with Sanxiang Bank were used for collection of sales proceeds and for the payment of operating expenses of the Entities, and thus the cash balances in these bank accounts would be temporary placed as current deposits with Sanxiang Bank. The interest rates offered by Sanxiang Bank are not less than the rates offered to other customers who are Independent Third Parties. The Entities understand that the interest rates offered by Sanxiang Bank for the current deposits placed with Sanxiang Bank during the Period were higher than that offered by the People's Bank of China and major domestic commercial banks in the PRC. The Entities would regularly check on the interest rates offered by the People's Bank of China and major domestic commercial banks in the PRC in this connection.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group has been placing deposits with Sanxiang Bank since 2017 and has established a good relationship with it over the years. The Sanxiang Bank is familiar with the Group's operations, capital structure and working capital management, which may enable Sanxiang Bank to render more expedient, efficient and flexible deposit services to the Group than other commercial banks and independent financial institutions in the PRC. Taking into account the relationship of the Group with Sanxiang Bank, the Group can get a good understanding and update of the operation status of Sanxiang Bank in a timely manner, which will make the potential risks arising from such Deposits more controllable for the Group than those provided by independent commercial banks and financial institutions. With respect to the Deposits, as the terms offered by Sanxiang Bank are no less favorable to the Entities than terms offered by other PRC commercial banks for similar deposits, the Entities were able to better utilize its temporarily idle funds to make effective investment and increase their earnings. The Group has adopted a treasure management policy for managing its cashflow and utilizing surplus cash reserves. It has monitored its working capital requirements on a continuously basis. Any surplus cash which would be idle for a considerable period of time would be, among others, placed as fixed deposits with Sanxiang Bank to earn a higher level of interest income as compared with other type of deposits while cash deposits into the Group's bank accounts by customers and cash maintained for the payment of operating expenses of the Group would be temporary placed as current deposits earning interest income and utilised by the Group as and when needed.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Deposit Services Agreements were determined through arm's length negotiation on normal commercial terms or better, and the transactions contemplated thereunder were fair and reasonable, entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Since Sanxiang Bank is an associate of Mr. Liang Wengen, Mr. Liang Zaizhong, being the son of Mr. Liang Wengen, had abstained from voting on the relevant Board resolution due to potential conflict of interests.

As Mr. Tang Xiuguo and Mr. Xiang Wenbo also had interests in Sany Group, they had both abstained from voting on the relevant Board resolution.

Save as disclosed above, no Director had a material interest in the Deposit Services Agreements or had abstained from voting on the relevant Board resolution.

IMPLICATION UNDER THE LISTING RULES

At the relevant time during the Period, Mr. Liang Wengen was a controlling shareholder of the Company who was entitled to exercise or control the exercise of approximately 65.83% voting rights in the ordinary share capital of the Company and indirectly held 479,781,034 Convertible Preference Shares which represented approximately 13.08% issued share capital of the Company (as enlarged) upon full conversion.

Sanxiang Bank was held by Sany Group as to 18% and Hunan Sany Intelligent as to 12%. Sany Group was held by Mr. Liang Wengen as to 56.735% and Hunan Sany Intelligent was a wholly-owned subsidiary of Sany Heavy Industry, which was in turn a non-wholly owned subsidiary of Sany Group. As such, Sanxiang Bank, being a 30%-controlled company of Mr. Liang Wengen, was an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Deposit Services Agreements and the transactions contemplated thereunder constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Deposits placed by the Group with Sanxiang Bank under the respective Deposit Services Agreements exceeded 0.1% but all the applicable percentage ratios were less than 5%, the placing of the Deposits under the Deposit Services Agreements during the Period were subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE COMPANY AND THE ENTITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of mining equipment, logistics equipment, robotic and smart mined products, petroleum equipment and spare parts and the provision of related services.

Hunan Sany Port Equipment is a wholly-owned subsidiary of the Company and principally engaged in offshore engineering and manufacturing of special equipments.

Hunan Sany Port Equipment (Zhuhai) is a wholly-owned subsidiary of the Company and principally engaged in offshore engineering and manufacturing of equipments.

Sany Heavy Equipment is a wholly-owned subsidiary of the Company and its principal businesses include coal mining machinery products, non-coal mining machinery, mining transport equipment, robots, intelligent mining and new energy battery equipment.

Sany Intelligent Mining is a wholly-owned subsidiary of the Company and its principal businesses include automated integrated mining, unmanned mining transport and smart mines.

Sany Robot is a non wholly-owned subsidiary of the Company and principally engaged in robotic system integration, mobile robots and electric forklifts. At the relevant time during the Period, Sany Robot was owned by Sany Heavy Equipment as to 72.8% and Sany Group as to 24.5%.

Sany Marine Heavy Industry (Hengqin) is a wholly-owned subsidiary of the Company and principally engaged in research and development, manufacture and sales of port machineries.

Sany Petroleum Intelligent Equipment is principally engaged in the research and development, production and sales of equipment and accessories for oil and gas fields, as well as technical services related to oil and gas field cementing and stimulation. At the relevant time during the Period, Sany Petroleum Intelligent Equipment was owned by the Company as to 99% and Maxcrane Machinery Co., Ltd. as to 1%. To the best of the knowledge, information and belief of the Board after making all reasonable enquiries, the ultimate beneficial owners of Maxcrane Machinery Co. Ltd were Independent Third Parties.

Zhuhai Sany Port Machinery is a wholly-owned subsidiary of the Company and principally engaged in sales of intelligent port handling equipment.

INFORMATION ON SANXIANG BANK

Sanxiang Bank is a commercial bank principally engaged in banking services in the PRC.

At the relevant time during the Period, based on the information available to the Company, Sanxiang Bank was held by Sany Group as to 18.0%, Hunan Hansen Pharmaceutical as to 15.0%, Hunan Sany Intelligent as to 12.0%, Hunan Zhongxin as to 9.8%, Hunan Tongfa as to 9.8%, Hunan Anpei as to 9.8%, Hunan Anxin as to 8.3%, Changsha Chenghai as to 7.0%, Hunan Bahuan as to 5.2% and Changsha Jiasitong as to 5.1%.

Sany Group was held by Mr. Liang Wengen as to approximately 56.735%, Tang Guoxiu (唐國修) as to 8.75%, Mao Zhongwu (毛中吾) as to 8.0%, Xiang Wenbo (向文波) as to 8.0%, Yuan Jinhua (袁金華) as to 4.75%, Zhou Fugui (周福貴) as to 3.5%, Wang Haiyan

(王海燕) as to 3.0%, Yi Xiaogang (易小剛) as to 3.0% and other 7 individuals as to approximately 4.265% who were Independent Third Parties and none of whom held more than 1% equity interests in Sany Group.

Hunan Hansen Pharmaceutical is a company listed on the Shenzhen Stock Exchange (stock code: 002412).

Hunan Sany Intelligent was a wholly-owned subsidiary of Sany Heavy Industry, which was in turn a non-wholly owned subsidiary of Sany Group.

Hunan Zhongxin was held by Wang Benkui (王本奎) as to 88.89% and Wang Xichu (王熙楚) as to 11.11%.

Hunan Tongfa was held by Li Shihong (李世紅) as to approximately 60.47% and Li Pengcheng (李鵬程) as to approximately 39.53%.

Hunan Anpei was held by Chen Long (陳隆) as to approximately 49.41%, Zhou Hui (周惠) as to approximately 48.58% and Yan Ping (嚴萍) as to approximately 2.01%.

Hunan Anxin was held by Qiu Zhiwei (邱志偉) as to 99.5% and Liu Yanping (劉豔萍) as to 0.5%.

Changsha Chenghai was held by Tan Chengjing (譚澄靖) as to 40.0%, Tan Zhen (譚震) as to 40.0% and Cheng Yinhua (程銀華) as to 20.0%.

Hunan Bahuan was a wholly owned subsidiary of Hunan Tongfa.

Changsha Jiasitong was wholly owned by Jiang Xixi (江曦曦).

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“2021 Deposit Services Framework Agreement”	the deposit services framework agreement dated 12 January 2021 entered into by and between the Company and Sanxiang Bank, pursuant to which Sanxiang Bank agreed to provide deposit services to the Group from 12 January 2021 to 31 December 2023 (both days inclusive);
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules;
“Announcement”	the announcement of the Company dated 12 January 2021 in relation to, among other matters, the 2021 Deposit Services Framework Agreement;
“associate”	has the meaning ascribed to it under the Listing Rules;

“Board”	the board of Directors;
“Changsha Chenghai”	Changsha Chenghai Industry Co., Ltd.* (長沙澄海實業有限公司), a company with limited liability established under the laws of the PRC;
“Changsha Jiasitong”	Changsha Jiasitong Energy Technology Co., Ltd.* (長沙嘉斯通能源科技有限公司), a company with limited liability established under the laws of the PRC;
“Company”	Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated with limited liability on 23 July 2009 under the laws of the Cayman Islands and the Shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 631);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Convertible Preference Shares”	the limited-voting convertible preference shares of the Company;
“Deposit Services Agreements”	the deposit services agreements entered into by and between the Entities and Sanxiang Bank with respect to the Deposits placed with Sanxiang Bank during the Period, pursuant to which Sanxiang Bank provided deposit services to the Entities, the details of which are set out in the section headed “DEPOSIT SERVICES AGREEMENTS” in this announcement;
“Deposits”	the deposits placed with Sanxiang Bank by the Entities during the Period in the form of time deposit and current deposit in accordance with the Deposit Services Agreements;
“Director(s)”	the directors of the Company;
“Entities”	Hunan Sany Port Equipment, Hunan Sany Port Equipment (Zhuhai), Sany Heavy Equipment, Sany Intelligent Mining, Sany Robot, Sany Marine Heavy Industry (Hengqin), Sany Petroleum Intelligent Equipment and Zhuhai Sany Port Machinery;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Hunan Anpei”	Hunan Anpei Power Live Working Co., Ltd.* (湖南安培電力帶電作業有限公司), a company with limited liability established under the laws of the PRC;
“Hunan Anxin”	Hunan Anxin Logistics Co., Ltd.* (湖南安鑫物流有限公司), a company with limited liability established under the laws of the PRC;
“Hunan Bahuan”	Hunan Bahuan Construction Engineering Co., Ltd.* (湖南省八環建築工程有限公司), a company with limited liability established under the laws of the PRC;
“Hunan Hansen Pharmaceutical”	Hunan Hansen Pharmaceutical Co., Ltd.* (湖南漢森製藥股份有限公司), a company with limited liability established under the laws of the PRC, listed on the Shenzhen Stock Exchange (stock code: 002412);
“Hunan Sany Intelligent”	Hunan Sany Intelligent Controls Equipment Co., Ltd.* (湖南三一智能控制設備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Sany Heavy Industry;
“Hunan Sany Port Equipment”	Hunan Sany Port Equipment Co., Ltd.* (湖南三一港口設備有限公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“Hunan Sany Port Equipment (Zhuhai)”	Hunan Sany Port Equipment Co., Ltd. Zhuhai Branch* (湖南三一港口設備有限公司珠海分公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“Hunan Tongfa”	Hunan Tongfa Investment Co., Ltd.* (湖南同發投資有限公司), a company with limited liability established under the laws of the PRC;
“Hunan Zhongxin”	Hunan Zhongxin Real Estate Development Co., Ltd.* (湖南省中欣房地產開發集團有限公司), a company with limited liability established under the laws of the PRC;
“Independent Shareholders”	the Shareholders who are not interested in or involved in the Deposit Services Agreements and the transactions contemplated thereunder;

“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Period”	the period from 1 January 2024 to 30 January 2024 (both days inclusive);
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sanxiang Bank”	Hunan Sanxiang Bank Co., Ltd.* (湖南三湘銀行股份有限公司), a regulated financial institution established under the laws of the PRC;
“Sany Group”	Sany Group Limited* (三一集團有限公司), a company with limited liability established on 18 October 2000 under the laws of the PRC;
“Sany Heavy Equipment”	Sany Heavy Equipment Co., Ltd.* (三一重型裝備有限公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“Sany Heavy Industry”	Sany Heavy Industry Co., Limited* (三一重工股份有限公司), a company with limited liability established on 22 November 1994 under the laws of the PRC, listed on the Shanghai Stock Exchange (stock code: 600031) and a subsidiary of Sany Group;
“Sany Intelligent Mining”	Sany Intelligent Mining Technology Co., Ltd.* (三一智礦科技有限公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“Sany Marine Heavy Industry (Hengqin)”	Sany Marine Heavy Industry Co., Ltd. Hengqin Branch* (三一海洋重工有限公司橫琴分公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;

“Sany Petroleum Intelligent Equipment”	Sany Petroleum Intelligent Equipment Co., Ltd.* (三一石油智能裝備有限公司), a company with limited liability established under the laws of the PRC and a non wholly-owned subsidiary of the Company;
“Sany Robot”	Sany Robot Technology Co., Ltd.* (三一機器人科技有限公司), a company with limited liability established under the laws of the PRC and a non wholly-owned subsidiary of the Company;
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.1 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Zhuhai Sany Port Machinery”	Zhuhai Sany Port Machinery Co., Ltd.* (珠海三一港口機械有限公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“%”	per cent.

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

Hong Kong, 22 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.

* *for identification purpose only*