



# SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 631

## 2024 INTERIM REPORT



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# FINANCIAL SUMMARY

(RMB:'000)	Six months ended 30 June		
	2024 (Unaudited)	2023 (Unaudited)	Growth (%)
Revenue	<b>10,756,056</b>	10,839,188	(0.8%)
Gross profit	<b>2,625,569</b>	2,831,941	(7.3%)
Profit before tax	<b>1,152,535</b>	1,440,602	(20.0%)
Net profit	<b>986,955</b>	1,183,305	(16.6%)
Profit attributable to owners of the parent	<b>1,032,749</b>	1,201,949	(14.1%)
Total assets	<b>38,190,330</b>	35,986,890	6.1%
Average total assets	<b>36,576,671</b>	30,470,080	20.0%
Total equity	<b>12,001,026</b>	10,859,842	10.5%
Cash flows of operating activities	<b>(152,948)</b>	985,141	(115.5%)
Cash flows of investing activities	<b>(346,730)</b>	(776,531)	(55.3%)
Cash flows of financing activities	<b>1,734,039</b>	2,225,393	(22.1%)
Earnings per share <sup>1</sup>			
— Basic (RMB Yuan)	<b>0.31</b>	0.38	(18.4%)
— Diluted (RMB Yuan)	<b>0.28</b>	0.33	(15.2%)

(Percentage)	Six months ended 30 June		
	2024	2023	Percentage points
Gross profit margin	<b>24.4%</b>	26.1%	(1.7)
Ratio of profit attributable to shareholders of the Company to revenue <sup>2</sup>	<b>9.6%</b>	11.1%	(1.5)
Assets turnover	<b>29.4%</b>	35.6%	(6.2)
Gearing ratio	<b>61.0%</b>	61.4%	(0.4)

<sup>1</sup> The weighted average number of ordinary shares for the six months ended 30 June 2024 was 3,191,206,722 shares, and the weighted average number of ordinary shares for the six months ended 30 June 2023 was 3,144,897,724 shares, details of which are set out in note 9 to the interim condensed consolidated financial statements.

<sup>2</sup> Profit attributable to shareholders of Sany Heavy Equipment International Holdings Company Limited (hereinafter referred to as "Sany International" or the "Company") divided by revenue.

## DIRECTORS

### Executive Directors

Mr. Liang Zaizhong (*Chairman*)  
Mr. Qi Jian (*Vice Chairman*)  
Mr. Fu Weizhong

### Non-executive Directors

Mr. Tang Xiuguo  
Mr. Xiang Wenbo

### Independent Non-executive Directors

Mr. Ng Yuk Keung  
Mr. Poon Chiu Kwok  
Mr. Hu Jiquan

## COMPANY SECRETARY

Mr. Yu Leung Fai

## AUDIT COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)  
Mr. Ng Yuk Keung  
Mr. Hu Jiquan

## REMUNERATION COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)  
Mr. Ng Yuk Keung  
Mr. Hu Jiquan

## NOMINATION COMMITTEE

Mr. Liang Zaizhong (*Chairman*)  
Mr. Poon Chiu Kwok  
Mr. Hu Jiquan

## STRATEGIC INVESTMENT COMMITTEE

Mr. Liang Zaizhong (*Chairman*)  
Mr. Qi Jian  
Mr. Fu Weizhong  
Mr. Ng Yuk Keung  
Mr. Poon Chiu Kwok

## ESG COMMITTEE

Mr. Qi Jian (*Chairman*)  
Mr. Fu Weizhong  
Mr. Ng Yuk Keung  
Mr. Poon Chiu Kwok  
Mr. Hu Jiquan

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1808-10  
Landmark North  
No. 39 of Lung Sum Avenue  
Sheung Shui  
New Territories  
Hong Kong

## PRINCIPAL BANKS

Bank of China  
Export-Import Bank of China  
Bank of Communications  
Industrial and Commercial Bank of China  
Agricultural Bank of China  
China Guangfa Bank  
China Construction Bank  
China Everbright Bank  
Industrial Bank  
Hua Xia Bank  
China Minsheng Bank

## AUDITORS

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor

# CORPORATE INFORMATION

## LEGAL ADVISERS

Sidley Austin LLP (as to Hong Kong law)

Jingtian & Gongcheng (as to PRC law)

## STOCK CODE

00631

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1711-16, 17th Floor

Hopewell Centre

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Hong Kong

## COMPANY WEBSITE

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## INVESTOR RELATIONS

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PRC

# CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2024, the Group implemented high-quality business strategies and optimized its business structure. The Group continued to increase investment in research and development, and the core competitiveness of its products continued to improve. With the rapid occupation of the market with new products, the Company has achieved remarkable results in expanding the international market and achieved robust and stable operations.

In the first half of the year, the Group recorded revenue of approximately RMB10,756.1 million, representing a decrease of approximately 0.8% over the same period of last year. Net profit attributable to the parent amounted to approximately RMB1,032.7 million, representing a decrease of approximately 14.1% over the same period of last year. In the first half of 2024, the Group has continuously enhanced the core competitiveness of its major products through continuous investment in research and development (“R&D”) and R&D innovations. 70T-class widebodied vehicles, telehandler, heavy-weight forklift, articulator, 320T-class large mining trucks and other best-selling and new products led the market. The Group’s international sales revenue continued to grow rapidly, with an increase of 17.6% over the same period of last year, and the proportion of international revenue increased by 5.5 percentage points.

In the second half of the year, mining equipment will stabilize the domestic market and accelerate overseas sales. The Group will enhance product performance to realize intelligent digging that outperforms manual efficiency. We will strive to reduce the cost of pure water supports to the level of emulsion supports. The advantages of low fuel consumption and low maintenance cost of mining transport equipment are significant, and have been recognized by large overseas customers.

In terms of logistics equipment, small port machinery maintained a leading market share in China, Southeast Asia and Europe leveraging its leading edge. We are also committed to increasing the delivery capacity of large port machinery. We will focus on achieving a breakthrough in the U.S. market for telehandler, and strive to achieve scaled sales in the European market. In terms of the R&D of new product, the Group will develop new generation of electric products and upgrade remote control, intelligent assistive technology to promote the refinement enhancement and cab upgrades.

In terms of emerging industries, the Group will accelerate the delivery of photovoltaic power plants and focus on promoting the construction and delivery of centralized photovoltaic power plants in Shanxi. The Group will integrate resources, promote source-network-load-storage integrated solutions, and provide one-stop services and products. While focusing on African countries with serious power shortage, high electricity price and legal protection, the Group will intensify development and accelerate the development and promotion of photovoltaic products. In terms of hydrogen energy, the Group will focus on hydrogen production equipment, reduce the overall cost of ALK round electrolyzer and ensure the delivery of key demonstration projects, and make every effort to develop and reserve square electrolyzer to launch hot-selling products.

Amidst the ongoing challenges, the Group will continue to push forward its globalization, digitalization and low-carbonization strategies, and do its best to achieve sustained growth, enhance profitability and achieve sustainable development of the Company.

# CHAIRMAN'S STATEMENT

Globalization strategy: Mining equipment will enter emerging markets such as Asia, Africa and Latin America to provide mining machinery products suitable for local needs. We will increase the investment in overseas after-market construction, and significantly improve the timely rate of component supply. We will concentrate on penetrating the marketing of overseas large customers to realize the key breakthrough in overseas market. In terms of logistics equipment, the Group will seize the major development opportunities in Europe and the United States for telehandler, quayside gantry crane and gantry, focus on large customers, improve product reliability and international service capability, and open up the market with highly reliable, comfortable and easy-to-maintain products and ultimate service capability.

Digital intellectualization strategy: The Group utilizes big data, industrial Internet and robotics to enhance the production automation rate and realize the intelligence of the manufacturing process, so as to build a "Lighthouse Factory" which represents the highest level of intelligent manufacturing and digitalization. For the logistics equipment, the Group aims to develop 4 types of intelligent products, including intelligent front loaders, unmanned stacking machines, automated gantry and remote-control quayside gantry crane to improve operational efficiency.

Low carbon strategy: The smart mines of mining equipment is based on the "cloud-edge-end" architecture of industrial Internet technology, and builds a comprehensive sensing, real-time interconnection, data fusion, intelligent decision-making, safe and efficient integration platform applied to mines. Logistics equipment continued to strengthen the promotion of electric and hybrid port equipment, achieve efficient energy management, promote the use of renewable energy, and globally promote the electrification of port machinery, contributing to global sustainable development goals. Silicon energy business shifted its focus from manufacturing to resources, starting with the development of new energy resources and driving the development of modules, batteries, silicon wafers and rods.

**Liang Zaizhong**

*Chairman*

Hong Kong, 28 August 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## MAJOR PRODUCTS

The Group divides its products into four categories, namely (1) mining equipment, which includes coal mining machinery, non-coal mining machinery, mining vehicle equipment and smart mine equipment, comprising coal mining machinery products such as roadheaders (all types of soft rock, hard rock roadheaders 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, which include but not limited to unmanned driving, automated integrated mining and smart mine operation systems; (2) logistics equipment, which includes container equipment (including small-scale port machinery such as front loader, stacking machine, and large-scale port machinery such as quayside gantry crane), bulk material equipment (gripper, elevated hoisting arm) and general equipment (heavy-weight forklift, telehandler, etc.); (3) oil and gas equipment, such as frac spreads, drilling, workover and automated pipe handling equipment, and oil and gas field technical services; and (4) emerging businesses, such as lithium battery equipment, photovoltaic modules and hydrogen production equipment.

## BUSINESS REVIEW

In the first half of 2024, through continuous R&D investment and R&D innovation, the core competitiveness of the Group's products continued to enhance. The share of roadheaders, widebodied vehicles, integrated mining trucks, front loaders, stacking machines and large port machineries continued to increase. The international sales revenue of the Group continued to increase rapidly, with an increase of 17.6% over the same period of last year, and the proportion of international sales revenue increased by 5.5 percentage points. Among which, the international sales revenue of large port machinery, small port machinery and mining transport equipment continued to grow.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB10,756.1 million, representing a decrease of approximately RMB83.1 million, or approximately 0.8%, as compared with approximately RMB10,839.2 million for the six months ended 30 June 2023. Such change was mainly due to the decrease in revenue from mining equipment affected by the prosperity of the coal industry.

### Other income and gains

For the six months ended 30 June 2024, the Group's other income and gains were approximately RMB368.6 million, representing an increase of approximately RMB11.4 million from approximately RMB357.2 million for the six months ended 30 June 2023. The change was mainly due to the net gain of RMB22.7 million from the disposal of Sany Robot Technology Co., Ltd. ("**Sany Robot**").



# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of sales

For the six months ended 30 June 2024, the Group's cost of sales was approximately RMB8,130.5 million, representing an increase of approximately 1.5% from approximately RMB8,007.2 million for the six months ended 30 June 2023. Such change was mainly due to the significant year-on-year increase in cost of sales included in the Group for the oil and gas equipment and emerging industries.

## Gross profit margin

For the six months ended 30 June 2024, the gross profit margin of the Group was approximately 24.4%, representing a decrease of approximately 1.7 percentage points against approximately 26.1% for the six months ended 30 June 2023. Such change was mainly due to the increase in the proportion of revenue generated from oil and gas equipment and emerging industries, both of which have a slightly lower gross profit margin.

## Selling and distribution expenses

For the six months ended 30 June 2024, the selling and distribution expenses of the Group were approximately RMB563.0 million, representing an increase of approximately 5.1% as compared with that of approximately RMB535.9 million for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the ratio of the Group's selling and distribution expenses to revenue was approximately 5.2%, representing an increase of approximately 0.3 percentage point as compared with approximately 4.9% for the six months ended 30 June 2023. Such change was mainly due to the significant increase in service fees as a result of the significant increase in overseas revenue.

## Research and development expenses

For the six months ended 30 June 2024, the R&D expenses of the Group were approximately RMB813.1 million, representing an increase of approximately 8.6% as compared with approximately RMB748.4 million for the six months ended 30 June 2023. For the six months ended 30 June 2024, the ratio of R&D expenses against revenue was approximately 7.6%, representing an increase of approximately 0.7 percentage points as compared with approximately 6.9% for the six months ended 30 June 2023. Such changes were mainly due to the Group's significant increase in R&D investments in the emerging industries and new products.

## Administrative expenses

For the six months ended 30 June 2024, administrative expenses of the Group were approximately RMB1,108.5 million (for the six months ended 30 June 2023: approximately RMB967.9 million). The administrative expenses excluding R&D expenses were approximately RMB295.4 million (for the six months ended 30 June 2023: approximately RMB219.5 million), which accounted for approximately 2.7% of the revenue, representing an increase of approximately 0.7 percentage points as compared with approximately 2.0% for the six months ended 30 June 2023. Such changes were mainly due to (1) the increase of the amortisation expense of intangible assets as the result of the acquisition of oil and gas equipment; and (2) the expense ratio of the emerging industry segment was slightly higher.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance costs

For the six months ended 30 June 2024, finance costs of the Group were approximately RMB113.3 million, representing an increase of 53.3% as compared with approximately RMB73.9 million for the six months ended 30 June 2023. The change was mainly due to the increase in bank borrowings. Further analysis is set out in the paragraph headed “Interest-bearing bank and other borrowings”.

## Profit margin before tax

For the six months ended 30 June 2024, the Group’s profit margin before tax was approximately 10.7%, representing a decrease of approximately 2.6 percentage points as compared with approximately 13.3% for the six months ended 30 June 2023. Such change was mainly attributable to the decrease in gross profit margin.

## Taxation

For the six months ended 30 June 2024, the Group’s effective tax rate was approximately 14.4% (for the six months ended 30 June 2023: the effective tax rate was approximately 17.9%). For details regarding income tax, please refer to note 7 on page 46 hereof.

## Profit attributable to owners of the parent

For the six months ended 30 June 2024, the Group’s profit attributable to owners of the parent was approximately RMB1,032.7 million, which represents a decrease of approximately 14.1% as compared with approximately RMB1,201.9 million for the six months ended 30 June 2023. Further analysis is set out in the paragraphs headed “Revenue”, “Gross profit margin” and “Profit margin before tax”.

## Liquidity and financial resources

As at 30 June 2024, total current assets of the Group were approximately RMB24,107.9 million (31 December 2023: RMB20,778.3 million). As at 30 June 2024, total current liabilities of the Group were approximately RMB17,782.9 million (31 December 2023: RMB16,172.6 million).

As at 30 June 2024, total assets of the Group were approximately RMB38,190.3 million (31 December 2023: approximately RMB34,963.0 million), and total liabilities were approximately RMB26,189.3 million (31 December 2023: approximately RMB23,424.6 million).

As at 30 June 2024, the gearing ratio (the net debt divided by the equity plus net debt) was approximately 61.0% (31 December 2023: approximately 60.2%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Trade and bills receivables

As at 30 June 2024, the Group's gross balance of trade and bills receivables were approximately RMB12,712.9 million, representing an increase of approximately 14.7% as compared to approximately RMB11,082.6 million as at 31 December 2023, in which the amount of trade receivables increased by approximately 18.7% to approximately RMB11,890.8 million as compared with approximately RMB10,016.4 million as at 31 December 2023. Such changes were mainly attributable to the increase in sales revenue as compared to the second half of 2023. The bills receivables decreased by approximately 22.9% to approximately RMB822.0 million as compared to approximately RMB1,066.2 million as at 31 December 2023. Such changes were mainly due to the decrease in receipt of bills.

## Interest-bearing bank and other borrowings

As at 30 June 2024, interest-bearing bank and other borrowings of the Group were approximately RMB9,975.7 million (31 December 2023: approximately RMB7,901.4 million). The main reason for the Group's borrowing was to meet the Group's development demands of emerging industries and day-to-day operational requirements.

As at 30 June 2024, the Group's secured bank borrowings and other borrowings carried interests between 2.48% and 3.98% per annum (31 December 2023: 2.65% to 3.2%) and the unsecured bank borrowings and other borrowings carried interests between 1.95% and 4.35% per annum (31 December 2023: between 2.2% and 4.35% per annum).

## Cash flow

As at 30 June 2024, the Group's cash and cash equivalents and time deposits with maturity of three months or more were approximately RMB4,471.9 million in total.

For the six months ended 30 June 2024, the net cash outflow of the Group from operating activities was approximately RMB152.9 million (for the six months ended 30 June 2023: net cash inflow of approximately RMB985.1 million). Such changes were mainly due to the increase in trade receivables and cash outflow of the emerging industries from operating activities.

For the six months ended 30 June 2024, the net cash outflow of the Group from investing activities was approximately RMB346.7 million (for the six months ended 30 June 2023: RMB776.5 million). Such changes were mainly due to the decrease in cash outflow for purchase of property, plant and equipment.

For the six months ended 30 June 2024, the net cash inflow of the Group from financing activities was approximately RMB1,734.0 million (for the six months ended 30 June 2023: RMB2,225.4 million). Such changes were mainly due to the decrease in net cash inflow from bank borrowings.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Turnover days

As at 30 June 2024, the Group's average turnover days of inventory were approximately 82.0 days, representing an increase of approximately 10.2 days over approximately 71.8 days as at 30 June 2023. Such changes were mainly due to the increase in inventories including cells in the emerging industries.

The turnover days of trade and bills receivables increased by approximately 46.8 days from approximately 155.2 days as at 30 June 2023 to approximately 202.0 days as at 30 June 2024. Such changes were mainly due to the increase in proportion of products with long payment cycles.

The turnover days of trade and bills payables increased by approximately 32.4 days from approximately 155.6 days as at 30 June 2023 to approximately 188.0 days as at 30 June 2024. Such changes were mainly due to the extension of payment terms of contract as a result of the implementation of offline settlement.

## Financial 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. As at 30 June 2024, an allowance of RMB4,943.3 million (31 December 2023: RMB5,112.2 million) was provided for the unsettled loans and lease amounts of RMB12.8 million (31 December 2023: RMB12.8 million).

## Capital commitment

As at 30 June 2024, the contracted capital commitments of the Group which were not provided for in the Group's financial statements were approximately RMB2,453.1 million (31 December 2023: approximately RMB1,562.4 million).

## Employees and remuneration policy

As at 30 June 2024, the Group employed a total of 8,642 full-time employees (31 December 2023: 9,324 employees). Such changes were mainly due to the disposal of Sany Robot in the first half of the year, thus the number of its employees were excluded by 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 improving their skills relevant to work and enhancing 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 has implemented a share option scheme and a share award scheme for core employees to share the Company's development results. The remuneration of the directors of the Group was determined according to their positions, responsibilities, experience and prevailing market conditions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments and capital assets

On 14 May 2024, Sany Heavy Equipment Co., Ltd. ("**Sany Heavy Equipment**"), a wholly-owned subsidiary of the Company, and Sany Group Limited (三一集團有限公司) ("**Sany Group**") entered into an equity transfer agreement, pursuant to which Sany Heavy Equipment has conditionally agreed to dispose of, and Sany Group has conditionally agreed to purchase the sale equity, which includes: (i) 45.5% equity interest in Sany Robot; (ii) 99.9% equity interest in Changsha Zhiding Enterprise Management Partnership (Limited Partnership)\* (長沙智頂企業管理合夥企業(有限合夥)) ("**Changsha Zhiding**"), which in turn holds 15% equity interest in Sany Robot; and (iii) 82.13% equity interest in Changsha Zhiqiang Enterprise Management Partnership (Limited Partnership)\* (長沙智強企業管理合夥企業(有限合夥)) ("**Changsha Zhiqiang**"), which in turn holds 15% equity interest in Sany Robot, at an aggregate consideration of RMB45.5 million (the "**Disposal**"). Upon completion of the Disposal on 24 May 2024, the Group ceased to be the general partner of Changsha Zhiding and Changsha Zhiqiang and ceased to have any equity interest in Changsha Zhiding, Changsha Zhiqiang and Sany Robot. Accordingly, Changsha Zhiding, Changsha Zhiqiang and Sany Robot ceased to be subsidiaries of the Company and their financial results will no longer be consolidated into those of the Group. Further details are set out in the announcement of the Company dated 14 May 2024.

As at 30 June 2024, the Group subscribed certain assets management products from CITIC Securities Company Limited and its subsidiaries at an aggregated subscription amount of approximately RMB1,099.7 million. These products carried at an estimated investment return rates ranging from 3.9% 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 the shareholders as a whole.

Save as disclosed above, there were no other significant investments, and no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

As at 30 June 2024, the Board had not authorised any plan for material investments or capital assets.

## Pledge on assets

As at 30 June 2024, the Group recorded pledged bank deposits of approximately RMB44.6 million (31 December 2023: approximately RMB43.3 million) for the purpose of issuing security deposit for bank acceptance bills. As at 30 June 2024, the Group's leasehold land of approximately RMB693.5 million (31 December 2023: approximately RMB701.6 million) and the Group's right of electricity charge of approximately RMB64.6 million (31 December 2023: approximately RMB64.6 million) were pledged for the Group's bank loans of approximately RMB865.0 million and approximately RMB11.3 million.

## Foreign exchange risk

As at 30 June 2024, the Group's cash and bank balances denominated in foreign currencies such as US\$ and EUR were equivalent to approximately RMB1,311.2 million. The Group will monitor the risk exposures and consider hedging against material currency risk if and when necessary.

# MANAGEMENT DISCUSSION AND ANALYSIS

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this report, the Group has no material events subsequent to 30 June 2024 and up to the date of this report.

## 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 has been successfully applied in many large-scale coal mines, solving the pollution problem of underground mining, 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 continues to conduct energy-saving and carbon-reducing upgrades, leading the electric segment in all respects, contributing to the construction of green ports around the world.

The Group has actively launched industry and university-enterprise cooperation, promoted technological research and development innovation, continuously enhanced its investment in scientific and technological research and development and technological innovation, and made a number of technological breakthroughs in intelligence, cleanliness and high efficiency by relying on the advanced research and development platforms such as the iconic experimental bench and the intelligent design platform for products. Sany Heavy Equipment’s self-developed “Key Technology Development and Application of Underground Coal Mine Intelligent Roadheading Robot” was successfully selected as one of the only 25 selected technologies in the field of equipment manufacturing in the 2023 “Innovation China” Pilot Technology List. 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.

# DISCLOSURE OF INTERESTS

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2024, the interests or short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or were otherwise required pursuant to the Model Code for Securities Transactions by Directors of the Company (the “Model Code”) as set out in the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to be notified to the Company and the Stock Exchange were as follows:

### Long positions in shares and underlying shares of the Company:

Name of Directors	Capacity	Number of ordinary shares as at 30 June 2024	Percentage of the issued voting shares of the Company as at 30 June 2024
Mr. Qi Jian <sup>(1)</sup>	Beneficial owner	9,558,185	0.30%
Mr. Fu Weizhong <sup>(2)</sup>	Beneficial owner	3,779,562	0.12%
Mr. Tang Xiuguo <sup>(3)</sup>	Interest of spouse/Beneficial owner	7,467,000	0.23%
Mr. Xiang Wenbo	Beneficial owner	2,858,000	0.09%
Mr. Poon Chiu Kwok	Beneficial owner	1,000,000	0.03%
Mr. Ng Yuk Keung	Beneficial owner	1,000,000	0.03%
Mr. Hu Jiquan	Beneficial owner	1,000,000	0.03%

Notes:

- (1) The 9,558,185 shares in which Mr. Qi Jian is interested or deemed to be interested represent 380,523 shares directly held by him and (i) 5,290,000 shares which may be issued to him upon the exercise of the share options granted to him on 29 December 2021 under the share option scheme adopted by the Company on 16 February 2013 (the “2013 Share Option Scheme”, amended on 11 August 2023); (ii) 367,077 shares awarded to him on 18 December 2020, 236,514 shares awarded to him on 2 September 2021, 472,592 shares awarded to him on 8 June 2022, 2,682,682 shares awarded to him on 20 September 2023 and 509,320 shares awarded to him on 17 May 2024 under the restricted share award scheme adopted by the Company on 3 December 2019 (the “2019 Share Award Scheme”).
- (2) The 3,779,562 shares in which Mr. Fu Weizhong is deemed to be interested represent 189,717 shares directly held by him and (i) 500,000 shares which may be issued to him upon the exercise of the share options granted to him on 15 December 2017 and 2,264,000 shares which may be issued to him upon the exercise of the share options granted to him on 29 December 2021 under the 2013 Share Option Scheme; (ii) 152,683 shares awarded to him on 18 December 2020; (iii) 40,028 shares awarded to him on 2 September 2021, 108,885 shares awarded to him on 8 June 2022, 336,402 shares awarded to him on 20 September 2023 and 377,564 shares awarded to him on 17 May 2024 under the 2019 Share Award Scheme.
- (3) The 7,467,000 shares include (i) 5,357,000 shares held by the spouse of Mr. Tang Xiuguo; and (ii) 2,110,000 shares directly held by Mr. Tang Xiuguo.

## DISCLOSURE OF INTERESTS

### Long positions in shares of Sany Heavy Equipment Investments Company Limited (“Sany BVI”) (being the ultimate holding company of the Company):

Name of Directors	Nature of interest	Number of shares held	Percentage of issued share capital
Mr. Tang Xiuguo (Note)	Beneficial owner	869.58	8.70%
Mr. Xiang Wenbo (Note)	Beneficial owner	795.04	7.95%

Note: Each of Mr. Tang Xiuguo and Mr. Xiang Wenbo holds 8.70% and 7.95% of the issued share capital of Sany BVI, respectively, which in turn holds the entire issued share capital of Sany Hongkong Group Limited (“Sany HK”, a controlling Shareholder of the Company).

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



# DISCLOSURE OF INTERESTS

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as the Directors and chief executive of the Company were aware, the following persons and corporations (excluding the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long positions in shares and underlying shares of the Company:

Name of Shareholder	Capacity	Number of shares/ underlying shares held	Approximate percentage of the issued voting shares of the Company
Sany HK (Note 1)	Beneficial owner	2,568,818,722	80.45%
Sany BVI (Note 2)	Interest of a controlled corporation	2,568,818,722	80.45%
Mr. Liang Wengen (Note 3)	Interest of a controlled corporation/Beneficial owner	2,579,688,722	80.79%

Notes:

1. The 2,568,818,722 shares and underlying shares consist of 2,089,037,688 ordinary shares and 479,781,034 underlying shares which may be issued pursuant to the conversion of the 479,781,034 convertible preference shares issued to Sany HK.
2. Sany BVI owns 100% of the issued share capital of Sany HK. Sany BVI is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO.
3. Mr. Liang Wengen is interested in 56.38% of Sany BVI. Mr. Liang Wengen is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO. Mr. Liang Wengen also directly holds 10,870,000 shares of the Company.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, the Company has maintained sufficient public float required under the Listing Rules for the six months ended 30 June 2024 and up to the date of this interim report.

# DISCLOSURE OF INTERESTS

## 2013 SHARE OPTION SCHEME

The Company adopted the 2013 Share Option Scheme on 16 February 2013 for the purpose of motivating eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. The eligible persons include the Company's executive Directors and other employees of the Group.

As the 2013 Share Option Scheme expired on 15 February 2023, no option was available for grant upon such expiry.

Details of the movement of share options granted under the 2013 Share Option Scheme during the six months ended 30 June 2024 are as follows:

Category of participants	Date of grant <sup>(1)(2)</sup>	Exercise price per share (HK\$)	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period <sup>(4)</sup>	Forfeited/lapsed during the period <sup>(5)</sup>	Cancelled during the period <sup>(5)</sup>	Outstanding as at 30 June 2024
<b>Directors</b>								
Mr. Qi Jian	29 December 2021	7.39	5,290,000	—	—	—	—	5,290,000
Mr. Fu Weizhong	15 December 2017	1.22	500,000	—	—	—	—	500,000
	29 December 2021	7.39	2,264,000	—	—	—	—	2,264,000
Mr. Poon Chiu Kwok	15 December 2017	1.22	1,000,000	—	(1,000,000)	—	—	—
Mr. Ng Yuk Keung	15 December 2017	1.22	1,000,000	—	(1,000,000)	—	—	—
Mr. Hu Jiquan	15 December 2017	1.22	1,000,000	—	(1,000,000)	—	—	—
<b>Other connected persons who are employees of the Group</b>								
Mr. Liang Zhenggen (supervisor of a Group's subsidiary)	29 December 2021	7.39	1,037,400	—	—	—	—	1,037,400
<b>Employees</b>	15 December 2017	1.22	4,867,000	—	(295,000)	—	—	4,572,000
<b>Employees</b>	29 December 2017	1.71	330,000	—	—	—	—	330,000
<b>Employees</b>	14 November 2018	2.3	130,000	—	—	—	—	130,000
<b>Employees</b>	29 December 2021	7.39	41,095,272	—	—	(1,270,470)	—	39,824,802
<b>Total</b>			<b>58,513,672</b>	<b>—</b>	<b>(3,295,000)</b>	<b>(1,270,470)</b>	<b>—</b>	<b>53,948,202</b>

# DISCLOSURE OF INTERESTS

## Notes:

- (1) Share options granted under the 2013 Share Option Scheme on 15 December 2017, 29 December 2017 and 14 November 2018 shall be vested in accordance with the timetable below, each with an exercise period commencing from the relevant Vesting Date and ending 10 years after the date of the grant (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

<b>Vesting Date</b>	<b>Percentage of share option</b>
If the audited net profit for the year ended 31 December 2018 represents an increase of 20% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ended 31 December 2018 is published.	50% of the total number of share options granted
If the audited net profit for the year ended 31 December 2019 represents an increase of 40% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ended 31 December 2019 is published.	25% of the total number of share options granted
If the audited net profit for the year ended 31 December 2020 represents an increase of 60% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ended 31 December 2020 is published.	25% of the total number of share options granted

Exercise of the share options is conditional upon the achievement of certain performance targets as set out in the respective offer letters, during the relevant exercise period.

- (2) Share options granted under the 2013 Share Option Scheme on 29 December 2021 to the proposed grantees shall be vested in accordance with the timetable below, each with an exercise period commencing from the relevant 2021 Grant Vesting Date and ending 10 years after the date of the grant (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "2021 Grant Vesting Date"):

<b>2021 Grant Vesting Date</b>	<b>Percentage of share option</b>
If the revenue for 2021 represents an increase of 35% or more as compared to that of 2020, or the net profit for 2021 represents an increase of 20% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ended 31 December 2021 is published.	30% of the total number of share options granted
If the revenue for 2022 represents an increase of 70% or more as compared to that of 2020, or the net profit for 2022 represents an increase of 45% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ended 31 December 2022 is published.	30% of the total number of share options granted
If the revenue for 2023 represents an increase of 100% or more as compared to that of 2020, or the net profit for 2023 represents an increase of 70% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ended 31 December 2023 is published.	40% of the total number of share options granted

Exercise of the share options is conditional upon the achievement of certain performance targets as set out in the respective offer letters, during the relevant exercise period.

# DISCLOSURE OF INTERESTS

- (3) *The closing price of the shares of the Company immediately before 29 December 2021 (date of the share options granted) was HK\$7.47 per share. For details of the value of the share options granted on 29 December 2021 and the accounting policy adopted for such share options, please refer to note 28 to the interim condensed consolidated financial information contained in this report.*
- (4) *The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$4.43.*
- (5) *Share options were forfeited or cancelled for the following reasons: (1) certain employees' performance appraisal results for 2023 did not reach the performance target required under the grant letters; (2) certain employees violated the Company's policies; and (3) certain employees were dismissed. During the six months ended 30 June 2024, 1,270,470 share options were forfeited.*

## 2023 SHARE OPTION SCHEME

As the 2013 Share Option Scheme expired on 15 February 2023, the Company adopted a new share option scheme in substitution of the expired 2013 Share Option Scheme (the “**2023 Share Option Scheme**”) after obtaining approval of the shareholders of the Company (the “**Shareholders**”) on 11 August 2023. The 2023 Share Option Scheme expanded the definition of eligible participants (“**Eligible Participants**”) to include related entity participants (“**Related Entity Participants**”) (i.e. any director or employee (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company) and service providers (“**Service Providers**”) (i.e. any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (where the continuity and frequency of their services are akin to those of employees of the Group), and provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers, such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category).

Details of the 2023 Share Option Scheme are set out below.

### Purpose

The purpose of the 2023 Share Option Scheme is to motivate Eligible Participants to optimize their future contributions to the Group and/or reward them for their past contributions, attract and retain or otherwise maintaining on-going relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

### Eligible Participants

Eligible Participants under the 2023 Share Option Scheme include any employee participant, Related Entity Participant or Service Provider who the Board considers, in their sole discretion, to have contributed or will contribute to the Group.

# DISCLOSURE OF INTERESTS

## Overall Scheme Limit, Service Provider Sub-limit and Individual Limit

The total number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share scheme(s) must not exceed 10% of the number of shares in issue as at the date of approval of this limit by the Shareholders at a general meeting (the “**Overall Scheme Limit**”). Within such limit, the total number of shares which may be allotted and issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share scheme(s) must not exceed 1% of the number of shares in issue as at the date of approval of this sub-limit by the Shareholders at a general meeting (the “**Service Provider Sub-limit**”). Options lapsed in accordance with the terms of the 2023 Share Option Scheme will not be regarded as utilised for the purpose of calculating the aforesaid limits.

The Overall Scheme Limit and Service Provider Sub-limit approved by Shareholders were 318,860,946 and 31,886,094 respectively. As at 30 June 2024, the unutilised Overall Scheme Limit was 267,524,093 (representing 8.4% of the issued share capital of the Company as at the date of this report, while the unutilised Service Provider Sub-limit remained at 31,886,094 (representing 1.0% of the issued share capital of the Company as at the date of this report).

As at 1 January 2024, the unutilised Overall Scheme Limit and the unutilised Service Provider Sub-limit were 294,585,675 and 31,886,094, respectively.

Where any offer of options to a grantee would result in the shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Option Scheme and any other share scheme(s) (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such offer representing in aggregate over 1% of the relevant class of shares in issue (the “**1% Individual Limit**”), such offer must be separately approved by the Shareholders in general meeting with such grantee and his/her close associates (or associates if the grantee is a connected person) abstaining from voting.

## Scheme Life, Option Period and Vesting Period

The 2023 Share Option Scheme shall be valid and effective for 10 years from the adoption date (i.e. until 10 August 2033) unless early terminated as approved by Shareholders at a general meeting of the Company, after which period no further options may be issued or granted, but the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior to such termination or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme.

The option period of an option may not end later than ten years from the offer date of that option.

The vesting period for all options shall not be less than twelve (12) months, subject to a shorter vesting period at the discretion of the Board under the circumstances specified in the 2023 Share Option Scheme in relation to offers to the employee participants.

As at the date of this report, the remaining life of the 2023 Share Option Scheme is approximately 8 years and 6 months.

# DISCLOSURE OF INTERESTS

## Consideration of Acceptance of the Grant and Subscription Price

Eligible Participants are required to pay consideration of HK\$1.00 to the Company upon acceptance of the grant within 28 days after such grant or a longer period as determined by the Board.

The subscription price in respect of any option shall, subject to any applicable adjustments made pursuant to the terms under the 2023 Share Option Scheme, be at the discretion of the Board, provided that it must be at least the higher of:

- (a) the closing price of the shares as shown in the Stock Exchange's daily quotation sheet on the offer date, which must be a business day;
- (b) the average of the closing prices of the shares as shown in the Stock Exchange's daily quotations sheets for the five (5) consecutive days on which the shares are traded on the Stock Exchange immediately preceding the offer date; and
- (c) the nominal value of the share on the offer date.

For further details of the 2023 Share Option Scheme, please refer to the announcement of the Company dated 29 June 2023 and the circular of the Company dated 25 July 2023.

Since the adoption date of the 2023 Share Option Scheme to the date of this report, no share options have been granted under the 2023 Share Option Scheme.

## 2019 SHARE AWARD SCHEME

The Company adopted the 2019 Share Award Scheme on 3 December 2019 (the "**Adoption Date**"). The purpose of the 2019 Share Award Scheme is to provide the eligible persons (the "**Selected Participants**") with an opportunity to acquire a proprietary interest in the Company and to encourage and retain such individuals to work with the Company, and to provide additional incentive for them to achieve performance goals.

In light of the new requirements of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company sought approval from its Shareholders on 11 August 2023 to amend certain scheme rules to, among other things, bring it in line with the amended Listing Rules. The key amendments to the 2019 Share Award Scheme include, without limitation, the following:

- (i) amendment of the definition of eligible participants to include only employee participants, Related Entity Participants and Service Providers;
- (ii) inclusion of the Overall Scheme Limit and the Service Provider Sub-limit applicable to the shares which may be allotted and issued in respect of all options and award to be granted under the amended 2019 Share Award Scheme and all other share schemes;
- (iii) requirement to seek Shareholders' approval for refreshment of the Overall Scheme Limit and the Service Provider Sub-limit within three (3) years from the date of the Shareholders' approval for such limits or for their last refreshment (as the case may be);

# DISCLOSURE OF INTERESTS

- (iv) requirement to seek the Shareholders' approval for any grant which would result in exceeding the 1% Individual Limit (i.e. a limit on the total number of shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to any eligible participant in the 12-month period up to and including the date of such grant);
- (v) requirements to seek the independent non-executive Directors' approval for any grant to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, and to seek Shareholders' approval for any grant to:
  - a. a Director (other than an independent non-executive Director) or chief executive of the Company, or any of his/her associates that would result in the shares issued and to be issued in respect of all awards granted to such person under the amended 2019 Share Award Scheme and all other share award schemes (excluding any awards lapsed in accordance with the terms of the respective share award schemes) in any 12-month period up to and including the date of such offer, representing in aggregate over 0.1% of the issued share capital of the Company; and
  - b. an independent non-executive Director or substantial Shareholder of the Company, or any of his/her associates that would result in the shares issued and to be issued in respect of all options and awards granted to such person under the amended 2019 Share Award Scheme and all other share schemes (excluding any awards lapsed in accordance with the terms of the respective share schemes) in any 12-month period up to and including the date of such offer, representing in aggregate over 0.1% of the issued share capital of the Company;
- (vi) inclusion of a minimum vesting period of twelve (12) months, subject to a shorter vesting period in relation to the grant to employee participants at the discretion of the Board under specified circumstances;
- (vii) clarification that the Board or the Remuneration Committee may set performance targets and/or clawback mechanism as part of the vesting conditions of the grant;
- (viii) provision for equitable adjustment to the awards granted under the amended 2019 Share Award Scheme in the event of any alteration in the capital structure of the Company, such as capitalisation issue, rights issue, consolidation, sub-division and reduction of the share capital of the Company; and
- (ix) requirement to seek Shareholders' approval for any alteration of the amended 2019 Share Award Scheme under certain circumstances.

The Board may, subject always to the scheme rules, from time to time determine the number of restricted shares (the "**Restricted Shares**") to be granted and at its absolute discretion select any employee participants, Related Entity Participants and Service Providers to be a Selected Participant under the amended 2019 Share Award Scheme. In determining the number of grant shares to any Selected Participant, the Board shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group, (ii) the general financial condition of the Group, (iii) the Group's overall business objectives and future development plan, and (iv) any other matter which the Board considers relevant.

## DISCLOSURE OF INTERESTS

The Restricted Shares (where the Board has determined such number pursuant to the terms of the amended 2019 Share Award Scheme) shall be either (i) allotted and issued by the Company, by using the overall scheme mandate granted to the Board on 11 August 2023 in respect of all options and awards to be granted under the schemes adopted by the Company, i.e. 318,860,946 shares, representing 10% of the shares in issue as at the date of approval, or (ii) acquired by the trustee from the open market by utilising the Company's resources provided to the trustee, subject to the absolute discretion of the Board.

After the Board has determined the number of grant shares and the Selected Participants, it shall notify the trustee and the Selected Participants in writing on the proposed grant date (the "**Grant Date**"). Upon receipt of the notification of the grant, the Selected Participants are required to confirm his/her acceptance of the grant by (i) returning to the Company a notice of acceptance duly executed by him/her; or (ii) completing any other required steps as specified by the Board within 28 days after the Grant Date.

The vesting of the Restricted Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the Vesting Date (as the case may be, on each relevant vesting date) a participant. Any share held by the trustee on behalf of a Selected Participant pursuant to the provisions shall vest in such Selected Participant in accordance with the vesting schedule as communicated and confirmed in writing by the Board to the trustee from time to time. When shares vest in a Selected Participant, the Board shall issue to the trustee a confirmation letter that the vesting conditions have been fulfilled. The Board shall also forward to the trustee, at the same time when the confirmation letter is sent, a written consolidated security account details of all relevant Selected Participants to effect the transfer of the relevant vested shares to the relevant Selected Participants.

Subject to any early termination of the 2019 Share Award Scheme and without prejudicing the subsisting rights of any Selected Participant, the 2019 Share Award Scheme shall be valid and effective for 10 years from the Adoption Date, subject to change of control or early termination events. As of the date of this report, the remaining life of the 2019 Share Award Scheme is approximately five years and two months.

For further details of the 2019 Share Award Scheme, please refer to the Company's announcement dated 3 December 2019. For further details of the amendments made to the 2019 Share Award Scheme, please refer to the announcement dated 29 June 2023 and the circular dated 25 July 2023.

Since the approval of the Overall Scheme Limit by the Shareholders in August 2023, the Company granted 24,275,271 Restricted Shares on 20 September 2023 and 27,061,582 Restricted Shares on 17 May 2024 by issuing new shares, details of which are set out in the Company's announcements dated 20 September 2023 and 17 May 2024, respectively.



# DISCLOSURE OF INTERESTS

## Share awards under the 2019 Share Award Scheme prior to the amendments in August 2023

Category of participants	Date of grant <sup>(1)</sup>	Unvested awarded shares as at 1 January 2024	Shares awarded during the period	Vested during the period <sup>(2)</sup>	Lapsed during the period	Unvested awarded shares as at 30 June 2024	Vesting period
<b>Directors</b>							
Mr. Qi Jian	18 December 2020	367,077	—	(183,538)	—	183,539	18 March 2021– 18 March 2025
	2 September 2021	236,514	—	(78,838)	—	157,676	18 March 2022– 18 March 2026
	8 June 2022	472,592	—	(118,147)	—	354,445	31 March 2023– 31 March 2027
Mr. Fu Weizhong	18 December 2020	61,075	—	(30,536)	—	30,539	18 March 2021– 18 March 2025
	2 September 2021	24,016	—	(8,006)	—	16,010	18 March 2022– 18 March 2026
	8 June 2022	87,108	—	(21,777)	—	65,331	31 March 2023– 31 March 2027
<b>Other connected person</b>							
Mr. Liang Zhenggen	18 December 2020	11,877	—	(5,937)	—	5,940	18 March 2021– 18 March 2025
	2 September 2021	22,972	—	(7,658)	—	15,314	18 March 2022– 18 March 2026
	8 June 2022	26,347	—	(6,586)	—	19,761	31 March 2023– 31 March 2027
<b>Employees</b>							
	18 December 2020	1,311,417	—	(639,053)	(35,871)	636,493	18 March 2021– 18 March 2025
	2 September 2021	3,674,593	—	(1,155,857)	(206,985)	2,311,751	18 March 2022– 18 March 2026
	8 June 2022	7,710,302	—	(1,666,882)	(864,147)	5,179,273	31 March 2023– 31 March 2027
	16 November 2022	45,247	—	(28,614)	(16,633)	—	31 March 2023– 31 March 2024
<b>Total</b>		<b>14,051,137</b>	<b>—</b>	<b>(3,951,429)</b>	<b>(1,123,636)</b>	<b>8,976,072</b>	

# DISCLOSURE OF INTERESTS

## Share awards under the 2019 Share Award Scheme as amended in August 2023

Category of participants	Date of grant <sup>(1)</sup>	Unvested awarded Shares as at 1 January 2024	Shares awarded during the period <sup>(3), (4)</sup>	Vested during the period <sup>(2)</sup>	Lapsed during the period	Unvested awarded shares as at 30 June 2024	Vesting period
<b>Directors</b>							
Mr. Qi Jian	20 September 2023	912,144	—	—	—	912,144	20 September 2024–31 March 2028
	20 September 2023	1,770,538	—	—	—	1,770,538	20 September 2024–31 March 2029
	17 May 2024	—	509,320	—	—	509,320	17 May 2025–31 March 2029
Mr. Fu Weizhong	20 September 2023	336,402	—	—	—	336,402	20 September 2024–31 March 2028
	17 May 2024	—	377,564	—	—	377,564	17 May 2025–31 March 2029
<b>Other connected person</b>							
Mr. Liang Zhenggen	20 September 2023	56,657	—	—	—	56,657	20 September 2024–31 March 2028
	17 May 2024	—	60,599	—	—	60,599	17 May 2025–31 March 2029
<b>Employees</b>							
	20 September 2023	3,658,198	—	—	—	3,658,198	20 September 2024–31 March 2025
	20 September 2023	16,113,393	—	—	—	16,113,393	20 September 2024–31 March 2028
	20 September 2023	1,427,939	—	—	—	1,427,939	20 September 2024–31 March 2029
	17 May 2024	—	10,001,551	—	—	10,001,551	17 May 2025–31 March 2026
	17 May 2024	—	16,112,548	—	—	16,112,548	17 May 2025–31 March 2029
<b>Total</b>		<b>24,275,271</b>	<b>27,061,582</b>	<b>—</b>	<b>—</b>	<b>51,336,853</b>	

### Notes:

- (1) The closing price of the shares of the Company immediately before the date when these shares of the Company were awarded was HK\$5.03 (for grant on 18 December 2020), HK\$9.87 (for grant on 2 September 2021), HK\$7.71 (for grant on 8 June 2022), HK\$8.13 (for grant on 16 November 2022), HK\$11.88 (for grant on 20 September 2023) and HK\$6.89 (for grant on 17 May 2024), respectively.
- (2) During the period, weighted average closing price of the shares of the Company immediately before the date on which the awards were vested was HK\$5.26.
- (3) The Restricted Shares were granted at nil consideration during the period. The fair value of the shares awarded during the six months ended 30 June 2024 was HK\$189,160,000. The accounting standards and policy adopted for valuing the shares awarded during the period is set out in note 29 to the interim condensed consolidated financial information.
- (4) The performance targets of the Restricted Shares are individualised based on the job nature and job positions of each Eligible Participant and the projected market and business conditions each year.

## DISCLOSURE OF INTERESTS

Performance targets in connection with the grant during the six months ended 30 June 2024 had been set for all Eligible Participants at the beginning of the Company's fiscal year in the form of a performance contract entered into between each Eligible Participant and the Company. Each performance contract contains some performance targets aligned to the strategic priorities of the Group.

The performance targets of the Restricted Shares granted during the six months ended 30 June 2024 include, among others, (i) revenue of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (ii) market share of the Group's relevant products or services for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (iii) net profit of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); and (iv) other research and development achievements accomplished for the relevant financial year. Upon achieving the goals set in the respective performance contract at the end of the fiscal year, the number of Restricted Shares to be granted to each Eligible Participant shall be determined by the Board with reference to the full year performance evaluation on such Eligible Participant, their positions, responsibilities, experience and the amount of cash incentives that they would have otherwise received in lieu of the Restricted Shares.

The number of shares that may be issued in respect of the share awards granted under the 2019 Share Award Scheme during the six months ended 30 June 2024 divided by the weighted average number of ordinary shares in issue was 0.8% (i.e.  $27,061,582/3,191,206,722$ ). For further details, please refer to notes 28 and 29 to interim condensed consolidated financial information.

During the six months ended 30 June 2024, the trustee did not subscribe any new shares of the Company for the purpose of satisfying the Restricted Shares granted under the 2019 Share Award Scheme.

# CORPORATE GOVERNANCE AND GENERAL INFORMATION

## CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization 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, focusing 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 an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to maximize returns for Shareholders.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance. To the best knowledge of the Directors, the Company had complied with all applicable code provisions under the CG Code during the six months ended 30 June 2024.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions. Upon specific enquiries made with all Directors, each of them has confirmed that he had complied with the Model Code during the six months ended 30 June 2024.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim financial statements of the Group for the six months ended 30 June 2024 have not been audited or reviewed by the Company’s external auditor.

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed securities of the Company (for the six months ended 30 June 2023: Nil).

# CORPORATE GOVERNANCE AND GENERAL INFORMATION

## THE BOARD

As at 30 June 2024, the Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. 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. The independent non-executive Directors are Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok (possessing professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules) and Mr. Hu Jiquan.

The functions and duties conferred on the Board include convening Shareholders' meetings and reporting on the work of the Board to the Shareholders at Shareholders' meetings as may be required by applicable laws, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the articles of association of the Company and applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

## Audit Committee

The audit committee of the Company (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 compliance with the CG Code. As at 30 June 2024, 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 has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee has convened meetings to discuss the auditing, internal controls, risk management and financial reporting matters, including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2024.

# CORPORATE GOVERNANCE AND GENERAL INFORMATION

## Remuneration Committee

The remuneration committee (the “**Remuneration Committee**”) was established with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to determine the policies in relation to human resources management, to review the compensation strategies, to determine the remuneration packages of the senior executives and managers, to approve the terms of the service contracts of the executive Directors, to assess the performance of the executive Directors, to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration. As at 30 June 2024, the Remuneration Committee consists of three members, namely Mr. Poon Chiu Kwok, Mr. Ng Yuk Keung and Mr. Hu Jiquan. Mr. Poon Chiu Kwok is the chairman of the Remuneration Committee.

## Nomination Committee

The nomination committee (the “**Nomination Committee**”) was established with written terms of reference in compliance with the CG Code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession, and assessing the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the board diversity policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the board diversity policy, so as to develop and review measurable objectives for implementing the board diversity policy and to monitor the progress on achieving these objectives. As at 30 June 2024, the Nomination Committee consists of three members, namely Mr. Liang Zaizhong, Mr. Poon Chiu Kwok and Mr. Hu Jiquan. Mr. Liang Zaizhong is the chairman of the Nomination Committee.

## Strategic Investment Committee

The strategic investment committee of the Company (the “**Strategic Investment Committee**”) was established on 4 October 2012. The Strategic Investment Committee is responsible for the recommendation and analysis of the business development and investments of the Company. As at 30 June 2024, the chairman is Mr. Liang Zaizhong and the other four members are Mr. Qi Jian, Mr. Fu Weizhong, Mr. Ng Yuk Keung and Mr. Poon Chiu Kwok.

## ESG Committee

The ESG committee of the Company (the “**ESG Committee**”) was established on 20 February 2023. The ESG Committee is responsible for assisting the Board to review and monitor ESG-related issues.

As at 30 June 2024, the chairman is Mr. Qi Jian and the other four members are Mr. Fu Weizhong, Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan.

# CORPORATE GOVERNANCE AND GENERAL INFORMATION

## Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision A.2.1 of the CG Code, which includes (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report. For the six months ended 30 June 2024, the Board reviewed the policy for the corporate governance of the Company.

## Disclosure of Information of Directors Under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules

There has been no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the 2023 annual report of the Company on 25 April 2024.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	10,756,056	10,839,188
Cost of sales		(8,130,487)	(8,007,247)
Gross profit		2,625,569	2,831,941
Other income and gains	4	368,568	357,176
Selling and distribution expenses		(563,037)	(535,873)
Administrative expenses		(1,108,543)	(967,914)
Impairment losses on financial and contract assets, net	5	(54,159)	(122,248)
Other expenses		(2,533)	(48,556)
Finance costs	6	(113,330)	(73,924)
PROFIT BEFORE TAX	5	1,152,535	1,440,602
Income tax expense	7	(165,580)	(257,297)
PROFIT FOR THE PERIOD		986,955	1,183,305
Attributable to:			
Owners of the parent		1,032,749	1,201,949
Non-controlling interests		(45,794)	(18,644)
		986,955	1,183,305
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic (RMB Yuan)		0.31	0.38
Diluted (RMB Yuan)		0.28	0.33



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<b>986,955</b>	1,183,305
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<b>(3,548)</b>	99,268
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<b>(3,548)</b>	99,268
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<b>(3,548)</b>	99,268
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>983,407</b>	1,282,573
Attributable to:		
Owners of the parent	<b>1,029,201</b>	1,301,217
Non-controlling interests	<b>(45,794)</b>	(18,644)
	<b>983,407</b>	1,282,573

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>7,552,346</b>	7,275,832
Right-of-use assets	11(a)	<b>1,394,768</b>	1,388,354
Goodwill	12	<b>2,537,788</b>	2,537,138
Intangible assets	13	<b>1,355,468</b>	1,407,913
Investment in a joint venture		<b>26,229</b>	28,535
Financial assets at fair value through profit or loss	19	<b>57,500</b>	37,500
Trade receivables	16	<b>684,600</b>	1,027,890
Non-current prepayments	18	<b>26,309</b>	27,745
Contract assets	17	<b>122,014</b>	117,746
Deferred tax assets	26	<b>325,394</b>	336,057
Total non-current assets		<b>14,082,416</b>	14,184,710
<b>CURRENT ASSETS</b>			
Inventories	14	<b>3,601,956</b>	3,432,210
Properties for sale	15	<b>768,267</b>	805,253
Trade receivables	16	<b>10,528,410</b>	8,355,990
Bills receivable	16	<b>822,019</b>	1,066,199
Contract assets	17	<b>219,733</b>	396,755
Prepayments, other receivables and other assets	18	<b>1,477,255</b>	1,261,432
Derivative financial instruments		<b>15,668</b>	15,668
Financial assets at fair value through profit or loss	19	<b>2,158,150</b>	2,160,426
Pledged deposits	20	<b>44,575</b>	43,300
Cash and cash equivalents	20	<b>4,471,881</b>	3,241,068
Total current assets		<b>24,107,914</b>	20,778,301
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	21	<b>8,650,271</b>	8,098,198
Other payables and accruals	22	<b>4,700,819</b>	4,783,016
Dividend payable	8	<b>496,313</b>	101,288
Interest-bearing bank and other borrowings	23	<b>3,434,536</b>	2,652,576
Lease liabilities	11(b)	<b>36,292</b>	28,289
Tax payable		<b>113,085</b>	237,332
Provision for warranties	24	<b>81,154</b>	75,462
Government grants	25	<b>270,477</b>	196,444
Total current liabilities		<b>17,782,947</b>	16,172,605
NET CURRENT ASSETS		<b>6,324,967</b>	4,605,696
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>20,407,383</b>	18,790,406

continued/...

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	23	<b>6,541,141</b>	5,248,801
Lease liabilities	11(b)	<b>22,161</b>	9,510
Government grants	25	<b>1,577,678</b>	1,720,221
Deferred tax liabilities	26	<b>265,377</b>	273,477
Total non-current liabilities		<b>8,406,357</b>	7,252,009
Net assets		<b>12,001,026</b>	11,538,397
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	27	<b>315,484</b>	315,185
Reserves		<b>11,743,597</b>	11,274,274
		<b>12,059,081</b>	11,589,459
Non-controlling interests		<b>(58,055)</b>	(51,062)
Total equity		<b>12,001,026</b>	11,538,397

**Qi Jian**  
Director

**Fu Weizhong**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent												
	Issued capital											Non-controlling interests	Total equity
	Ordinary shares	Convertible preference shares	Share premium account <sup>1</sup>	Contributed surplus <sup>1</sup>	Share-based compensation reserve <sup>1</sup>	Reserve funds <sup>1</sup>	Other reserve <sup>1</sup>	Exchange fluctuation reserve <sup>1</sup>	Capital redemption reserve <sup>**</sup>	Retained profits <sup>1</sup>	Total		
	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024 (Audited)	277,337	37,848	1,711,393	1,344,319	238,748	1,283,884	35,011	28,992	2,620	6,629,307	11,589,459	(51,062)	11,538,397
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	1,032,749	1,032,749	(45,794)	986,955
Other comprehensive loss for the period:													
Exchange differences on translation of financial statements of the Company	—	—	—	—	—	—	—	(3,548)	—	—	(3,548)	—	(3,548)
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	(3,548)	—	1,032,749	1,029,201	(45,794)	983,407
Issue of shares (note 27)	299	—	3,346	—	—	—	—	—	—	—	3,645	—	3,645
Share-based payments (note 28 and 29)	—	—	—	—	74,010	—	2,765	—	—	—	76,775	—	76,775
Release of share-based compensation reserve to share premium upon exercise of share options (note 27)	—	—	1,986	—	(1,986)	—	—	—	—	—	—	—	—
Acquisitions of non-controlling interests	—	—	(4,286)	—	—	—	—	—	—	—	(4,286)	4,286	—
Disposal of subsidiaries (note 31)	—	—	—	—	—	—	—	—	—	—	—	34,515	34,515
Provision for safe production expense	—	—	—	—	—	—	7,845	—	—	(7,845)	—	—	—
Final 2023 dividend declared	—	—	—	—	—	—	—	—	—	(635,713)	(635,713)	—	(635,713)
At 30 June 2024 (unaudited)	277,636	37,848	1,712,439	1,344,319	310,772	1,283,884	45,621	25,444	2,620	7,018,498	12,059,081	(58,055)	12,001,026

	Attributable to owners of the parent												
	Issued capital											Non-controlling interests	Total equity
	Ordinary shares	Convertible preference shares	Share premium account	Contributed surplus	Share-based compensation reserve	Reserve funds	Other reserve	Exchange fluctuation reserve	Capital redemption reserve*	Retained profits	Total		
	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2023 (Audited)	274,941	37,848	1,594,160	1,344,319	157,852	1,006,040	10,825	(2,784)	2,620	5,614,158	10,039,979	63,795	10,103,774
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	1,201,949	1,201,949	(18,644)	1,183,305
Other comprehensive income for the period:													
Exchange differences on translation of financial statements of the Company	—	—	—	—	—	—	—	99,268	—	—	99,268	—	99,268
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	99,268	—	1,201,949	1,301,217	(18,644)	1,282,573
Issue of shares (note 27)	1,799	—	62,148	—	—	—	—	—	—	—	63,947	—	63,947
Share-based payments (note 28 and 29)	—	—	—	—	44,114	—	3,318	—	—	—	47,432	—	47,432
Release of share-based compensation reserve to share premium upon exercise of share options (note 27)	—	—	8,496	—	(8,496)	—	—	—	—	—	—	—	—
Acquisition of subsidiaries (note 30)	—	—	—	—	—	—	—	—	—	—	—	(1,484)	(1,484)
Provision for safe production expense	—	—	—	—	—	—	6,439	—	—	(6,439)	—	—	—
Final 2022 dividend declared	—	—	—	—	—	—	—	—	—	(636,400)	(636,400)	—	(636,400)
At 30 June 2023 (unaudited)	276,740	37,848	1,664,804	1,344,319	193,470	1,006,040	20,582	96,484	2,620	6,173,268	10,816,175	43,667	10,859,842

# These reserve accounts comprise the consolidated reserves of RMB11,743,597,000 (31 December 2023: RMB11,274,274,000) in the interim condensed consolidated statement of financial position.

\* Capital redemption reserve represents the nominal amount of the shares repurchased and cancelled.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<i>Notes</i>	<b>2024 (Unaudited) RMB'000</b>	2023 (Unaudited) RMB'000
Net cash flows (used in)/from operating activities		<b>(152,948)</b>	985,141
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>25,059</b>	13,990
Dividends received from former subsidiaries after their disposal		<b>58,260</b>	—
Purchases of items of property, plant and equipment		<b>(404,973)</b>	(974,129)
Additions to intangible assets		<b>(61,385)</b>	(15,692)
Acquisition of subsidiaries	30	<b>(650)</b>	470,983
Disposal of subsidiaries	31	<b>(14,279)</b>	—
Proceeds from disposal of items of property, plant and equipment		<b>12,484</b>	18,524
Purchase of prepaid land lease payments		—	(123,234)
Purchases of financial assets at fair value through profit or loss		<b>(860,045)</b>	(1,560,862)
Proceeds from disposal of financial assets at fair value through profit or loss		<b>900,073</b>	1,446,058
Increase of pledged time deposits		<b>(1,274)</b>	(52,169)
Net cash flows used in investing activities		<b>(346,730)</b>	(776,531)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	27	<b>3,645</b>	63,947
New bank loans		<b>5,886,453</b>	2,789,896
Repayment of bank loans		<b>(3,827,573)</b>	(370,114)
Settlement of derivative financial instruments		—	567
Dividends paid		<b>(217,553)</b>	(196,731)
Principal portion of lease payments		<b>(24,211)</b>	(1,420)
Interest paid		<b>(86,722)</b>	(60,752)
Net cash flows from financing activities		<b>1,734,039</b>	2,225,393
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>3,241,068</b>	2,689,823
Effect of foreign exchange rate changes, net		<b>(3,548)</b>	99,268
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>4,471,881</b>	5,223,094
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	20	<b>4,471,881</b>	5,223,094

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. CORPORATE 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 period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the manufacture and sale of mining equipment, logistics equipment, 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.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ <b>2020 Amendments</b> ”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “ <b>2022 Amendments</b> ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The directors expect that the adoption of these revised standards has had no material impact on the interim condensed consolidated financial statements of the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services. During the prior period, 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 vehicle equipment 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; and

### (d) Emerging industry equipment segment

The emerging industry equipment segment mainly engages in the production and sales of lithium battery manufacturing equipment, photovoltaic 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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2024	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Oil & Gas equipment segment RMB'000 (Unaudited)	Emerging industry equipment segment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4)</b>					
Sales to customers	5,938,343	3,282,225	845,853	689,635	10,756,056
Intersegment sales	4,827	269,132	—	—	273,959
Other revenue	161,209	94,552	16,123	12,391	284,275
	<b>6,104,379</b>	<b>3,645,909</b>	<b>861,976</b>	<b>702,026</b>	<b>11,314,290</b>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(273,959)
Revenue from operations					<b>11,040,331</b>
<b>Segment results</b>	<b>903,140</b>	<b>568,285</b>	<b>(36,467)</b>	<b>(254,617)</b>	<b>1,180,341</b>
<i>Reconciliation:</i>					
Interest income					84,293
Finance costs (other than interest on lease liabilities)					(112,099)
Profit before tax					<b>1,152,535</b>
Income tax expense					(165,580)
Profit for the period					<b>986,955</b>
<b>Segment assets</b>	<b>16,194,628</b>	<b>11,334,380</b>	<b>4,789,568</b>	<b>4,132,776</b>	<b>36,451,352</b>
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(3,102,872)
Corporate and other unallocated assets					4,841,850
Total assets					<b>38,190,330</b>
<b>Segment liabilities</b>	<b>7,245,118</b>	<b>6,089,557</b>	<b>1,632,483</b>	<b>3,474,566</b>	<b>18,441,724</b>
<i>Reconciliation:</i>					
Elimination of intersegment payables					(3,102,872)
Corporate and other unallocated liabilities					10,850,452
Total liabilities					<b>26,189,304</b>
<b>Other segment information</b>					
Loss on disposal of items of property, plant and equipment	1,020	840	473	200	2,533
Impairment/(reversal of impairment) of trade receivables, net	40,891	13,430	(1,122)	4,749	57,948
(Reversal of impairment)/impairment of other receivables, net	(37)	(879)	683	555	322
Reversal of impairment of contract assets (Write-back of provision)/provision against slow-moving and obsolete inventories	—	(4,111)	—	—	(4,111)
Depreciation and amortisation	144,489	134,507	92,426	41,838	413,260
Other non-cash expense	49,364	14,862	1,176	11,373	76,775
Capital expenditure*	165,588	136,258	66,734	349,846	718,426



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2023

	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Oil & Gas equipment segment RMB'000 (Unaudited)	Emerging industry equipment segment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4)</b>					
Sales to customers	7,214,187	3,065,651	336,265	223,085	10,839,188
Intersegment sales	25,691	—	—	—	25,691
Other revenue	178,747	105,974	(831)	(36)	283,854
	7,418,625	3,171,625	335,434	223,049	11,148,733
<i>Reconciliation:</i>					
Elimination of intersegment sales					(25,691)
Revenue from operations					11,123,042
<b>Segment results</b>	879,691	504,821	57,083	(1,047)	1,440,548
<i>Reconciliation:</i>					
Interest income					73,322
Finance costs (other than interest on lease liabilities)					(73,268)
Profit before tax					1,440,602
Income tax expense					(257,297)
Profit for the period					1,183,305
<b>Segment assets</b>	17,222,199	9,917,119	4,905,822	1,415,426	33,460,566
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(3,096,532)
Corporate and other unallocated assets					5,622,856
Total assets					35,986,890
<b>Segment liabilities</b>	9,777,104	7,713,691	2,043,846	1,074,878	20,609,519
<i>Reconciliation:</i>					
Elimination of intersegment payables					(3,096,532)
Corporate and other unallocated liabilities					7,614,061
Total liabilities					25,127,048
<b>Other segment information</b>					
Loss on disposal of items of property, plant and equipment	2,176	11,669	330	—	14,175
Impairment/(reversal of impairment) of trade receivables, net	73,233	39,311	8,629	(400)	120,773
Impairment/(reversal of impairment) of other receivables, net	65	585	(646)	(90)	(86)
(Write-back of provision)/provision against slow-moving and obsolete inventories	(986)	4,150	27	—	3,191
Impairment/(reversal of impairment) of contract assets	—	1,592	(31)	—	1,561
Depreciation and amortisation	101,872	81,838	2,483	18,969	205,162
Other non-cash expense	35,403	12,029	—	—	47,432
Capital expenditure*	442,049	313,146	384,707	654,395	1,794,297

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

### Information about major customers

Revenue of approximately RMB1,269,487,000 (six months ended 30 June 2023: RMB2,112,763,000) 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

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

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	<b>10,756,056</b>	10,839,188

### Disaggregated revenue information for revenue from contracts with customers

#### For the six months ended 30 June 2024

Segments	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Oil & Gas equipment RMB'000 (Unaudited)	Emerging industry equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
	<b>Types of goods or services</b>				
Sale of industrial products	5,857,227	3,167,342	804,909	689,635	10,519,113
Installation services	2,491	35,685	—	—	38,176
Oil field Service	—	—	24,340	—	24,340
Maintenance services and others	78,625	79,198	16,604	—	174,427
	<b>5,938,343</b>	<b>3,282,225</b>	<b>845,853</b>	<b>689,635</b>	<b>10,756,056</b>
<b>Geographical markets</b>					
Chinese Mainland	4,082,237	1,325,117	845,853	688,308	6,941,515
Asia (excluding Chinese Mainland)	1,045,812	675,000	—	1,327	1,722,139
Russia	374,012	463,617	—	—	837,629
Africa	175,557	329,917	—	—	505,474
United States of America	—	218,588	—	—	218,588
European Union	2,019	77,112	—	—	79,131
Other countries/regions	258,706	192,874	—	—	451,580
	<b>5,938,343</b>	<b>3,282,225</b>	<b>845,853</b>	<b>689,635</b>	<b>10,756,056</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	5,857,227	3,201,478	804,909	689,635	10,553,249
Services transferred over time	81,116	80,747	40,944	—	202,807
	<b>5,938,343</b>	<b>3,282,225</b>	<b>845,853</b>	<b>689,635</b>	<b>10,756,056</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

### Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2023

Segments	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Oil & Gas equipment RMB'000 (Unaudited)	Emerging industry equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>					
Sale of industrial products	7,060,259	2,987,820	296,825	223,087	10,567,991
Installation services	26,194	46,018	—	—	72,212
Oil field Service	—	—	34,887	—	34,887
Maintenance services and others	127,733	31,813	4,552	—	164,098
	7,214,186	3,065,651	336,264	223,087	10,839,188
<b>Geographical markets</b>					
Chinese Mainland	5,737,044	1,298,271	336,264	223,087	7,594,666
Asia (excluding Chinese Mainland)	915,052	698,513	—	—	1,613,565
Russia	27,487	53,825	—	—	81,312
Africa	200,612	106,669	—	—	307,281
United States of America	—	194,618	—	—	194,618
European Union	—	122,955	—	—	122,955
Other countries/regions	333,991	590,800	—	—	924,791
	7,214,186	3,065,651	336,264	223,087	10,839,188
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	7,060,259	2,997,069	296,825	223,087	10,577,240
Services transferred over time	153,927	68,582	39,439	—	261,948
	7,214,186	3,065,651	336,264	223,087	10,839,188

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

### Other income and gains

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other income</b>			
Bank interest income		59,234	59,332
Other interest income		25,059	13,990
Government grants	25	170,929	185,686
Profit from sale of scrap materials		23,219	34,559
Rental income	11	15,797	5,918
Foreign exchange differences, net		4,479	—
Others		12,099	14,307
		<b>310,816</b>	313,792
<b>Gains</b>			
Fair value gain, net:			
Financial assets at fair value through profit or loss			
— mandatorily classified as such		35,010	46,305
Gain on disposal of subsidiaries	31	22,742	—
Derivative instruments — transactions not qualifying as hedges		—	(2,921)
		<b>57,752</b>	43,384
		<b>368,568</b>	357,176

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold		7,990,739	7,849,937
Cost of services provided		128,164	154,119
Depreciation of property, plant and equipment	10	289,924	177,186
Amortisation of intangible assets	13	86,116	9,529
Depreciation of right-of-use assets	11(a)	37,220	18,447
Auditors' remuneration		610	610
Provision of warranties*	24	20,685	16,896
Research and development costs**		813,063	748,357
Lease payments not included in the measurement of lease liabilities	11(c)	19,883	13,721
Employee benefit expenses (including directors and chief executive's remuneration):			
Wages and salaries		1,107,774	1,028,547
Equity-settled share-based payment		76,775	47,432
Employee retirement benefits*****		52,218	39,814
Other staff welfare		35,775	38,983
		<b>1,272,542</b>	1,154,776
Foreign exchange differences, net***		<b>(4,479)</b>	33,217
Impairment of financial and contract assets, net****:			
Impairment of trade receivables, net	16	57,948	120,773
(Reversal of impairment)/impairment of contract assets, net	17	<b>(4,111)</b>	1,561
Impairment/(reversal of impairment) of other receivables, net		322	(86)
		<b>54,159</b>	122,248
Provision against slow-moving and obsolete inventories*****		11,584	3,191
Loss on disposal of items of property, plant and equipment***		2,533	14,175
Gains from sales of scrap materials***	4	<b>(23,219)</b>	(34,559)
Remeasurement of financial guarantee contracts***		—	1,164
Fair value gains, net***:			
Financial assets at fair value through profit or loss — mandatorily classified as such		<b>(35,010)</b>	(46,305)
Gain on disposal of subsidiaries	31	<b>(22,742)</b>	—
Derivative instruments — transactions not qualifying as hedges		—	2,921
		<b>(57,752)</b>	(43,384)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 5. PROFIT BEFORE TAX (continued)

- \* Provision of warranties was included in “Cost of sales”, which was included in “Selling and distribution expenses” in previous years. The comparative figure was not restated
- \*\* Included in “Administrative expenses” in the interim condensed consolidated statement of profit or loss
- \*\*\* Included in “Other income and gains” or “Other expenses” in the interim condensed consolidated statement of profit or loss
- \*\*\*\* Included in “Impairment losses on financial and contract assets, net” in the interim condensed consolidated statement of profit or loss
- \*\*\*\*\* Included in “Cost of sales” in the interim condensed consolidated statement of profit or loss
- \*\*\*\*\* As at 30 June 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil)

## 6. FINANCE COSTS

	<i>Note</i>	<b>For the six months ended 30 June</b>	
		<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Interest on interest-bearing bank and other borrowings		<b>102,287</b>	64,461
Interest on discounted bills		<b>9,812</b>	8,807
Interest on lease liabilities	11	<b>1,231</b>	656
		<b>113,330</b>	73,924

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of the Company are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (Or jurisdictions) in which the Group operates.

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 six months ended 30 June 2024.

Ten (six months ended 30 June 2023: Eight) of the Group’s principal operating companies, Sany Heavy Equipment Co., Ltd. (“**Sany Heavy Equipment**”), Hunan Sany Port Equipment Co., Ltd., Sany Marine Heavy Industry Co., Ltd. (“**Sany Marine Heavy Industry**”), Sany Intelligent Mining Technology Co., Ltd., Sany Robot Equipment (Xian) Co., Ltd. (“**Sany Robot Equipment**”), Sany Robot Technology Co., Ltd. (“**Sany Robot**”), Sany Petroleum Intelligent Equipment Co., Ltd., Sany Energy Equipment Co., Ltd., Sany Technology Equipment Co., Ltd. (“**Sany Technology Equipment**”), and Sany Silicon Energy (Zhuzhou) Co., Ltd. (“**Sany Silicon Energy**”), were subject to CIT at a rate of 15% for the six months ended 30 June 2024 as they have been recognised as High and New Technology Enterprises, and Zhuhai Sany Port Machinery Co., Ltd. (“**Zhuhai Sany**”) was entitled to 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.

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current — Hong Kong		
Charge for the period	<b>35,781</b>	116,739
Current — Chinese Mainland		
Charge for the period	<b>164,926</b>	177,283
(Overprovision)/underprovision in prior years	<b>(15,609)</b>	6,203
Deferred (note 26)	<b>(19,518)</b>	(42,928)
Total tax charge for the period	<b>165,580</b>	257,297

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 8. DIVIDEND

The final dividend for the year ended 31 December 2023 of HK\$0.19 per share, totaling HK\$697,820,000 (equivalent to RMB635,715,000), was approved by the Company's shareholders at the annual general meeting on 31 May 2024, among which HK\$240,276,000 (equivalent to RMB217,553,000) was distributed during the six months ended 30 June 2024, and the remaining amount of HK\$457,544,000 (equivalent to RMB418,162,000) was recorded in "dividend payable" in the consolidated statement of financial position as at 30 June 2024.

The board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### Dividend payable

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 RMB78,151,000) was recorded in "dividend payable" in the consolidated statement of financial position as at 30 June 2024.

## 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 six months ended 30 June 2024 attributable to ordinary equity holders of the parent of RMB1,032,749,000 (six months ended 30 June 2023: RMB1,201,949,000), adjusted to reflect the distribution to convertible preference shares, and the weighted average number of ordinary shares of 3,191,206,722 (six months ended 30 June 2023: 3,144,897,724) in issue during the period.

### (b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the parent of RMB1,032,749,000 (six months ended 30 June 2023: RMB1,201,949,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation plus the weighted average number of ordinary shares, totaling 488,026,249 (six months ended 30 June 2023: 365,649,352), 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.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount at 1 January	<b>7,275,832</b>	4,065,888
Additions	<b>613,407</b>	3,089,345
Acquisition of subsidiaries (note 30)	—	602,307
Disposal of subsidiaries (note 31)	<b>(31,952)</b>	—
Reclassification	—	(39,375)
Disposals	<b>(15,017)</b>	(41,721)
Depreciation provided during the period/year (note 5)	<b>(289,924)</b>	(396,463)
Impairment	—	(4,149)
Carrying amount at 30 June/31 December	<b>7,552,346</b>	7,275,832

## 11. LEASES

### The Group as a lessee

The Group has lease contracts for lands, plant, machinery and offices used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Lease of the plant, machinery and offices generally have lease terms from 1 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	<b>Leasehold land RMB'000 (Unaudited)</b>	<b>Plant and machinery RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
As at 1 January 2023 (Audited)	1,273,397	—	1,273,397
Additions	123,744	21,515	145,259
Acquisition of subsidiaries (note 30)	—	13,811	13,811
Depreciation charge	(33,300)	(10,813)	(44,113)
As at 31 December 2023 and 1 January 2024 (Audited)	<b>1,363,841</b>	<b>24,513</b>	<b>1,388,354</b>
Additions	—	<b>43,634</b>	<b>43,634</b>
Depreciation charge (note 5)	<b>(17,073)</b>	<b>(20,147)</b>	<b>(37,220)</b>
As at 30 June 2024 (Unaudited)	<b>1,346,768</b>	<b>48,000</b>	<b>1,394,768</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 11. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Audited)
Carrying amount at 1 January	37,799	—
New leases	43,634	21,515
Acquisition of subsidiaries (note 31)	—	22,306
Accretion of interest recognised during the period (note 6)	1,231	1,558
Payments	(24,211)	(7,580)
Carrying amount at 30 June	58,453	37,799
Analysed into:		
Current portion	36,292	28,289
Non-current portion	22,161	9,510

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets (note 5)	37,220	18,447
Interest charge on lease liabilities (note 6)	1,231	656
Expense relating to short-term leases and other leases (note 5)	19,883	13,721
Total amount recognised in profit or loss	58,334	32,824

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 11. LEASES (continued)

### The Group as a lessor

The Group leases certain area of office buildings and machinery which were classified as property, plant and equipment under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the six months was RMB15,797,000 (six months ended 30 June 2023: RMB5,918,000), details of which are included in note 4 to the interim condensed consolidated financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>34,666</b>	22,761
After 1 year but within 2 years	<b>25,920</b>	18,536
After 2 years but within 3 years	<b>62,526</b>	47,914
	<b>123,112</b>	89,211

The net carrying amounts of the Group's assets held under operating leases included in the total amounts of office buildings and machinery as at 30 June 2024 were RMB12,745,000 and RMB95,510,000, respectively (31 December 2023: RMB14,671,000 and RMB75,457,000).

## 12. GOODWILL

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount at 1 January	<b>2,537,138</b>	1,129,520
Acquisition of subsidiaries	<b>650</b>	1,407,618
Carrying amount at 30 June/31 December	<b>2,537,788</b>	2,537,138

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 13. INTANGIBLE ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount at 1 January	<b>1,407,913</b>	17,387
Additions	<b>61,385</b>	43,572
Acquisition of subsidiaries (note 30)	<b>—</b>	1,392,318
Disposal of subsidiaries (note 31)	<b>(27,714)</b>	—
Reclassification	<b>—</b>	39,375
Depreciation and impairment provided during the period/year (note 5)	<b>(86,116)</b>	(84,739)
Carrying amount at 30 June/31 December	<b>1,355,468</b>	1,407,913

## 14. INVENTORIES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Raw materials	<b>729,498</b>	689,257
Work in progress	<b>1,028,537</b>	936,515
Finished goods	<b>1,956,097</b>	1,924,973
	<b>3,714,132</b>	3,550,745
Less: Provision against slow-moving and obsolete inventories	<b>(112,176)</b>	(118,535)
	<b>3,601,956</b>	3,432,210

## 15. PROPERTIES FOR SALE

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount as at 30 June/31 December	<b>768,267</b>	805,253

No impairment/reversal of impairment was recognised in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

All properties under development are situated in Chinese Mainland.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 16. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade receivables	<b>11,890,840</b>	10,016,434
Impairment	<b>(677,830)</b>	(632,554)
	<b>11,213,010</b>	9,383,880
Less: Trade receivables due after one year	<b>(684,600)</b>	(1,027,890)
	<b>10,528,410</b>	8,355,990
Bills receivable	<b>822,019</b>	1,066,199

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% (31 December 2023: 1%) of the Group's trade receivables 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 RMB2,672,870,000 (31 December 2023: RMB2,477,305,000) and the Group's joint venture of RMB24,185,000 (31 December 2023: RMB22,270,000) as at 30 June 2024 for sales of products by the Group, which accounted for 22% (31 December 2023: 25%) 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:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 180 days	<b>7,215,827</b>	5,952,064
181 to 365 days	<b>2,789,872</b>	2,430,609
1 to 2 years	<b>926,715</b>	885,403
2 to 3 years	<b>265,301</b>	104,020
Over 3 years	<b>15,295</b>	11,784
	<b>11,213,010</b>	9,383,880

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 16. TRADE AND BILLS RECEIVABLES (continued)

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At 1 January	<b>632,554</b>	424,480
Disposal of subsidiaries	<b>(10,959)</b>	—
Impairment losses, net (note 5)	<b>57,948</b>	214,626
Amount written off as uncollectible	<b>(1,713)</b>	(6,552)
At 30 June/31 December	<b>677,830</b>	632,554

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:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within six months	<b>819,549</b>	1,059,931
Over six months	<b>2,470</b>	6,268
	<b>822,019</b>	1,066,199

Included in the bills receivable was an amount of RMB100,723,000 as at 30 June 2024 (31 December 2023: RMB58,952,000) which was pledged for the issuance of a letter of guarantee.

None of the amount included in the bills receivable as at 30 June 2024 (31 December 2023: nil) was endorsed to fellow subsidiaries for purchasing raw materials by the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 16. TRADE AND BILLS RECEIVABLES (continued)

### Transferred financial assets that are not derecognised in their entirety

At 30 June 2024 the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the “**Endorsed Bills**”) with a carrying amount of RMB363,209,000 (31 December 2023: RMB520,505,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse was RMB363,209,000 (31 December 2023: RMB520,505,000) as at 30 June 2024.

### Transferred financial assets that are derecognised in their entirety

At 30 June 2024, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB1,719,167,000 (31 December 2023: RMB1,295,808,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

## 17. CONTRACT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract assets arising from: Sale of industrial products	348,935	525,800
Impairment	(7,188)	(11,299)
	341,747	514,501

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. CONTRACT ASSETS (continued)

Contract assets are initially recognised for revenue earned from the sale of industrial products as the receipt of consideration is conditional on successful assurance during the warranty periods. When passing the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables.

During the period ended 30 June 2024, RMB4,111,000 was reversed as an allowance for expected credit losses on contract assets (six months ended 30 June 2023: RMB1,561,000 was provided). The Group's trading terms and credit policy with customers are disclosed in note 16 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 30 June 2024 or 31 December 2023 is as follows:

	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Audited)
Within one year	<b>219,733</b>	396,755
After one year	<b>122,014</b>	117,746
Total contract assets	<b>341,747</b>	514,501

The movements in the loss allowance for impairment of contract assets are as follows:

	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Audited)
At beginning of period/year	<b>11,299</b>	2,902
Acquisition of subsidiaries (note 30)	—	198
(Reversal of impairment losses)/impairment losses, net (note 5)	<b>(4,111)</b>	8,199
At end of period/year	<b>7,188</b>	11,299

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms 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.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Non-current prepayments	<b>26,309</b>	27,745
Current assets:		
Prepayments	<b>629,561</b>	372,948
Deposits and other receivables	<b>353,336</b>	431,028
Value added tax to be deducted and certified	<b>507,825</b>	483,292
Loans to third parties	<b>16,438</b>	16,438
Gross balance	<b>1,507,160</b>	1,303,706
Impairment allowance	<b>(29,905)</b>	(42,274)
	<b>1,477,255</b>	1,261,432

Non-current prepayments represent prepayments for the acquisition of land of RMB9,650,000 (31 December 2023: RMB9,650,000) and the deferred non-monetary staff welfare of RMB16,659,000 (31 December 2023: RMB18,095,000).

Included in the current prepayments, RMB24,733,000 was due from fellow subsidiaries as at 30 June 2024 (31 December 2023: RMB22,944,000) for purchasing raw materials by the Group.

Deposits and other receivables mainly represent deposits with suppliers. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 30 June 2024 was 4.9% (31 December 2023: 6.9%).

As at 30 June 2024 and 31 December 2023, except for the defaulted receivables in loans to third parties of RMB12,471,000 (2023: RMB12,471,000), the Group assessed the expected loss rate for the rest to be minimal.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Unlisted investments		
Current	<b>2,158,150</b>	2,160,426
Non-current	<b>57,500</b>	37,500
	<b>2,215,650</b>	2,197,926

The current unlisted investments were wealth management products issued by banks and other financial institutions in Chinese Mainland. The non-current unlisted investments are investments in a limited liability partnership and a limited liability company 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.

## 20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<b>4,035,392</b>	2,956,618
Time deposits	<b>481,064</b>	327,750
	<b>4,516,456</b>	3,284,368
Less: Pledged time deposits for banking facilities	<b>(44,575)</b>	(43,300)
Cash and cash equivalents	<b>4,471,881</b>	3,241,068
Cash and cash equivalents, and pledged deposits denominated in		
— RMB	<b>3,205,266</b>	2,396,783
— Hong Kong dollar (“ <b>HK\$</b> ”)	<b>6,607</b>	17,713
— United States dollars (“ <b>US\$</b> ”)	<b>1,132,150</b>	768,226
— Euro (“ <b>EUR</b> ”)	<b>134,005</b>	87,082
— Indonesia Rupiah (“ <b>IDR</b> ”)	<b>28,362</b>	12,729
— Singapore Dollars (“ <b>SGD</b> ”)	<b>8,994</b>	1,835
— Australian Dollar (“ <b>AUD</b> ”)	<b>1,072</b>	—
	<b>4,516,456</b>	3,284,368

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK\$, US\$, EUR, 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 30 June 2024, bank balances of RMB481,064,000 (31 December 2023: RMB327,750,000) are deposited in Sanxiang Bank, a related company of the Group.

## 21. 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:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 30 days	<b>4,033,446</b>	5,182,215
31 to 90 days	<b>2,265,063</b>	1,746,673
91 to 180 days	<b>1,334,149</b>	902,910
181 to 365 days	<b>714,521</b>	199,395
Over 1 year	<b>303,092</b>	67,005
	<b>8,650,271</b>	8,098,198

The trade payables are non-interest-bearing and are normally with credit terms of 30 to 120 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 RMB490,926,000 as at 30 June 2024 (31 December 2023: RMB322,533,000) for purchasing raw materials by the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 22. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contract liabilities	(a)	<b>1,587,809</b>	1,511,625
Tax payables		<b>91,746</b>	157,322
Staff remunerations		<b>405,993</b>	597,502
Other payables	(b)	<b>2,200,283</b>	2,117,687
Financial guarantee contracts		<b>12,844</b>	12,844
Accruals		<b>402,144</b>	386,036
		<b>4,700,819</b>	4,783,016

(a) Details of contract liabilities are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Sales of industrial products	<b>1,587,809</b>	1,511,625

Contract liabilities include short-term advances received to deliver industrial products. The decrease in contract liabilities in the current period was mainly due to the decrease in short-term advances received from customers in relation to the delivery of industrial products at the end of the year.

Included in the contract liabilities was an amount of RMB114,505,000 as at 30 June 2024 (31 December 2023: RMB61,989,000) due to a fellow subsidiary for the sale of products.

(b) Other payables are non-interest-bearing and are due within one year.

Included in the other payables were amounts due to fellow subsidiaries of RMB150,799,000 (31 December 2023: RMB393,180,000), and Sany Group Co., Ltd. of RMB275,506,000 (31 December 2023: RMB630,000,000) as at 30 June 2024, which are non-interest-bearing and repayable on demand.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — secured	2.48–2.50	2025	2,640,376	3.20	2024/ On demand	2,260,212
Bank loans — unsecured	1.95–2.40	2025	293,915	2.20–3.25	2024	7,784
Other borrowings — secured	3.60–3.98	2025	100,000	—	—	—
Other borrowings — unsecured	4.02–4.35	2025/ On demand	346,908	4.02–4.35	2024/ On demand	346,808
Interest payable		2025	53,337	—	2024	37,772
			<b>3,434,536</b>			<b>2,652,576</b>
<b>Non-current</b>						
Bank loans — secured	2.50–3.20	2025–2038	4,533,009	2.65–3.20	2025–2038	4,510,388
Bank loans — unsecured	2.75–2.85	2025–2038	775,469	2.50–3.30	2025–2038	703,388
Other borrowings — secured	3.60–3.98	2025–2027	1,200,000	—	—	—
Other borrowings — unsecured	4.28	2025–2031	32,663	4.02–4.35	2025–2031	35,025
			<b>6,541,141</b>			<b>5,248,801</b>

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	2,987,628	2,305,768
In the second year	2,973,651	3,267,482
In the third to fifth years, inclusive	1,343,606	1,056,559
Over the fifth year	991,221	889,735
	<b>8,296,106</b>	<b>7,519,544</b>
Analysed into:		
Other borrowings repayable:		
Within one year or on demand	446,908	346,808
In the second year	504,879	4,776
In the third to fifth years, inclusive	715,954	15,616
Over the fifth year	11,830	14,633
	<b>1,679,571</b>	<b>381,833</b>
	<b>9,975,677</b>	<b>7,901,377</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 23. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

- (a) As at 30 June 2024, RMB865,000,000 and RMB11,250,000 of the Group's bank loans were secured by mortgages over the Group's leasehold land of RMB693,499,000 (31 December 2023: RMB701,564,000) and the Group's right of electricity charge of RMB64,550,000 (31 December 2023: RMB64,550,000).
- (b) As at 30 June 2024, Sany Group Co., Ltd. had guaranteed certain of the Group's bank loans up to RMB7,173,385,000 as at the end of the reporting period (31 December 2023: RMB6,111,645,000).
- (c) As at 30 June 2024 and 31 December 2023, 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 RMB37,339,000 were due to Sany Financial Leasing Co., Ltd. and were repayable by 96 monthly equal instalments commencing on 15 October 2023. Other borrowings of RMB1,300,000,000 were due to Industrial Bank Financial Leasing Co., Ltd. and were secured by the Group's right of electricity charge.

## 24. PROVISION FOR WARRANTIES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At 1 January	<b>75,462</b>	40,053
Acquisition of subsidiaries (note 30)	—	9,495
Additional provision (note 5)	<b>82,336</b>	79,233
Amount utilised during the period/year	<b>(14,993)</b>	(31,057)
Reversal of unutilized amounts (note 5)	<b>(61,651)</b>	(22,262)
At 30 June/31 December	<b>81,154</b>	75,462

The Group provides warranties (one year for coal mining machinery, and the earlier of two years and 4,000 hours during usage for logistics equipment, and the earlier of one year and 1,000 hours during usage for Oil & Gas equipment, and one to twelve years for emerging industry equipment) for repair and maintenance of the products sold to its customers. The amount of the warranty provision is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised when appropriate.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 25. GOVERNMENT GRANTS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At 1 January	<b>1,916,665</b>	1,349,838
Received during the period/year	<b>100,295</b>	930,066
Accrued during the year	<b>2,124</b>	10,998
Released to the statement of profit or loss during the period/year (note 4)	<b>(170,929)</b>	(374,237)
At 30 June/31 December	<b>1,848,155</b>	1,916,665
Current portion	<b>(270,477)</b>	(196,444)
Non-current portion	<b>1,577,678</b>	1,720,221

Government grants have been received for the purchase of certain items of property, plant and equipment or finance of research and development projects. There are no unfulfilled conditions or contingencies attached to these grants.

## 26. DEFERRED TAX

### Deferred tax assets

	<b>Deductible temporary differences RMB'000</b>	<b>Losses available for offsetting against future taxable profits RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2023 (Audited)	239,542	58,263	297,805
Acquisition of subsidiaries (note 30)	21,174	24,786	45,960
Credited to the consolidated statement of profit or loss	41,443	33,058	74,501
At 31 December 2023 and 1 January 2024 (Audited)	<b>302,159</b>	<b>116,107</b>	<b>418,266</b>
Disposal of subsidiaries (note 31)	<b>(5,268)</b>	<b>(20,484)</b>	<b>(25,752)</b>
(Charged)/Credited to the interim condensed consolidated statement of profit or loss (note 7)	<b>(19,259)</b>	<b>60,146</b>	<b>40,887</b>
At 30 June 2024 (Unaudited)	<b>277,632</b>	<b>155,769</b>	<b>433,401</b>

The Group has tax losses arising in Chinese Mainland of RMB667,067,000 (31 December 2023: RMB722,996,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have mainly arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 26. DEFERRED TAX (continued)

### Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value RMB'000	Withholding taxes on dividend RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Installment sales RMB'000	Total RMB'000
At 1 January 2023 (Audited)	11,453	76,617	5,590	32,531	11,166	137,357
Acquisition of subsidiaries (note 30)	—	4,373	187,903	19,415	4,014	215,705
Charged/(credited) to the consolidated statement of profit or loss	11,792	4,560	(11,290)	(5,360)	2,922	2,624
At 31 December 2023 and 1 January 2024 (Audited)	<b>23,245</b>	<b>85,550</b>	<b>182,203</b>	<b>46,586</b>	<b>18,102</b>	<b>355,686</b>
Disposal of subsidiaries (note 31)	—	—	(3,671)	—	—	(3,671)
Charged/(credited) to the interim condensed consolidated statement of profit or loss (note 7)	<b>5,100</b>	<b>6,083</b>	<b>(9,407)</b>	<b>20,825</b>	<b>(1,232)</b>	<b>21,369</b>
At 30 June 2024 (Unaudited)	<b>28,345</b>	<b>91,633</b>	<b>169,125</b>	<b>67,411</b>	<b>16,870</b>	<b>373,384</b>

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group. As at 30 June 2024, the Group has not recognised deferred tax liabilities of RMB213,810,000 (31 December 2023: RMB199,619,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to RMB4,276,194,000 (31 December 2023: RMB3,992,380,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 26. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Deferred tax assets	<b>433,401</b>	418,266
Offsetting amounts	<b>(108,007)</b>	(82,209)
Net deferred tax assets recognized in the consolidated statements of financial position	<b>325,394</b>	336,057
Deferred tax liabilities	<b>(373,384)</b>	(355,686)
Offsetting amounts	<b>108,007</b>	82,209
Net deferred tax liabilities recognized in the consolidated statements of financial position	<b>(265,377)</b>	(273,477)

## 27. SHARE CAPITAL

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Authorised:		
4,461,067,880 (31 December 2023: 4,461,067,880) ordinary shares of HK\$0.10 each	<b>446,107</b>	446,107
538,932,120 (31 December 2023: 538,932,120) convertible preference shares of HK\$0.10 each	<b>53,893</b>	53,893
Total authorised capital	<b>500,000</b>	500,000
Issued and fully paid:		
3,192,955,321 (31 December 2023: 3,189,660,321) ordinary shares of HK\$0.10 each	<b>319,296</b>	318,966
479,781,034 (31 December 2023: 479,781,034) convertible preference shares of HK\$0.10 each	<b>47,978</b>	47,978
Total issued and fully paid capital	<b>367,274</b>	366,944
Equivalent to RMB'000	<b>315,484</b>	315,185

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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 27. SHARE CAPITAL (continued)

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

	Number of convertible shares	Number of ordinary shares	Share capital	
			HK\$'000	Equivalent to RMB'000
At 31 December 2023	479,781,034	3,189,660,321	366,944	315,185
Issue of shares (note)	—	3,295,000	330	299
At 30 June 2024	<b>479,781,034</b>	<b>3,192,955,321</b>	<b>367,274</b>	<b>315,484</b>

Note:

During the six months ended 30 June 2024, 3,295,000 new ordinary shares were issued for the share options exercised. Cash proceeds of approximately HK\$4,020,000 (equivalent to approximately RMB3,654,000) were received with no transaction costs borne by the Company, and related share option reserve of approximately RMB1,986,000 was transferred to share premium accordingly.

## 28. SHARE OPTION SCHEME

The Company operates the 2013 Share Option Scheme which became effective on 16 February 2013 and expired on 15 February 2023. The exercise periods of the share options granted are determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than ten years from the dates of offer of the share options.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2013 Share Option Scheme during the period/year:

	For the six months ended 30 June 2024		Year ended 31 December 2023	
	Price HK\$	Number of options	Price HK\$	Number of options
At 1 January	6.47	58,513,672	6.66	89,749,181
Exercised during the period/year	1.22	(3,295,000)	6.70	(17,005,218)
Forfeited during the period/year	7.39	(1,270,470)	7.39	(5,385,581)
Cancelled during the period/year	7.39	—	7.39	(8,844,710)
At 30 June/31 December	6.77	53,948,202	6.47	58,513,672

The weighted average share price at the date of exercise for share options exercised during the period was HK\$4.43 per share (2023: HK\$10.69 per share).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 28. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

### 30 June 2024

Number of options	Exercise price per share HK\$	Exercise period
5,072,000	1.22	15-3-2019 to 15-12-2027
330,000	1.71	15-3-2019 to 29-12-2027
130,000	2.30	31-3-2020 to 14-11-2028
48,416,202	7.39	31-3-2022 to 29-12-2031
<b>53,948,202</b>		

### 31 December 2023

Number of options	Exercise price per share HK\$	Exercise period
8,367,000	1.22	15-3-2019 to 15-12-2027
330,000	1.71	15-3-2019 to 29-12-2027
130,000	2.30	31-3-2020 to 14-11-2028
49,686,672	7.39	31-3-2022 to 29-12-2031
<b>58,513,672</b>		

There were 53,948,202 share options outstanding as at 30 June 2024.

The fair value of equity-settled share options granted on 29 December 2021 was HK\$128,668,000 (HK\$1.33 each) (equivalent to RMB105,166,000), of which the Group recognised a share option expense of RMB2,219,000 (six months end 30 June 2023: RMB24,280,000) during the period ended 30 June 2024.

The 3,295,000 share options exercised during the period resulted in the issue of 3,295,000 ordinary shares of the Company and new share capital of HK\$330,000, as further detailed in note 27 to the financial statements.

At the end of the reporting period, the Company had 53,948,202 share options outstanding under the 2013 Share Option Scheme, which represented approximately 1.7% of the Company's ordinary shares in issue as at that date.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 29. SHARE AWARD SCHEME

The Company operates the 2019 Share Award Scheme which became effective on 3 December 2019 (the “**Adoption date**”). The vesting schedules of the share awards granted are determinable by the directors, and commences after a vesting period of one to five years, and ends on a date which is not later than ten years from the Adoption date.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share awards. The Group accounts for the 2019 Share Award Scheme as an equity-settled plan.

The following shares award were outstanding during the year:

	<b>Period ended 30 June 2024 Number of share awards</b>	Year ended 31 December 2023 Number of share awards
At 1 January	<b>38,326,408</b>	19,166,605
Granted during the period	<b>27,061,582</b>	24,275,271
Vested during the period	<b>(3,951,429)</b>	(4,273,101)
Lapsed during the period	<b>(1,123,636)</b>	(842,367)
At 30 June/31 December	<b>60,312,925</b>	38,326,408

There were 60,312,925 share awards outstanding and none of which were vested as at 30 June 2024.

The Group recognised a share award expense of RMB71,791,000 (six months ended 30 June 2023: RMB19,834,000) during the period.

The fair values of the share awards granted on 18 December 2020, 2 September 2021, 8 June 2022, 16 November 2022, 20 September 2023, and 17 May 2024 were HK\$27,679,000 (HK\$5.28 each) (equivalent to RMB23,321,000), HK\$82,480,000 (HK\$10.40 each) (equivalent to RMB67,414,000), HK\$89,404,000 (HK\$7.76 each) (equivalent to RMB76,706,000), HK\$723,000 (HK\$7.92 each) (equivalent to RMB629,000), HK\$300,527,000 (HK\$12.38 each) (equivalent to RMB270,805,000), and HK\$189,160,000 (HK\$6.99 each) (equivalent to RMB172,643,000) respectively.

The fair values of share awards granted on 18 December 2020, 2 September 2021, 8 June 2022, 16 November 2022, 20 September 2023, and 17 May 2024 were estimated using the fair value of stock price as at the grant date, which was HK\$5.28 each, HK\$10.40 each, HK\$7.76 each, HK\$7.92, HK\$12.00 and HK\$6.99 each, respectively.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 30. BUSINESS COMBINATIONS

### (a) Sany Oil Technology Hongkong Limited and its subsidiaries ("Sany Oil")

On 10 June 2023, the Group acquired a 100% interest in Sany Oil from Sany Perpetual Enterprise Holdings Company Limited, a fellow subsidiary of the Company. Sany Oil is engaged in the production and sales of petroleum equipment and spare parts for oil and gas fields, as well as oil and gas field cementing and stimulation technical services. The acquisition was made as part of the Group's strategy to expand its industrial products to include Oil & Gas equipment.

The fair values of the identifiable assets and liabilities of Sany Oil as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition</b>
	RMB'000
Property, plant and equipment (note 10)	343,930
Right-of-use assets (note 11(a))	13,811
Intangible assets (note 13)	1,236,370
Deferred tax assets (note 26)	21,174
Trade receivables	1,190,027
Contract assets	38,101
Prepayments, other receivables and other assets	260,821
Inventories	469,986
Cash and cash equivalents	423,077
Trade and bills payables	(897,148)
Other payables and accruals	(379,734)
Interest-bearing bank and other borrowings	(286,903)
Lease liabilities (note 11(b))	(22,306)
Provision for warranties (note 24)	(9,495)
Dividend payables	(434,565)
Tax payable	(17,927)
Deferred tax liabilities (note 26)	(213,209)
Total identifiable net assets at fair value	1,736,010
Non-controlling interests	(15,707)
	1,720,303
Goodwill on acquisition	1,259,697
Consideration	2,980,000

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 30. BUSINESS COMBINATIONS (continued)

### (a) Sany Oil Technology Hongkong Limited and its subsidiaries (“Sany Oil”) (continued)

An analysis of the cash flows in respect of the acquisition of Sany Oil was as follows:

	RMB'000
Cash consideration paid	(2,980,000)
Cash and bank balances acquired	423,077
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,556,923)
Transaction costs of the acquisition included in cash flows from operating activities	(3,876)
Total net cash outflow in 2023	(2,560,799)

Since the acquisition, Sany Oil contributed RMB1,502,419,000 to the Group’s revenue and RMB109,329,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB21,159,751,000 and RMB1,956,040,000, respectively.

### (b) Sany Technology Equipment Co., Ltd. (“Sany Technology Equipment”)

On 30 December 2022, the Group and Sany Group Co., Ltd. (“Sany Group”) entered into the agreements to purchase 70% equity interests in Sany Technology Equipment, the 99.90% partnership interests in Changsha Laite Enterprise Management Partnership (Limited Partnership) (“Changsha Laite”) and the 66.75% partnership interests in Changsha Feiling Enterprise Management Partnership (Limited Partnership) (“Changsha Feiling”), both of the Changsha Laite and the Changsha Feiling held 15% equity interest in Sany Technology Equipment, and all of which are ultimately held by Sany Group. The transaction was completed on 9 February 2023 as all conditions precedent pursuant to the agreements had been fulfilled.

Sany Technology Equipment is primarily engaged in the research and development, manufacture and sales of new energy battery equipment. The Group considered the acquisition could speed up the implementation of its electrification strategy and develop the new energy equipment business.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 30. BUSINESS COMBINATIONS (continued)

### (b) Sany Technology Equipment Co., Ltd. ("Sany Technology Equipment") (continued)

The fair values of the identifiable assets and liabilities of Sany Technology Equipment as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 10)	12,365
Intangible assets (note 13)	85,653
Trade receivables	276
Prepayments, other receivables and other assets	24,302
Inventories	119,667
Cash and cash equivalents	9,548
Trade and bills payables	(25,781)
Other payables and accruals	(300,239)
Tax payable	(137)
Deferred tax liabilities (note 26)	(1,563)
Total identifiable net liabilities at fair value	(75,909)
Non-controlling interests	(3,797)
	(72,112)
Goodwill on acquisition	72,112
Consideration	—

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	—
Cash and bank balances acquired	9,548
Net inflow of cash and cash equivalents included in cash flows from investing activities	9,548
Transaction costs of the acquisition included in cash flows from operating activities	(92)
Total net cash inflow in 2023	9,456

Since the acquisition, Sany Technology Equipment contributed RMB266,998,000 to the Group's revenue and RMB22,583,000 to the consolidated loss for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB20,278,001,000 and RMB1,827,563,000, respectively.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 30. BUSINESS COMBINATIONS (continued)

### (c) Sany Hydrogen Energy Co., Ltd. (“Sany Hydrogen Energy”)

On 30 December 2022, the Group and Sany Group entered into the agreements to purchase 70% equity interests in Sany Hydrogen Energy, and 99.90% partnership interests in Changsha Qingyuan Enterprise Management Partnership (Limited Partnership) (“**Changsha Qingyuan**”), and Changsha Qingyuan held 15% equity interest in Sany Hydrogen Energy, and all of which are ultimately held by Sany Group. The transaction was completed on 12 April 2023 as all conditions precedent pursuant to the agreements had been fulfilled.

Sany Hydrogen Energy is primarily engaged in the entire hydrogen production, storage, transportation, and refueling industry chain. The Group considered the acquisition could speed up the implementation of its electrification strategy and develop the new energy equipment business.

The fair values of the identifiable assets and liabilities of Sany Hydrogen Energy as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition</b> RMB'000
Property, plant and equipment (note 10)	6,308
Intangible assets (note 13)	10,781
Trade receivables	5,634
Prepayments, other receivables and other assets	12,985
Inventories	15,007
Cash and cash equivalents	372
Trade and bills payables	(2,753)
Other payables and accruals	(66,044)
Tax payable	(105)
Deferred tax liabilities (note 26)	(112)
Total identifiable net liabilities at fair value	(17,927)
Non-controlling interests	(2,691)
	(15,236)
Goodwill on acquisition	15,236
Consideration	—



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 30. BUSINESS COMBINATIONS (continued)

### (c) Sany Hydrogen Energy Co., Ltd. (“Sany Hydrogen Energy”) (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary was as follows:

	RMB'000
Cash consideration paid	—
Cash and bank balances acquired	372
Net inflow of cash and cash equivalents included in cash flows	
from investing activities	372
Transaction costs of the acquisition included in cash flows	
from operating activities	(316)
Total net cash inflow in 2023	56

Since the acquisition, Sany Hydrogen Energy contributed RMB25,069,000 to the Group’s revenue and RMB68,125,000 to the consolidated loss for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB20,277,944,000 and RMB1,827,365,000, respectively.

### (d) Sany Silicon Energy (Zhuzhou) Co., Ltd and its subsidiaries (“Sany Silicon Energy”)

On 30 June 2022, the Group and Sany Group entered into the agreements to purchase 70% equity interests in Sany Silicon Energy and 99.90% partnership interests in Changsha Guizhan Enterprise Management Partnership (Limited Partnership) (“**Changsha Guizhan**”), Changsha Guizhan held 15% equity interest in Sany Silicon Energy, and all of which are ultimately held by Sany Group. The transaction was completed on 23 April 2023 as all conditions precedent pursuant to the agreements had been fulfilled.

Sany Silicon Energy is primarily engaged in the Research, development, manufacture, and sale of monocrystalline silicon materials, solar cells, modules. The Group considered the acquisition could speed up the implementation of its electrification strategy and develop the new energy equipment business.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 30. BUSINESS COMBINATIONS (continued)

### (d) Sany Silicon Energy (Zhuzhou) Co., Ltd and its subsidiaries (“Sany Silicon Energy”) (continued)

The fair values of the identifiable assets and liabilities of Sany Silicon Energy as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 10)	239,704
Intangible assets (note 13)	59,514
Deferred tax assets (note 26)	24,786
Trade receivables	63,950
Prepayments, other receivables and other assets	40,799
Inventories	87,061
Cash and cash equivalents	37,986
Trade and bills payables	(59,390)
Other payables and accruals	(292,885)
Bank loan	(271,000)
Tax payable	(979)
Deferred tax liabilities (note 26)	(821)
Total identifiable net liabilities at fair value	(71,275)
Non-controlling interests	(10,702)
	(60,573)
Goodwill on acquisition	60,573
Consideration	—

An analysis of the cash flows in respect of the acquisition of a subsidiary was as follows:

	RMB'000
Cash consideration paid	—
Cash and bank balances acquired	37,986
Net inflow of cash and cash equivalents included in cash flows	
from investing activities	37,986
Transaction costs of the acquisition included in cash flows	
from operating activities	(15)
Total net cash inflow in 2023	37,971

Since the acquisition, Sany Silicon Energy contributed RMB217,591,000 to the Group's revenue and RMB212,735,000 to the consolidated loss for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB20,333,270,000 and RMB1,807,270,000, respectively.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 31. DISPOSAL OF SUBSIDIARIES

On 14 May 2024, the Group and Sany Group entered into an agreement to dispose of 45.5% equity interest in Sany Robot; 99.9% equity interest in Changsha Zhiding Enterprise Management Partnership (Limited Partnership), which in turn holds 15% equity interest in Sany Robot; and 82.13% equity interest in Changsha Zhiqiang Enterprise Management Partnership (Limited Partnership), which in turn holds 15% equity interest in Sany Robot, at an aggregate consideration of RMB45.5 million. The transaction was completed on 24 May 2024 as all conditions precedent pursuant to the agreements had been fulfilled.

	<i>Notes</i>	<b>2024 RMB'000</b>
Net assets disposed of:		
Property, plant and equipment	10	31,952
Intangible assets	13	27,714
Deferred tax assets	26	25,752
Inventories		121,885
Trade receivables		369,793
Bills receivable		12,674
Prepayments, other receivables and other assets		43,301
Cash and cash equivalents		59,779
Trade and bills payables		(437,006)
Other payables and accruals		(174,675)
Dividend payable		(81,395)
Interest-bearing bank and other borrowings		(145)
Tax payable		(7,715)
Deferred tax liabilities	26	(3,671)
Non-controlling interests		34,515
		<b>22,758</b>
Gain on disposal of subsidiaries	5	22,742
Total consideration		<b>45,500</b>
Satisfied by:		
Cash		<b>45,500</b>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiaries was as follows:

	<b>2024 RMB'000</b>
Cash consideration	45,500
Cash and bank balances disposed of	(59,779)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<b>(14,279)</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 32. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the financial guarantee contracts provided by the Group were as follows:

		<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Guarantees given to financial institutions in connection with loans granted to customers	(a)	<b>22,998</b>	71,180
Guarantees given to the finance lease companies in connection with the unsettled lease amounts due from customers	(b)	<b>4,920,336</b>	5,041,044
		<b>4,943,334</b>	5,112,224

- (a) Sany Heavy Equipment, Sany Marine Heavy Industry and Sany Petroleum Equipment enters into sale agreements with end-user customers directly for the sale of equipment. The end-user customers enter into equipment mortgage loan agreements with financial institutions to obtain funding to pay for the equipment, using the equipment as collateral. The seller are usually required to enter into a separate agreement with financial institutions under which it has the obligation to repay the outstanding loan from the relevant financial institutions if the end-user customers default loan repayments.
- (b) Sany Heavy Equipment, Sany Marine Heavy Industry, Sany Petroleum Equipment and Sany Robot enters into agreements with China Kangfu International Leasing Co., Ltd. ("**Kangfu Leasing**"), Fuhong Capital (Hunan) Financial Leasing Co., Ltd. ("**Fuhong Leasing**"), Hunan Zhonghong Finance Lease Co., Ltd. ("**Zhonghong Leasing**"), Sany Financial Leasing Co., Ltd. ("**Sany Leasing**"), Cinda Financial Leasing Co., Ltd. ("**Cinda Financial Leasing**") or Sany Auto Finance Co., Ltd. ("**Sany Auto Finance**") (hereafter collectively referred to as "**the Leasing Companies**") and agrees to:
- either sell the equipment to the Leasing Companies for leasing to lessees or sell the equipment to the lessees who will then on-sell the equipment to the Leasing Companies for leasing back to lessees; and
  - provide a financial guarantee to the Leasing Companies in favour of the lessees in respect of the leasing of the equipment by the Leasing Companies and repurchase the equipment under certain circumstances.

As at 30 June 2024, ECL allowance of RMB12,844,000 was provided for the financial guaranteed contracts (31 December 2023:RMB12,844,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 33. COMMITMENTS

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Buildings	<b>617,670</b>	322,145
Plant and machinery	<b>1,835,456</b>	1,240,274
	<b>2,453,126</b>	1,562,419

## 34. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

### (1) Recurring transactions

		<b>For the six months ended 30 June</b>	
		<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
	<i>Notes</i>		
Sales of products to:			
Sany Heavy Industry India Pvt Ltd. (三一印度)	(i)&(vi)	<b>246,813</b>	243,229
SANY IMPORTACAO E EXPORTACAO DA AMERICA DO SUL LTDA	(i)&(vi)	<b>166,756</b>	37,178
Sany America Inc. (三一美國有限公司)	(i)&(vi)	<b>126,665</b>	207,357
Sany Russia Co., Ltd. (俄羅斯三一有限責任公司)	(i)&(vi)	<b>117,054</b>	73,833
Sany International Development Limited. (三一國際發展有限公司)	(i)&(vi)	<b>89,758</b>	351,101
Sany Environmental Industry Co., Ltd. (三一環境產業有限公司)	(i)&(vi)	<b>82,522</b>	10,931
Sany Europe GmbH (三一歐洲)	(i)&(vi)	<b>73,630</b>	126,704
Putzmeister Makine Sanayi ve Ticare	(i)&(vi)	<b>61,786</b>	28,701
Hunan Sany Smart New Energy Design Co., Ltd. (湖南三一智慧新能源設計有限公司)	(i)&(vi)	<b>49,128</b>	67,666
SANY International Development Trad (三一沙特有限公司)	(i)&(vi)	<b>33,076</b>	—
Sany Group Co., Ltd. (三一集團有限公司)	(i)&(vi)	<b>32,845</b>	8,531
Sany Heavy Energy Equipment Co., Ltd. (三一重能有限公司)	(i)&(vi)	<b>32,461</b>	8,486
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(i)&(vi)	<b>30,205</b>	16,027

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of products to: (continued)			
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(i)&(vi)	18,807	17,324
PT SANY HEAVY INDUSTRY INDONESIA	(i)&(vi)	18,369	415,042
SANY HEAVY MACHINERY CANADA LTD	(i)&(vi)	9,502	48,114
SANY PERU S.A.	(i)&(vi)	9,398	2,443
SANY COLOMBIA S.A.S	(i)&(vi)	9,152	14,054
SANYMX EQUIPMENT&TECHNOLOGY SA DEC V	(i)&(vi)	8,104	16,096
SANY GUINEA MACHINERY PUBLIC LIMITE (三一幾內亞機械有限公司)	(i)&(vi)	7,925	8,399
Sany Hongxiang Battery Co., Ltd. (三一紅象電池有限公司)	(i)&(vi)	6,333	180,020
SANY SOUTH EAST ASIA PTE. LTD (三一東南亞有限責任公司)	(i)&(vi)	6,039	—
Jiangsu Sany Environmental Technology Co., Ltd. (江蘇三一環境科技有限公司)	(i)&(vi)	6,027	—
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(i)&(vi)	5,255	6,068
SANY SOUTHERN AFRICA (PTY) LTD. (三一南非有限公司)	(i)&(vi)	5,158	60,807
Sany Heavy Industry(Thailand) Co., (三一重工(泰國)有限公司)	(i)&(vi)	4,782	—
Changde Sany Machinery Co., Ltd. (常德市三一機械有限公司)	(i)&(vi)	2,850	—
SANY HEAVY MACHINERY(FRANCE)	(i)&(vi)	2,733	—
SANY HEAVY MACHINERY (UK) LTD	(i)&(vi)	2,731	—
SANY HEAVY INDUSTRY (VIETNAM) COMPA (三一(越南)機器有限責任公司)	(i)&(vi)	2,572	—
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機股份有限公司)	(i)&(vi)	2,459	2,517
Putzmeister Oceania Pty Ltd	(i)&(vi)	2,238	—
Beijing Sany Intelligent Motor Co., Ltd (北京三一智能電機有限公司)	(i)&(vi)	1,948	—
Sany Equipment Zimbabwe (Pvt) Ltd (三一設備津巴布韋有限公司)	(i)&(vi)	1,498	—

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of products to: (continued)			
SANY ITALIA S.R.L.	(i)&(vi)	1,109	—
Sany Angola Co., Ltd (三一安哥拉有限公司)	(i)&(vi)	748	1,726
Sany Supply Chain Technology (Shanghai) Co., Ltd. (三一供應鏈科技(上海)有限公司)	(i)&(vi)	361	1,816
Hangzhou Lilong Hydraulic Co., Ltd. (杭州力龍液壓有限公司)	(i)&(vi)	30	1,115
Sany Heavy Energy Equipment (Chenzhou) Co., Ltd. (三一重能裝備(郴州)有限公司)	(i)&(vi)	12	1,327
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(i)&(vi)	11	9,907
Hunan Sany Zhongyang Machinery Co., Ltd. (湖南三一中陽機械有限公司)	(i)&(vi)	11	7,071
PT.SANY INDONESIA MACHINERY (印度尼西亞三一機械有限公司)	(i)&(vi)	—	59,221
Huzhou Sany Loader Co., Ltd. (湖州三一裝載機有限公司)	(i)&(vi)	—	36,794
Sany Construction Technology (Miluo) Co., Ltd. (三一築工科技(汨羅)有限公司)	(i)&(vi)	—	8,340
Sany Holding Company (Brazil)	(i)&(vi)	—	6,438
Sany Equipment Zimbabwe (Pvt) Ltd.	(i)&(vi)	—	3,031
Chenzhou Zhongren Machinery Manufacturing Co., Ltd. (郴州市中仁機械製造有限公司)	(i)&(vi)	—	1,907
SANY NIGERIA COMPANY LIMITED	(i)&(vi)	—	1,876
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(i)&(vi)	—	1,124
Shenzhen Haixing Zhijia Technology Co., Ltd. (深圳海星智駕科技有限公司)	(i)&(vi)	—	1,027
Sany Heavy Industry (Thailand) Co.,Ltd.	(i)&(vi)	—	1,020
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(i)&(vi)	(11,697)	15,148
Others	(i)&(vi)	2,323	3,247
		<b>1,269,487</b>	<b>2,112,763</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of raw materials to:			
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司)	(i)&(vi)	7,121	124
Chenzhou Zhongren Machinery Manufacturing Co., Ltd. (郴州市中仁機械製造有限公司)	(i)&(vi)	4,051	51
Hunan Sany Medium Lifting Machinery Co., Ltd. (湖南三一中型起重機械有限公司)	(i)&(vi)	3,400	—
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(i)&(vi)	3,049	183
Sany Environmental Industry Co., Ltd. (三一環境產業有限公司)	(i)&(vi)	1,952	43
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機有限公司)	(i)&(vi)	1,598	270
Sany Robot Technology Co., Ltd. (三一機器人科技有限公司)	(i)&(vi)	1,397	—
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(i)&(vi)	1,125	3,019
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(i)&(vi)	629	—
Sany Hongxiang Battery Co., Ltd. (三一紅象電池有限公司)	(i)&(vi)	22	7,992
Others	(i)&(vi)	2,983	1,286
		<b>27,327</b>	<b>12,967</b>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases of raw materials from:			
Sany Heavy Industry India Pvt Ltd. (三一印度私人有限公司)	(ii)&(vi)	331,289	—
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(ii)&(vi)	145,147	163,796
Changsha Dilian Industrial Control Technology Co., Ltd. (長沙帝聯工控科技有限公司)	(ii)&(vi)	76,356	33,279
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(ii)&(vi)	63,164	22,408
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(ii)&(vi)	60,983	45,274
Hunan Sany Zhongcheng Bodywork Co., Ltd. (湖南三一中誠車身有限公司)	(ii)&(vi)	57,502	—
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(ii)&(vi)	48,008	24,733
SANY Heavy Machinery Canada Limited (三一重機(加拿大)有限公司)	(ii)&(vi)	17,822	—
Hunan Sany Intelligent Control Equipment Co., Ltd. (湖南三一智能控制設備有限公司)	(ii)&(vi)	16,759	22,286
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司益陽分公司)	(ii)&(vi)	9,550	—
PT.SANY HEAVY INDUSTRY INDONESIA (三一重工印尼子公司)	(ii)&(vi)	9,181	—
Hunan Deutz AG Power Co., Ltd. (湖南道依茨動力有限公司)	(ii)&(vi)	6,977	11,328
Zhejiang Sany Equipment Co., Ltd. (浙江三一裝備有限公司)	(ii)&(vi)	6,231	10,306
Chenzhou Zhongren Machinery Manufacturing Co., Ltd (郴州市中仁機械製造有限公司)	(ii)&(vi)	5,005	—
Hunan Sany Culture Co., Ltd. (湖南三一文化產業有限公司)	(ii)&(vi)	4,738	4,244
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. (盛景智能科技(嘉興)有限公司)	(ii)&(vi)	4,035	8,386
Sany Lithium Energy Co., Ltd. (三一鋰能有限公司)	(ii)&(vi)	3,869	503

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases of raw materials from: (continued)			
Shanghai Huaxing Digital Technology Co., Ltd. (上海華興數字科技有限公司)	(ii)&(vi)	2,868	3,519
Hangzhou Lilong Hydraulic Co., Ltd. (杭州力龍液壓有限公司)	(ii)&(vi)	2,537	3,973
Sany Hongxiang Battery Co., Ltd (三一紅象電池有限公司)	(ii)&(vi)	1,270	—
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機有限公司)	(ii)&(vi)	1,188	3,496
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(ii)&(vi)	1,131	75,096
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(ii)&(vi)	309	5,296
Hunan Anren Sany Construction Technology Co., Ltd. (湖南安仁三一築工科技有限公司)	(ii)&(vi)	63	942
Sany Hoisting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(ii)&(vi)	7	5,389
Guangzhou Ygp Industrial Trading Co., Ltd. (廣州市易工品貿易有限公司)	(ii)&(vi)	—	18,886
Sany Europe GmbH (三一歐洲)	(ii)&(vi)	—	1,321
Sany Group Co., Ltd. (三一集團有限公司)	(ii)&(vi)	—	1,272
SANY HEAVY INDUSTRY CO LTD (UAE)	(ii)&(vi)	—	1,051
Jiangsu Sany Environmental Technology Co., Ltd. (江蘇三一環境科技有限公司)	(ii)&(vi)	—	910
Rootcloud Technology Co., Ltd. (樹根互聯股份有限公司)	(ii)&(vi)	—	900
Others	(ii)&(vi)	2,117	2,171
		<b>878,106</b>	470,765

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases of equipment from:			
Guangzhou Ygp Industrial Trading Co., Ltd. (廣州市易工品貿易有限公司)	(ii)&(vi)	23,173	—
Jiangsu Sany Environmental Technology Co., Ltd. (江蘇三一環境科技有限公司)	(ii)&(vi)	14,209	—
Zhejiang Sany Equipment Co., Ltd. (浙江三一裝備有限公司)	(ii)&(vi)	10,303	—
PT.SANY HEAVY INDUSTRY INDONESIA (三一重工印尼子公司)	(ii)&(vi)	6,853	—
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(ii)&(vi)	6,115	—
Sany Automobile Manufacturing Co., Ltd.	(ii)&(vi)	1,782	4,206
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司)	(ii)&(vi)	1,702	—
Sany Group Co., Ltd. (三一集團有限公司)	(ii)&(vi)	1,401	1,628
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. (盛景智能科技(嘉興)有限公司)	(ii)&(vi)	—	3,995
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(ii)&(vi)	—	3,572
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	(ii)&(vi)	—	940
Chenzhou Zhongren Machinery Manufacturing Co., Ltd (郴州市中仁機械製造有限公司)	(ii)&(vi)	—	127
Others	(ii)&(vi)	1,888	1,843
		<b>67,426</b>	<b>16,311</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Right-of-use asset recognised from:			
Zhuzhou Sanyi Energy equipment Co., Ltd. (株洲三一能源裝備有限公司)	(iii)&(vi)	—	16,718
Kunshan Synnium Machinery Co., Ltd. (崑山新利恆機械有限公司)	(iii)&(vi)	—	5,248
		—	21,966
Agent fee paid to:			
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司湖南分公司)	(iv)&(vi)	8,743	—
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iv)&(vi)	—	7,619
Others	(iv)&(vi)	—	47
		8,743	7,666
Administrative service fee paid to:			
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司湖南分公司)	(iv)&(vi)	8,901	—
Sany Group Co., Ltd. (三一集團有限公司)	(iv)&(vi)	6,599	1,562
Hunan Zhushengyuan Property Service Co., Ltd. (湖南竹勝園物業服務有限公司)	(iv)&(vi)	3,454	629
Zhuzhou Sany Zhushengyuan Property Service Co., Ltd (株洲三一竹勝園物業服務有限公司)	(iv)&(vi)	2,412	—
Sany Heavy Energy Equipment Co., Ltd. (三一重能股份有限公司)	(iv)&(vi)	2,197	444
Zhuzhou Sany Energy Equipment Co., Ltd (株洲三一能源裝備有限公司)	(iv)&(vi)	2,158	—
Sany Northwest Heavy Industry Co., Ltd (三一西北重工有限公司)	(iv)&(vi)	2,066	—
Jiulong Property Insurance Co., Ltd. (久隆財產保險有限公司)	(iv)&(vi)	1,167	—
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iv)&(vi)	1,117	635
Rootcloud Technology Co., Ltd. (樹根互聯股份有限公司)	(iv)&(vi)	963	—
SANY Europe GmbH	(iv)&(vi)	206	3,134
SANY HEAVY INDUSTRY CO LTD (UAE)	(iv)&(vi)	—	2,592
Others	(iv)&(vi)	2,388	2,126
		33,628	11,122

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Technical service income from :			
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(iii)&(vi)	660	252
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機股份有限公司)	(iii)&(vi)	—	5,844
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(iii)&(vi)	(91)	2,738
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司)	(iii)&(vi)	—	819
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(iii)&(vi)	(1,142)	—
Others	(iii)&(vi)	344	354
		(229)	10,007
Sales of photovoltaic energy:			
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(iv)&(vi)	2,669	—
Sany Group Co., Ltd. (三一集團有限公司)	(iv)&(vi)	930	—
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(iv)&(vi)	872	—
Others	(iv)&(vi)	2,488	—
		6,959	—
Utility charges paid to:			
Sany Group Co., Ltd. (三一集團有限公司)	(iv)&(vi)	2,544	607
Sany Heavy Energy Equipment (Chenzhou) Co., Ltd	(iv)&(vi)	1,364	—
Others	(iv)&(vi)	835	575
		4,743	1,182

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases of logistics service from:			
Hunan Sany Logistics Co., Ltd. (湖南三一物流有限責任公司)	(iv)&(vi)	12,539	63,331
Sany Supply Chain Technology (Shanghai) Co., Ltd (三一供應鏈科技(上海)有限公司)	(iv)&(vi)	6,468	15,676
		<b>19,007</b>	79,007
Balance of deposits with:			
Sanxiang Bank (湖南三湘銀行股份有限公司)	(v)&(vi)	437,750	545,304
Interests provided by:			
Sanxiang Bank (湖南三湘銀行股份有限公司)	(v)&(vi)	6,933	5,326
Sales of parts and equipment under financial guarantee contracts with:			
Sany Financial Leasing Co., Ltd. (三一融資租賃有限公司)	(i)&(vi)	253,461	1,083,281
Sany Auto Finance Co., Ltd. (三一汽車金融有限公司)	(i)&(vi)	557,044	180,854
		<b>810,505</b>	1,408,571
Provision of financial guarantee under financial guarantee contracts with:			
Sany Financial Leasing Co., Ltd. (三一融資租賃有限公司)	(i)&(vi)	222,244	999,484
Sany Auto Finance Co., Ltd. (三一汽車金融有限公司)	(i)&(vi)	453,031	180,395
		<b>675,275</b>	1,318,191

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (1) Recurring transactions (continued)

Notes:

- (i) The sales to companies owned and controlled by the Controlling Shareholders\* were made at prices and on conditions as mutually agreed.
- (ii) The purchases from companies owned and controlled by the Controlling Shareholders\* were made at prices and on conditions as mutually agreed.
- (iii) The rentals were made according to the prevailing market rent.
- (iv) The services were made at prices and on conditions as mutually agreed.
- (v) The Group deposited RMB437,750,000 at the interest rates between 1.95% and 3.45% per annum, with the deposit agreements due from 5 March 2026 to 4 January 2029.
- (vi) The above companies are owned and controlled by the Controlling Shareholders\*.

\* The Controlling Shareholders refer to 17 individual shareholders: Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Zhao Xiangzhang, Wang Zuochun, Duan Dawei, Zhai Xian, Liang Linhe, Zhai Chun and Huang Jianlong, Beijing Sany commonweal foundation (北京三一公益基金會) and Beijing Deqing commonweal foundation (北京德清公益基金會), who hold 56.38%, 8.70%, 7.95%, 7.95%, 4.72%, 3.48%, 2.98%, 2.98%, 0.99%, 0.99%, 0.68%, 0.60%, 0.50%, 0.40%, 0.08%, 0.31% and 0.31% of the equity interests in Sany BVI, respectively.

In the opinion of the Directors, the above transactions were carried out in the ordinary course of business of the Group and will continue in future.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (2) Non-recurring transactions

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Supervisor fee paid to:		
Hunan Xingxiang Construction Consultation Co., Ltd. (湖南興湘建設監理諮詢有限公司)	846	49
Other service fee paid to:		
Sany Heavy Energy Equipment Co., Ltd. (三一重能有限公司)	2,699	—
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. (盛景智能科技(嘉興)有限公司)	809	—
Huachu Petrochemical (Guangdong) Co., Ltd. (華儲石化(廣東)有限公司)	771	—
Sany Financial Leasing Co., Ltd. (三一融資租賃有限公司)	726	—
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	721	—
Hunan Deutz AG Power Co., Ltd. (湖南道依茨動力有限公司)	—	1,774
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	—	1,579
Hunan Sany Building Co., Ltd. (湖南三一快而居住宅工業有限公司)	—	1,090
Kunshan Xinliheng Machinery Co., Ltd. (崑山新利恆機械有限公司)	—	1,027
Others	2,386	1,196
	8,112	6,666
Technical service fee paid to:		
Sany Europe GmbH (三一歐洲)	5,322	—
Sany America Inc. (三一美國)	690	—
	6,012	—



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (2) Non-recurring transactions (continued)

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rental fee received from:		
Sany Environmental Industry Co., Ltd (三一環境產業有限公司)	590	—
Shenyang sanyiyuan Construction Machinery Co., Ltd. (瀋陽三益源工程機械有限公司)	—	85
Sany Hydrogen Energy Technology Co., Ltd. (三一氫能科技有限公司)	—	73
Others	240	134
	<b>830</b>	292
Administrative service income from:		
Sany Environmental Industry Co., Ltd (三一環境產業有限公司)	1,097	—
Others	494	—
	<b>1,591</b>	—
Rental fee paid to:		
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	4,250	5,274
Chenzhou Zhongren Machinery Manufacturing Co., Ltd. (郴州市中仁機械製造有限公司)	1,639	836
Sany Heavy Energy Equipment Co., Ltd. (三一重能股份有限公司)	1,324	3,063
Others	1,164	2,014
	<b>8,377</b>	11,187

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 34. RELATED PARTY TRANSACTIONS (continued)

### (2) Non-recurring transactions (continued)

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of parts and equipment under financial guarantee contracts with:		
Fuhong Capital (Hunan) Financial Leasing Co., Ltd. (富鴻資本(湖南)融資租賃有限公司)	151,255	140,916
Provision of financial guarantee under financial guarantee contracts with:		
Fuhong Capital (Hunan) Financial Leasing Co., Ltd. (富鴻資本(湖南)融資租賃有限公司)	132,555	135,448

Notes:

The non-recurring transactions were made at prices and on conditions as mutually agreed.

### (3) Compensation of key management personnel

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances, and benefits in kind	5,447	5,840
Share option and share award expenses	7,056	4,345
Employee retirement benefits and other staff welfare	126	99
Total compensation paid to key management personnel	12,629	10,284

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>				
Trade receivables, non-current portion	684,600	1,027,890	684,600	1,027,890
Bills receivable	822,019	1,066,199	822,019	1,066,199
Derivative financial instruments	15,668	15,668	15,668	15,668
Financial assets at fair value through profit or loss	2,215,650	2,197,926	2,215,650	2,197,926
	<b>3,737,937</b>	4,307,683	<b>3,737,937</b>	4,307,683
<b>Financial liabilities</b>				
Interest-bearing bank and other borrowings, non-current portion	6,541,141	5,248,801	6,268,074	4,991,202
	<b>6,541,141</b>	5,248,801	<b>6,268,074</b>	4,991,202

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, the current portion of trade receivables, financial assets included in prepayments, other receivables and other assets, the current portion of interest-bearing bank and other borrowings, trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts as at the end of the reporting period due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The manager reports directly to the chief financial officer and the audit committee. At each reporting date, the department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of trade receivable and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 were assessed to be insignificant.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

The fair values of bills receivable measured at fair value through other comprehensive income, which were previously classified as loans and receivables, have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group invests in current unlisted investments, which represent wealth management products issued by banks and other financial institutions in Chinese Mainland, and the Group has estimated the fair value of current unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The Group invests in non-current unlisted investments which are investments in a limited liability partnership and a limited liability company in Chinese Mainland, and the Group has estimated the fair value of non-current unlisted investments by using latest financing price method.

The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, mainly including interest rate swaps, are measured using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2024	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Bills receivable	—	822,019	—	822,019
Derivative financial instruments	—	15,668	—	15,668
Financial assets at fair value through profit or loss	—	2,215,650	—	2,215,650
	—	3,053,337	—	3,053,337

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

### Fair value hierarchy (continued)

#### Assets measured at fair value: (continued)

As at 31 December 2023	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Bills receivable	—	1,066,199	—	1,066,199
Derivative financial instruments	—	15,668	—	15,668
Financial assets at fair value through profit or loss	—	2,197,926	—	2,197,926
	—	3,279,793	—	3,279,793

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets and liabilities (six months ended 30 June 2023: Nil).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2024	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade receivables, non-current portion	—	684,600	—	684,600

  

As at 31 December 2023	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade receivables, non-current portion	—	1,027,890	—	1,027,890

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

**Fair value hierarchy (continued)**

*Liabilities for which fair values are disclosed:*

As at 30 June 2024	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings, non-current portion	—	6,268,074	—	6,268,074

As at 31 December 2023	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings, non-current portion	—	4,991,202	—	4,991,202

## 36. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 28 August 2024.