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**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

CONTINUING CONNECTED TRANSACTIONS

(1) RENEWAL OF EXISTING FRAMEWORK AGREEMENTS;

(2) ADMINISTRATIVE SERVICES AGREEMENT;

AND

(3) LOGISTICS SERVICES AGENCY AGREEMENT

A. RENEWAL OF EXISTING FRAMEWORK AGREEMENTS

References are made to the 2019 Announcement, the 2021 Announcement, the 2022 Announcement and the 2022 Circular in relation to the Existing Framework Agreements, namely (1) the 2022 Supplemental Products Sales Agreement, (2) the 2022 Supplemental Equipment Sales and Leasing Framework Agreement, (3) the 2022 Supplemental Master Purchase Agreement, (4) the Supplemental Master Sales Agreement (2020–2022), (5) the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement, (6) the 2022 Supplemental Technical Service Framework Agreement, (7) the 2022 Supplemental Master Sales Agency Agreement, and (8) the Master Lease Agreement (2020–2022).

As the Existing Framework Agreements are due to expire on 31 December 2022 and since it is anticipated that the Group will continue to enter into continuing connected transactions under the scope of the Existing Framework Agreements, the Company entered into the New Framework Agreements to renew the Existing Framework Agreements for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

B. ADMINISTRATIVE SERVICES AGREEMENT

On 16 December 2022, the Company entered into the Administrative Services Agreement with Sany Group, pursuant to which Sany Group Companies agreed to provide the Administrative Services to the Group.

C. LOGISTICS SERVICES AGENCY AGREEMENT

On 16 December 2022, the Company entered into the Logistics Services Agency Agreement with Sany Logistics, pursuant to which Sany Logistics agreed to provide the Logistics Agency Services to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Liang is a controlling shareholder of the Company by virtue of 10,870,000 Shares directly held by him and his indirect 56.38% interests in Sany Hong Kong, which in turn holds 2,098,447,688 Shares and 479,781,034 Convertible Preference Shares, which, in aggregate, represents 81.86% of the issued share capital of the Company. As Sany Group was held as to 56.74% by Mr. Liang and Sany Logistics is a subsidiary of Sany Group, each of Sany Group and Sany Logistics is an associate of Mr. Liang under Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Agreements with Sany Group or Sany Logistics (as the case may be) and the transactions contemplated thereunder are continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under each of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement is more than 5%, each of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps under each of the 2023 Master Sales Agreement, the 2023 Automated Machinery Sales Agreement, the 2023 Technical Service Framework Agreement, the 2023 Master Sales Agency Agreement, the Administrative Services Agreement, the 2023 Master Lease Agreement, and the Logistics Services Agency Agreement exceed 0.1% but all of them are less than 5%, each of the 2023 Master Sales Agreement, the 2023 Automated Machinery Sales Agreement, the 2023 Technical Service Framework Agreement, the 2023 Master Sales Agency Agreement, the 2023 Master Lease Agreement, the Administrative Services Agreement and the Logistics Services Agency Agreement is only subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held to seek the approval of the Independent Shareholders for entering into the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement are fair and reasonable, and whether such continuing connected transactions (including the annual caps in relation thereto) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM after taking into account the recommendations of the Independent Financial Adviser.

Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

CIRCULAR

A circular containing, among other things, (i) further information on the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement; (ii) the notice of the EGM; (iii) the letter from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders regarding the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder; and (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be despatched to the Shareholders as soon as practicable. It is currently expected that the circular will be despatched to the Shareholders on or before 10 January 2023.

A. RENEWAL OF EXISTING FRAMEWORK AGREEMENTS

(1) 2023 PRODUCTS SALES AGREEMENT

References are made to the 2022 Announcement and the 2022 Circular in relation to the 2022 Supplemental Products Sales Agreement, pursuant to which the Company agreed to sell or procure its subsidiaries to sell its finished products to Sany Group Companies for sale to end-customers.

As the 2022 Supplemental Products Sales Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Products Sales Agreement with Sany Group to renew the 2022 Supplemental Products Sales Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Products Sales Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Pursuant to the 2023 Products Sales Agreement, the Company agreed to sell or procure its subsidiaries to sell its finished products to Sany Group Companies for sale to end-customers.
- Term:** The 2023 Products Sales Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pricing:

Since the 2023 Products Sales Agreement serves the purpose of enabling the Company to take advantage of Sany Group Companies' sales network to sell its finished products to end-customers in a large scale, and in other words, the Group just sell the finished products to end-customers through Sany Group Companies' sales network, under an arrangement which Sany Group Companies do not actually receive any mark-up against the prices under the 2023 Products Sales Agreement. The prices of the finished products under the 2023 Products Sales Agreement are determined according to the costs involved (raw material costs, labour costs and manufacturing expenses) plus the gross profit margin, ranging from 10%–40% for domestic sales and from 10%–35% for overseas sales (considering that overseas sales involve higher transportation costs). Such gross profit margin is the same as that the Group charges on Independent Third Party customers when the Group sells the finished products to them directly. In any event, the prices at which the Group sells its finished product(s) to Sany Group Companies shall not be less than the price at which the Group sells the same product(s) to other distributors who are Independent Third Parties.

Payment terms:

The price of any products being sold under the 2023 Products Sales Agreement shall be paid by telegraphic transfer within three months after delivery and the relevant products having passed the inspection by Sany Group Companies.

The 2023 Products Sales Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Products Sales Agreement.

Historical transaction amounts

The historical transaction amounts for the sales of finished products by the Group to Sany Group Companies are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the nine months ended 30 September 2022 RMB
Sales of finished products by the Group to Sany Group Companies	599,036,000	1,094,033,000	1,082,887,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Products Sales Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Sales of finished products by the Group to Sany Group Companies	2,210,370,000	2,300,000,000	2,358,580,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) the orders under negotiation; (iii) the business plans of the Group; and (iv) the expected demand of the products by end-customers.

Reasons for and benefits of entering into the 2023 Products Sales Agreement

By selling the Group's products to Sany Group Companies, which will then be sold to end-customers in a large scale, the Group can take advantage of Sany Group Companies' domestic and overseas sales network and sales experiences to enhance the Group's sales.

In light of the above and the internal control procedures in place in order to ensure the transactions conducted under the 2023 Products Sales Agreement will be on terms not more favourable to Sany Group Companies than those offered to Independent Third Parties, details of which are disclosed under the section headed “INTERNAL CONTROL MEASURES” of this announcement, the Board considers that the terms of the 2023 Products Sales Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(2) 2023 EQUIPMENT SALES AND LEASING FRAMEWORK AGREEMENT

References are made to the 2022 Announcement and the 2022 Circular in relation to the 2022 Supplemental Equipment Sales and Leasing Framework Agreement, pursuant to which (i) the Parts and Equipment shall either be sold by the Group to Sany Group Companies for leasing to the Lessees or to the Lessees which shall then be on-sold to Sany Group Companies for leasing back to the Lessees; and (ii) the Group shall settle the outstanding lease payments on behalf of the Lessees or repurchase the Parts and Equipment under certain circumstances.

As the 2022 Supplemental Equipment Sales and Leasing Framework Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Equipment Sales and Leasing Framework Agreement with Sany Group to renew the 2022 Supplemental Equipment Sales and Leasing Framework Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Equipment Sales and Leasing Framework Agreement:

Date: 16 December 2022

Parties: (a) The Company; and
(b) Sany Group.

Subject matter: Pursuant to the 2023 Equipment Sales and Leasing Framework Agreement, the parts and equipment manufactured by the Group such as mining equipment, logistics equipment, automation machinery and relevant ancillary parts (the “**Parts and Equipment**”) shall either be sold to Sany Group Companies for leasing to the Lessees or to the Lessees which shall then be on-sold to Sany Group Companies for leasing back to the Lessees.

Term: The 2023 Equipment Sales and Leasing Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pricing and other terms: The terms under the Sale and Purchase Agreements and the Financial Lease and Guarantee Agreements shall conform to the principles and provisions set out in the 2023 Equipment Sales and Leasing Framework Agreement, and shall be agreed between the parties after arm’s length negotiations on normal commercial terms.

The parties to the 2023 Equipment Sales and Leasing Framework Agreement have agreed that the Parts and Equipment to be sold shall be at the prices which are determined according to the costs involved (i.e. research and development costs, raw material costs, labour costs and manufacturing expenses) plus the gross profit margin ranging from 10% to 40%, which shall in any event be no less favorable to the Group than terms available to Independent Third Parties.

If a Lessee breaches the terms as set out in the Financial Lease and Guarantee Agreement, the Group shall settle the outstanding lease payment on behalf of the Lessee or repurchase the Parts and Equipment on normal commercial terms, which shall be no less favorable to the Group than terms available to Independent Third Parties.

The 2023 Equipment Sales and Leasing Framework Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Equipment Sales and Leasing Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the sales of Parts and Equipment and the financial guarantee and repurchase of Parts and Equipment are as follows:

	For the year ended 31 December 2021 RMB	For the nine months ended 30 September 2022 RMB
Sales of Parts and Equipment	100,393,000	478,419,000
Financial guarantee and repurchase of Parts and Equipment	88,163,000	399,559,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Equipment Sales and Leasing Framework Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Sales of Parts and Equipment	1,802,000,000	1,850,000,000	1,900,000,000
Financial guarantee and repurchase of Parts and Equipment	1,621,800,000	1,665,000,000	1,710,000,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) the orders under negotiation and the product sales plan at the prevailing market price of the Parts and Equipment, and the expected transaction scale which similar guarantee are required; (iii) the average loan ratio of the sales of Parts and Equipment of 90% (for the financial guarantee and the repurchase of Parts and Equipment); and (iv) current intention of the customers of changing from using instalment payment model directly with the Group to using finance lease services with Sany Group Companies, which would help to speed up the cash collection process of the Group.

Reasons for and benefits of entering into the 2023 Equipment Sales and Leasing Framework Agreement

The principal business of the Group is sale and manufacture of machineries and equipment including but not limited to mining machineries, logistics equipment and other automatic machineries. In line with usual market practice, the Group has been providing financial guarantees to banks or independent finance leasing companies in respect of the products sold to end-user customers since 2005.

Sany Group Companies have extensive industry experience in the finance leasing business. They have maintained a long-term business relationship with the Group and have in-depth understanding of the Group's operations. The entering of the 2023 Equipment Sales and Leasing Framework Agreement would enable the Group to facilitate its sales to Independent Third Party customers, and monitor the repayment progress of these customers together with Sany Group Companies and take appropriate actions more efficiently and effectively in order to minimise the default risks associated with the leasing of the Parts and Equipment.

Having considered that: (i) the Group would be able to generate sales under the 2023 Equipment Sales and Leasing Framework Agreement; (ii) the terms under the 2023 Equipment Sales and Leasing Framework Agreement are no less favorable to the Group than the terms offered by banks or other finance leasing companies; (iii) it is a usual market practice for equipment manufacturers to provide similar financial guarantees in favour of end-user customers in connection with the sale of equipment; and (iv) the Company has the internal control procedures in place to ensure the transactions conducted under the 2023

Equipment Sales and Leasing Framework Agreement will be on terms not more favourable to Sany Group Companies than terms offered to Independent Third Parties, details of which are disclosed under the section headed “INTERNAL CONTROL MEASURES” of this announcement, the Board considers that the terms of the 2023 Equipment Sales and Leasing Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(3) 2023 MASTER PURCHASE AGREEMENT

References are made to the 2022 Announcement and the 2022 Circular in relation to the 2022 Supplemental Master Purchase Agreement, pursuant to which the Group agreed to purchase from Sany Group Companies parts and components produced by them and second-hand manufacturing equipment.

As the 2022 Supplemental Master Purchase Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Master Purchase Agreement with Sany Group to renew the 2022 Supplemental Master Purchase Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Master Purchase Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Pursuant to the 2023 Master Purchase Agreement, the Company agreed to purchase or procure its subsidiaries to purchase from Sany Group Companies (1) certain parts and components produced by Sany Group Companies and (2) second-hand manufacturing equipment, for the manufacturing of products of the Group.
- Term:** The 2023 Master Purchase Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pricing:

Parts and Components

For those tailor-made parts and components for the Group manufactured by Sany Group Companies, the prices of the parts and components produced by Sany Group Companies will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant parts and components plus a gross margin ranging from approximately 10% to 30%, with reference to the usual gross margin of the Group's procurement of other similar parts and components from Independent Third Parties, which should be in any event no less favorable to the Group than those offered by Independent Third Parties.

For those common parts and components which can be easily accessible in the market, the Group will follow the pricing as determined during the Group's commercial procurement tender process.

Second-hand Manufacturing Equipment

The basis of determining prices of the second-hand manufacturing equipment will be determined on arm's length negotiation and with reference to the below formula, which is a default formula set by the Group's ERP financial software following the Group's accounting policy for depreciation and valuation on equipment and also applicable to the valuation of all equipment of the Group, no matter whether they are procured from Independent Third Parties or Sany Group Companies, and should be in any event no less favorable to the Group than terms offered by Independent Third Parties.

Price = Original Purchase Price — Original Purchase Price (1–3%) x (number of years since the equipment was purchased by Sany Group Companies/10 years)

“3%” represents the minimum residual value of equipment and “10 years” represents the maximum durable years of equipment and both of them are set according to the Group's accounting policy.

Payment:

In respect of each purchase of parts and components or second-hand manufacturing equipment by the Group from Sany Group Companies, Sany Group Companies and the Group will enter into separate purchase agreements to specify the exact types and number of products to be purchased, the relevant delivery arrangements and the selling prices of such products.

Payment will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with the Group's normal term of supplies from Independent Third Parties.

The 2023 Master Purchase Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Master Purchase Agreement.

Historical transaction amounts

The historical transaction amounts for the purchase of parts and components and second-hand manufacturing equipment by the Group from Sany Group Companies are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the nine months ended 30 September 2022 RMB
Purchase of parts and components and second-hand manufacturing equipment by the Group from Sany Group Companies	261,717,000	545,836,000	652,912,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Master Purchase Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Purchase of parts and components and second-hand manufacturing equipment by the Group from Sany Group Companies	1,214,218,070	1,696,940,810	2,284,841,210

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) the orders under negotiation; and (iii) the anticipated procurement plan of the Group having considered the business plan of the Group.

It is expected that there will be an increase in the amount of parts and components and second-hand manufacturing equipment purchased by the Group from Sany Group Companies from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the anticipated continuous growth in scale of product sales of the Group in next three years.

Reasons for and benefits of entering into the 2023 Master Purchase Agreement

The Directors consider that it is crucial for the Group to maintain the stability in supply and quality of the parts and components for its existing and future production needs. Sany Group Companies are familiar with the Group's specifications, standards and requirements and the Group is confident on the quality of the parts and components supplied by Sany Group Companies. In view of the Group's past purchasing experience with Sany Group Companies, the Directors are of the view that Sany Group Companies can effectively fulfill the Group's high requirement in supply stability as well as product quality. In addition, Sany Group Companies have provided the Group with more favorable terms such as flexible and timely delivery schedule of the parts and components purchased by the Group.

In light of the above and the internal control procedures in place in order to ensure the transactions conducted under the 2023 Master Purchase Agreement will be on terms not less favourable to the Group than terms offered by Independent Third Parties, details of which are disclosed under the section headed “INTERNAL CONTROL MEASURES” of this announcement, the Board considers that the terms of the 2023 Master Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(4) 2023 MASTER SALES AGREEMENT

Reference is made to the 2019 Announcement in relation to the Supplemental Master Sales Agreement (2020–2022), pursuant to which the Group agreed to sell to Sany Group Companies certain raw materials, parts and components and second-hand manufacturing equipment for the production of Sany Group’s products.

As the Supplemental Master Sales Agreement (2020–2022) is due to expire on 31 December 2022, the Company entered into the 2023 Master Sales Agreement with Sany Group to renew the Supplemental Master Sales Agreement (2020–2022) for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Master Sales Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Pursuant to the 2023 Master Sales Agreement, the Group agreed to sell to Sany Group Companies raw materials which were originally sourced by the Group for its own use, parts and components and certain second-hand manufacturing equipment for the production of Sany Group’s products.
- Term:** The 2023 Master Sales Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Pricing:

Raw Materials and Parts and Components

The basis of determining prices of raw materials will be determined based on the arm's length negotiation and with reference to the original procurement costs of raw materials sourced by the Group or the value of the raw materials or parts and components as shown in the ERP financial software of the Group, which should be in any event no less favorable to the Group than is available to Independent Third Parties.

For those common parts and components which can be easily accessible in the market, the Group will follow the pricing as determined during the Group's commercial procurement tender process.

Second-hand Manufacturing Equipment

The basis of determining prices of the second-hand manufacturing equipment will be determined on arm's length negotiation and with reference to the below formula, which is a default formula set by the Group's ERP financial software following the Group's accounting policy for depreciation and valuation on equipment and also applicable to the valuation of all equipments of the Group, and should be in any event no less favorable to the Group than is available to Independent Third Parties.

Price = Original Purchase Price — Original Purchase Price (1–3%) x (number of years since the equipment was purchased by the Group/10 years)

“3%” represents the minimum residual value of equipment and “10 years” represents the maximum durable years of equipment and both of them are set according to the Group's accounting policy.

Payment schedule:

Payment will be settled as agreed by the parties according to the specific order, which will be in line with their respective normal terms of supplies which are applicable to Independent Third Parties.

The 2023 Master Sales Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Master Sales Agreement.

Historical transaction amounts

The historical transaction amounts under the Supplemental Master Sales Agreement (2020–2022) are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For nine months ended 30 September 2022 RMB
Sales of raw materials, parts and components and second-hand manufacturing equipment by the Group to Sany Group Companies	103,511,000	44,020,000	29,916,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Master Sales Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Sales of raw materials, parts and components and second-hand manufacturing equipment by the Group to Sany Group Companies	83,382,050	111,237,520	150,575,610

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; and (ii) the planned scale of sale for this transaction is expected to increase with the increase in the Group's current inventory.

It is expected that there will be an increase in the volume of sales of raw materials, parts and components and second-hand manufacturing equipment by the Group to Sany Group Companies from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the availability of the second-hand equipment to be disposed of as the Group has reduced its remaining parts and components inventories and has consistently upgraded its equipment.

Reasons for and benefits of entering into the 2023 Master Sales Agreement

Sany Group is principally engaged in, among others, the manufacture and distribution of engineering machineries for construction purposes while the Group's raw material or spare parts and components inventories can be used in manufacturing of engineering machinery products. By selling the redundant stocks of the Group to the Sany Group, the Group can enhance its inventory flexibility. In addition, the Group will sell the relevant raw material to Sany Group at prices which should be in any event no less favorable to the Group than is available to Independent Third Parties.

The Group currently expects that it will have certain amount of redundant second-hand manufacturing equipment because (i) part of the manufacturing lines will cease to be used as the production process of the Company is adjusted; and (ii) the relocation of the manufacturing line currently located at Hunan manufacturing plant has result in further excess second-hand manufacturing equipment whilst the redundant second-hand manufacturing equipment can be re-utilized by Sany Group for their manufacturing. The Company will sell such second-hand manufacturing equipment in order to streamline its own manufacturing resources and the proceeds from the sales will be accounted to the working capital of the Group. In addition, the Group will sell the relevant second-hand manufacturing equipment to Sany Group at prices which should be in any event no less favorable to the Group than are available to Independent Third Parties.

In light of the above and the internal control procedures in place in order to ensure the transactions conducted under the 2023 Master Sales Agreement will be on terms not more favourable to Sany Group Companies than terms offered to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board considers that the terms of the 2023 Master Sales Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(5) 2023 AUTOMATED MACHINERY SALES AGREEMENT

Reference is made to the 2021 Announcement in relation to the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement, pursuant to which the Group agreed to sell to Sany Group Companies certain automated and robot machinery and relevant ancillary parts and other products.

As the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Automated Machinery Sales Agreement with Sany Group to renew the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Automated Machinery Sales Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Pursuant to the 2023 Automated Machinery Sales Agreement, the Group agreed to sell to Sany Group Companies automated and robot machinery and relevant ancillary parts which were developed and manufactured by the Group for Sany Group Companies to upgrade their intelligent equipment and intelligent manufacturing systems.
- Term:** The 2023 Automated Machinery Sales Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).
- Pricing:** The prices are determined according to the costs involved (research and development costs, raw material costs, labour costs and manufacturing expenses) plus the gross profit margin ranging from 15% to 35%, which shall be determined with reference to the gross margin charged for similar products sold by other suppliers who are Independent Third Parties, and in any event no less favorable to the Group than terms available to Independent Third Parties.

The 2023 Automated Machinery Sales Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Automated Machinery Sales Agreement.

Historical transaction amounts

The historical transaction amounts for the sales of automated and robot machinery and relevant ancillary parts by the Group to Sany Group Companies are as follows:

	For the year ended 31 December 2021 RMB	For nine months ended 30 September 2022 RMB
Sales of automated and robot machinery and relevant ancillary parts by the Group to Sany Group Companies	1,004,764,000	550,384,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Automated Machinery Sales Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Sales of automated and robot machinery and relevant ancillary parts by the Group to Sany Group Companies	495,080,000	465,080,000	414,690,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) Sany Group Companies' demand for intelligent equipment and manufacturing system upgrade based on their business plans and the expected demand; and (iii) the prevailing market price of similar products in PRC.

It is expected that there will be a decrease in the volume of sales of automated and robot machinery and relevant ancillary parts by the Group to Sany Group Companies from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the expectation that Sany Robotics will gradually reduce the sales of intelligent equipment to Sany Group as Sany Group's intelligent production upgrade gradually matures and the demand for intelligent equipment stabilises.

Reasons for and benefits of entering into the 2023 Automated Machinery Sales Agreement

The Group has started to develop and manufacture automated machinery and robot machinery in late 2019 and it has been selling automated and robot machinery and relevant ancillary parts to Sany Group Companies. Sany Group Companies have been providing timely feedback to the Group on the functions of the products so to improve the Group's research and development and manufacturing process, which helps to improve the effectiveness and efficiency of the process.

Having considered that the sales of products to Sany Group Companies would bring in revenue to the Group under the 2023 Automated Machinery Sales Agreement and the internal control procedures in place in order to ensure that the terms of the 2023 Automated Machinery Sales Agreement are not less favorable to the Group than those offered to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board considers that the terms of the 2023 Automated Machinery Sales Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(6) 2023 TECHNICAL SERVICE FRAMEWORK AGREEMENT

Reference is made to the 2022 Announcement in relation to the 2022 Supplemental Technical Service Framework Agreement, pursuant to which the Group agreed to provide technical services to Sany Group Companies.

As the 2022 Supplemental Technical Service Framework Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Technical Service Framework Agreement with Sany Group to renew the 2022 Supplemental Technical Service Framework Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Technical Service Framework Agreement:

Date: 16 December 2022

Parties: (a) The Company; and
(b) Sany Group.

Subject matter: Pursuant to the 2023 Technical Service Framework Agreement, the Group shall provide technical support, design and development services (the “**Technical Services**”) to Sany Group Companies in connection with the automated and robot machinery and relevant ancillary parts which are developed and manufactured by the Group for Sany Group Companies to upgrade their intelligent equipment and intelligent manufacturing systems.

Term: The 2023 Technical Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Service fee: The service fees payable by Sany Group Companies to the Group shall be on normal commercial terms, and shall be determined based on costs (including but not limited to research and development, various tests to be conducted and labour involved in the provision of the Technical Services) plus a gross profit margin of at least 15%, which is the expected gross margin required by the Group for providing similar services to Independent Third Parties with reference to the gross profit margin charged by other service providers who are Independent Third Parties for comparable transactions. The fees offered to Sany Group Companies shall be no less favorable to the Group than the terms offered to Independent Third Parties by the Group for similar services. If no such information is available, then the fees offered to Sany Group Companies shall be comparable to the terms offered for similar services by other service providers who are Independent Third Parties.

Payment terms: Upon entering into a separate technical service agreement under the 2023 Technical Service Framework Agreement, a down payment amounting to 50% of the service fees shall be payable by Sany Group Companies to the Group. The remaining balance shall be settled by way of telegraphic transfer within three months after the Technical Services having rendered in full by the Group to Sany Group Companies and upon passing of relevant inspection by Sany Group Companies.

The 2023 Technical Service Framework Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Technical Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the provision of the Technical Services by the Group to Sany Group Companies are as follows:

	For the year ended 31 December 2021 RMB	For nine months ended 30 September 2022 RMB
Provision of the Technical Services by the Group to Sany Group Companies	52,880,000	91,054,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Technical Service Framework Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Provision of the Technical Services by the Group to Sany Group Companies	87,660,000	81,110,000	74,500,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) the orders under negotiation; and (iii) the anticipated demand of the technical services required by Sany Group Companies at the prevailing market prices of similar services.

It is expected that there will be a decrease in the demand of Sany Group Companies for Technical Services to be provided by the Group from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the reduction of Technical Services required as a result of the Group's plan to sell less automated products to Sany Group Companies under the 2023 Automated Machinery Sales Agreement.

Reasons for and benefits of entering into the 2023 Technical Service Framework Agreement

In addition to developing and manufacturing automated machinery and robot machinery, since April 2020, the Group has also commenced the provision of intelligent and automation-related technical services to customers including Sany Group Companies, which it has sold equipment to, which has brought in additional revenue to the Group.

Having considered that the provision of services to Sany Group Companies would bring in revenue to the Group under the 2023 Technical Service Framework Agreement and the internal control procedures in place in order to ensure that the terms under the 2023 Technical Service Framework Agreement are not less favorable to the Group than those offered to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board considers that the terms of the 2023 Technical Service Framework

Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(7) 2023 MASTER SALES AGENCY AGREEMENT

Reference is made to the 2022 Announcement in relation to the 2022 Supplemental Master Sales Agency Agreement, pursuant to which Sany Group Companies agreed to act as the sales agency for the Group for overseas end-customers.

As the 2022 Supplemental Master Sales Agency Agreement is due to expire on 31 December 2022, the Company entered into the 2023 Master Sales Agency Agreement with Sany Group Companies to renew the 2022 Supplemental Master Sales Agency Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Master Sales Agency Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Sany Group Companies agreed to act as the sales agency for the Group for the overseas end-customers and the Company agreed to pay Sany Group Companies for the agency fees based on the actual amount of the sales transactions.
- Term:** The 2023 Master Sales Agency Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).
- Service agency contracts:** In respect of each sale of products by the Group, the Group shall enter into the sales contract with the end-customers directly, and the Company and Sany Group Companies shall enter into separate sales agency agreements to specify the exact agency fees of the relevant products being sold.

Pricing: The sales agency fees payable will be determined based on arm's length negotiation and with reference to the below formula and the sales agency fees paid by the Group to Sany Group Companies shall not be higher than the sales agency fees paid to the Independent Third Party agencies for similar products and in similar regions.

$$\text{Sales agency fees} = \text{Sales revenue of sold products} \times 5\%$$

Note: The Group's 2021 annual and 2022 interim sales expenses rates are 5.6% and 5.3% respectively and Sany Group Companies are willing to offer a slightly lower sales expenses rate of 5%

Payment terms: Invoice for sales agency fees shall be issued by Sany Group Companies to the Group and payment for the sales agency fees will be settled by way of telegraphic transfer or cheque in the following month upon receipt of the invoice by the Group.

The 2023 Master Sales Agency Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the 2023 Master Sales Agency Agreement.

Historical transaction amounts

The historical transaction amounts of agency fees payable by the Company to Sany Group are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For nine months ended 30 September 2022 RMB
Agency fees payable by the Company to Sany Group	0	4,024,000	6,486,000

Proposed annual caps and basis of determination

Pursuant to the 2023 Master Sales Agency Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Agency fees payable by the Company to Sany Group	15,000,000	20,000,000	30,000,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts; (ii) the orders under negotiation; and (iii) the anticipated sales plan for overseas regions.

It is expected that there will be an increase in the sales agency fees payable by the Company to Sany Group from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the expansion into international market by the Group, and therefore the anticipated growth in the Group's demand for international agency services.

Reasons for and benefits of entering into the 2023 Master Sales Agency Agreement

The sales agency model is mainly adopted for overseas regions where the end-customers are in a less centralized location. The Group can take advantage of Sany Group's strong overseas sales network to procure the end-customers and then expand the relevant market gradually, which would be much more commercially efficient than the Group seeking and coordinating with the customers one by one directly. Therefore, it is reasonable for Sany Group to charge certain agency fees.

In light of the above and the internal control procedures in place in order to ensure that the transactions conducted under the 2023 Master Sales Agency Agreement will be on terms not less favourable to the Group than terms offered by Independent Third Parties, details of which are disclosed under the section headed “INTERNAL CONTROL MEASURES” of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the 2023 Master Sales Agency Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(8) 2023 MASTER LEASE AGREEMENT

Reference is made to the 2019 Announcement and the supplemental announcement dated 15 January 2020, in relation to the Master Lease Agreement (2020–2022), pursuant to which Sany Group Companies agreed to lease certain premises to the Group.

As the Master Lease Agreement (2020–2022) is due to expire on 31 December 2022, the Company entered into the 2023 Master Lease Agreement with Sany Group to renew the Master Lease Agreement (2020–2022) for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Master Lease Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Group; and
(b) Sany Group Companies.
- Subject matter:** Pursuant to the 2023 Master Lease Agreement, Sany Group Companies agreed to lease the certain premises to the Group, details of which are set forth as below.
- Term:** The 2023 Master Lease Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Properties:

Sale Outlets Networking Property: (i) certain working areas and dormitories owned by Sany Auto Manufacturing with a total floor area of up to approximately 1,000 sq.m. located in Ningxia Hui Autonomous Region, Xi'an City, Shanxi Province, Chengdu City, Sichuan Province, the PRC; (ii) certain factories working areas and dormitories owned by Sany Northwest Heavy Industry with a total area of up to approximately 4,000 sq.m. located in Sany Northwest Industry Zone, Urumqi City, Xinjiang Uygur Autonomous Region, the PRC; (iii) certain working areas and dormitories owned by Shanxi Sany Machinery with a total area of up to approximately 1,000 sq.m. located in Xianyang City, Shaanxi Province, the PRC; (iv) certain working areas and dormitories owned by Guangdong Sany Machinery Co., Ltd. with a total area of up to approximately 1,000 sq.m. located in Guangzhou City, Guangdong Province, the PRC; and (v) certain working areas and dormitories owned by Anhui Sany Machinery Co., Ltd. with a total area of up to approximately 1,200 sq.m. located in Hefei City, Anhui Province, the PRC;

Beijing Property: (i) certain premises of the factories owned by Sany Sun Valley with a floor area of up to approximately 40,000 sq.m. located in Sany Huilongguan Industry Zone, Changpin District, Beijing, the PRC,

Beijing R&D Property: up to approximately 1,000 working spaces owned by Sany Sun Valley located in Sany Huilongguan Industry Zone, Changpin District, Beijing, the PRC; and

Shanghai Property: certain dormitories owned by Shanghai Sany Technology Co., Ltd. with area up to approximately 1,000 sq.m. located in Chuansha Town, Shanghai City, PRC.

Fees: The rental payments will be determined based on market price of similar areas and locations.

Sale Outlets Networking Property: (i) up to RMB23.2 per square meter per month; (ii) up to RMB26 per square meter per month; (iii) up to RMB28 per square meter per month; (iv) up to RMB28 per square meter per month; (v) up to RMB20 per square meter per month, which is determined based on arm's length negotiation between the parties and by reference to market rates of similar location and areas, payable monthly within the first week of each month.

Beijing Property: up to RMB48 per square meter per month, which is determined based on arm's length negotiation between the parties and by reference to market rates of similar location and areas, payable monthly within the first week of each month.

Beijing R&D Property: up to RMB1,000 per working space per month, which is determined based on arm's length negotiation between the parties and by reference to market rates of similar location and areas, payable monthly within the first week of each month.

Shanghai Property: up to RMB100 per square meter per month, which is determined based on arm's length negotiation between the parties and by reference to market rates of similar location and areas, payable monthly within the first week of each month.

Accounting implication

According to IFRS 16, the rental payments to be made by the Group are capital in nature and will be recognised as assets of the Group at the respective commencement dates of the actual lease contracts under the 2023 Master Lease Agreement and amortised over the term of the lease agreement. As all the actual lease agreements will be entered into in the year of 2023, the value of such right-of-use asset to be recognised by the Company is expected to be approximately RMB73,620,000 (before tax) for the year ending 31 December 2023.

The value of the right-of-use assets was determined after taking into account the following factors:

- (i) the maximum aggregated rental payments under the 2023 Master Lease Agreement taking into account the conditions of the premises, including but not limited to the locations, areas of the properties required by the Group in light of the anticipated business needs as well as the facilities associated with the premises, the prevailing market conditions and market rent for comparable properties in the vicinity; and
- (ii) the estimated present value of the maximum aggregated rental payments under the 2023 Master Lease Agreement to be recorded as right-of-use assets in the Group's financial statements taking into account the Group's incremental borrowing rate as the discount rate.

Reasons for and benefits of entering into the 2023 Master Lease Agreement

Sany Heavy Equipment has multiple sales networking locations in China. Leasing Sale Outlets Networking Property allows Sany Heavy Equipment to leverage Sany Group's sufficient locations and well-equipped office facilities of Sany Group to build local accessories warehouses and maintain the daily business operations of branches.

The business operations of Sany Intelligent Mining and the business operations of Sany Robotics demands Beijing Property for industrial propose. Leasing Beijing Property and Beijing R&D Property allows Sany Intelligent Mining and Sany Robotics to leverage talent advantages in Beijing so as to attract high-end technical talents in automation and intelligence and to enhance R&D capabilities of the Company and product competitiveness.

Hunan Sany Port Equipment rents Sany Group's staff dormitory in Shanghai would help its accommodation arrangement for its employees.

In light of the above and the internal control procedures in place in order to ensure that the transactions conducted under the 2023 Master Lease Agreement will be on terms no less favorable to the Group than to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board considers that the terms of the 2023 Master Lease Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

B. ADMINISTRATIVE SERVICES AGREEMENT

On 16 December 2022, the Company entered into the Administrative Services Agreement with Sany Group, pursuant to which Sany Group Companies agreed to provide the Administrative Services to the Group.

Set out below are the principal terms of the Administrative Services Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Group.
- Subject matter:** Pursuant to the Administrative Services Agreement, the Group agreed to purchase and procure from Sany Group Companies certain goods and services such as travel bookings, dining and accommodation (the “**Administrative Services**”).
- Term:** The Administrative Services Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).
- Pricing:** The service fees payable for the Administrative Services will be determined based on arm’s length negotiation and such service fees payable by the Group to Sany Group Companies shall not be higher than the service fees paid to Independent Third Parties for similar services.
- Payment terms:** Monthly invoices shall be issued by Sany Group Companies to the Group and payment for the service fees will be settled by way of telegraphic transfer or cheque in the following month upon receipt of the invoice by the Company.

The Administrative Services Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Group Companies will enter into separate individual agreements on terms and conditions which comply with the principles set out in the Administrative Services Agreement.

Proposed annual caps and basis of determination

Pursuant to the Administrative Services Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Fees payable by the Group to Sany Group Companies for the Administrative Services	15,976,400	21,179,600	28,334,500

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the prevailing market price of similar services in the PRC; and (ii) the expected growth in volume of the Group's use of the Administrative Services in the future.

It is expected that there will be an increase in the service fees payable for the Administrative Services by the Group to Sany Group Companies from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the anticipated increase in the headcount and business trips of employees of the Group, resulting in the increasing administrative expenses relating to air tickets, dining and accommodations.

Reasons for and benefits of entering into the Administrative Services Agreement

Sany Group Companies had not provided the Administrative Services to the Group prior to the entering into of the Administrative Services Agreement. Through entering into the Administrative Services Agreement, the Group's employees can benefit from the mobile travel service platform developed by Sany Group and the accommodation and catering services provided by Sany Group Companies. With the streamlined process of booking tickets for trains and flights as well as arranging accommodation for its employees for their business travels, and large-scale booking enjoys more discounts which reduce administrative expenses.

In light of the above and the internal control procedures in place in order to ensure that the transactions conducted under the Administrative Services Agreement will be on terms no less favorable to the Group than to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board considers that the terms of the Administrative Services Agreement and the transactions contemplated thereunder

are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

C. LOGISTICS SERVICES AGENCY AGREEMENT

On 16 December 2022, the Company entered into the Logistics Services Agency Agreement with Sany Logistics, pursuant to which Sany Logistics agreed to provide the Logistics Agency Services to the Group.

Set out below are the principal terms of the Logistics Services Agency Agreement:

- Date:** 16 December 2022
- Parties:** (a) The Company; and
(b) Sany Logistics.
- Subject matter:** Pursuant to the Logistics Services Agency Agreement, the Group agreed to engage Sany Logistics to provide transportation and logistics agency services for the Group's shipment of mining equipment, logistics equipment and automated machinery and relevant ancillary parts (the "**Logistics Agency Services**").
- Term:** The Logistics Services Agency Agreement has a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).
- Pricing:** The agency fees payable for the Logistics Agency Services will be determined based on arm's length negotiation and such agency fees payable by the Group to Sany Logistics shall not be higher than the service fees paid to Independent Third Parties for similar services.
- Payment terms:** Monthly invoices shall be issued by Sany Logistics to the Group and payment for the service fees will be settled by way of telegraphic transfer or cheque in the following month upon receipt of the invoice by the Group.

The Logistics Services Agency Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time, and as required, the Group and Sany Logistics will enter into separate individual agreements on terms and conditions which comply with the principles set out in the Logistics Services Agency Agreement. In respect of each purchase of the Logistics Agency

Services, the Group and Sany Logistics will enter into separate logistics and transportation services agreements as required to specify the exact scope of Logistics Agency Services required from Sany Logistics by the Group.

Proposed annual caps and basis of determination

Pursuant to the Logistics Services Agency Agreement, it is proposed that the annual cap amounts for the three years ending 31 December 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Agency fees payable by the Group to Sany Logistics for the Logistics Agency Services	25,860,000	35,160,000	48,100,000

The annual caps for each of the three financial years ending 31 December 2025 were determined by reference to (i) the historical transaction amounts of RMB158,803,000 and RMB287,375,000 for the two financial years ended 31 December 2021 and RMB393,524,000 for the nine months ended 30 September 2022 under the Supplemental Master Transportation Agreement (2020–2022); (ii) the prevailing market price of similar services in the PRC; and (iii) the anticipated volume of the Logistics Agency Services which will be required by the Group for the three years ending 31 December 2025.

It is expected that there will be an increase in demand of the Group for the Logistics Agency Services provided by Sany Logistics from the year ending 31 December 2023 to the year ending 31 December 2025 owing to the anticipated continuous growth in sales revenue of the Group in the next three years.

Reasons for and benefits of entering into the Logistics Services Agency Agreement

References are made to the announcements of the Company dated 18 December 2019 and 11 November 2022, and the circular dated 7 February 2020 in relation to, among other things, the Supplemental Master Transportation Agreement (2020–2022) pursuant to which Sany Logistics will provide logistic services to the Group. The transactions contemplated under the Logistics Services Agency Agreement are similar to the transactions contemplated under the Supplemental Master Transportation Agreement (2020–2022) read with the 2022 Supplemental Master Transportation Agreement. Due to a change in scope of services and certain terms, the Company entered into the Logistics Services Agency Agreement with Sany Logistics instead of renewing the 2022 Supplemental Master Transportation Agreement.

Sany Logistics has extensive experience in logistics services for mining equipment and logistics equipment. It is familiar with the Group's requirements and standards and could offer competitive prices to the Group. Based on the established long-term cooperation relationship with Sany Logistics, and taking into consideration of the quality of similar services previously provided to the Group by Sany Logistics under the Supplemental Master Transportation Agreement (2020–2022), the Board considered that the entering of the Logistics Services Agency Agreement will enable the Group to continue to engage in the continuing connected transactions in compliance with the Listing Rules.

In light of the above and the internal control procedures in place in order to ensure that the transactions conducted under the Logistics Services Agency Agreement will be on terms no less favorable to the Group than to Independent Third Parties, details of which are disclosed under the section headed "INTERNAL CONTROL MEASURES" of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the Logistics Services Agency Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

2023 Products Sales Agreement, 2023 Master Sales Agreement, 2023 Automated Machinery Sales Agreement, 2023 Technical Service Framework Agreement, 2023 Master Sales Agency Agreement, 2023 Master Lease Agreement, Administrative Services Agreement and Logistics Services Agency Agreement

Before entering into an individual agreement under the relevant framework agreement, the technical personnel and the finance department shall gather information regarding the product cost and market rate and pass on such information to the sales and marketing department which shall then determine the price or service fee based on the respective pricing principle under the relevant framework agreement, and with reference to at least two similar transactions conducted between the Group and Independent Third Party customers to ensure that the terms offered to or available from Sany Group Companies or Sany Logistics (as the case may be) shall not be less favourable to the Group than terms offered to or available from Independent Third Parties or, if such transactions are not available, two comparable transactions for similar products sold by other suppliers or customers who are Independent Third Parties.

The terms are subject to further review and approval by the head of sales and marketing department prior to the signing and execution of the relevant agreement(s).

Based on the products' level of standardization and the technologies used, different review process will be applied to determine the sales prices of the products: For standard products such as roadheader, wide-bodied vehicle and mining vehicle, the sales and

marketing department (營銷部) shall determine the sales price for further review and approval by the director of sales and marketing department (營銷部) and general manager of the Group.

For non-standard products such as hydraulic support and scraper, the technical personnel and the finance department (財務部) shall check the products' costs first before the sales and marketing department (營銷部) determines the sales prices for further review and approval by the director of sales and marketing department (營銷部) and general manager of the Group.

2023 Equipment Sales and Leasing Framework Agreement

In order to ensure that the terms under each individual Sale and Purchase Agreement and the Financial Lease and Guarantee Agreement are on normal commercial terms and are not less favourable to the Group than those offered by Independent Third Parties, the Group will adopt the following measures:

(i) Sale and Purchase Agreement

In relation to the sale of the Parts and Equipment under the Sale and Purchase Agreement, the technical personnel and the finance department shall gather information regarding the product cost and pass on such information to the sales and marketing department which shall then determine the selling price based on the pricing principle set out the paragraph headed “(2) 2023 EQUIPMENT SALES AND LEASING FRAMEWORK AGREEMENT — Pricing and other terms” of this announcement, and with reference to at least two similar transactions conducted between the Group and Independent Third Party customers to ensure that the terms offered to Sany Group Companies shall not be more favourable to Sany Group Companies than terms offered to Independent Third Party customers.

The terms are subject to further review and approval by the head of sales and marketing department prior to the signing and execution of the relevant agreement(s).

(ii) Financial Lease and Guarantee Agreement

In relation to the Financial Lease and Guarantee Agreement, the credit control department will obtain at least two quotations from Independent Third Party banks or finance leasing companies and compare the terms with those offered under the Financial Lease and Guarantee Agreement (including but not limited to the duration of the lease, interest rates, repurchase conditions and price etc.) to ensure that the terms offered under the Financial Lease and Guarantee Agreement are not less favourable to the Group than terms offered by Independent Third Party banks or finance leasing companies. The Group will only enter into an agreement with Sany Group Companies if terms offered by them are not less favourable to the Group than terms offered by other Independent Third Party banks or finance leasing companies.

In order to better safeguard the interests of the Shareholders under the 2023 Equipment Sales and Leasing Framework Agreement, the Group has a credit control department comprising 12 experienced lawyers and payment collection specialists. Before signing and execution of any Sale and Purchase Agreement and Financial Lease and Guarantee Agreement, the credit control department shall be satisfied with the results from the credit assessment of the Lessees and the head of marketing department and chief financial officer shall review and approve the terms under the Sale and Purchase Agreement and Financial Lease and Guarantee Agreement.

The credit control department shall perform due diligence and a credit assessment on Lessees under the relevant Sale and Purchase Agreement, and Financial Lease and Guarantee Agreement in accordance with the Group's internal credit investigation and guarantee policy, among others, on the financial status, credit history, repayment capabilities, business operation and future prospect of the Lessees so as to control default risk by ensuring that the Lessees have good credit standings. To further protect the Group's interest, the Group would also require each Lessee to provide a guarantor who has sufficient assets to guarantee its performance obligation under the Financial Lease and Guarantee Agreement.

2023 Master Purchase Agreement

The basis of determining the prices of the products to be purchased by the Group under the 2023 Master Purchase Agreement will be in accordance with the prevailing market prices of similar products and based on the following principles:

- (i) by reference to the prevailing market prices of the same or substantially similar products, taking into account the price, quality and other conditions (such as payment terms, credit terms and after-sales services) offered by suppliers via the Group's commercial procurement tender process. The commercial procurement policy of the Group indicates that where comparable products are available, commercial procurements must go through a tender process. To elaborate, there are generally two stages during the tender process. During the first stage, the Group circulates the technology specifications to the potential candidates and then invites three to five tenderers, including Sany Group if it manufactures the relevant products that the Group requires, with due qualification, technology, and manufacturing scale to attend the tender to provide the bidding documents including the prices to the Group's commercial tender committee (商業評標委員會) and the technical tender committee (技術評標委員會) for review. The commercial tender committee mainly consists of three to five professional bidding engineers and the technical tender committee mainly consists of three to five research and development engineers and production engineers who work for the relevant business segment for the products. During the second stage, the Company negotiates with each of them in detail on the prices based on the review results obtained during the first stage and each of them then provides the second round of quotation based on such negotiation. The tenderer offering the most favourable prices wins the tender.

The Group would choose third party supplier if the price offered by them is more favourable. However, based on the Group's experience and historical transaction records, during the tender process where Sany Group is involved, Sany Group tends to offer the most favourable price rather than other Independent Third Parties because Sany Group is most familiar with the Group's specifications, standards, and requirements; and

- (ii) where the prevailing market price above is unavailable, such as for products tailor-made for the Group manufactured by Sany Group due to confidentiality of certain technical information, which the Group cannot seek other market prices for reference, the basis of determining prices of the parts and components produced by Sany Group and its subsidiaries will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant part and component plus a gross margin ranging from 10% to 30%, with reference to the usual gross margin of the Group's procurement of other similar products from Independent Third Parties, which should be in any event no less favourable to the Group than terms offered by Independent Third Parties, as disclosed in the paragraph headed "(3) 2023 MASTER PURCHASE AGREEMENT — Pricing" of this announcement. In order to determine the gross margin of the products, including parts and components, the Company maintains a cost engineer in charge of the Group's procurement costs (the Group requires that such cost engineer should at least have three years of working experience in procurement department in the Group) to (1) collect the quotes obtained from the commercial tender procurement tender process of the Company and (2) conduct industry researches and price quotations on a monthly basis to obtain the latest industry standard, market price and breakdowns of costs of different kinds of products including but not limited to the similar parts and components in order to get a full picture of the gross margin changed on relevant products in the market as the Group's database. When the Company determines the prices of the parts and components to be produced by Sany Group and its subsidiaries, the cost engineer would provide advice on the suggested gross margin with reference to that of the similar parts and components. Based on the current database of the Group, the gross profit margin charged on the similar parts and components with similar costs structure ranges from 10%–30%. To ensure that the actual prices for the procurement of the Group under the 2023 Master Purchase Agreement are on normal commercial terms and on terms no less favourable to the Group than that available to Independent Third Party, the internal audit department of the Group will conduct regular checks to review and assess, against manufacturing costs involved and Sany Group Companies' sales to other Independent Third Parties in the market, whether the products have been procured on normal commercial terms. If they are of the view that the prices of the procurement are less favourable to the Group than that available to Independent Third Parties, they will report the issue to the executive Directors and the chief executive officer in order to re-consider and re-negotiate the prices of the procurement.

Different review process will be applied to determine the supplier and the procurement price based on whether the comparable products with prevailing market price are available.

For the comparable products with prevailing market prices are available, the Group shall go through a tender process to determine the supplier. During the tender, the Company shall obtain quotations from at least three suppliers which are Independent Third Parties during the tender process. After the two stages of tender process including reviewing the bidding documents and prices by the Group's commercial tender committee (商業評標委員會) and the technical tender committee (技術評標委員會) and negotiating with each tenderer on prices, products' quality, delivery time and payment conditions offered by them, the tenderer offering the most favourable prices, products' quality, delivery time and payment conditions wins the tender. For those products that no prevailing market price is available, the cost engineer who is in charge of the Group's procurement costs shall determine the procurement prices for further review and approval by the director of commercial department (商務部), general manager and chairman of the Group.

Products purchased under the 2023 Master Purchase Agreement must be on normal commercial terms and on terms comparable to those offered by Independent Third Parties.

General

The Group has the following general internal control procedures to ensure all the continuing connected transactions are conducted in accordance with the requirements under Chapter 14A of the Listing Rules:

- (i) the Group's financial department has a designated employee to monitor related transactions conducted under each of the 2023 Agreements. When the transaction limit reaches 80% of the annual cap set under the respective agreement, he/she will promptly inform the business department of the Group and the chief financial officer such that the Group can arrange for a revision of the annual cap as appropriate, in compliance with all relevant requirements under Chapter 14A of the Listing Rules. No further transaction will be conducted in excess of the annual cap, and transactions will only resume after the Group has complied with all relevant Listing Rules requirements under Chapter 14A in relation to the revised annual cap;
- (ii) the internal audit department of the Group will conduct regular checks on a bi-annual basis to review and assess whether the transactions under each of the 2023 Agreements have been conducted in accordance with the terms of the relevant agreements and on normal commercial terms;
- (iii) the Company's independent non-executive Directors will conduct an annual review of the transactions under each of the 2023 Agreements to ensure that the Group has complied with its internal approval procedures, terms of the respective agreement and the relevant Listing Rules; and

(iv) the Company will engage external auditors to conduct annual review of transactions under the 2023 Agreements.

The Directors consider that the above internal control procedures and pricing policies are effective to ensure that the proposed transactions will be conducted on normal commercial terms and not prejudicial to the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Liang is a controlling shareholder of the Company by virtue of 10,870,000 Shares directly held by him and his indirect 56.38% interests in Sany Hong Kong, which in turn holds 2,098,447,688 Shares and 479,781,034 Convertible Preference Shares, which, in aggregate, represents 81.86% of the issued share capital of the Company. As Sany Group was held as to 56.74% by Mr. Liang and Sany Logistics is a subsidiary of Sany Group, each of Sany Group and Sany Logistics is an associate of Mr. Liang under Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Agreements with Sany Group or Sany Logistics (as the case may be) and the transactions contemplated thereunder are continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under each of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement is more than 5%, each of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps under each of the 2023 Master Sales Agreement, the 2023 Automated Machinery Sales Agreement, the 2023 Technical Service Framework Agreement, the 2023 Master Sales Agency Agreement, the Administrative Services Agreement, the 2023 Master Lease Agreement, and the Logistics Services Agency Agreement exceed 0.1% but all of them are less than 5%, each of the 2023 Master Sales Agreement, the 2023 Automated Machinery Sales Agreement, the 2023 Technical Service Framework Agreement, the 2023 Master Sales Agency Agreement, the 2023 Master Lease Agreement, the Administrative Services Agreement and the Logistics Services Agency Agreement is only subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held to seek the approval of the Independent Shareholders for entering into the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement are fair and reasonable, and whether such continuing connected transactions (including the annual caps in relation thereto) contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM after having taken into account the recommendations of the Independent Financial Adviser.

Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

CIRCULAR

A circular containing, among other things, (i) further information on the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement; (ii) the notice of the EGM; (iii) the letter from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders regarding the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder; and (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be despatched to the Shareholders as soon as practicable. It is currently expected that the circular will be despatched to the Shareholders on or before 10 January 2023.

GENERAL

Since Sany Group or Sany Logistics, being parties to the 2023 Agreements are associates of Mr. Liang, Mr. Liang Zaizhong, being the son of Mr. Liang, has abstained from voting on the Board resolutions approving each of the 2023 Agreements due to conflict of interests.

As Mr. Tang Xiuguo and Mr. Xiang Wenbo also have interests in Sany Group, they have abstained from voting on the relevant Board resolutions approving each of the 2023 Agreements.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the 2023 Agreements and is therefore required to abstain from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the 2023 Agreements and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES TO THE 2023 AGREEMENTS

The Company and the Group

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

Sany Group

Sany Group is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, and machinery leasing, manufacture of automobile and educational businesses. As at the date of this announcement, Sany Group is held as to 56.74% by Mr. Liang, 8.75% by Tang Xiuguo (a non-executive Director), 8% by Xiang Wenbo (a non-executive Director), 8% by Mao Zhongwu (an Independent Third Party), 0.5% by Liang Linhe (nephew of Mr. Liang), and 10 shareholders who are Independent Third Parties with each of them holding less than 5.00% of equity interest of Sany Group.

Sany Logistics

Sany Logistics is a subsidiary of Sany Group and it is principally engaged in domestic freight transportation services, freight transportation agency services, logistics information consulting services and export trading.

DEFINITIONS

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

“2019 Announcement”	the announcement of the Company dated 18 December 2019 in relation to, among others, the Supplemental Master Sales Agreement (2020–2022) and the Master Lease Agreement (2020–2022)
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“2021 Announcement”	the announcement of the Company dated 22 June 2021 in relation to, among others, the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement
“2022 Announcement”	the announcement of the Company dated 11 November 2022 in relation to, among others, the 2022 Supplemental Products Sales Agreement, the 2022 Supplemental Equipment Sales and Leasing Framework Agreement, the 2022 Supplemental Master Purchase Agreement, the 2022 Supplemental Technical Service Framework Agreement and the 2022 Supplemental Master Sales Agency Agreement
“2022 Circular”	the circular of the Company dated 22 November 2022 in relation to, among others, the 2022 Supplemental Products Sales Agreement, the 2022 Supplemental Equipment Sales and Leasing Framework Agreement and the 2022 Supplemental Master Purchase Agreement
“2022 Supplemental Equipment Sales and Leasing Framework Agreement”	the supplemental agreement entered into between the Company and Sany Group on 11 November 2022 to supplement the equipment sales and leasing framework agreement entered into between the Company and Sany Group on 21 May 2021, in respect of the sale of Parts and Equipment by the Group for leasing to the Lessee(s)
“2022 Supplemental Master Purchase Agreement”	the supplemental agreement entered into between the Company and Sany Group on 11 November 2022 to supplement the supplemental agreement entered into between the Company and Sany Group on 18 December 2019 in relation to (1) the purchase by the Group of parts and components from Sany Group Companies and (2) the purchase by the Group of second-hand manufacturing equipment for the manufacturing of the Group from Sany Group Companies
“2022 Supplemental Master Sales Agency Agreement”	the supplemental agreement entered into between the Company and Sany Group on 11 November 2022 to supplement the master sales agency agreement entered into between the Company and Sany Group on 18 December 2019, pursuant to which the Company agreed to engage Sany Group Companies to act as the sales agent for its products

“2022 Supplemental Master Transportation Agreement”	the supplemental agreement entered into between the Company and Sany Logistics on 11 November 2022 to supplement the Supplemental Master Transportation Agreement (2020–2022)
“2022 Supplemental Products Sales Agreement”	the supplemental agreement entered into between the Company and Sany Group on 11 November 2022 to supplement the supplemental agreement entered into between the Company and Sany Group on 21 May 2021 in relation to the sales of finished products by the Group to Sany Group Companies for sales to end-customers
“2022 Supplemental Technical Service Framework Agreement”	the supplemental agreement entered into between the Company and Sany Group on 11 November 2022 to supplement the supplemental agreement entered into between the Company and Sany Group on 21 May 2021, pursuant to which the Group will provide Sany Group Companies with the Technical Services
“2023 Agreements”	collectively, the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement, the 2023 Master Purchase Agreement, the 2023 Master Sales Agreement, the 2023 Automated Machinery Sales Agreement, the 2023 Technical Service Framework Agreement, the 2023 Master Sales Agency Agreement, the 2023 Master Lease Agreement, the Administrative Services Agreement and the Logistics Services Agency Agreement
“2023 Automated Machinery Sales Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Equipment Sales and Leasing Framework Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the 2022 Supplemental Equipment Sales and Leasing Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Master Lease Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the Master Lease Agreement (2020–2022) for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)

“2023 Master Purchase Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the 2022 Supplemental Master Purchase Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Master Sales Agency Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of 2022 Supplemental Master Sales Agency Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Master Sales Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the Supplemental Master Sales Agreement (2020–2022) for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Product Sales Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the 2022 Supplemental Product Sales Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Technical Service Framework Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the renewal of the 2022 Supplemental Technical Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“Administrative Services”	as defined under the paragraph headed “B. ADMINISTRATIVE SERVICES AGREEMENT” of this announcement
“Administrative Services Agreement”	the agreement entered into between the Company and Sany Group on 16 December 2022 in relation to the provision of the Administrative Services by Sany Group Companies to the Group
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Property”	certain premises owned by Sany Sun Valley, leased to Sany Intelligent Mining and Sany Robotics pursuant to the 2023 Master Lease Agreement
“Beijing R&D Property”	certain premises owned by Sany Sun Valley, leased to Sany Intelligent Mining and Sany Robotics pursuant to the 2023 Master Lease Agreement

“Board”	the board of Directors
“Company”	Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated with limited liability on 23 July 2009 under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 631)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Preference Share(s)”	the convertible preference shares of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual cap for those transactions)
“Existing Framework Agreements”	collectively, the 2022 Supplemental Products Sales Agreement, the 2022 Supplemental Equipment Sales and Leasing Framework Agreement, the 2022 Supplemental Master Purchase Agreement, the Supplemental Master Sales Agreement (2020–2022), the Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement, the 2022 Supplemental Technical Service Framework Agreement, the 2022 Supplemental Master Sales Agency Agreement and the Master Lease Agreement (2020–2022)
“Financial Lease and Guarantee Agreement(s)”	individual financial lease and guarantee agreement(s) to be entered into amongst Sany Group Companies, the Lessee(s) and the Group in respect of leasing of the Parts and Equipment in accordance with the principles and terms of the 2023 Equipment Sales and Leasing Framework Agreement
“Group”	the Company and its subsidiaries

“Hunan Sany Port Equipment”	Hunan Sany Port Equipment Co., Ltd.* (湖南三一港口設備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan, established to advise the Independent Shareholders on each of the New Framework Agreements and the transactions contemplated thereunder (including the annual caps for those transactions)
“Independent Financial Adviser”	Vinco Financial Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on each of the New Framework Agreements and the transactions contemplated thereunder (including the annual caps for those transactions)
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Lessee(s)”	lessee(s) under the Financial Lease and Guarantee Agreement(s) who is/are Independent Third Party(ies)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Agency Services”	as defined under the paragraph headed “C. LOGISTICS SERVICES AGENCY AGREEMENT” of this announcement
“Logistics Services Agency Agreement”	the agreement entered into between the Company and Sany Logistics on 16 December 2022 in relation to the provision of the Logistics Agency Services by Sany Logistics to the Group
“Master Lease Agreement (2020–2022)”	the master lease agreement entered into between the Company and Sany Group on 18 December 2019 in relation to the lease of certain premises of Sany Group by the Group

“Mr. Liang”	Mr. Liang Wengen, the controlling shareholder of the Company
“New Framework Agreements”	collectively, the 2023 Products Sales Agreement, the 2023 Equipment Sales and Leasing Framework Agreement and the 2023 Master Purchase Agreement
“Parts and Equipment”	as defined under the paragraph headed “(2) 2023 EQUIPMENT SALES AND LEASING FRAMEWORK AGREEMENT” of this announcement
“PRC”	the People’s Republic of China
“Property Management Service Framework Agreement”	the property management service framework agreement entered into between the Company and Xiangsheng Property Management on 26 October 2020 in relation to the provision of the Property Management Services by the Xiangsheng Property Management Group to the Group for a term from 18 November 2020 to 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement(s)”	individual sale and purchase agreement(s) to be entered into between the Group and Sany Group Companies in respect of the sale of Parts and Equipment in accordance with the principles and terms of the 2023 Equipment Sales and Leasing Framework Agreement
“Sale Outlets Networking Property”	certain premises owned by Sany Northwest Heavy Industry and Sany Auto Manufacturing leased to Sany Heavy Equipment pursuant to the 2023 Master Lease Agreement
“Sany Auto Manufacturing”	Sany Auto Manufacturing Co., Ltd.* (三一汽車製造有限公司), a company established under the laws of the PRC and a subsidiary of Sany Group
“Sany Group”	Sany Group Limited* (三一集團有限公司), a company with limited liability established on 18 October 2000 under the laws of the PRC
“Sany Group Companies”	Sany Group and its subsidiaries from time to time
“Sany Heavy Equipment”	Sany Heavy Equipment Co., Ltd.* (三一重型裝備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Group

“Sany Hong Kong”	Sany Hong Kong Group Limited (三一香港集團有限公司), a company with limited liability incorporated on 14 October 2005 under the laws of Hong Kong, and the controlling shareholder of the Company
“Sany Intelligent Mining”	means Sany Intelligent Mining Technology Co., Ltd.* (三一智礦科技有限公司), a company established under the laws of the PRC and a subsidiary of the Company
“Sany Logistics”	Hunan Sany Logistics Co., Ltd.* (湖南三一物流有限公司), a company with limited liability established under the laws of the PRC and a wholly-owned subsidiary of Sany Group
“Sany Robotics”	Sany Robotics Technology Co., Ltd.* (三一機器人科技有限公司) (subject to the name approval by local administration for market regulation), a company established under the laws of the PRC and a subsidiary of the Company
“Sany Northwest Heavy Industry”	Sany Northwest Heavy Industry Co., Ltd., a company established under the laws of the PRC and a wholly-owned subsidiary of the Sany Group
“Sany Sun Valley”	Beijing Sany Sun Valley Technology Co., Ltd.* (北京三一太陽谷科技有限公司), a company established under the laws of the PRC and a subsidiary of Sany Group
“Shanghai Property”	certain premises owned by Shanghai Sany Technology Co., Ltd. leased to Hunan Sany Port Equipment pursuant to the 2023 Master Lease Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement to the 2021 Supplemental Automated Machinery and Other Products Sales Agreement”	the supplemental agreement entered into between the Company and Sany Group on 22 June 2021 to supplement the supplemental agreement entered into between the Company and Sany Group on 21 May 2021 in relation to the sale of certain automated and robot machinery and relevant ancillary parts and other products by the Group to Sany Group Companies

“Supplemental Master Sales Agreement (2020–2022)”	the supplemental agreement entered into between the Company and Sany Group on 18 December 2019 in relation to the sale of certain raw materials and second-hand manufacturing equipment by the Group to Sany Group Companies
“Supplemental Master Transportation Agreement (2020–2022)”	the supplemental agreement entered into between the Company and Sany Logistics on 18 December 2019 in relation to the provision of logistics services by Sany Logistics to the Group
“Technical Services”	as defined under the paragraph headed “(6) 2023 TECHNICAL SERVICE FRAMEWORK AGREEMENT” of this announcement
“%”	per cent

By the order of the Board
Sany Heavy Equipment International Holdings Company Limited
Mr. Liang Zaizhang
Chairman

Hong Kong, 16 December 2022

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

* *For identification purpose only*