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**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

**CONNECTED TRANSACTION
EQUIPMENT PURCHASE AGREEMENT**

CONNECTED TRANSACTION

The Board announces that on 3 November 2011, the Company (for itself and on behalf of its subsidiaries) entered into the Equipment Purchase Agreement with Sany Jingji to acquire the Equipment at a cash consideration of RMB104,380,000 (equivalent to approximately HK\$127,343,600).

Sany Jingji is a subsidiary of Sany Group. Sany Group is owned as to 58.24% by Mr. Liang Wengen, a substantial shareholder of the Company. Sany Jingji, being an associate of Mr. Liang Wengen, the controlling shareholder of the Company, is therefore a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Purchase made under the Equipment Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.32 of the Listing Rules, as each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Equipment Purchase Agreement is less than 5%, the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EQUIPMENT PURCHASE AGREEMENT

Date: 3 November 2011

The Equipment Purchase Agreement shall take effect upon the signing of it by the parties and the payment of the Deposit (as defined below).

- Parties: (1) the Company (for itself and on behalf of its subsidiaries) as the Purchaser; and
- (2) Sany Jingji as the Vendor.
- Transaction: Purchase of the Equipment (together with instruction manual, quality assurance certificate, equipment sketch and technological information, packaging slip, equipment accessories and list of tools) by the Purchaser from the Vendor for a cash consideration of RMB104,380,000 (equivalent to approximately HK\$127,343,600). The Equipment are purchased primarily for the expansion of the production capacity of the Purchaser as well as upgrading its production equipment with a view to improve production efficiency.
- Consideration: The amount of the Consideration is RMB104,380,000 (equivalent to approximately HK\$127,343,600), which was determined through negotiation between the management team of the Company and the Vendor, taking into consideration domestic and overseas prices of similar equipment and machinery, the Equipment's costs and reasonable profit margins, and the appraisal on the fairness of the prices of the Equipment conducted by an independent third party valuer.
- The Consideration will be satisfied by the Group's internal resources.
- Payment Terms: Pursuant to the terms of the Equipment Purchase Agreement, the total consideration for the Purchase payable by the Purchaser to the Vendor shall be paid in the following manner:
- (a) 30% of the Consideration shall be paid in cash as a deposit (the "Deposit") upon the signing of the Equipment Purchase Agreement;
- (b) 65% of the Consideration shall be paid in cash upon the Equipment passing certain inspection and testing to be conducted by the Purchaser prior to delivery of the Equipment; and
- (c) the remaining 5% of the Consideration shall be paid in cash upon the Equipment passing certain inspection and testing to be conducted by the Purchaser after installation of the Equipment.
- Delivery: The Vendor shall be responsible for installation of the Equipment at the Purchaser's facilities, the installation process shall be completed according to Purchaser's request.

REASONS FOR AND BENEFITS OF THE PURCHASE

The Group requires the high-end machine tool equipments, including the Equipment, to manufacture certain of its products. The Company believes that Sany Jingji is a reputable provider of such tools with the relevant expertise in the design and manufacture of such tools and that the quality of the Equipment are relatively superior as compared to that of equipment offered by other vendors on similar terms. The

Equipment will be used primarily for expanding the Group's production capacity and upgrading its production equipment. The Equipment will enable the Group to improve the quality of its products.

The Directors (including the independent non-executive Directors) are of the view that the Equipment Purchase Agreement has been entered into on normal commercial terms, the Consideration was determined with reference to the appraisal report issued by an independent third party valuer and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As no Director has a material interest in the Equipment Purchase Agreement, none of the Directors has abstained from voting on the relevant board resolution approving the Equipment Purchase Agreement.

LISTING RULES IMPLICATION

Sany Jingji is a subsidiary of Sany Group. Sany Group is owned as to 58.24% by Mr. Liang Wengen, a substantial shareholder of the Company. Sany Jingji, being an associate of Mr. Liang Wengen, the controlling shareholder of the Company, is therefore a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Purchase made under the Equipment Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.32 of the Listing Rules, as each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Equipment Purchase Agreement is less than 5%, the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE COMPANY AND SANY JINGJI

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of excavating machinery, integrated coal mining equipment and coal mining transportation vehicles.

Sany Jingji is a company established under the laws of PRC on 25 September 2009 and is owned as to 95.0% by the Sany Group. It is principally engaged in the design, research and development, manufacture wholesales sales, maintenance of machine tool equipments and the business of goods and technology export and import.

DEFINITIONS

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

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| “associate” | has the same meaning ascribed to it under the Listing Rules; |
| “Board” | means the board of Directors; |

“Company”	means Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated with limited liability on 23 July 2009 under the laws of the Cayman Islands and the Shares of which are listed on the Stock Exchange (stock code: 631);
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“Consideration”	means the total consideration for the Purchase payable by the Purchaser to the Vendor pursuant to the Equipment Purchase Agreement;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	means the directors of the Company;
“Equipment”	certain equipment to be procured by the Purchaser from the Vendor pursuant to the Equipment Purchase Agreement, which are products of the Vendor including vertical machining center, horizontal machining center, stage loader, pentahedral gantry machining center, CNC floor-type milling and boring machine and double column vertical lathe;
“Equipment Purchase Agreement”	means the agreement for the purchase of the Equipment, amongst other things, dated 3 November 2011 entered into between the Vendor and the Purchaser;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“PRC”	the People’s Republic of China;
“Purchase”	means the purchase of the Equipment under the terms and conditions of the Equipment Sales and Purchase Agreement;
“Purchaser”	means the Company (for itself and on behalf of its subsidiaries);
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sany Group”	means 三一集團有限公司 (Sany Group Limited*), a company with limited liability established on 18 October 2000 under the laws of the PRC;
“Sany Jingji”	means 上海三一精機有限公司 (Shanghai Sany Jingji Co., Ltd.*), a company with limited liability established on 25 September 2009 under the laws of the PRC;
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of our Company;
“Shareholder(s)”	means the holder(s) of the ordinary share(s) of the Company with a nominal value of HK\$0.10 each;

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it in sections 2 and 2B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Vendor”	means Sany Jingji; and
“%”	means per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.22 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

By the order of the Board of Directors
Sany Heavy Equipment International Holdings Company Limited
Mao Zhongwu
Chairman

Hong Kong, 3 November 2011

As at the date of this announcement, the executive Directors are Mr. Mao Zhongwu, Mr. Zhou Wanchun and Mr. Liang Jianyi, the non-executive-Directors are Mr. Xiang Wenbo, Mr. Huang Jianlong and Mr. Wu Jialiang, and the independent non-executive Directors are Mr. Ngai Wai Fung, Mr. Xu Yaxiong, and Mr. Ng Yuk Keung.

* *for identification purposes only*