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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)

**MAJOR AND CONTINUING CONNECTED TRANSACTION
MASTER PURCHASE AGREEMENT**

MASTER PURCHASE AGREEMENT

Reference is made to the announcements of the Company dated 24 December 2010 and 14 November 2011. As the Master Purchase Renewal Agreement (as amended by the Supplemental Agreement) will expire on 31 December 2011, the Company entered into the Master Purchase Agreement with Sany Group on 25 November 2011 pursuant to which the Company will purchase or procure its subsidiaries to purchase from members of the SG Group certain parts and components produced by members of the SG Group for the production of the Group's products for the three years ending 31 December 2014.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Liang Wengen holds 58.24% interest in Sany Group. As Mr. Liang Wengen is a substantial shareholder of the Company by virtue of his 58.24% shareholding in Sany BVI, which in turn holds 72.3% of the total issued share capital of the Company. Sany Group is therefore an associate of Mr. Liang Wengen and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Purchase Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Master Purchase Agreement are expected to exceed 5% on an annual basis, the Master Purchase Agreement, and the SG Group Transactions, including the SG Group Transaction Caps, would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the independent shareholders' approval requirements under the Listing Rules. The SG Group Transactions and the SG Group Transaction Caps would be subject to the approval of Independent Shareholders at the EGM.

Somerley Limited has been appointed as the independent financial adviser to advise the Independent Board Committee of the Directors and the Independent Shareholders on the terms of the Master Purchase Agreement and SG Group Transaction Caps.

Further, as certain applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Master Purchase Agreement is expected to exceed 25%, the Master Purchase Agreement constitutes a major transaction under Chapter 14 of the Listing Rules.

A circular containing, among other things, (1) further information on the Master Purchase Agreement; (2) the notice of the EGM; (3) a letter from Somerley Limited to both the independent board committee of the Directors and the Independent Shareholders; and (4) the recommendation of the independent board committee and the connected transactions committee of the Directors to the Independent Shareholders, will be dispatched to the Shareholders on or before 16 December 2011 in accordance with the Listing Rules.

MASTER PURCHASE AGREEMENT

Reference is made to the announcements of the Company dated 24 December 2010 and 14 November 2011. As the Master Purchase Renewal Agreement (as amended by the Supplemental Agreement) will expire on 31 December 2011, the Company entered into the Master Purchase Agreement with Sany Group on 25 November 2011 pursuant to which the Company will purchase or procure its subsidiaries to purchase from members of the SG Group certain parts and components produced by members of the SG Group for the production of the Group's products for the three years ending 31 December 2014.

Principal Terms

Date: 25 November 2011

The Master Purchase Agreement shall take effect upon the satisfaction of the following conditions:

- (i) the Master Purchase Agreement having been approved by Independent Shareholders of the Company; and
- (ii) compliance with the relevant requirements under the Listing Rules.

Parties: (1) the Company; and

(2) Sany Group

Subject: Pursuant to the Master Purchase Agreement, the Company will purchase or procure its subsidiaries to purchase from members of the SG Group certain parts and components produced by members of the SG Group for the production of the Group's products (the "**SG Group Transactions**").

Term: The Master Purchase Agreement has a fixed term of three years commencing from 1 January 2012 to 31 December 2014 (both days inclusive).

- Price:** The prices for the parts and components~ supplied by members of the SG Group will be determined on the following basis in order of priority: (i) the price prescribed by the State (including any price prescribed by any relevant local authorities), if any; (ii) the price recommended under the State pricing guidelines, when no State prescribed price is available; (iii) the market price, when neither the State-prescribed price nor the State recommended price is available; or (iv) the price which is no less favourable to the Group than is available from independent third parties, when none of the above is available or applicable.
- Payment:** Payment for SG Group Transactions will be settled by way of telegraphic transfer at credit terms to be agreed by the parties in accordance with their respective normal term of supplies to third parties.
- Right of first of refusal:** If there is any disposal of the member(s) of the SG Group from which the Group shall purchase certain parts and components under the Master Purchase Agreement, the Company shall have a right of first refusal to acquire such member(s) of the SG Group being disposed, subject to compliance with the applicable laws and regulations and the Listing Rules.
- Historical figures:** The historical transaction amounts between the SG Group and the Group under the Master Purchase Renewal Agreement for the two financial years ended 31 December 2010 amounted to approximately RMB64.3 million and RMB55.8 million, respectively. Based on the unaudited management accounts of the Group, the amount of purchases made under the Master Purchase Renewal Agreement up to and including 31 October 2011 was approximately RMB84.9 million. As disclosed in the announcements of the Company dated 24 December 2010 and 14 November 2011 the annual cap for the transactions under the Master Purchase Renewal Agreement for the year ending 31 December 2011 is RMB124.0 million.
- Proposed annual caps:** It is proposed that the cap amount of the SG Group Transactions for the three financial years ending 31 December 2014 will not exceed RMB357,680,000, RMB654,938,000 and RMB927,011,000 (each a “**SG Group Transaction Cap**”), respectively.
- The SG Group Transaction Caps are determined with reference to historical transaction amounts, the anticipated substantial growth in the Group’s sales in the three years ending 31 December 2014, and the resulting growth in the Group’s requirement for parts and components.

Reasons for and benefits of entering into the 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. SG Group is familiar with the Group’s specifications, standards and requirements and the Group is confident on the quality of the parts and components supplied by the SG Group. In view of the Group’s past purchasing experience with

certain members of the SG Group, the Directors are of the view that the SG Group can effectively fulfill the Group's high requirement in supply stability as well as product quality. In addition, SG Group has provided the Group with more favourable terms such as flexible and timely delivery schedule of the parts and components purchased by the Group.

Listing Rules implication

As at the date of this announcement, Mr. Liang Wengen holds 58.24% interest in Sany Group. As Mr. Liang Wengen is a substantial shareholder of the Company by virtue of his 58.24% shareholding in Sany BVI, which in turn holds 72.3% of the total issued share capital of the Company. Sany Group is therefore an associate of Mr. Liang Wengen and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Purchase Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Master Purchase Agreement are expected to exceed 5% on an annual basis, the Master Purchase Agreement, and the SG Group Transactions, including the SG Group Transaction Caps, would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the independent shareholders' approval requirements under the Listing Rules. The SG Group Transactions and the SG Group Transaction Caps would be subject to the approval of Independent Shareholders at the EGM.

Further, as certain applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Master Purchase Agreement is expected to exceed 25%, the Master Purchase Agreement constitutes a major transaction under Chapter 14 of the Listing Rules.

The Board (excluding the independent non-executive Directors) considers that the terms of the Master Purchase Agreement and the SG Transactions are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Somerley Limited has been appointed as the independent financial adviser to advise the Independent Board Committee of the Directors and the Independent Shareholders on the terms of the Master Purchase Agreement and the proposed annual caps for the three years ending 31 December 2014. The independent non-executive Directors reserve their opinion pending advice to be obtained from Somerley Limited.

A circular containing, among other things, (1) further information on the Master Purchase Agreement; (2) the notice of the EGM; (3) a letter from Somerley Limited to both the independent board committee of the Directors and the Independent Shareholders; and (4) the recommendation of the independent board

committee and the connected transactions committee of the Directors to the Independent Shareholders, will be dispatched to the Shareholders on or before 16 December 2011 in accordance with the Listing Rules.

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Master Purchase Agreement and the SG Group Transaction Caps. The relevant interested Shareholders and their respective associates will abstain from voting on the resolution approving the Master Purchase Agreement, the SG Transactions and the SG Group Transaction Caps at the EGM.

INFORMATION ON THE COMPANY AND THE CONNECTED PERSONS

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.

SG Group is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, and machinery leasing, sale and distribution of port machinery, and port machinery-related parts and component, manufacture of automobile and educational businesses.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules;
“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 Stock Exchange (stock code: 631);
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for, among other things, considering, and if thought fit, approving the Master Purchase Agreement and the SG Group Transaction Caps;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Independent Shareholders”	Shareholders other than Sany BVI, its ultimate beneficial owners and the associates thereof; and shareholders who have no interests in the Master Purchase Agreement both are not required to abstain from voting on a resolution to approve the Master Purchase Agreement, the SG Group Transactions and the SG Group Transaction Caps at the EGM pursuant to the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Purchase Agreement”	the purchase agreement dated 25 November 2011 entered into between the Company and Sany Group in relation to the purchase by the Group of parts and components from SG Group;
“Master Purchase Renewal Agreement”	the purchase renewal agreement dated 24 December 2010 (as amended by a supplemental agreement dated 14 November 2011) entered into between the Company and Sany Group in relation to the purchase by the Group of parts and components from SG Group;
“PRC” or “State”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sany BVI”	Sany Heavy Equipment Investments Company Limited (三一重裝投資有限公司), a company incorporated on 23 June 2009 with limited liability under the laws of British Virgin Islands and one of our controlling shareholders;
“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;
“SG Group”	Sany Group and its subsidiaries;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of our Company;
“Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company with a nominal value of HK\$0.10 each;
“Stock Exchange”	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); and

“Supplemental Agreement”

the supplemental agreement entered into by the Company and Sany Group on 14 November 2011, pursuant to which the annual cap for the Master Purchase Renewal Agreement was increased to RMB124.0 million;

“%”

per cent.

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

Hong Kong, 25 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.*