

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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  
FORMATION OF A JOINT VENTURE  
SANY COAL CHEMICAL**

On 20 February 2012, Sany Heavy Equipment entered into the Sany Coal Chemical JV Articles with Sany Group and Sany Electric, pursuant to which Sany Heavy Equipment, Sany Group and Sany Electric will establish Sany Coal Chemical Technology Co., Ltd. as a joint venture under the laws of the PRC.

As at the date of this announcement, Mr. Liang Wengen holds 58.24% interest in Sany Group. 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 an associate of Mr. Liang Wengen and hence a connected person of the Company for the purpose of the Listing Rules.

Sany Electric, being a wholly-owned subsidiary of Sany Group and therefore an associate of Mr. Liang Wengen, is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. Accordingly, the formation of Sany Coal Chemical made under the Sany Coal Chemical JV Articles 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 capital contribution to be made by Sany Heavy Equipment under the Sany Coal Chemical JV Articles is less than 5%, the formation of Sany Coal Chemical pursuant to the Sany Coal Chemical JV Articles is only 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 of Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Sany Coal Chemical JV Articles have been entered into on normal commercial terms, and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On 20 February 2012, Sany Heavy Equipment entered into the Sany Coal Chemical JV Articles with Sany Group and Sany Electric, pursuant to which Sany Heavy Equipment, Sany Group and Sany Electric will establish Sany Coal Chemical Technology Co., Ltd. as a joint venture under the laws of the PRC.

## **THE SANY COAL CHEMICAL JV ARTICLES**

The principal terms of the Sany Coal Chemical JV Articles are set out below:

**Date:** 20 February 2012

**Parties:**

- (1) Sany Group;
- (2) Sany Electric; and
- (3) Sany Heavy Equipment.

**Registered Capital:** Sany Group, Sany Electric and Sany Heavy Equipment have agreed to establish Sany Coal Chemical. The registered capital of Sany Coal Chemical will be RMB531.8 million, of which Sany Group, Sany Electric and Sany Heavy Equipment will contribute RMB425,440,000, RMB53,180,000 and RMB53,180,000, respectively. Upon the establishment of Sany Coal Chemical, Sany Group, Sany Electric and Sany Heavy Equipment will hold 80%, 10%, and 10%, respectively, of the equity interest in Sany Coal Chemical.

The total initial capital contribution of RMB531.8 million to Sany Coal Chemical was determined by the parties with reference to the immediate funding needs of Sany Coal Chemical. Subject to the future funding needs of Sany Coal Chemical, additional capital contributions to Sany Coal Chemical by way of capital contribution by the equity holders in Sany Coal Chemical or by other parties, by converting provident fund into registered capital or other means approved by the relevant governmental authorities may be sought. As at the date of this announcement, the parties have no concrete plan and timetable for contributing any additional capital to Sany Coal Chemical. However, if the Group is subsequently required to contribute additional capital to Sany Coal Chemical, the Company will comply with the applicable requirements under Chapter 14 and Chapter 14A of the Listing Rules in respect of its capital contribution as and when required.

The establishment of Sany Coal Chemical is subject to approval by the Administration for Industry & Commerce of the PRC.

**Business Scope:** Pursuant to the Sany Coal Chemical JV Articles, subject to approval by the Administration for Industry & Commerce of the PRC, Sany Coal Chemical shall engage in the businesses of mining and sale of coal and the production and sale of coal-based chemical products.

**Board Composition:** The board of directors of Sany Coal Chemical shall be elected by the equity holders and shall comprise four directors, of which one shall be designated as the independent director and one shall be elected by the directors to be the chairman of the board.

Sany Coal Chemical will also have one supervisor, which is to be nominated and elected by the equity holders.

**Equity Transfer Restrictions:** Each equity holder in Sany Coal Chemical may transfer their equity interest in Sany Coal Chemical to another equity holder in Sany Coal Chemical. Any transfer of equity interest in Sany Coal Chemical to parties who are not equity holders in Sany Coal Chemical will require the majority consent of the other equity holders. Any equity holder in Sany Coal Chemical who raises objection to any transfer of equity interest in Sany Coal Chemical shall acquire the equity interest subject to such transfer or otherwise be deemed to consent to the transfer. Equity holders in Sany Coal Chemical shall have priority to acquire any equity interest subject to any transfer consented by the equity holders on the same terms offered to non-equity holders in Sany Coal Chemical on a pro rata basis or as otherwise agreed by such equity holders.

Out of the total capital investment of RMB53,180,000 to be contributed by Sany Heavy Equipment in Sany Coal Chemical under the Sany Coal Chemical JV Articles, RMB10,636,000 is expected to be paid in February 2012 and the balance will be paid within two years after the establishment of Sany Coal Chemical. The capital contribution on the part of Sany Heavy Equipment will be funded from internal resources of the Group.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF SANY COAL CHEMICAL**

The establishment of Sany Coal Chemical is consistent with the Company's long-term strategy to develop its energy related business, and to achieve synergy between the Group's capabilities in the resource industry and machinery industry. The Directors believe that the establishment of Sany Coal Chemical represents an ample opportunity for the Group to invest in the coal-based chemical technology business and will enable the Group to take advantage of the expected market expansion of the PRC energy sector.

The Directors (including the independent non-executive Directors) consider that the JV Articles have been entered into on normal commercial terms, and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the formation of Sany Coal Chemical or is required to abstain from voting on the Board resolution for considering and approving the same pursuant to the articles of association of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Liang Wengen holds 58.24% interest in Sany Group. 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 an associate of Mr. Liang Wengen and hence a connected person of the Company for the purpose of the Listing Rules.

Sany Electric, being a wholly-owned subsidiary of Sany Group and therefore an associate of Mr. Liang Wengen, is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. Accordingly, the formation of Sany Coal Chemical made under the Sany Coal Chemical JV Articles 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 capital contribution to be made by Sany Heavy Equipment under the Sany Coal Chemical JV Articles is less than 5%, the formation of Sany Coal Chemical pursuant to the Sany Coal Chemical JV Articles is only 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 of Chapter 14A of the Listing Rules.

## **INFORMATION ABOUT 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 underground mining equipment, such as roadheader, combined coal mining unit, coal mining transportation vehicles and surface off-highway mining trucks.

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.

Sany Electric is a wholly-owned subsidiary of Sany Group. It is principally engaged in the research and development, manufacturing and sale of machinery and equipment, including wind turbine generating systems and their key components, installation of power generating equipment, provision of consultancy and technical support services and import and export of products and technology.

## 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”	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;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	means the director(s) of the Company;
“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;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sany Coal Chemical”	means 三一煤化工有限公司 (Sany Coal Chemical Technology Co., Ltd.), a company to be established under the laws of the PRC pursuant to the Sany Coal Chemical JV Articles;
“Sany Coal Chemical JV Articles”	means the articles of association adopted by Sany Group, Sany Electric and Sany Heavy Equipment pursuant to which Sany Coal Chemical will be established and governed under the terms thereof;
“Sany Electric”	means 三一電氣有限公司 (Sany Electric Co., Limited*), a company with limited liability established on 17 April 2008 under the laws of the PRC and a wholly-owned subsidiary of the Sany Group;

“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;
“SG Group”	means Sany Group and its subsidiaries;
“Sany Heavy Equipment”	means 三一重型裝備有限公司 (Sany Heavy Equipment Co., Ltd.*), a company with limited liability established on 13 January 2004 under the laws of the PRC and a wholly-owned subsidiary of the Company;
“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;
“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);
“%”	means per cent.

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

Hong Kong, 20 February 2012

*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*