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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "**Board**") of Sany Heavy Equipment International Holdings Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, referred to as the "**Group**") for the year ended 31 December 2013, together with comparative figures for the preceding financial year ended 31 December 2012. These annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**"), comprising solely the independent non-executive Directors, one of whom chairs the Audit Committee.

FINANCIAL SUMMARY

- For the year ended 31 December 2013, the Group recorded revenue of approximately RMB3,225.5 million (2012: approximately RMB3,640.7 million), representing a decrease of approximately 11.4% as compared with the year ended 31 December 2012. The decrease was mainly attributable to (1) a decrease in conventional roadheader revenue of approximately 32.4% resulting from the significant decrease in the demand of coal mining machines and relocation of the Company; and (2) a decline in selling price of parts due to the sales mode selling through agents. Although the Group's revenue decreased for the year ended 31 December 2013, the percentage of decrease in revenue was significantly lower than the percentage of decrease in revenue of 29.1% for the six months ended 30 June 2013 when compared with the six months ended 30 June 2012. Such improvement was mainly attributable to the efforts the Group put into transforming its business and extending its product line into non-coal-related business and the excellent sales of mine transportation vehicles, which amounted to approximately RMB387.0 million, approximately 88.5% more than that in 2012 and became a new profit growth source of the Group. At the same time, with more mature technology of combined coal mining unit ("**CCMU**"), the Group made significant improvements in its credibility and efficiency and the revenue increased by approximately 19.8%. With more new models coming into the stream, the product structure of the Group has begun, and will continue to change.

- For the year ended 31 December 2013, the Group's cost of sales was approximately RMB2,062.4 million (2012: approximately RMB2,312.0 million), representing a decrease of approximately 10.8%. The change was mainly due to the decrease in the Group's revenue and, especially, the significantly reduced cost of CCMU attributable to the comprehensive cost control measures.

- As at 31 December 2013, total assets of the Group were approximately RMB8,712.7 million (31 December 2012: approximately RMB7,979.2 million), and total liabilities were approximately RMB2,885.1 million (31 December 2012: approximately RMB2,283.6 million). As at 31 December 2013, the asset to liability ratio of the Group was approximately 33.1% (31 December 2012: approximately 28.6%).

- As at 31 December 2013, cash and cash equivalents, investment deposits and time deposits with maturity of three months or more of the Group were approximately RMB757.3 million in total.

- For the year ended 31 December 2013, the Group had obtained a total of 125 research and development ("**R&D**") patents, including 58 patented inventions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
REVENUE	*4*	**3,225,463**	3,640,739
Cost of sales		**(2,062,410)**	(2,312,048)
Gross profit		**1,163,053**	1,328,691
Other income and gains	*4*	**168,675**	231,424
Selling and distribution expenses		**(500,675)**	(566,041)
Administrative expenses		**(359,264)**	(375,040)
Other expenses		**(47,024)**	(21,733)
Finance costs	*6*	**(17,180)**	(4,678)
PROFIT BEFORE TAX	*5*	**407,585**	592,623
Income tax expense	*7*	**(49,406)**	(92,589)
PROFIT FOR THE YEAR		**358,179**	500,034
Attributable to:			
Owners of the parent		**356,208**	499,532
Non-controlling interests		**1,971**	502
		358,179	500,034
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB Yuan)	*9*	**0.12**	0.16
Diluted (RMB Yuan)	*9*	**0.12**	0.16

Details of the dividends payables and proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**358,179**	500,034
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(95,145)
Reclassification adjustments to the consolidated statement of profit or loss	**95,145**	–
Income tax effect	**(15,699)**	15,699
	79,446	(79,446)
Exchange differences on translation of foreign operations	**613**	341
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**80,059**	(79,105)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**80,059**	(79,105)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**438,238**	420,929
Attributable to:		
Owners of the parent	**436,267**	420,427
Non-controlling interests	**1,971**	502
	438,238	420,929

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,151,073**	2,233,706
Prepaid land lease payments		**466,145**	501,271
Intangible assets		**101,789**	127,951
Available-for-sale investments		**10,636**	106,552
Non-current prepayments		**209,647**	226,057
Deferred tax assets		**159,456**	175,249
Total non-current assets		**3,098,746**	3,370,786
CURRENT ASSETS			
Inventories	*10*	**691,337**	859,988
Trade receivables	*11*	**2,715,876**	1,726,624
Bills receivable		**659,198**	607,338
Prepayments, deposits and other receivables		**287,746**	372,268
Due from the immediate holding company		**184,947**	–
Investment deposits		**300,000**	–
Time deposits		**126,934**	100,000
Pledged deposits		**106,757**	93,640
Cash and cash equivalents		**330,404**	848,578
		5,403,199	4,608,436
Non-current assets classified as held for sale		**210,706**	–
Total current assets		**5,613,905**	4,608,436
CURRENT LIABILITIES			
Trade and bills payables	*12*	**867,681**	723,133
Other payables and accruals		**749,811**	703,830
Interest-bearing bank borrowings		**676,974**	188,523
Tax payable		**83,991**	124,943
Provision for warranties		**43,682**	50,779
Government grants		**19,980**	18,288
Total current liabilities		**2,442,119**	1,809,496
NET CURRENT ASSETS		**3,171,786**	2,798,940
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,270,532**	6,169,726
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,343**	16,114
Government grants		**437,686**	457,954
Total non-current liabilities		**443,029**	474,068
Net assets		**5,827,503**	5,695,658

	Notes	**2013** *RMB'000*	2012 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*13*	**264,366**	269,509
Reserves		**5,494,384**	5,198,228
Proposed final dividend	*8*	**—**	161,139
		5,758,750	5,628,876
Non-controlling interests		**68,753**	66,782
Total equity		**5,827,503**	5,695,658

1 CORPORATE INFORMATION

Sany Heavy Equipment International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman K1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at No.25, 16 Kaifa Road, Economic and Technological Development Area, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of roadheader, combined coal mining unit ("CCMU"), mining transport equipment (including underground and surface), spare parts and service in Mainland China.

In the opinion of the directors of the Company (the "Directors"), as at the date of this announcement, the holding company and the ultimate holding company of the Company are Sany Hongkong Group Limited ("Sany HK"), a company incorporated in Hong Kong and Sany Heavy Equipment Investments Company Limited ("Sany BVI"), a company incorporated in the British Virgin Islands, respectively.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair value less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 Amendments	*Employee Benefits*
IAS 27 (2011)	*Separate Financial Statements*
IAS 28 (2011)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of amendments to IAS 1, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the these financial statements:

IFRS 9	*Financial Instruments*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39* [4]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – *Investment Entities* [1]
IFRS 14	*Regulatory Deferred Accounts* [3]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions* [2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities* [2]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* [1]
IFRIC 21	Levies [1]
IFRS Amendments	*Annual Improvement to IFRs 2010-2012 Cycle* [2]
IFRS Amendments	*Annual Improvement to IFRs 2011-2013 Cycle* [2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 No mandatory effective date yet determined but is available for adoption

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is expected that these amendments will not have any impact on the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

Amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

Amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current year. However, these amendments would be considered for future novations.

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

3. OPERATING SEGMENT INFORMATION

During the year, the Group is principally engaged in the manufacture and sale of heavy equipment including roadheader, CCMU, mining transport equipment (including underground and surface), spare parts and service. For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment.

No operating segments have been aggregated to form the above reportable operating segment.

As over 90% of the Group's revenue is derived from customers based in Mainland China and most of the Group's identifiable assets and liabilities are located in Mainland China, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

Information about a major customer

Revenue of approximately RMB648,314,000 (2012: RMB903,043,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**3,175,096**	3,590,135
Rendering of services	**50,367**	50,604
	3,225,463	3,640,739
Other income		
Bank interest income	**5,650**	5,048
Profit from the sale of scrap materials	**47,226**	67,715
Government grants	**96,608**	145,095
Others	**4,860**	5,000
	154,344	222,858
Gains		
Gains from investment deposits	**14,331**	8,566
	168,675	231,424

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Group	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
Cost of inventories sold		**2,015,552**	2,272,601
Cost of services provided		**46,858**	39,447
Depreciation		**110,728**	110,526
Amortisation of land lease prepayments**		**9,899**	11,148
Amortisation of intangible assets**		**26,162**	1,476
Auditors' remuneration		**2,400**	2,280
Provision for warranties*		**29,180**	45,001
Research and development costs**		**177,694**	170,057
Minimum lease payments under operating leases:			
Dormitories for staff		**29**	323
Warehouses		**4,286**	6,888
Office equipment		**287**	515
		4,602	7,726
Employee benefit expenses (including directors' and chief executive's remuneration):			
Wages and salaries		**263,519**	272,958
Equity-settled share option expense		**3,331**	–
Employee retirement benefits		**33,706**	41,765
Other staff welfare		**18,165**	22,826
		318,721	337,549
Foreign exchange differences, net***		**3,685**	5,400
Impairment of trade receivables***	*11*	**42,621**	11,587
Impairment of other receivables***		**–**	662
Provision against slow-moving and obsolete inventories****	*10*	**17,371**	6,461
Loss on disposal of items of property, plant and equipment***		**718**	4,084

* Included in "Selling and distribution expenses" in the consolidated statement of profit or loss.

** Included in "Administrative expenses" in the consolidated statement of profit or loss.

*** Included in "Other expenses" in the consolidated statement of profit or loss.

**** Included in "Cost of sales" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	Group 2013 RMB'000	2012 RMB'000
Interest on interest-bearing bank borrowings wholly repayable within five years	**12,919**	2,073
Interest on documentary bills	**231**	1,972
Interest on discounted bills	**4,030**	633
	17,180	4,678

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatment available to a certain subsidiary operating in Mainland China, the companies of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the year ended 31 December 2013.

The Group's principal operating company, Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司)("Sany Heavy Equipment"), obtained the high technology enterprise accreditation and hence was subject to CIT at a rate of 15% in 2013 (2012: 15%).

	Group 2013 RMB'000	2012 RMB'000
Current – Mainland China		
Charge for the year	**60,029**	122,621
Deferred	**(10,623)**	(30,032)
Total tax charge for the year	**49,406**	92,589

A reconciliation of the income tax expense applicable to profit before tax using the statutory rate for the location in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	Group			
	2013		2012	
	RMB'000	%	*RMB'000*	%
Profit before tax	**407,585**		592,623	
Tax at the statutory tax rate	**101,896**	25.0	148,156	25.0
Entities subject to lower statutory income tax rates	**(38,277)**	(9.4)	(61,247)	(10.3)
Expenses not deductible for tax	**1,268**	0.3	16,394	2.7
Different tax rate when temporary difference is realised	**(1,967)**	(0.5)	(12,863)	(2.2)
Super-deduction of research and development costs	**(12,212)**	(3.0)	(5,513)	(0.9)
Income not subject to tax	**(3,891)**	(1.0)	(12,646)	(2.1)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**260**	0.1	16,114	2.7
Tax losses not recognised	**2,329**	0.6	4,194	0.7
Tax charge at the Group's effective tax rate	**49,406**	12.1	92,589	15.6

8. DIVIDEND

	2013	2012
	RMB'000	*RMB'000*
Proposed final – nil (2012: HK6.4 cents per ordinary share)	**–**	161,139

The board doesn't recommend the payment of any dividend for the year ended 31 December 2013.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the year ended 31 December 2013 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,064,886,334 (2012: 3,109,994,137) in issue during the year, as adjusted to reflect the repurchase of 64,110,000 issued shares during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year ended 31 December 2013 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented. No adjustments has been made to the basic earnings per share amounts presented for the year ended 31 December 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

10. INVENTORIES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Raw materials	**336,013**	336,902
Work in progress	**117,079**	180,936
Finished goods	**248,243**	355,712
	701,335	873,550
Less: Provision against slow-moving and obsolete inventories	**(9,998)**	(13,562)
	691,337	859,988

The movements in the provision against slow-moving and obsolete inventories are as follows:

		Group	
		2013	2012
	Note	***RMB'000***	*RMB'000*
At 1 January		**13,562**	13,385
Charge for the year	*5*	**17,371**	6,461
Amount written off		**(20,935)**	(6,284)
At 31 December		**9,998**	13,562

11. TRADE AND BILLS RECEIVABLES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**2,799,257**	1,768,701
Impairment	**(83,381)**	(42,077)
Trade receivables, net	**2,715,876**	1,726,624
Bills receivable	**659,198**	607,338

The Group generally requires its customers to make payments at various stages of the sales transactions, however, the Group grants certain credit periods to old customers with a good payment history. The credit periods of individual customers are considered on a case-by-case basis and are set out in the sales contracts, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had certain concentrations of credit risk as 32% (2012: 27%) of the Group's trade receivables were due from the Group's largest customer, including a group of entities which are known to be under common control with that customer. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 60 days	**659,430**	786,605
61 to 90 days	**308,090**	189,436
91 to 180 days	**693,590**	189,547
181 to 365 days	**874,202**	373,127
Over 1 year	**180,564**	187,909
	2,715,876	1,726,624

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

		Group	
		2013	2012
	Note	***RMB'000***	*RMB'000*
At 1 January		**42,077**	34,121
Impairment losses recognised	*5*	**42,621**	11,587
Amount written off as uncollectible		**(1,317)**	(3,631)
At 31 December		**83,381**	42,077

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB83,381,000 (2012: RMB42,077,000) with a carrying amount before provision of RMB83,381,000 (2012:RMB 42,077,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or in default in payments. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

			Past due but not impaired		
Group	**Total**	**Neither past due nor impaired**	**Within 180 days**	**181 to 365 days**	**Over 1 year**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2013	2,715,876	2,523,841	89,455	63,046	39,534
31 December 2012	1,726,624	1,548,490	137,055	33,528	7,551

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within six months	**548,494**	462,508
Over six months	**110,704**	144,830
	659,198	607,338

Included in the balances of bills receivable are amounts of approximately RMB10,840,000 (2012: RMB98,813,000) which were pledged to secure the issuance of bills payable.

Included in the bills receivable was an amount of RMB26,400,000 as at 31 December 2013 (2012: RMB9,000,000) endorsed to a fellow subsidiary for purchasing raw materials by the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the Mainland China (the "Endorsed Bills") with a carrying amount of RMB14,802,000 (2012: Nil) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB17,202,000 (2012: Nil) as at 31 December 2013.

Transferred financial assets that are derecognised in their entirety

At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB133,433,000 (2012: RMB476,179,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**487,452**	194,859
31 to 90 days	**208,828**	181,633
91 to 180 days	**136,865**	161,383
181 to 365 days	**26,425**	172,467
Over 1 year	**8,111**	12,791
	867,681	723,133

The trade payables are non-interest-bearing and are normally with credit terms of 30 to 120 days.

The bills payable are all due within 180 days.

Included in the trade and bills payables was an amount of RMB69,454,000 as at 31 December 2013 (31 December 2012: RMB4,100,000) payable to fellow subsidiaries for purchasing raw materials by the Group.

13. SHARE CAPITAL

	2013	2012
	HK\$'000	*HK\$'000*
Authorised:		
5,000,000,000 ordinary shares (2012: 5,000,000,000 ordinary shares) of HK\$0.10 each	**500,000**	500,000
Issued and fully paid:		
3,041,025,000 ordinary shares (2012: 3,105,135,000 ordinary shares) of HK\$0.10 each	**304,103**	310,514
Equivalent to RMB'000	**264,366**	269,509

In March and July 2013, the Company repurchased 33,863,000 and 30,247,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited in cash consideration of HK\$121,353,000 (equivalent to RMB98,061,000) and HK\$65,466,000 (equivalent to RMB52,281,000), respectively. The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(3) of the Companies Law of the Cayman Islands, amounts equivalent to the par value of the shares cancelled of HK\$3,386,000 (equivalent to RMB2,736,000) and HK\$3,025,000 (equivalent to RMB2,407,000) were transferred from share premium to the capital redemption reserve. The total premium paid on the repurchase of the shares of HK\$180,642,000 (equivalent to RMB145,199,000) was charged to share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2013, the coal mining machinery market remained sluggish without any clear sign of recovery. In this key moment when the whole industry faced challenges, the Group started to transform its business. By virtue of its technology resources and management experience accumulated over the years, it launched a series of non-coal mining products, which brought new profit growth points. The business transformation strategy has achieved initial success and put the Group at a leading position in the industry.

Major products

With the ongoing transformation, the Group divided its products into three categories, namely the coal mining business, which included roadheaders (all types of soft rock, hard rock roadheader, large mining high roadheader EBS630 and drilling machinery) and CCMU (coal mining machines (shearer), hydraulic support system, scraper conveyor (Armored-Face Conveyer) and centralized control system); the non-coal-related business, which included mining transport equipment (mechanical drive off-highway dump truck, electric drive off-highway dump truck, articulated truck and underground coal mining vehicle) and other new model products (continuous mining machineries and concrete pump for coal mines); and other non-coal-related business (parts and services).

Development of new products

By virtue of its strong research and development ("R&D") ability, the Group launched various new original products in view of market demands and actively expanded towards the non-coal-related business. Through innovation, the Group successfully launched the first non-coal large mining two-arm high roadheader EBS630 for potash mining as well as piloted the use of roadheaders in tunnel digging in certain regions during the period under review. These set a new direction for the development of excavation and mining equipment for the Group. Meanwhile, the R&D team of the Group is developing electric shovels, which will become a breakthrough for the Group in leading the development of the industry. The launch of new products will enable the Group to manage the risk of a weakening market demand in coal mining machineries while bringing in new source of profit growth for the Group.

Research and development capability

As a leading enterprise spearheading the industry's technological advances, the Group considered R&D as one of its most important competitive strengths and a main drive to provide customers with products different from those of its peers in the industry, products that were of higher quality at a more reasonable price. During the year under review, the Group achieved remarkable achievements in its R&D and successively launched new product models that led the development direction of the industry. The Group launched a light intelligent remote hydraulic support system – a revolutionary breakthrough in its hydraulic support products. The machine, which is significantly lighter than standard hydraulic support products, utilizes high-strength steel plates and fully-automated remote control which contributes to improved safety and higher efficiency. The Group successfully produced the third generation of roadheaders incorporating various new technologies such as features of high intelligence, which is industry leading. The efficiency of removing respirable dust new model roadheaders has been significantly enhanced, effectively removing dust even in tunnels with high gas content. Meanwhile, the development of coal mine transportation vehicles such as SRT45, SRT95C and SRT55D and the launch of thin coal seams CCMU and ML400 continuous coal mining machine laid a solid foundation for the future performance of the Group. For the year ended 31 December 2013, the Group had obtained a total of 125 R&D patents, including 58 patented inventions.

Production and manufacturing

Currently, the Group have eight plants in the new industrial park located in the Economic and Technological Development Zone of Shenyang city with a total area of 629,000 sq.m. The Group focused on enhancement of processing technology and assembly technology with a view to further lower production cost and to enhance efficiency and product quality through diversifying the products offered.

Also, the testing plant in the new industrial park has commenced operation. Various large test beds and laboratories, including a 1500KW high power test bed, outdoor testing site for roadheader, integrated test bed for scrapper conveyor, loading test bed for hydraulic servo, test bed for single geared cutting, integrated test bed for multi-frequency mining devices, etc, have been constructed and commenced operation. All these testing facilities are of the highest standard in the industry which will guarantee the credibility of products from the Group.

Distribution and service

The Group will adhere to its service philosophy of "All For Customers, All From Innovations", by providing first-class service and highly efficient response to make every effort in meeting customers' needs and raising customers' satisfaction and to address any concerns of our customers. The Group's superior product quality, attentive after-sales service and efficient response have achieved a high degree of recognition from our customers.

Financial Review

Revenue

For the year ended 31 December 2013, the Group recorded revenue of approximately RMB3,225.5 million (2012: approximately RMB3,640.7 million), representing a decrease of approximately 11.4% as compared with the year ended 31 December 2012. The decrease was mainly attributable to (1) a decrease in conventional roadheader revenue of approximately 32.4% resulting from the significant decrease in the demand of coal mining machines and relocation of the Company; and (2) a decline in selling price of parts due to the sales mode selling through agents. Although the Group's revenue decreased for the year ended 31 December 2013, the percentage of decrease in revenue was significantly lower than the percentage of decrease in revenue of 29.1% for the six months ended 30 June 2013 when compared with the six months ended 30 June 2012. Such improvement was mainly attributable to the efforts the Group put into transforming its business and extending its product line into non-coal-related business and the excellent sales of mine transportation vehicles, which amounted to approximately RMB387.0 million, approximately 88.5% more than that in 2012 and became a new profit growth source of the Group. At the same time, with more mature technology of CCMU, the Group made significant improvements in its credibility and efficiency and the revenue increased by approximately 19.8%. With more new models coming into the stream, the product structure of the Group has begun, and will continue to change.

Other income and gains

For the year ended 31 December 2013, the Group's other income and gains was approximately RMB168.7 million (2012: approximately RMB231.4 million), representing a year-on-year decrease of approximately 27.1%. The decrease was mainly attributable to a decrease in government grants received.

Cost of sales

For the year ended 31 December 2013, the Group's cost of sales was approximately RMB2,062.4 million (2012: approximately RMB2,312.0 million), representing a decrease of approximately 10.8%. The change was mainly due to the decrease in the Group's revenue.

Gross profit and gross margin

For the year ended 31 December 2013, the gross profit of the Group was approximately RMB1,163.1 million (2012: approximately RMB1,328.7 million), representing a year-on-year decline of approximately 12.5%. Gross margin was approximately 36.1% (2012: approximately 36.5%), representing a decrease of approximately 0.4 percentage points year-on-year. Such changes were mainly due to further increase in the proportion of revenue from CCMU and the non-coal-related products which had a gross margin lower than that of traditional roadheader products, to total revenue. The Group has been gradually improving the gross profit margin of CCMU and the non-coal-related products via improvements in product design, processing technology and production process.

Profit margin before tax

For the year ended 31 December 2013, the Group's profit margin before tax was approximately 12.6%, representing a decrease of approximately 3.7 percentage points as compared to approximately 16.3% for the year ended 31 December 2012. The decrease was mainly due to the input of more resources of the Group into R&D.

Selling and distribution expenses

For the year ended 31 December 2013, the selling and distribution expenses were approximately RMB500.7 million (2012: approximately RMB566.0 million), representing a decrease of approximately 11.5%. For the year ended 31 December 2013, the ratio of the Group's selling and distribution expenses to revenue was approximately 15.5%, remained approximately the same as 2012 (2012: 15.5%).

Research and development expenses

For the year ended 31 December 2013, the research and development expenses of the Group were approximately RMB177.7 million, and its ratio to revenue was approximately 5.5%, representing an increase of approximately 0.8 percentage point from approximately 4.7% of 2012. Such increase was mainly attributable to the increased input of resources into the business transformation, the development of non-coal-related products and the expanded application of new products such as coal-mining transportation vehicles, concrete pumps for coal mines and continuous mining machines. Also, the Group has been continuously improving the R&D of its CCMU to further enhance its products' credibility and stability.

Administrative expenses

For the year ended 31 December 2013, administrative expenses of the Group were approximately RMB359.3 million. The ratio of administrative expenses excluding research and development expenses to revenue was approximately 5.6%, basically the same as 2012 (2012: 5.6%).

Finance costs

For the year ended 31 December 2013, finance costs of the Group were approximately RMB17.2 million (2012: approximately RMB4.7 million), mainly due to bank loans drawn down by the Group.

Taxation

Sany Heavy Equipment Co., Ltd., a wholly-owned subsidiary of the Group, is a National High New Technology Enterprise in Liaoning Province and is entitled to preferential tax treatments. The Group's effective tax rate in 2013 was approximately 12.1% (2012: effective tax rate of approximately 15.6%). For details regarding income tax, please refer to note 7 to the financial statements.

Profit attributable to owners of the parent

For the year ended 31 December 2013, the Group's profit attributable to owners of the parent decreased to approximately RMB356.2 million (2012: approximately RMB499.5 million), representing a decrease of approximately 28.7%. For the main reason of the decrease, please refer to the above paragraphs titled "***Revenue***" and "***Profit margin before tax***".

Liquidity and financial resources

As at 31 December 2013, current assets of the Group were approximately RMB5,613.9 million (31 December 2012: approximately RMB4,608.4 million). As at 31 December 2013, current liabilities of the Group were approximately RMB2,442.1 million (31 December 2012: approximately RMB1,809.5 million).

As at 31 December 2013, total assets of the Group were approximately RMB8,712.7 million (31 December 2012: approximately RMB7,979.2 million), and total liabilities were approximately RMB2,885.1 million (31 December 2012: approximately RMB2,283.6 million). As at 31 December 2013, the asset to liability ratio of the Group was approximately 33.1% (31 December 2012: approximately 28.6%).

As of 31 December 2013, the Group had sufficient cash and a large amount of credit facility at banks that had not been utilized.

Trade and bills receivables

As at 31 December 2013, the Group's trade and bills receivables were approximately RMB3,375.1 million, representing an increase of approximately 44.6% from approximately RMB2,334.0 million as at 31 December 2012, of which trade receivables were approximately RMB2,715.9 million, representing an increase of approximately 57.3% from approximately RMB1,726.6 million as at 31 December 2012 and bills receivable were approximately RMB659.2 million, representing an increase of approximately 8.5% from approximately RMB607.3 million as at 31 December 2012. The increase was mainly due to the ratio of revenue from sales of CCMU to total revenue which increased by approximately 7.7 percentage points from 2012 to approximately 29.5%, and the time of making payment of CCMU was much longer than that of conventional roadheaders. In addition, in order to maintain long-term strategic cooperation with high-quality customers, the Group extended the credit period of certain state-owned customers with good reputation. The Group had also established a specific department to carry out the strict control of outstanding receivables and follow up on debt collection to minimise the credit risk.

Cash flow

As at 31 December 2013, cash and cash equivalents of the Group, investment deposits and time deposits with maturity of three months or more were approximately RMB757.3 million in total.

For the year ended 31 December 2013, the net cash outflow of the Group from operating activities was approximately RMB223.6 million (2012: net cash inflow of approximately RMB86.3 million). For the reason of such decrease, please refer to the paragraph titled "***Trade and bills receivables***" above.

For the year ended 31 December 2013, the net cash outflow from investing activities was approximately RMB450.8 million (2012: net cash inflow of approximately RMB237.8 million). The change of net cash outflow from investing activities was mainly for (1) the purchase of financial products of approximately RMB300.0 million, which has not matured; and (2) the capital expenditure amounted to approximately RMB229.2 million.

For the year ended 31 December 2013, the net cash inflow of the Group from financing activities was approximately RMB152.4 million (2012: net cash inflow of approximately RMB46.6 million).

Turnover days

The Group's average turnover days of inventory were approximately 137.3 days in 2013, representing an increase of approximately 10.5 days from 126.8 days in 2012, mainly because of (1) the decrease in revenue; and (2) more raw materials and products in demand were retained.

The turnover days of trade and bills receivables in 2013 were approximately 330.1 days, representing an increase of approximately 94.1 days from approximately 236.0 days in 2012. Please refer to the above paragraph titled "***Trade and bills receivables***" for the reasons of such increase.

Turnover days of trade and bills payables increased by approximately 25.5 days from approximately 115.3 days in 2012 to approximately 140.8 days in 2013.

Contingent liabilities

As at 31 December 2013, the Group had no material contingent liability (2012: nil).

Capital commitment

As at 31 December 2013, the contracted capital commitments of the Group which are not provided for in the financial statements were approximately RMB228.2 million (31 December 2012: approximately RMB396.8 million).

Employees and remuneration policy

The Group persists in training and developing talents. Accordingly, it provides internal training, external training and correspondence courses to its staff according to their ranking and at different times with an aim to self-improving and enhancing their skills relevant to work as well as strengthening their senses of belonging. In addition, the Group paid year-end bonuses to staff to reward them for their contributions and dedication to the Group. The remuneration of the directors of the Group was determined with reference to their positions, responsibilities and experience and prevailing market conditions.

Material acquisition and disposal

On 21 June 2013, the Company entered into a share transfer agreement with Sany Hongkong Group Limited ("Sany Hongkong"). Pursuant to the share transfer agreement, the Company had agreed to sell and Sany Hongkong had agreed to acquire shares representing 2.19% of the equity interest in Kinetic Mines and Energy Limited ("Kinetic") at a consideration of HK$235,233,288.86. After completion of the disposal, the Company will cease to hold any interest in Kinetic.

Pledge of assets

As at 31 December 2013, pledged deposits and pledged bills with aggregate value of approximately RMB117.6 million (2012: approximately RMB192.5 million), which were for the purpose of issuing bills payable. As at 31 December 2013, certain of the Group's bank loans were secured by property, plant and equipment and prepaid land lease payments with a carrying amount of RMB510.2 million (2012: Nil).

Foreign exchange risk

As at 31 December 2013, the Group's cash and bank balances denominated in HK$ and US$ were equivalent to approximately RMB5.2 million. The Group will monitor the risk exposures and may consider hedging against material currency risk if required.

Social responsibility

The Group promotes that "contribution to the country is more important than the profit of an enterprise" and fulfills its social responsibility by making notable contribution to economic and social development. On 20 April 2013, a 7.0 magnitude earthquake occurred in Ya'an, Sichuan. The Group and its affiliate Sany Group Limited arrived at the stricken area immediately to assist with the rescue. Meanwhile, the Group also treats the development of teenagers and children with utmost importance. On 22 June 2013, the Group formed a team of volunteers who paid a visit to a children's asylum and donated necessities such as clothes, toys and books to the children. The Group persisted in the principle of "enabling staff's success" by visiting staff with family difficulties and providing them with consolation money and items, while also raised funds for staff requiring assistance and spread love and care to staff who are in need of support. In addition, the Group from time to time held the "Little Swallow", an activity in which it arranged family gathering for staff working far away from home and has so far offered the chance of reunion to 39 families.

DIVIDENDS

The Board does not recommend any final dividend for the year ended 31 December 2013.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible enterprise which is open and accountable to the shareholders of the Company (the "Shareholders"). The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards. The Board focuses on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency of all operations of the Company. The Company believes that effective corporate governance is the foundation for creating more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Except for the deviations from code provision A.2.1, the Company has complied with the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from 1 January 2013 to 31 December 2013. In accordance with code provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Further, the division of responsibilities between the chairman and chief executive officer should be clearly established.

Prior to 1 September 2013, the Company did not separate the roles of the Chairman and the Chief Executive Officer. Mr. Zhao Xiangzhang is the Chairman of the Company and, prior to 1 September 2013, also acted as the Chief Executive Officer of the Company. He is responsible for monitoring the operation of the Group. Although the Board believes that vesting the roles of both chairman and chief executive officer in Mr. Zhao Xiangzhong will not impair the balance of power and authority between the Board and the management of the Company, the Company nevertheless appointed Mr. Wu Jialiang to replace Mr. Zhao Xiangzhang as the Chief Executive Officer with effect from 1 September 2013 in accordance with code provision A.2.1 of CG Code. Please refer to the announcement of the Company dated 27 August 2013 for further details.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 20 June 2014. A notice convening the annual general meeting will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 June 2014 to Friday, 20 June 2014, both days inclusive, during which period no transfer of shares will be registered. The record date for entitlement to attend and vote at the annual general meeting is 20 June 2014. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on 20 June 2014, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 16 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the year ended 31 December 2013, the Company repurchased a total of 64,110,000 shares (2012: 7,365,000) on the Stock Exchange at an aggregate consideration of approximately HK$186.9 million (approximately RMB150.4 million) (2012: approximately HK$29.5 million (approximately RMB24.1 million)). All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of ordinary shares repurchased	Purchase price per share Highest	Lowest	Aggregate consideration paid	
		HK$	*HK$*	*HK$ million*	*RMB million*
March 2013	33,863,000	3.70	3.22	121.4	98.1
July 2013	30,247,000	2.43	1.79	65.5	52.3
Total	64,110,000			186.9	150.4

Save as disclosed above, during the year ended 31 December 2013, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the period under review, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code for the year ended 31 December 2013.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in place in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung, all of whom are independent non-executive Directors. Dr. Ngai Wai Fung, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the consolidated annual results of the Group for the full year ended 31 December 2013, including the accounting principles and standard practices adopted by the Group and selection and appointment of the external auditors.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, the Company had maintained sufficient public float throughout the year ended 31 December 2013.

PUBLICATION OF INFORMATION ON THE WEBSITES

The annual report of the Company for the year ended 31 December 2013 containing all the information required by the Listing Rules will be dispatched to the Company's Shareholders and published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.sanyhe.com in due course.

By the Order of the Board
Sany Heavy Equipment International Holdings Company Limited
Zhao Xiangzhang
Chairman

Hong Kong, 24 March 2014

As at the date of this announcement, the executive Directors are Mr. Zhao Xiangzhang, Mr. Mao Zhongwu, Mr. Kuang Canghao, Mr. Huang Xiangyang and Mr. Liu Weili, the non-executive Director is Mr. Xiang Wenbo, and the independent non-executive Directors are Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung.