SANYI

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)

(1) MAJOR AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN SANY MARINE INDUSTRY INTERNATIONAL HOLDINGS COMPANY LTD. (2) CREATION OF CONVERTIBLE PREFERENCE SHARES (3) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERTIBLE PREFERENCE SHARES AND CONVERSION SHARES

Financial Adviser to the Company

HSBC

Financial Adviser to Sany HK

BofA Merrill Lynch

Independent Financial Adviser

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

The Acquisitions

On 7 November 2014, the Company entered into the Share Transfer Agreement with Sany HK to acquire the entire issued share capital in the Target Company for a consideration of RMB759,978,000 (equivalent to approximately HK$963,880,097). The consideration for the Offshore Acquisition shall be settled by the Company at completion by the issue of Convertible Preference Shares. Upon completion of the Offshore Acquisition, the Target Company will be a direct wholly-owned subsidiary of the Company and each of Zhuhai Sany Port Machinery and Sany Marine Heavy Industry will be an indirect wholly-owned subsidiary of the Company.

Pursuant to the Share Transfer Agreement, on 7 November 2014, Sany Marine Heavy Industry, a wholly-owned subsidiary of the Target Company, entered into the Equity Transfer Agreement with Sany Group to acquire the entire equity interest in Hunan Sany Port Equipment for a cash consideration of RMB1,040 million (equivalent to approximately HK$1,319 million). The Onshore Acquisition shall take effect upon satisfaction of several conditions, including the completion of the Offshore Acquisition. Upon completion of the Onshore Acquisition, Hunan Sany Port Equipment will be an indirect wholly-owned subsidiary of the Company.

Upon completion of the Acquisitions, the Target Company will become a holding company of a group of companies, which are principally engaged in the design, manufacture and sale of port machinery and marine heavy equipment products. The Acquisitions represent an expansion of the existing business of the Group, which specializes in coal mining equipment, involving research and development, manufacturing and sale of whole set of roadheaders, mining and transportation vehicles.

Upon completion of the Acquisitions and before the Shareholder Loans are settled in full, each of the Shareholder Loans will constitute financial assistance received by the Company from a connected person under Chapter 14A of the Listing Rules. As each of the Shareholder Loans is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, it will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

The Continuing Connected Transactions

On 1 September 2014, Hunan Sany Port Equipment entered into the Hunan Lease with Sany Auto Manufacturing to lease the Hunan Property with effect from 1 September 2014 to 31 August 2015 at a rental of RMB257,749 per month on the conditions and subject to the terms of the Hunan Lease.

On 1 September 2014, Zhuhai Sany Port Machinery entered into the Zhuhai Lease with Sany Group to lease the Zhuhai Property which takes retrospective effect from 10 February 2012 and ends on 9 February 2015 at a rental of RMB337,125 per month on the conditions and subject to the terms of the Zhuhai Lease.

On 7 November 2014, Hunan Sany Port Equipment entered into the Sales Agreement with Sany International Development, pursuant to which Hunan Sany Port Equipment will sell its products to Sany International Development with effect from the effective date of the Sales Agreement to 31 December 2015.

Listing Rules Implications

The connected persons

As at the date of the Share Transfer Agreement, Sany HK being the beneficial owner of 2,134,580,188 Shares, representing approximately 70.19% of the entire issued share capital of the Company, is a substantial shareholder of the Company. Sany HK is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Liang Wengen, who holds 57.12% interest in Sany Group, is a substantial shareholder of the Company by virtue of his 57.12% shareholding in Sany Heavy Equipment Investments Company Limited, which in turn indirectly holds 70.19% of the total issued share capital of the Company. Sany Group is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Each of Sany Auto Manufacturing and Sany International Development, being a subsidiary of Sany Group, is an associate of Mr. Liang Wengen pursuant to Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

The Acquisitions

The Offshore Acquisition to be made under the Share Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules as Sany HK is a connected person.

Upon completion of the Offshore Acquisition, the Target Company will be a wholly-owned subsidiary of the Company, and hence the transactions contemplated under the Equity Transfer Agreement will be a transaction between the Group and a connected person of the Company and constitute a connected transaction of the Company under Rule 14A.25 of the Listing Rules.

The transactions contemplated under each of the Sales Agreement, the Hunan Lease and the Zhuhai Lease, the counterparties of which are connected persons of the Company, will also constitute continuing connected transactions of the Company under the Listing Rules upon completion of the Offshore Acquisition and the Onshore Acquisition.

Given that the Offshore Acquisition and the Onshore Acquisition are related and the vendor for each of the Offshore Acquisition and the Onshore Acquisition is controlled by Mr. Liang Wengen, the Board considers it appropriate to aggregate the Onshore Acquisition and the Offshore Acquisition for the purpose of determining the requirements applicable to the Company under Chapter 14 and Chapter 14A of the Listing Rules in respect of the Acquisitions.

In addition, as more than one of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisitions are more than 25% but less than 100%, the Acquisitions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and hence is subject to notification, publication and shareholders' approval requirements under the Listing Rules.

As each of the Shareholder Loans is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, each of the Shareholder Loans will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

The Continuing Connected Transactions

Given that the Hunan Lease, the Zhuhai Lease and the Sales Agreement are all related to the business operations of the subsidiaries of the Target Company and the counterparties to these agreements are controlled by Mr. Liang Wengen, the Board considers it appropriate to aggregate the transactions under the Continuing Connected Transactions for the purpose of determining the requirements applicable to the Company under Chapter 14A of the Listing Rules in respect of the Continuing Connected Transactions.

As each of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Continuing Connected Transactions is expected to be less than 5%, the Continuing Connected Transactions would be subject to the reporting and announcement requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM

The EGM will be convened as soon as practicable at which ordinary resolutions will be proposed for the Shareholders to consider, and, if thought fit, to approve the Acquisitions, the creation of the Convertible Preference Shares and re-classification of the authorised share capital of the Company and the Specific Mandate. Pursuant to Rule 14A.36 of the Listing Rules, at the EGM, Sany HK is required to abstain from voting on the ordinary resolution approving the Acquisitions and the Specific Mandate. Voting at the EGM will be conducted by poll.

A circular containing, inter alia, (i) further information on the Acquisitions, the Convertible Preference Shares and the Specific Mandate; (ii) the notice of the EGM; (iii) the letter from Anglo Chinese Corporate Finance, Limited to both the Independent Board Committee and the Independent Shareholders regarding the Share Transfer Agreement, the Equity Transfer Agreement and the transactions thereunder; and (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be despatched to the Shareholders as soon as possible. It is currently expected that the circular will be despatched to the Shareholders on or before 28 November 2014.

THE SHARE TRANSFER AGREEMENT

The salient terms of the Share Transfer Agreement are as follows.

Date: 7 November 2014

Parties:
(1) the Company as the purchaser; and
(2) Sany HK as the vendor.

Subject Matter: Pursuant to the Share Transfer Agreement, (i) the Company shall purchase, and Sany HK shall sell, the entire issued share capital in the Target Company; and (ii) Sany HK shall assign the Offshore Shareholder Loan to the Company, on the conditions and subject to the terms of the Share Transfer Agreement.

Conditions Precedent: The Share Transfer Agreement is subject to, among other things, the following conditions:

(i) the Company being satisfied in its due diligence on the Target Company and its subsidiaries;

(ii) the Offshore Acquisition having been approved by the shareholders and board of directors of the Sany HK;

(iii) the Offshore Acquisition having been approved by board of directors of the Target Company;

(iv) the Equity Transfer Agreement having been entered into between Sany Group and the Target Company;

(v) all approvals, authorisations, registrations, filings, consents and waivers required to be obtained or made by the Vendor, the Company, the Target Company and all direct and indirect subsidiaries of the Target Company from any governmental authority or other third party in respect of the transactions contemplated under the Share Transfer Agreement having been obtained or made;

(vi) the Acquisitions having been approved by the Shareholders in accordance with the requirements under the Listing Rules;

(vii) compliance with other relevant requirements under the Listing Rules; and

(viii) the issue of Convertible Preference Shares and the grant of the Specific Mandate having been approved by the Independent Shareholders in accordance with the requirements under the Listing Rules.

Consideration: The total consideration for the Offshore Acquisition, comprising the acquisition of the entire issued share capital of the Target Company and the assignment of the Offshore Shareholder Loan, is RMB759,978,000 (equivalent to approximately HK$963,880,097), which is determined by reference to the preliminary valuation of the market value of the 100% equity interest in the Target Company as at 1 September 2014 as appraised by an independent valuer engaged by the Company and the principal amount of the Offshore Shareholder Loan.

Payment Terms: Pursuant to the Share Transfer Agreement, the consideration for the Offshore Acquisition shall be settled by the Company at completion by the issue of such number of Convertible Preference Shares that is equal to RMB759,978,000 divided by the Issue Price (rounded down to the nearest whole number).

Completion: The completion of the Offshore Acquisition is to take place on the last day of the calendar month in which the conditions precedent of the Share Transfer Agreement are fulfilled (or, where applicable, waived) or such later date as agreed between the Company and Sany HK in writing.

THE EQUITY TRANSFER AGREEMENT

The salient terms of the Equity Transfer Agreement are as follows.

Date: 7 November 2014

Parties:
(1) Sany Marine Heavy Industry as the purchaser; and
(2) Sany Group as the vendor.

Subject Matter: Pursuant to the Equity Transfer Agreement, Sany Marine Heavy Industry, a wholly-owned subsidiary of the Target Company, shall purchase, and Sany Group shall sell, the entire equity interest in Hunan Sany Port Equipment on the conditions and subject to the terms of the Equity Transfer Agreement.

Conditions Precedent: The Equity Transfer Agreement shall take effect upon satisfaction of, among other things, the following conditions:

(i) there is no material adverse change in the assets, financial position, business operations and prospects of Hunan Sany Port Equipment;

(ii) the Offshore Acquisition having been completed;

(iii) all approvals, authorisations, registrations, filings, consents and waivers required to be obtained or made by Sany Marine Heavy Industry, Sany Group and Hunan Sany Port Equipment from any governmental authority or other third party in respect of the transactions contemplated under the Share Transfer Agreement having been obtained or made;

(iv) the Acquisitions having been approved by the Shareholders in accordance with the requirements under the Listing Rules; and

(v) compliance with other relevant requirements under the Listing Rules.

Consideration: The total consideration for the Onshore Acquisition is RMB1,040.0 million (equivalent to approximately HK$1,319.0 million), which is determined by reference to the preliminary valuation of the market value of 100% of the equity interest in Hunan Sany Port Equipment as at 1 September 2014 as appraised by an independent valuer engaged by the Company.

The consideration for the Onshore Acquisition will be financed by the Sany Marine Loan, the Group's internal resources, bank borrowings, proceeds from the issue of securities, and/or other sources.

Payment Terms: Pursuant to the Equity Transfer Agreement, the consideration for the Onshore Acquisition shall be settled in part by way of setting off any amount due from Sany Group to Sany Marine Heavy Industry as at the Closing Date net of any amount due from Sany Marine Heavy Industry to Sany Group, with the balance settled in cash within 12 months from the Closing Date.

Completion: The parties shall forthwith proceed with the registration of the transfer of the entire equity interest in Hunan Sany Port Equipment from Sany Group to Sany Marine Heavy Industry upon satisfaction of all the conditions precedent to the Onshore Acquisition.

From the date on which the conditions precedent of the Equity Transfer Agreement are fulfilled (or, where applicable, waived), all rights and interests in the equity in Hunan Sany Port Equipment shall be deemed to be held by Sany Marine Heavy Industry.

The Equity Transfer Agreement is expected to take effect immediately after the completion of the Share Transfer Agreement.

INTERCOMPANY BALANCES

As at 30 September 2014, there were certain outstanding amounts due from and/or due to Sany Group by the Target Company, Zhuhai Sany Port Machinery, Sany Marine Heavy Industry and Hunan Sany Port Equipment. According to the unaudited management accounts of the Target Company, Zhuhai Sany Port Machinery, Sany Marine Heavy Industry and Hunan Sany Port Equipment, details of these amounts are as follows.

	As at 30 September 2014			
	The Target Company (unaudited) *RMB'000*	**Zhuhai Sany Port Machinery** (unaudited) *RMB'000*	**Sany Marine Heavy Industry** (unaudited) *RMB'000*	**Hunan Sany Port Equipment** (unaudited) *RMB'000*
Amount due to Sany Group	77,480	200,460	Nil	515,760
Amount due from Sany Group	Nil	Nil	622,446	13,742

(1) Amount due from the Target Company to Sany Group

The amount of approximately RMB77.5 million due from the Target Company to Sany Group represents the outstanding balance for certain internal restructuring exercise carried out by them prior to the date of the Share Transfer Agreement. Pursuant to the terms of the relevant internal restructuring agreements, this outstanding balance shall be settled by the Target Company on or before 31 August 2015, and no interest shall accrue on these outstanding balances. The outstanding balance constitutes connected transaction under Chapter 14A of the Listing Rules as it amounts to financial assistance received by the Company from a connected person on the Closing Date. As the outstanding balance is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, it will be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

(2) Amount due from Zhuhai Sany Port Machinery to Sany Group

The amount of approximately RMB200.5 million due from Zhuhai Sany Port Machinery as at 30 September 2014 to Sany Group represents the aggregate outstanding advances from Sany Group to Zhuhai Sany Port Machinery to finance the operations of Zhuhai Sany Port Machinery. No interest shall accrue on such advances. The amount of such advances as at the Closing Date will be agreed upon by the Company and Sany Group. Sany Group and Zhuhai Sany Port Machinery agreed that advances shall be settled within three years after the Closing Date. The advances will constitute connected transaction under Chapter 14A of the Listing Rules as it amounts to financial assistance received by the Company from a connected person on the Closing Date. As the advances are provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, they will be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

(3) Amount due from Sany Group to Sany Marine Heavy Industry

The amount of approximately RMB622.4 million due from Sany Group to Sany Marine Heavy Industry as at 30 September 2014 represents the amount of funds of Sany Marine Heavy Industry managed by Sany Group pursuant to Sany Group's treasury management prior to the Acquisitions. Upon the completion of the Offshore Acquisition, the funds of Sany Marine Heavy Industry will not be subject to the management of Sany Group. Pursuant to the Equity Transfer Agreement, any outstanding amount due from Sany Group to Sany Marine Heavy Industry as at the Closing Date, net of any amount due from Sany Marine Heavy Industry to Sany Group, if any, shall be set off against the consideration for the Onshore Acquisition payable by Sany Marine Heavy Industry to Sany Group.

(4) Intercompany balances between Sany Group and Hunan Sany Port Equipment

The amount due from Hunan Sany Port Equipment to Sany Group represents outstanding balances to be paid by Hunan Sany Port Equipment pursuant to an asset and business transfer agreement dated 1 September 2014 entered into between Sany Group and Hunan Sany Port Equipment. Pursuant to the asset and business transfer agreement, Hunan Sany Port Equipment acquired certain port equipment business related assets from Sany Group at an aggregate consideration of approximately RMB515.8 million, which is payable within 12 months from the date of the asset and business transfer agreement and does not bear any interest.

The amount of approximately RMB13.7 million due from Sany Group to Hunan Sany Port Equipment as at 30 September 2014 represents the amount of funds of Hunan Sany Port Equipment managed by Sany Group pursuant to Sany Group's treasury management prior to the Acquisitions. Upon the completion of the Offshore Acquisition, the funds of Hunan Sany Port Equipment will not be subject to the management of Sany Group, and an amount equal to the Hunan Asset Consideration net of any amount due from Sany Group to Hunan Sany Port Equipment as at the Closing Date as agreed by the Company and Sany Group will be outstanding and become payable on 30 September 2015.

Such outstanding balance will constitute connected transaction under Chapter 14A of the Listing Rules as it amounts to financial assistance received by the Company from a connected person on the Closing Date. As the outstanding balance is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, it will be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

THE SANY MARINE LOAN

On 7 November 2014, Sany Group has entered into a loan agreement with Sany Marine Heavy Industry, pursuant to which Sany Marine Heavy Industry may borrow up to an aggregate principal amount of RMB1.4 billion from Sany Group for general working capital and corporate use, which is the Sany Marine Loan, during a term of three years from the date of the loan agreement. The Sany Marine Loan is interest free and due upon the end of the three year term of the loan agreement.

The Sany Marine Loan constitutes connected transaction under Chapter 14A of the Listing Rules as it amounts to financial assistance received by the Company from a connected person on the Closing Date. As the Sany Marine Loan is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, it will be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

CONVERTIBLE PREFERENCE SHARES

The Company will seek the approval of Shareholders for the creation of the Convertible Preference Shares, as a new class of shares in the share capital of the Company, to facilitate the allotment and issue of the Convertible Preference Shares in settlement of the consideration for the Offshore Acquisition. A summary of the principal terms of the Convertible Preference Shares are as follows:

Issuer:	The Company
Minimum Issue Price:	HK$1.7885 per Convertible Preference Share, being the average of the daily closing prices of the Shares during the last 15 consecutive trading days prior to the date of the Share Transfer Agreement with a premium of 5%
Determination of Issue Price:	The Issue Price per Convertible Preference Share shall be the higher of (i) the minimum issue price of HK$1.7885; and (ii) the average of the daily closing prices of the Shares from the date of the Share Transfer Agreement until the date of the EGM (both dates iniclusive).
Conversion Ratio:	Each Convertible Preference Share shall be convertible into one (1) Share initially, subject to adjustment upon the occurrence of certain prescribed events (including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, and issues at less than the conversion price), but provided that the conversion price shall not be less than the then subsisting nominal value of an Share into which such Convertible Preference Share is converted. If any adjustment is required to be made to the conversion ratio, a further announcement will be made by the Company.

Conversion Period: Any time after the issue of the Convertible Preference Shares, provided that any conversion shall not result in the Company failing to comply with any public float requirement under the Listing Rules.

Preferred distribution: Each Convertible Preference Share shall confer on the holder thereof the right to receive a preferred distribution ("**Preferred Distribution**") from the date of the issue of the Convertible Preference Share at a rate of 0.01% per annum on the Issue Price, payable semi-annually in arrears. Each preferred distribution is non-cumulative.

Deferral or non-payment of preferred distribution: The Board may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. If the Board elects to defer or not pay a preferred distribution payment, the Company shall not (i) pay any dividends, distributions or make any other payment on any Shares or (ii) redeem, cancel, repurchase or acquire for any consideration any Shares, unless at the same time it pays to the holders of Convertible Preference Shares any deferred or unpaid Preferred Distribution which was scheduled to be paid on a day falling in the same the financial year in respect of which payment of such dividends, distributions or other payments is made or during which such redemption, cancellation, repurchase or acquisition occurs.

Dividends Each Convertible Preference Share shall also confer on the holder thereof the right to receive, in addition to the preferred distribution, dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each Convertible Preference Share may be converted and on an as converted basis.

Voting rights The holder(s) of Convertible Preference Shares shall not have the right to attend or vote at any general meeting of the Company (except a general meeting for winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of such holder(s).

Ranking On a distribution of assets on liquidation, winding-up or dissolution of the Company or otherwise, the assets and funds of the Company available for distribution among the members of the Company shall, subject to applicable laws, be applied in the following priority:

i. firstly, in paying to the holders of Convertible Preference Shares (pro rata to the aggregate of the Issue Price of the Convertible Preference Shares held by each such holder), pari passu as between themselves as regards repayment of amounts paid-up or credited as paid up on such Convertible Preference Shares, an amount equal to the aggregate of the Issue Price of all of the Convertible Preference Shares;

ii. secondly, the balance of such assets shall be distributed on a pari passu basis among the holders of any class of shares in the capital of the Company other than the Convertible Preference Shares and other than any shares which are not entitled to participate in such assets, by reference to the aggregate nominal amount of the shares held by them respectively and to the extent of an amount equal to the issue price of a Convertible Preference Share for every HK$0.10 in nominal amount of the shares so held; and

iii. the remaining balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of shares including the Convertible Preference Shares, other than any other shares not entitled to participate in such assets by reference to the aggregate nominal amount of shares held by them respectively.

Transferability The Convertible Preference Shares shall be freely transferable.

Optional redemption The Convertible Preference Shares shall be redeemable at the option of the Issuer at any time after the third anniversary of the date of the issue of the Convertible Preference Shares at the issue price or the fair market value of the Convertible Preference Share(s) whichever the higher.

Listing No application will be made for the listing of the Convertible Preference Shares on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The minimum issue price of HK$1.7885 represents:

(i) a discount of approximately 3.8% to the closing price of HK$1.8600 per Share as quoted on the Stock Exchange on 6 November 2014, being the last trading day prior to the date of the Share Transfer Agreement;

(ii) a discount of approximately 1.8% to the average closing price of approximately HK$1.8220 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 6 November 2014.

The issue price was arrived at after arm's length negotiations between the parties to the Share Transfer Agreement after taking into account, among others, the prevailing market price and liquidity of the Shares, the financial performance of the Group and the current market conditions.

Given that the consideration for the Offshore Acquisition is to be settled in full by the issuance of the Convertible Preference Shares and assuming that the Issue Price will be fixed at the minumum of HK$1.7885 per Convertible Preference Shares, a total of 538,932,120 Convertible Preference Shares will be issued upon completion of the Offshore Acquisition. Upon conversion in full of such Convertible Preference Shares, the Conversion Shares will represent:

(i) approximately 17.7% of the Shares of the issued share capital of the Company at the date of this announcement; and

(ii) approximately 15.1% of the issued share capital of the Company as enlarged by the issue of 538,932,120 Conversion Shares upon full conversion of the Convertible Preference Shares.

THE SPECIFIC MANDATE

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM for the purpose of the allotment and issue of the Convertible Preference Shares and the Conversion Shares.

SHAREHOLDING STRUCTURE

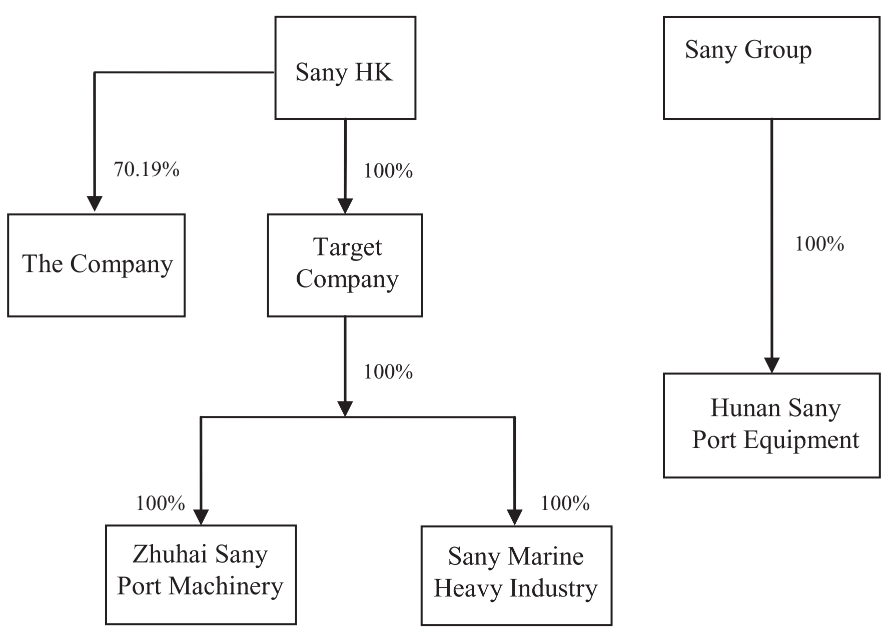
The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the issue of the Conversion Shares upon conversion of the Convertible Preference Shares in full at the Minimum Issue Price is as follows (assuming there is no change in the shareholding of the Company):

	As at the date of this announcement		Immediately after issue of the Conversion Shares upon conversion of the Convertible Preference Shares in full at the Minimum Issue Price	
Shareholder	**Number of Shares**	**Approx. %**	**Number of Shares**	**Approx. %**
Sany HK	2,134,580,188	70.19	2,673,512,308	74.68
Public	906,444,812	29.81	906,444,812	25.32
Total	3,041,025,000	100.00	3,579,957,120	100.00

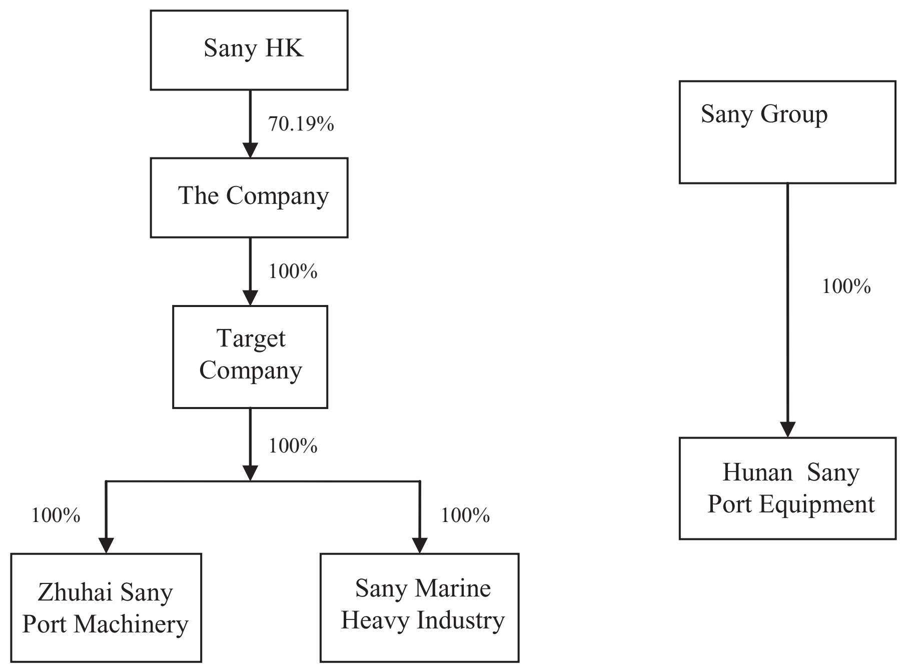
Changes in the shareholding structure of the Target Group

The changes in the shareholding structure of the Target Group as a result of the Offshore Acquisition and the Onshore Acquisition are set out below:

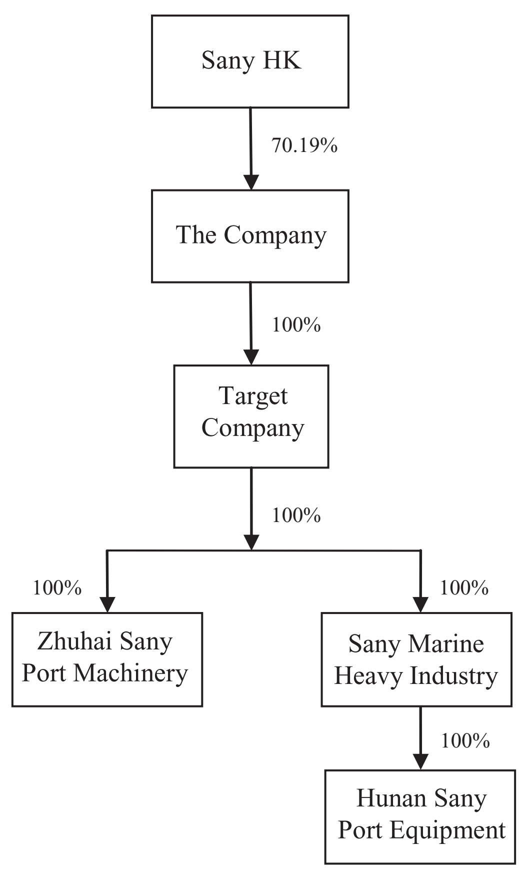
<u>As at the date of this announcement</u>



Immediately after completion of the Offshore Acquisition and before conversion of any Convertible Preference Share



Immediately after completion of the Onshore Acquisition and before conversion of any Convertible Preference Share



Information on the Target Group

(i) The Target Company and its subsidiaries

The Target Company is a company incorporated under the laws of the Cayman Islands with limited liability. It is an investment holding company and the sole shareholder of Sany Marine Heavy Industry and Zhuhai Sany Port Machinery. Upon the completion of the Onshore Acquisition, the Target Company will also be the indirect sole shareholder of Hunan Sany Port Equipment. The Target Group is principally engaged in the design and manufacture of port machinery and marine heavy equipment products, which it sells to its customers who are mainly engaged in port operation business in China and overseas.

Upon the completion of the Offshore Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company and its financial results will be consolidated into that of the Group. As at 31 May 2014, the issued share capital of the Target Company was one ordinary share with a par value of HK$0.10 and the audited consolidated net liabilities of the Target Company and its subsidiaries was RMB30.5 million.

The total cost of acquiring, incorporating and establishing (as applicable) the Target Company, Sany Marine Heavy Industry and Zhuhai Sany Port Machinery incurred by Sany HK was approximately RMB780.65 million.

According to a valuation report issued by the independent valuer engaged by the Company for the purpose of determining the market value of the Target Company, as at 1 September 2014, the total assets value of the Target Company, including its long-term investments in its subsidiaries, namely, Zhuhai Sany Port Machinery and Sany Marine Heavy Industry, was RMB837.9 million and the total market value of the 100% equity interest in the Target Company was RMB57.0 million.

The audited consolidated net loss before and after tax of the Target Company and its subsidiaries for the year ended 31 December 2013 are RMB1.24 million and RMB4.01 million, respectively. The audited consolidated net loss before and after tax of the Target Company and its subsidiaries for the year ended 31 December 2012 are RMB37.83 million and RMB32.80 million, respectively.

(ii) Hunan Sany Port Equipment

Hunan Sany Port Equipment is a company established under the laws of the PRC with limited liability on 26 August 2014 with a registered share capital of RMB13,180,000.

As at the date of this announcement, Hunan Sany Port Equipment is wholly-owned by Sany Group. Pursuant to the Equity Transfer Agreement, Sany Marine Heavy Industry, a wholly-owned subsidiary of the Target Company will acquire the entire equity interest in Hunan Sany Port Equipment from Sany Group after the completion of the Offshore Acquisition. Upon the completion of the Onshore Acquisition, Hunan Sany Port Equipment will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into that of the Group. As at 31 May 2014, the audited net asset value of the business of Hunan Sany Port Equipment was RMB404.9 million. The total cost of establishing Hunan Sany Port Equipment incurred by Sany Group was approximately RMB528.9 million.

According to a valuation report issued by the independent valuer engaged by the Company for the purpose of determining the market value of Hunan Sany Port Equipment, as at 1 September 2014, the total enterprise value of Hunan Sany Port Equipment was RMB1,499.7 million and the total market value of the 100% equity interest in Hunan Sany Port Equipment was RMB1,040.0 million.

The audited net income before and after tax of the business of Hunan Sany Port Equipment (or its predecessor) for the year ended 31 December 2013 are RMB121.8 million and RMB105.0 million, respectively. The audited net loss before and after tax of the business of Hunan Sany Port Equipment for the year ended 31 December 2012 are RMB69.9 million and RMB61.2 million, respectively.

Further information about the Target Group will be set out in the Circular.

Reasons for and benefits of the Acquisitions

The Board believes that the Acquisitions represent an excellent opportunity for the Group to expand its business to cover a wide spectrum of heavy machinery equipment products which will enable the Group to counter the effect of industry and development cycles in different sub-sectors. The Group's top management considers development in the marine sector is one of the key focus of the PRC government in the next few decades. Given the long sea border of the PRC and that demand for goods handling capability at shores is naturally associated with a country's marine development, the Company believes that the Acquisitions will provide an ample opportunity for the Group to benefit from the growth in the marine industry in the PRC as well as diversification of growth opportunities.

Further, the Acquisitions are in line with the commitment made by the Company at the time of its initial public offering to develop the Group into "an integrated energy equipment platform". The inclusion of port and marine machinery is the natural extension of the Group's product portfolio from equipment and machinery for onshore energy production to offshore energy exploration, oil field services. This is because port machinery is a crucial part of the onshore/offshore logistics flow, while marine heavy equipment is the construction tool for offshore activities including energy and resources production. Based on its distinguished strength in onshore heavy machinery, the Company believes it enjoys an advantage in entering into the marine heavy equipment business, and development of marine heavy equipment business will in turn nurture the Group's expertise required in offshore BOT projects, paving a path for the Group to further expand its capabilities as "an integrated energy equipment platform".

The Board believes that the Target Group's port machinery and offshore marine equipment business will complement the existing business of the Group and provide synergy that enables the Group to capture new opportunities in the coal mining supply chain and enhance its revenue stream. The Company plans to achieve synergies by combining certain research and development, design and engineering functions for both mining and port machinery, and by sharing system functions such as finance and information technology. The mining and port machinery products share certain similarities in their characteristics, being products used in harsh environments and subject to strict requirements in terms of durability, reliability, safety and lifetime, and such similarities represent opportunities for the Group to benefit from the sharing of development and engineering functions in respect of these two types of products. In addition, as both of the mining machinery and port machinery businesses involve manufacturing and sale of equipment, as well as maintenance and services during the lifetime of equipment, the Acquisitions will also allow the sharing of best practices and information technology in providing maintenance and services to customers. Meanwhile, due to an increase in size, the Company may be able to increase its bargaining power against suppliers and benefit from enhancing its selection of suppliers and better pricing on larger quantities of procurement.

The Company believes that the Acquisitions can potentially attract more investor attention from beyond the Company's current investor base primarily investing in mining related sectors. Taking into account the growth prospects of the port and marine machinery sub-sectors and more investor focus as a result of an expansion of the investor base, the Company believes that the Acquisitions may provide a catalyst to forming a favorable investor sentiment in relation to the Company and the performance of the Company can be more actively reflected in the capital market.

The Directors consider that the Acquisitions and the terms of the Share Transfer Agreement and the Equity Transfer Agreement (including the Consideration) were based on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Share Transfer Agreement, the Equity Transfer Agreement or was otherwise required to abstain from voting on the Board resolution for approving the Share Transfer Agreement or the Equity Transfer Agreement pursuant to the articles of association of the Company, and none of the Directors abstained from voting on the Board resolution approving the Share Transfer Agreement.

THE HUNAN LEASE

On 1 September 2014, Hunan Sany Port Equipment entered into the Hunan Lease with Sany Auto Manufacturing to lease the Hunan Property from 1 September 2014 to 31 August 2015 on the terms and conditions of the Hunan Lease.

The salient terms of the Hunan Lease are as follows.

Date:	1 September 2014
Parties:	(1) Sany Auto Manufacturing as lessor; and (2) Hunan Sany Port Equipment as lessee
Subject matter:	Pursuant to the Hunan Lease, Sany Auto Manufacturing agreed to lease the Hunan Property to Hunan Sany Port Equipment.

Hunan Property: certain premises of the factory buildings owned by Sany Auto Manufacturing with a total floor area of 28,487.64 sq.m. located in Sany Industry Town, Xingsha Town, Changsha County, Hunan Province, the PRC.

Rental: RMB257,749 per month, which is determined based on arm's length negotiation between the parties and by reference to market rates, payable monthly within the first week of each month.

Term: From 1 September 2014 to 31 August 2015, subject to renewal at the option of the Hunan Sany Port Equipment.

Source of funding: From the internal resources of the Group.

Purpose: For industrial purposes

Historical Transaction Amount: For the year ended 31 December 2013, the total rental paid to Sany Auto Manufacturing by Sany Group or its subsidiaries for leasing the premises was RMB1.5 million.

Annual Cap: For the two years ending 31 December 2015, the maximum aggregate amount of rent under the Hunan Lease for each year is RMB3,092,988, determined based on the annual rental payable by Hunan Sany Port Equipment pursuant to the Hunan Lease.

THE ZHUHAI LEASE

On 1 September 2014, Zhuhai Sany Port Machinery entered into the Zhuhai Lease with Sany Group to lease the Zhuhai Property from 10 February 2012 to 9 February 2015 on the terms and conditions of the Zhuhai Lease.

The salient terms of the Zhuhai Lease are as follows.

Date: 1 September 2014

Parties:
(1) Sany Group as lessor; and
(2) Zhuhai Sany Port Machinery as lessee

Subject matter: Pursuant to the Zhuhai Lease, Sany Group agreed to lease the Zhuhai Property to Zhuhai Sany Port Machinery.

Zhuhai Property: certain premises of the factory buildings owned by Sany Group with a total floor area of 21,943 sq.m. located in Gaolan Port Economic District, Zhuhai City, Guangdong Province, the PRC.

Rental: RMB337,125 per month, which is determined based on arm's length negotiation between the parties and by reference to the cost of the Zhuhai Property to Sany Group, payable quarterly within the first week of each quarter.

Term: With retrospective effect from 10 February 2012 and ends on 9 February 2015, subject to renewal at the option of Zhuhai Sany Port Machinery.

Source of funding: From the internal resources of the Group.

Purpose: For industrial purposes

Historical Transaction Amount: For the year ended 31 December 2013, the total rental paid to Sany Group by Zhuhai Sany Port Machinery or its subsidiaries for leasing the premises was RMB3.69 million.

Annual Cap: For the two years ending 31 December 2015, the maximum aggregate amount of rent under the Zhuhai Lease for each year is RMB4,045,500, determined based on the annual rental payable by Zhuhai Sany Port Machinery pursuant to the Zhuhai Lease.

THE SALES AGREEMENT

On 7 November 2014, Hunan Sany Port Equipment entered into the Sales Agreement with Sany International Development, pursuant to which Hunan Sany Port Equipment will sell its products to Sany International Development with effect from the effective date of the Sales Agreement to 31 December 2015.

The salient terms of the Sales Agreement are as follows.

Date: 7 November 2014. The Sales Agreement will take effect upon the Onshore Acquisition having been approved by the Shareholders at a general meeting of the Company and the Stock Exchange (where required) and the date on which such condition is satisfied is the effective date of the Sales Agreement.

Parties:

(1) Hunan Sany Port Equipment; and
(2) Sany International Development

Subject matter: Pursuant to the Sales Agreement, Hunan Sany Port Equipment will to sell its products to Sany International Development.

Sales Contracts:	In respect of each sale of products by Hunan Sany Port Equipment to Sany International Development, Hunan Sany Port Equipment and Sany International Development shall enter into separate agreements to specify the exact types and number of products being sold, the relevant delivery arrangements and, where applicable, the selling prices of such products.
Pricing:	Hunan Sany Port Equipment shall sell the types of products specified in the Sales Agreement to Sany International Development at the prices specified in the Sales Agreement. If the price of any given product being sold to Sany International Development is not specified in the Sales Agreement, the selling price for such product shall be set out in the relevant sales contract. In any event, the prices at which Hunan Sany Port Equipment sells its product(s) to Sany International Development shall not be less than (i) the price at which Hunan Sany Port Equipment sells the same product(s) to overseas distributors; and (ii) 85% of the price at which Hunan Sany Port Equipment sells the same product(s) to any third parties.
Payment terms:	The purchase price of any products being sold under the Sales Agreement shall be paid by telegraphic transfer within three months after delivery and the relevant products having passed the inspection by Sany International Development.
Term:	From 7 November 2014 to 31 December 2015, subject to renewal at the option of Hunan Sany Port Equipment.
Historical Transaction Amount:	For the years ended 31 December 2011, 2012 and 2013, the total sales from the business which is the predecessor of Hunan Sany Port Equipment to Sany International Development was RMB153.9 million, RMB159.3 million and RMB219.4 million, respectively.
Annual Cap:	The maximum aggregate transaction amount under the Sales Agreement for the years ending 31 December 2014 and 2015 are RMB128 million and RMB150 million, respectively, determined based on the historical transaction amounts, taking into account the Company's plan to gradually change the platform on which Hunan Sany Port Equipment sells its products to overseas customers from Sany International Development to the sales platform of the Group by the end of June 2015.

Information on Sany Auto Manufacturing

Sany Auto Manufacturing is a company established under the laws of the PRC. It is owned as to 67.39% by Sany Group and as to 32.61% by Beijing Sany Heavy Machinery Co., Ltd.* (北京市三一重機有限公司), a subsidiary of Sany Group. It is principally engaged in manufacturing of equipment in the concrete industry, including pump trucks and trailer pumps.

Information on Sany International Development

Sany International Development is a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Sany Heavy Industry, a subsidiary of Sany Group. Sany International Development is primarily engaged in the business of investment, import and export trading.

Reasons for and benefits of the Continuing Connected Transactions

The Continuing Connected Transactions will allow the Target Group to operate efficiently with the support of existing infrastructure enjoying the same benefits of economy of scale before and after the completion of the Acquisitions and avoid any disruption of its business operations as a result of the Acquisitions.

Prior to the Acquisitions, the business operations of Hunan Sany Port Equipment (and its predecessor) have been utilizing the Hunan Property for industrial use. The Hunan Lease allows Hunan Sany Port Equipment to continue to use the Hunan Property for its production and avoid any unnecessary disruption to its operations as a result of the Acquisitions.

Prior to the Acquisitions, the business operations of Zhuhai Sany Port Machinery have been utilizing the Zhuhai Property for industrial use. The Zhuhai Lease allows Zhuhai Sany Port Machinery to continue to use the Zhuhai Property for its production and avoid any unnecessary disruption to its operations as a result of the Acquisitions.

Prior to the Acquisitions, in order make its products available to overseas customers, Hunan Sany Port Equipment (and its predecessor) has been selling its products to Sany International Development, which conducts trading and resells the products purchased from Hunan Sany Port Equipment (and its predecessor) to overseas customers. The management of the Company intends that after the completion of the Acquisitions, the platform on which the overseas sales of Hunan Sany Port Equipment will be conducted will be gradually changed from Sany International Development to the overseas sales platform of the Group. Since it takes time for the business operations of Hunan Sany Port Equipment to adjust to such new sales platform, the Sales Agreement will allow Hunan Sany Port Equipment to continue to sell to Sany International Development before the relevant business operations have been adjusted, which is currently expected to be before the end of June 2015, avoiding any unnecessary disruption to its operations or loss of sales as a result of the Acquisitions.

The Directors (including the independent non-executive Directors) consider that each of the Hunan Lease, the Zhuhai Lease and the Sales Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms and the terms of each of the Hunan Lease, the Zhuhai Lease and the Sales Agreement 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 Continuing Connected Transactions or was otherwise required to abstain from voting on the Board resolution for approving the Continuing Connected Transactions pursuant to the articles of association of the Company, and none of the Directors abstained from voting on the Board resolution approving the Continuing Connected Transactions.

LISTING RULES IMPLICATIONS

The Connected Persons

As at the date of the Share Transfer Agreement, Sany HK being the beneficial owner of 2,134,580,188 Shares, representing approximately 70.19% of the entire issued share capital of the Company, is a substantial shareholder of the Company. Sany HK is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Liang Wengen, who holds 57.12% interest in Sany Group, is a substantial shareholder of the Company by virtue of his 57.12% shareholding in Sany Heavy Equipment Investments Company Limited, which in turn indirectly holds 70.19% of the total issued share capital of the Company. Sany Group is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Each of Sany Auto Manufacturing and Sany International Development, being a subsidiary of Sany Group, is an associate of Mr. Liang Wengen pursuant to Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Accordingly, the Offshore Acquisition contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

Upon completion of the Offshore Acquisition, the Target Company will be a wholly-owned subsidiary of the Company, and hence the Onshore Acquisition contemplated under the Equity Transfer Agreement will be a transaction between the Group and a connected person of the Company and constitute a connected transaction of the Company under Rule 14A.25 of the Listing Rules.

The transactions contemplated under each of the Hunan Lease and the Zhuhai Lease, the counterparties of which are connected persons of the Company, will also constitute continuing connected transactions of the Company under the Listing Rules upon completion of the Offshore Acquisition.

The Acquisitions

Given that the Offshore Acquisition and the Onshore Acquisition are related and the vendor for each of the Offshore Acquisition and the Onshore Acquisition is controlled by Mr. Liang Wengen, the Board considers it appropriate to aggregate the Onshore Acquisition and the Offshore Acquisition for the purpose of determining the requirements applicable to the Company under Chapter 14 and Chapter 14A of the Listing Rules in respect of the Acquisitions.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisitions is higher than 5% and the total consideration is more than HK$10,000,000, the Acquisitions is subject to the reporting, shareholders' approval and disclosure requirements under of Chapter 14A of the Listing Rules.

In addition, as more than one of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisitions are more than 25% but less than 100%, the Acquisitions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and hence is subject to notification, publication and shareholders' approval requirements under the Listing Rules.

As each of the Shareholder Loans is provided on normal commercial terms (or better for the Company) and not secured by any assets of the Group, each of the Shareholder Loans will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

The Continuing Connected Transactions

Given that the Hunan Lease, the Zhuhai Lease and the Sales Agreement are all related to the business operations of the subsidiaries of the Target Company and the counterparties to these agreements are controlled by Mr. Liang Wengen, the Board considers it appropriate to aggregate the transactions under the Continuing Connected Transactions for the purpose of determining the requirements applicable to the Company under Chapter 14A of the Listing Rules in respect of the Continuing Connected Transactions.

As each of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Continuing Connected Transactions is expected to be less than 5%, the Continuing Connected Transactions would be subject to the reporting and announcement requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened as soon as practicable at which ordinary resolutions will be proposed for the Shareholders to consider, and, if thought fit, to approve the Acquisitions, the creation of the Convertible Preference Shares and re-classification of the authorised share capital of the Company, and the Specific Mandate. Pursuant to Rule 14A.36 of the Listing Rules, at the EGM, Sany HK is required to abstain from voting on the ordinary resolution approving the Share Transfer Agreement. Voting at the EGM will be conducted by poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of Share Transfer Agreement and the transactions thereunder. Anglo Chinese Corporate Finance, Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same transaction.

CIRCULAR

A circular containing, inter alia, (i) further information on the Acquisitions, the Convertible Preference Shares and the Specific Mandate; (ii) the notice of the EGM; (iii) the letter from Anglo Chinese Corporate Finance, Limited to both the Independent Board Committee and the Independent Shareholders regarding the Share Transfer Agreement, the Equity Transfer Agreement and the transactions thereunder; and (iv) the recommendation of the Independent Board Committee to the Shareholders in connection thereto, will be despatched to the Shareholders as soon as possible. It is currently expected that the circular will be despatched to the Shareholders on or before 28 November 2014.

GENERAL

The Group is a major corporation specializing in coal mining equipment, involving research and development, manufacturing and sale of whole set of roadheaders, mining and transportation vehicles and a leading provider of comprehensive coal mining equipment in China.

Merrill Lynch (Asia Pacific) Limited is the financial adviser to Sany HK.

The Hongkong and Shanghai Banking Corporation Limited is the financial adviser to the Company.

DEFINITIONS

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

"Acquisition"	means the Offshore Acquisition and the Onshore Acquisition, collectively
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Business Day"	means a day (other than Saturday, Sunday, public holiday and any day on which a typhoon signal 8 or above is hoisted or a black rainstorm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for general banking business

"Closing Date"	the date of completion of the Offshore Acquisition and the Onshore Acquisition, being the last day of the calendar month in which all the conditions of the Share Transfer Agreement and the Equity Transfer Agreement are satisfied
"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 persons"	has the meaning ascribed to it under the Listing Rules
"Continuing Connected Transactions"	collectively, the Hunan Lease, the Zhuhai Lease, the Sales Agreement and the transactions contemplated under them
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules
"Conversion Shares"	Shares to be issued upon the conversion of the Convertible Preference Shares
"Convertible Preference Shares"	limited-voting convertible preference shares of the Company to be issued pursuant to the Share Transfer Agreement
"Director(s)"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to, among others, considering and if thought fit, approving the Share Transfer Agreement and the transactions contemplated thereunder
"Enlarged Group"	means the Group as enlarged by the Acquisitions
"Equity Transfer Agreement"	an equity transfer agreement dated 7 November 2014 entered into between Sany Marine Heavy Industry and Sany Group in relation to the proposed acquisition of the entire equity interest in Hunan Sany Port Equipment by Sany Marine Heavy Industry from Sany Group
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hunan Lease"	a lease agreement dated 1 September 2014 entered into between Hunan Sany Port Equipment and Sany Auto Manufacturing

"Hunan Property"	certain premises owned by Sany Auto Manufacturing be leased to Hunan Sany Port Equipment pursuant to the Hunan Lease
"Hunan Sany Port Equipment"	Hunan Sany Port Equipment Co., Ltd.* (湖南三一港口設備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Sany Group
"Independent Board Committee"	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interest in the major transaction, namely, Mr. Ngai Wai Fung, Mr. Xu Yaxiong, Mr. Ng Yuk Keung
"Independent Shareholders"	the Shareholders who are not interested in or involved in the Share Transfer Agreement and the transactions contemplated thereunder
"independent third party(ies)"	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
"Issue Price"	the issue price of the Convertible Preference Shares, as set out in the section headed "CONVERTIBLE PREFERENCE SHARES" in this announcement
"Latest Practicable Date"	being 7 November 2014, being the latest practicable date prior to the publication of this announcement for ascertaining certain information contained in this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offshore Acquisition"	means the proposed acquisition by the Company of the entire issued share capital of the Target Company and the assignment of the Offshore Shareholder Loan by Sany HK to the Company pursuant to the Share Transfer Agreement
"Offshore Shareholder Loan"	a loan in the principal amount of RMB702,978,000 owed by the Target Company to Sany HK
"Onshore Acquisition"	means the proposed acquisition by Sany Marine Heavy Industry of the entire equity interest in Hunan Sany Port Equipment pursuant to the Equity Transfer Agreement
"RMB"	Renminbi, the lawful currency of the PRC

"PRC"	the People's Republic of China
"Sales Agreement"	a master sales agreement dated 7 November 2014 entered into between Hunan Sany Port Equipment and Sany International Development
"Sany Auto Manufacturing"	Sany Automobile Manufacturing Co. Ltd.* (三一汽車制造有限公司), a company established under the laws of the PRC and a subsidiary of Sany Group
"Sany Group"	Sany Group Limited (三一集團有限公司), a company with limited liability established on 18 October 2000 under the laws of the PRC
"Sany Heavy Industry"	三一重工股份有限公司 (Sany Heavy Industry Co., Limited*), a company with limited liability established on 22 November 1994 under the laws of the PRC, listed on the Shanghai Stock Exchange (stock code: 600031) and a subsidiary of the Sany Group
"Sany HK"	Sany Hongkong Group Limited (三一香港集團有限公司), a company incorporated in Hong Kong on 14 October 2005 with limited liability under the Companies Ordinance and a controlling shareholder of the Company
"Sany International Development"	Sany International Development Limited (三一國際發展有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Sany Heavy Industry
"Sany Marine Heavy Industry"	Sany Marine Heavy Industry Co., Ltd.* (三一海洋重工有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Target Company
"Sany Marine Loan"	the loan provided by Sany Group to Sany Marine Heavy Industry pursuant to a loan agreement dated 7 November 2014 entered into between Sany Group and Sany Marine Heavy Industry
"SFO"	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
"SG Group"	Sany Group and its subsidiaries
"Share(s)"	means ordinary share(s) of HK$0.10 each in the share capital of the Company

"Shareholder(s)"	the holder(s) of the Share(s) of the Company with a nominal value of HK$0.10 each
"Shareholder Loans"	collectively, the intercompany balances due to Sany Group as detailed in the section headed "Intercompany Balances" in this announcement and the Sany Marine Loan
"Share Transfer Agreement"	means the Share transfer agreement dated 7 November 2014 entered into between the Vendor and the Company in relation to the proposed acquisition of the entire issued share capital of the Target Company by the Company from the Vendor
"Specific Mandate"	the specific mandate proposed to be sought from the Shareholders at the EGM to authorize the Directors to issue and allot the Conversion Shares upon conversion of Convertible Preference Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it in section 15 of the Companies (Chapter 622 of the Laws of Hong Kong)
"Target Company" or "Sany Marine Industry"	means Sany Marine Industry International Holdings Company Ltd., (三一海工國際控股有限公司) a company incorporated in the Cayman Islands with limited liability, which as at the Latest Practicable Date was owned as to 100% by the Vendor
"Target Group"	the Target Company, Hunan Sany Port Equipment, Sany Marine Heavy Industry and Zhuhai Sany Port Machinery
"Transfer"	means the transfer of the Equity Interests pursuant to the Equity Transfer Agreement
"Vendor"	means Sany HK
"Zhuhai Lease"	a lease agreement dated 1 September 2014 entered into between Zhuhai Sany Port Machinery and Sany Group
"Zhuhai Properties"	certain premises owned by Sany Group to be leased to Zhuhai Sany Port Machinery pursuant to the Zhuhai Lease

"Zhuhai Sany Port Machinery"	Zhuhai Sany Port Machinery Co., Ltd. (珠海三一港口機械有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Target Company
"%"	means per cent

By the order of the Board
Sany Heavy Equipment International Holdings Company Limited
Wu Jialiang
Chairman

Hong Kong, 7 November 2014

As at the date of this announcement, the executive Directors are Mr. Wu Jialiang and Mr. Lu Ben, the non-executive Directors are Mr. Tang Xiuguo, Mr. Mao Zhongwu and Mr. Xiang Wenbo and the independent non-executive Directors are Mr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung.

* *for identification purposes only.*