
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sany Heavy Equipment International Holdings Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL MASTER PURCHASE AGREEMENT
AND
SALES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



Grand Vinco Capital Limited

(a wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 5 to 18 of the circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter from Vinco Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 35 of this circular.

A notice convening the EGM to be convened and held at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC on Tuesday, 4 August 2015 at 10:00 a.m. is set out on pages 40 to 41 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and, in any event, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

20 July 2015

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DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“BVI”	British Virgin Islands;
“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);
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions under the Supplemental Master Purchase Agreement and the Sales Agreement;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC on Tuesday, 4 August 2015 at 10:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Supplemental Master Purchase Agreement and the Sales Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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;
“Hunan Sany Sales Agreement”	means the master sales agreement dated 7 November 2014 entered into between Hunan Sany Port Equipment and Sany International Development;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interest in the Supplemental Master Purchase Agreement and the Sales Agreement; namely, Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung;
“Independent Shareholders”	the Shareholders who are not interested in or involved in the Supplemental Master Purchase Agreement and the Sales Agreement;
“Independent Third Party(ies)”	means an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates;
“Latest Practicable Date”	16 July 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Purchase Agreement”	means the master purchase agreement dated 31 December 2014 entered into between the Company and Sany Group in relation to (1) the purchase by the Group of certain parts and components from SG Group; and (2) the purchase by the Group of certain second-hand manufacturing equipment, including but not limited to machine tools, for the manufacturing of the Group, from SG Group;
“PRC”	the People’s Republic of China;

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“RMB”	Renminbi, the lawful currency of the PRC;
“Sales Agreement”	means the sales agreement entered into between the Company and the Sany Group on 19 June 2015 in respect of the sales of completed products by the Company to Sany Group;
“Sany BVI”	Sany Heavy Equipment Investments Company Limited (三一重裝投資有限公司), a company incorporated on 23 June 2009 with limited liability under the laws of BVI;
“Sany Group”	三一集團有限公司 (Sany Group Limited*), a company with limited liability established on 18 October 2000 under the laws of the PRC;
“Sany 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;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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 subsidiary of Sany Group;
“Sany Marine Industry”	means Sany Marine Industry Holdings Company Limited (三一海工國際控股有限公司), a company incorporated in the Cayman Islands with limited liability;
“SG Group”	Sany Group and its subsidiaries;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of our Company;
“Shareholder(s)”	the holder(s) of the Share(s) of the Company with a nominal value of HK\$0.10 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

DEFINITIONS

“Supplemental Master Purchase Agreement”	the supplemental agreement entered into between the Company and Sany Group on 19 June 2015 in respect of the revised annual cap under the Master Purchase Agreement;
“Vinco Capital” or “Independent Financial Adviser”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340) and a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of Supplemental Master Purchase Agreement and the Sales Agreement; and
“%”	per cent.

* *for identification only*

LETTER FROM THE BOARD



**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)

Executive Directors:

Mr. Wu Jialiang (*Chairman*)

Mr. Lu Ben

Non-executive Directors:

Mr. Tang Xiuguo

Mr. Xiang Wenbo

Mr. Mao Zhongwu

Independent Non-executive Directors:

Dr. Ngai Wai Fung

Mr. Xu Yaxiong

Mr. Ng Yuk Keung

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Place of Business in Hong Kong:

Room 1301, 13th Floor

Jubilee Centre

18 Fenwick Street

Wanchai

Hong Kong

20 July 2015

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL MASTER PURCHASE AGREEMENT
AND
SALES AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 June 2015 (the “**Announcement**”). As set out in the Announcement, on 19 June 2015, the Company entered into (i) the Supplemental Master Purchase Agreement with Sany Group to increase the annual cap of the Master Purchase Agreement; and (ii) the Sales Agreement with Sany Group.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information regarding the Continuing Connected Transactions, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders, and (iv) the notice convening the EGM.

CONTINUING CONNECTED TRANSACTIONS

(A) SUPPLEMENTAL MASTER PURCHASE AGREEMENT

Background

As disclosed in the announcement of the Company dated 31 December 2014, the Company entered into the Master Purchase Agreement with Sany Group on 31 December 2014 with a fixed term of one year commencing from 1 January 2015 to 31 December 2015 (both days inclusive), pursuant to which the Company agreed to purchase or procure its subsidiaries to purchase from Sany Group or its subsidiaries certain parts and components produced by Sany Group or its subsidiaries and certain second-hand manufacturing equipment, including but not limited to machine tools, for the manufacturing of the Group. Pursuant to the Master Purchase Agreement, the annual cap amount for the transactions thereunder for the year ending 31 December 2015 was RMB159,366,707.

Supplemental Master Purchase Agreement

On 19 June 2015, the Company and Sany Group entered into the Supplemental Master Purchase Agreement, pursuant to which the maximum annual transaction amount under the Master Purchase Agreement for the year ending 31 December 2015 has been increased from RMB159,366,707 to RMB339,814,121.00. All other terms and conditions of the Master Purchase Agreement remain unchanged.

The particulars of the Supplemental Master Purchase Agreement are as follows:

Parties: (1) the Company, and

(2) Sany Group

Transaction: The Company agreed to purchase or procure its subsidiaries to purchase from Sany Group or its subsidiaries (1) certain parts and components produced by Sany Group or its subsidiaries and (2) certain second-hand manufacturing equipment, including but not limited to machine tools, for the manufacturing of the Group.

Term: The Master Purchase Agreement (as amended by the Supplemental Master Purchase Agreement) has a fixed term of one year commencing from 1 January 2015 to 31 December 2015 (both days inclusive).

LETTER FROM THE BOARD

Price: *Parts and components*

For those tailor-made parts and components for the Group manufactured by Sany Group, the basis of determining prices of the parts and components produced by Sany Group and its subsidiaries will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant parts and components plus a gross margin ranging from 10% to 20%, with reference to the usual gross margin of the Group's procurement of other similar parts and components from Independent Third Parties, which should be in any event no less favorable to the Group than is available to Independent Third Parties. Due to confidentiality concern of certain technical information, the Group only procures tailor-made parts and components from Sany Group rather than other third-party suppliers. However, the Group is able to operate independently from Sany Group. The Group's procurement of tailor-made parts and components from Sany Group only accounted for approximately 3% of the Group's total procurement for each of the three years ended 31 December 2014 and it is expected that such procurement will remain to the same extent for the year ending 31 December 2015. Even under the remote possibility that Sany Group ceases to supply tailor-made parts and complements to the Group, the Group can still engage other third-party suppliers to manufacture tailor-made parts and components imposing confidentiality obligations on them. However, under such arrangement, the Group will need to disclose the confidential technical information to third parties, which is not in the best interest of the Company.

For those common parts and components which can be easily accessible in the market, the Group will follow the pricing as determined during the Group's commercial procurement tender process.

Further details of the pricing policy of the Supplemental Master Purchase Agreement of the Group are disclosed below.

LETTER FROM THE BOARD

Second-hand Manufacturing Equipment

The basis of determining prices of the second-hand manufacturing equipment will be determined on arm's length negotiation and with reference to the below formula, which is a default formula set by the Group's SAP financial software following the Group's accounting policy for depreciation and valuation on equipment and also applicable to the valuation of all equipments of the Group, no matter whether they are procured from Independent Third Parties or Sany Group, and should be in any event no less favorable to the Group than is available to Independent Third Parties.

Price = Original Purchase Price – Original Purchase Price (1-3%) x (number of years since the machine tool was purchased by Sany Group/10 years)

“3%” represents the minimum residual value of equipment and “10 years” represents the maximum durable years of equipment and both of them are set according to the Group's accounting policy.

The Company shall purchase second-hand machine tools which have been acquired by SG Group for no more than three years.

Payment:

In respect of each purchase of parts and components or second-hand manufacturing equipment by the Group from Sany Group or its subsidiaries, Sany Group or its subsidiaries and the Company or its subsidiaries will enter into separate purchase agreements to specify the exact types and number of products being purchased, the relevant delivery arrangements and the selling prices of such products.

Payment will be settled by way of telegraphic transfer at credit terms to be agreed upon by the parties in accordance with the Group's normal term of supplies from Independent Third Parties.

LETTER FROM THE BOARD

Historical figures:

Reference is made to the announcement of the Company dated 25 November 2011 in relation to the Master Purchase Agreement and the annual caps thereunder for the three years ended 31 December 2014, and the announcement of the Company dated 31 December 2014 in relation to the annual cap thereunder for the year ending 31 December 2015. The historical transactions between SG Group and the Group under the Master Purchase Agreement for each of the three financial years ended 31 December 2014 amounted to approximately RMB138.405 million, RMB242.972 million and RMB246.610 million, respectively. Based on the unaudited management accounts of the Group for the four months ended 30 April 2015, the amount of purchases made under the Master Purchase Agreement up to and including 30 April 2015 was approximately RMB50,800,755.

Basis of the revised cap:

Reference is made to the circular of the Company dated 30 November 2014 in relation to, among other things, the acquisition of Sany Marine Industry (including its subsidiaries). Prior to such acquisition, Sany Marine Industry (including its subsidiaries) has been purchasing parts and components from Sany Group. After the acquisition, Sany Marine Industry (including its subsidiaries) would like to continue to the procurement of parts and components from Sany Group in order to avoid any unnecessary disruption to its operations. Due to the expansion of production scale of the Group following the completion of the acquisition of Sany Marine Industry, the Directors expect that the approved annual cap of RMB159,366,707 for 2015 will be exceeded.

The revised cap is calculated and determined after taking into account (i) the existing annual cap under the Master Purchase Agreement of RMB159,366,707, and (ii) the forecast amount of purchases to be placed between Sany Marine Industry (including its subsidiaries) and Sany Group, taking into account the historical amount for the year ended 31 December 2014 of approximately RMB141.59 million and solely for determination of the annual cap of the transaction amount between Sany Marine Industry (including its subsidiaries) and Sany Group which shall not constitute any assurance or guarantee as to the future performance of the Group, the projected growth of port machinery and marine heavy equipment products business of the Group of approximately 25% per annum, with reference to its average annual growth rate in sales revenue of approximately 31.98% from 2011 to 2014 and a relatively conservative anticipation on manufacturing capacity, market trend and the growth in sales in port machinery and marine heavy equipment business in 2015.

LETTER FROM THE BOARD

Reason For and Benefits of the Revised Cap

The Directors consider that it is crucial for the Group to maintain the stability in supply and the quality of the parts and components for its existing and future production needs. SG Group is familiar with the Group's specifications, standards and requirements and the Group is confident of the quality of the parts and components supplied by SG Group. Considering the Group's past purchasing experience with certain members of SG Group, the Directors are of the view that SG Group can effectively fulfill the Group's high requirement in supply stability as well as product quality. In addition, SG Group has provided the Group with more favourable terms such as flexible and timely delivery schedule of the parts and components purchased by the Group.

The Directors (including the independent non-executive Directors, whose views will be set out in the circular to be sent to the Shareholders) are of the view that the Supplemental Master Purchase Agreement has been entered into in the ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

Listing Rules Implications

As at the Latest Practicable Date, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of his indirect 56.42% interests in Sany HK, which in turn holds 2,134,580,188 ordinary shares and 479,781,034 Convertible Preference Shares, which, in aggregate, represents 85.97% of the issued share capital of the Company.

Sany Group, being held by Mr. Liang Wengen as to 56.42%, is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

Accordingly, the transactions under the Supplemental Master Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of each of the Supplemental Master Purchase Agreement are expected to exceed 5%, the Supplemental Master Purchase Agreement would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(B) SALES AGREEMENT

On 19 June 2015, the Company and Sany Group entered into the Sales Agreement, pursuant to which the Company will sell its finished products to Sany Group for sales to the end-customers for a period ending 31 December 2015.

Particulars of the Sales Agreement are set forth as follows.

- Parties:**
- (1) the Company, and
 - (2) Sany Group
- Subject Matter:** Pursuant to the Sales Agreement, the Company agreed to sell or procure its subsidiaries to sell its finished products to Sany Group or its subsidiaries for sales to the end-customers.
- Sales Contracts:** In respect of each sale of products by the Company (or its subsidiaries) to Sany Group (or its subsidiaries), the Company (or its subsidiaries) and Sany Group (or its subsidiaries) 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:** Since the Sales Agreement serves the purpose for the Company to take advantage of Sany Group's sales network to sell its finished products to end-customers, and in other words, the Group just sells the finished products to end-customers through Sany Group's sales network, under an arrangement which Sany Group does not actually receive any mark-up against the prices under the Sales Agreement, the prices of the finished products under the Sales Agreement are determined according to the costs involved (raw material costs, labour costs and manufacturing expenses) plus the margin, ranging from 37% to 41% for domestic sales and from 25% to 29% for overseas sales (considering the overseas sales involve higher transportation costs). Such margin is the same as that the Group charges on Independent Third Party customers when the Group sells the finished products to them directly. In any event, the prices at which the Company (or its subsidiaries) sells its product(s) to Sany Group (or its subsidiaries) shall not be less than the price at which the Company (or its subsidiaries) sells the same product(s) to other distributors.

Further details of the pricing policy of the Sales Agreement of the Group are disclosed below.

LETTER FROM THE BOARD

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 Group.

Historical figures: Reference is made to the announcement dated 7 November 2014 of the Company in relation to, among others, the Hunan Sany Sales Agreement, pursuant to which Hunan Sany Port Equipment, which became a subsidiary of the Company since 31 December 2014, agreed to sell its finished products to Sany International Development, a subsidiary of Sany Group, for a period ending 31 December 2015. Based on the unaudited management accounts of the Group for the four months ended 30 April 2015, no purchase was made under the Hunan Sany Sales Agreement up to and including 30 April 2015. Save as disclosed, there were no other historical transactions between the Company (or its subsidiaries) and Sany Group (or its subsidiaries) with respect to the sales of the Company's finished products.

Proposed annual cap: It is proposed that the annual cap amount for the transactions contemplated under the Sales Agreement to be set at RMB1,475,831,828. The proposed annual cap is calculated and determined after taking into account (i) the Group's anticipated manufacturing capacity for the year ending 31 December 2015 having considered the effect of the acquisition of Sany Marine Industry and its subsidiaries on 31 December 2014; and (ii) the Group's expected plans to take advantage of Sany Group's strong domestic and overseas sales network and sales experiences to enhance the Group's product sales.

To elaborate, the annual cap under the Sales Agreement for the year ending 31 December 2015 covers three business segments of the Group: port machinery and marine heavy equipment products business, natural gas machinery business and mining machinery business.

LETTER FROM THE BOARD

Port machinery and marine heavy equipment

Prior to the acquisition of Sany Marine Industry by the Group, Sany Marine Industry (including its subsidiaries) has been utilizing Sany Group's sales network for its sales due to brand recognition. After the acquisition, Sany Marine Industry (including its subsidiaries) would like to continue to sell its finished products to end-customers through Sany Group in order to avoid any unnecessary disruption to its operations. The annual cap of the sales arrangement between Sany Marine Industry (including its subsidiaries) and Sany Group for the year ending 31 December 2015 was approximately RMB1,200 million, determined based on the historical transaction amount of approximately RMB961.15 million for the year ended 31 December 2014 and solely for determination of the annual cap of the transaction amount between Sany Marine Industry (including its subsidiaries) and Sany Group which shall not constitute any assurance or guarantee as to the future performance of the Group, the projected growth of port machinery and marine heavy equipment products business of the Group of approximately 25% per annum, with reference to its average annual growth rate in sales revenue of approximately 31.98% from 2011 to 2014 and a relatively conservative anticipation on manufacturing capacity, market trend and growth in sales in port machinery and marine heavy equipment business in 2015.

Natural Gas Machinery Business

Prior to 2015, the natural gas machinery business of the Group had been under research and development and testing, therefore there was no historical transaction amount. The annual cap of the sales arrangement between the Group and Sany Group in terms of natural gas machinery was approximately RMB139 million, determined based on the Group's anticipated manufacturing capacity of the natural gas machinery and sales plan to end-customers in 2015.

Mining Machinery Business

Prior to 2015, the Group seldom sold the mining machinery overseas. Starting from 2015, the Group would like to develop its overseas sales and would like to take advantage of Sany Group's mature and comprehensive overseas sales network. The annual cap of the sales arrangement between the Group and Sany Group in terms of mining machinery machinery to be sold overseas was approximately RMB136.8 million, determined based on the Group's sales plan of mining machinery to overseas end-customers in 2015.

LETTER FROM THE BOARD

Reasons For and Benefits of the Sales Agreement

By selling the Group's products to Sany Group, which will then be sold to end-customers, the Group can take advantage of Sany Group's strong domestic and overseas sales network and sales experiences to enhance the Group's sales.

The Directors (including the independent non-executive Directors, whose views will be set out in the circular to be sent to the Shareholders) are of the view that the Sales Agreement has been entered into in the ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

Listing Rules Implications

As at the Latest Practicable Date, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of his indirect 56.42% interests in Sany HK, which in turn holds 2,134,580,188 ordinary shares and 479,781,034 Convertible Preference Shares, which, in aggregate, represents 85.97% of the issued share capital of the Company.

Sany Group, being held by Mr. Liang Wengen as to 56.42%, is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

Accordingly, the transactions under the Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since (1) the Sales Agreement was entered into on 19 June 2015 (within 12 months from the signing date of the Hunan Sany Sales Agreement), (2) Hunan Sany Port Equipment is a subsidiary of the Company and Sany International Development is a subsidiary of Sany Group, and (3) the transaction nature of the Hunan Sany Sales Agreement and the Sales Agreement is the same, the transactions under the Hunan Sany Sales Agreement and the Sales Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of the Sales Agreement, as aggregated by the Hunan Sany Sales Agreement, are expected to exceed 5%, the Sales Agreement would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

PRICING POLICY

Supplemental Master Purchase Agreement

The basis of determining the prices of the products to be purchased by the Group under the Supplemental Master Purchase Agreement will be in accordance with the prevailing market prices of similar products and based on the following principles:

- (i) by reference to the prevailing market prices of the same or substantially similar products, taking into account the price, quality and other conditions (such as payment terms, credit terms and after-sales services) offered by suppliers via the Group's commercial procurement tender process. The commercial procurement policy of the Group indicates that where comparable products are available, commercial procurements must go through a tender process. To elaborate, there are generally two stages during the tender process. During the first stage, the Group circulates the technology specifications to the potential candidates and then invites three to five tenderers, including Sany Group if it manufactures the relevant products that the Group requires, with due qualification, technology, and manufacturing scale to attend the tender to provide the bidding documents including the prices to the Group's commercial tender committee (商業評標委員會) and the technical tender committee (技術評標委員會) for review. The commercial tender committee mainly consists of five professional bidding engineers and the technical tender committee mainly consists of five research and development engineers and production engineers who work for the relevant business segment for the products. During the second stage, the Company negotiates with each of them in detail on the prices based on the review results obtained during the first stage and each of them then provides the second round of quotation based on such negotiation. The tenderer offering the most favorable prices wins the tender. The Group would choose third party supplier if the price offered by them is more favorable. However, based on the Group's experience and historical transaction records, during the tender process where Sany Group is involved, Sany Group tends to offer the most favorable price rather than other Independent Third Parties because Sany Group is most familiar with the Group's specifications, standards, and requirements; and
- (ii) where the prevailing market price above is unattainable, such as for products tailor-made for the Group manufactured by Sany Group due to confidentiality of certain technical information, which the Group cannot seek other market prices for reference, the basis of determining prices of the parts and components produced by Sany Group and its subsidiaries will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant part and component plus a gross margin ranging from 10% to 20%, with reference to the usual gross margin of Sany Group's sales of same or similar products to Independent Third Parties, which should be in any event no less favorable to the Group than is available to Independent Third Parties, as disclosed in the paragraph headed "Supplemental Master Purchase Agreement – Price – Parts and components" above. To ensure that the actual prices for the procurement of the Group under the Supplemental Master Purchase Agreement are on normal

LETTER FROM THE BOARD

commercial terms and on terms no less favourable to the Group than that available to Independent Third Party, the internal audit department of the Group will conduct regular checks to review and assess, against manufacturing costs involved and Sany Group's sales to other Independent Third Parties in the market, whether the products have been procured on normal commercial terms. If they are of the view that the prices of the procurement are less favourable to the Group than that available to Independent Third Parties, they will report the issue to the executive Directors and the chief executive officer in order to re-consider and re-negotiate the prices of the procurement.

Products purchased under the Supplemental Master Purchase Agreement must be on normal commercial terms and on terms comparable to those offered by Independent Third Parties.

Sales Agreement

In determining the sales price under the Sales Agreement, the sales and marketing department (營銷部) of the Group will take into account the cost of the products, the appropriate margin and prices offered to Independent Third Parties to ensure that the prices and terms are no more favorable to those offered to Independent Third Parties. Different margins will be applied to different products based on the level of standardization and the core technologies used. Orders or particular contracts for the products to be supplied by the Group under the Sales Agreement need to be reviewed and approved by the senior management of the Group. In addition, the internal audit department of the Group will conduct regular checks to review whether the prices of the sales by Sany Group to end-customers are consistent with those under the Sales Agreement. If not, they will report the issue to the executive Directors and chief executive officer in order to consider whether to continue the transactions under the Sales Agreement.

General

To ensure that the actual prices for the transactions under the Supplemental Master Purchase Agreement and the Sales Agreement are on normal commercial terms and on terms no less favorable to the Company than to Independent Third Parties, the internal audit department of the Group will conduct regular checks to review and assess whether the products have been procured or sold in accordance with the terms of the relevant agreement and on normal commercial terms. In addition, the Company has engaged external auditors to conduct annual review of the transactions under the Supplemental Master Purchase Agreement and the Sales Agreement.

Given that sales to SG Group under the Sales Agreement have to strictly adhere to the pricing policy of the Group, and that procurements made by the Group under the Supplemental Master Purchase Agreement are based on prevailing market prices after comparison with offers from Independent Third Parties, the Directors (including the independent non-executive Directors) are of the view that the procedures adopted by the Group as described above could ensure that the Continuing Connected Transactions will be conducted on normal commercial terms or better, and are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Information about the Company

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of roadheaders, combined coal mining units, mining transportation vehicles, port machinery and marine heavy equipment products.

Information about Sany Group

Sany Group is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, machinery leasing, manufacture of automobile and educational businesses.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC on Tuesday, 4 August 2015 at 10:00 a.m. at which ordinary resolutions will be proposed for the Shareholders to consider, and, if thought fit, to approve the Continuing Connected Transactions.

Any connected persons or Shareholders with a material interest in the Continuing Connected Transactions or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. The relevant interested Shareholder, namely, Sany HK, and its associates will abstain from voting on the resolution approving the Continuing Connected Transactions at the EGM. Other than Sany HK or its associates, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, and deposit it with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment of it if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Independent Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Continuing Connected Transactions

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular and the letter of Vinco Capital to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 35 of this circular in connection with the Continuing Connected Transactions and the transactions contemplated thereunder and the principal factors and reasons considered by Vinco Capital in arriving at such advice.

The Independent Board Committee, having taken into account the advice of Vinco Capital, considers that the Continuing Connected Transactions were entered into in the ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Continuing Connected Transactions and the transactions contemplated thereunder at the EGM as set out in the notice of the EGM.

Your attention is drawn to additional information set out in the appendices to this circular.

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



**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)

20 July 2015

To the Independent Shareholders

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL MASTER PURCHASE AGREEMENT
AND
SALES AGREEMENT**

Dear Sir or Madam,

We refer to the circular of the Company dated 20 July 2015 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Supplemental Master Purchase Agreement and the Sales Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Vinco Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Master Purchase Agreement and the Sales Agreement.

Your attention is drawn to the “Letter from the Board” set out on pages 5 to 18 of the Circular which contains, inter alia, information about the terms of the Supplemental Master Purchase Agreement and the Sales Agreement, and the “Letter from Vinco Capital” set out on pages 21 to 35 of the Circular which contains its advice in respect of the Supplemental Master Purchase Agreement and the Sales Agreement together with the principal factors taken into consideration in arriving at such.

Having considered the terms of the Supplemental Master Purchase Agreement and the Sales Agreement and having taken into account the factors and reasons considered by and the advice of Vinco Capital as stated in their letter dated 20 July 2015, we consider that (i) the entering into of the Supplemental Master Purchase Agreement and the Sales Agreement is on normal commercial terms; (ii) the terms of the Supplemental Master Purchase Agreement and the Sales Agreement are fair and reasonable so far as the interests of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders are concerned; and (iii) the entering into of the Supplemental Master Purchase Agreement and the Sales Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to ratify and approve and the Supplemental Master Purchase Agreement and the Sales Agreement.

Yours faithfully,

For and on behalf of the Independent Board Committee

Dr. Ngai Wai Fung
Independent
Non-executive Director

Mr. Xu Yaxiong
Independent
Non-executive Director

Mr. Ng Yuk Keung
Independent
Non-executive Director

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Supplemental Master Purchase Agreement and the Sales Agreement, which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

20 July 2015

*To the Independent Board Committee and the Independent Shareholders of
Sany Heavy Equipment International Holdings Company Limited*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL MASTER PURCHASE AGREEMENT
AND
SALES AGREEMENT**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Master Purchase Agreement and the Sales Agreement, details of which are set out in the "Letter from the Board" of the circular of the Company dated 20 July 2015 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

As disclosed in the announcement of the Company dated 31 December 2014, the Company entered into the Master Purchase Agreement with Sany Group on 31 December 2014 with a fixed term of one year commencing from 1 January 2015 to 31 December 2015 (both days inclusive), pursuant to which the Company agreed to purchase or procure its subsidiaries to purchase from Sany Group or its subsidiaries certain parts and components produced by Sany Group or its subsidiaries and certain second-hand manufacturing equipment, including but not limited to machine tools, for the manufacturing of coal mining products of the Group. Pursuant to the Master Purchase Agreement, the annual cap amount for the transactions thereunder for the year ending 31 December 2015 was RMB159,366,707. On 19 June 2015, the Company and the Sany Group entered into the Supplemental Master Purchase Agreement, pursuant to which the annual cap amount for the year ending 31 December 2015 has been increased to RMB339,814,121. Other terms and conditions of the Master Purchase Agreement have remained unchanged.

LETTER FROM VINCO CAPITAL

On 19 June 2015, the Company and Sany Group entered into the Sales Agreement, commencing from 19 June 2015 to 31 December 2015 (both days inclusive), pursuant to which the Company (or its subsidiaries) agreed to sell its finished products to Sany Group (or its subsidiaries). Pursuant to the Sales Agreement, the annual cap amount for the transactions thereunder for the year ending 31 December 2015 shall be RMB1,475,831,828.

As at the Latest Practicable Date, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of his indirect 56.42% interests in Sany HK, which in turn holds 2,134,580,188 ordinary shares and 479,781,034 Convertible Preference Shares, which, in aggregate, representing 85.97% of the issued share capital of the Company. Sany Group, being held by Mr. Liang Wengen as to 56.42%, is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of each of the Master Purchase Agreement, as amended by the Supplemental Master Purchase Agreement, and the Sales Agreement, as aggregated with the Hunan Sany Sales Agreement (as (1) the Sales Agreement was entered into by the parties on 19 June 2015 (within 12 months from the signing date of the Hunan Sany Sales Agreement), (2) Hunan Sany Port Equipment is a subsidiary of the Company and Sany International Development is a subsidiary of Sany Group, and (3) the transaction nature of the Hunan Sany Sales Agreement and the Sales Agreement is the same. Therefore, the transactions under the Hunan Sany Sales Agreement and the Sales Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules), are expected to exceed 5%, each of the Master Purchase Agreement (as amended by the Supplemental Master Purchase Agreement) and the Sales Agreement would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Any connected persons or Shareholders with a material interest in the Continuing Connected Transactions or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. The relevant interested Shareholder, namely, Sany HK, and its associates will abstain from voting on the resolution approving the Continuing Connected Transactions at the EGM. Other than Sany HK or its associates, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung, has been established by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Supplemental Master Purchase Agreement and the Sales Agreement. We have been appointed and have been approved by the Independent Board Committee, as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM VINCO CAPITAL

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Master Purchase Agreement and the Sales Agreement. We are eligible to give independent advice and recommendations on the Supplemental Master Purchase Agreement and the Sales Agreement. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM VINCO CAPITAL

We consider that we have reviewed all currently available information and documents (particularly, (i) the annual report of the Company for the year ended 31 December 2014; (ii) the 2014 annual report of Sany Heavy Industrial Co., Ltd, one of the key operating subsidiaries of Sany Group; (iii) the purchases summary prepared by the Group for the four months ended 30 April 2015 and quotations from the independent third parties suppliers for similar products; (iv) internal documents in relation to the Group's procurement tender process; (v) sales forecast under the Sales Agreement; (vi) purchase forecast under the Supplemental Master Purchase Agreement; (vii) sample sales contracts and invoices from the sales summary for the similar products by the Group sold to other independent customers and (viii) internal control policies regarding the compliance of Continuing Connected Transactions), which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Supplemental Master Purchase Agreement and the Sales Agreement, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Supplemental Master Purchase Agreement and the Sales Agreement except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in relation to the Supplemental Master Purchase Agreement and the Sales Agreement, we have considered the principal factors and reasons set out below:

I. Background of and reasons for entering the Continuing Connected Transactions

Information of the Company

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of roadheaders, combined coal mining units, mining transportation vehicles, port machinery and marine heavy equipment products.

Information of Sany Group

Sany Group is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, machinery leasing, manufacture of automobile and educational businesses.

As at the Latest Practicable Date, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of his indirect 56.42% interest in Sany HK, which in turn holds 2,134,580,188 ordinary shares and 479,781,034 Convertible Preference Shares, which, in aggregate, representing 85.97% of the issued share capital of the Company.

LETTER FROM VINCO CAPITAL

Sany Group, being held by Mr. Liang Wengen as to 56.42%, is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

As stated in the Letter from the Board, it is crucial for the Group to maintain the stability in supply and the quality of the parts and components for its existing and future production needs. SG Group is familiar with the Group's specifications, standards and requirements and the Group is confident of the quality of the parts and components supplied by SG Group. In addition, SG Group has provided the Group with more favourable terms such as flexible and timely delivery schedule of the parts and components purchased by the Group. In addition, as advised by the management of the Company, the Group has been sourcing relevant parts and components from the SG Group since 2007. The Group always strives to enhance mechanisation of the coal industry by developing high-end technological products of high performance and premium quality. In light of this, the Group enters the Supplemental Master Purchase Agreement. In addition, as stated in the Letter from the Board, entering the Sales Agreement can allow the Group to take advantage of Sany Group's strong domestic and overseas sales network and sales experiences to enhance the Group's product sales by selling the Group's products to Sany Group.

Sany Heavy Industry Co., Ltd, one of the key operating subsidiaries of Sany Group, was listed on the Shanghai Stock Exchange in 2003 and it is the first enterprise within mechanical engineering industry in the PRC ranks within the top global 500 enterprises according to Financial Times Global 500 in July 2011. According to the website of the Sany Group, in April 2013, Sany Heavy Industry Co. Ltd ranks top 5 among globally among construction equipment manufacturers and being the top in Chinese industry and the quality of its products is highly recognised in the PRC. According to the 2014 annual report of Sany Heavy Industrial Co., Ltd, during 2014, its international business was relatively stable and represents approximately 32.3% of the total revenue. In addition, it further states that Sany Heavy Industry Co., Ltd will further strengthen the operations internationally.

According to the annual report of the Company for the year ended 31 December 2014 (the "2014 Annual Report"), the revenue of the Group is all derived from the coal mining equipment segment. Having considered (i) the Group has been sourcing relevant parts and components from the SG Group since 2007; (ii) the purchase of certain parts and components produced by Sany Group or its subsidiaries and certain second-hand manufacturing equipment is used to produce its equipment products which is in ordinary and usual course of business of the Group; (iii) the sales of products to Sany Group under the Sales Agreement is likely provide a stable source of revenue to the Group; (iv) the product image and reputation of the Group can be improved by leveraging Sany Group's strong domestic and overseas sales network and sales experiences; and (v) the terms of the Supplemental Master Purchase Agreement and the Sales Agreement are fair and reasonable as discussed below, we consider that it is fair and reasonable for us to hold the view that the entering into of the Supplemental Master Purchase Agreement and the Sales Agreement are in the interest of the Company and the Shareholders as a whole.

LETTER FROM VINCO CAPITAL

II. Supplemental Master Purchase Agreement

a. Review of historical figures

Pursuant to the Master Purchase Agreement, the annual cap amount for the transactions thereunder for the year ending 31 December 2015 was RMB159,366,707. Based on the figures provided by the Company, the amount of purchases under the Master Purchase Agreement up to and including 30 April 2015 was approximately RMB50,800,755. For illustrative purposes only, based on the amount of purchases under the Master Purchase Agreement up to and including 30 April 2015, the annualised amount of purchases will be approximately RMB152,402,265. Based on the figures and our discussion with the Company, we are aware that the annual cap under the Master Purchase Agreement were underutilised. According to our discussion with the management of the Company, we noted that the purchasing activities may become more active in the second half of the financial year due to more active sales. We have reviewed a summary of intended sales orders provided by the Company listing the potential customer and the status of the intended sales and noted that there is an increase in potential sales in terms of number of sales order in the second half of the financial year with over 290 products are expected to be sold as compared to around 140 products sold in the first half of the financial year. The Company are in the stage of negotiations and/or quotations with the potential customers. In addition, the annualized amount of purchases under the Master Purchase Agreement represents approximately 95.6% of the approved annual cap. The underutilisation of the annual cap also reinforced the fact that the Master Purchase Agreement just gives the Group a right, but not an obligation to purchase from SG Group. The Group can always switch to other independent suppliers whenever the terms are more favourable than those offered by SG Group.

Given that (i) the annualized amount of purchases for the four months ended 30 April 2015 under the Master Purchase Agreement will be slightly underutilized as compared to the annual cap of RMB159,366,707; (ii) the management of Company expects that the amount of purchases will be increase in the second half of the year and (iii) the Group has the right but not obligation to purchase from SG Group, we therefore are of the view that underutilisation of the annual cap under the Master Purchase Agreement are justifiable.

b. Principal terms of the Supplemental Master Purchase Agreement

Pursuant to the Master Purchase Agreement, the Company agreed to purchase or procure its subsidiaries to purchase from Sany Group or its subsidiaries (1) certain parts and components produced by Sany Group or its subsidiaries and (2) certain second-hand manufacturing equipment, including but not limited to machine tools, for the manufacturing of coal mining products of the Group. The Master Purchase Agreement has a fixed term of one year commencing from 1 January 2015 to 31 December 2015 (both days inclusive).

LETTER FROM VINCO CAPITAL

The basis of determining the prices of the products to be purchased by the Group under the Supplemental Master Purchase Agreement will be in accordance with the prevailing market prices of similar products and based on the following principles:

- (i) by reference to the prevailing market prices of the same or substantially similar products, taking into account the price, quality and other conditions (such as payment terms, credit terms and after-sales services) offered by suppliers via the Group's commercial procurement tender process. The commercial procurement policy of the Group indicates that where comparable products are available, commercial procurements must go through a tender process. To elaborate, there are generally two stages for the tender process. During the first stage, the Group circulates the technology specifications to the potential candidates and then invites three to five tenderers, including Sany Group if it manufactures the relevant products that the Group requires, with due qualification, technology, and manufacturing scale to attend the tender to provide the bidding documents including the prices, to the Group's commercial tender committee (商業評標委員會) and the technical tender committee (技術評標委員會) for review. The commercial tender committee mainly consists of five professional bidding engineers and the technical tender committee mainly consists of five research and development engineers and production engineers who work for the relevant business segment for the products. During the second stage, the Company negotiates with each of them in detail on the prices and the conditions and each of them then provides the second round of quotation based on such negotiation. The tenderer offering the most favorable price and conditions wins the tender. The Company would choose third party supplier if the price and other conditions offered by them are more favorable. However, based on the Group's experience and historical transactions records, during the tender process where Sany Group is involved, Sany Group tends to offer the most favorable price and conditions rather than other Independent Third Parties because Sany Group is most familiar with the Group's specifications, standards, and requirements; and
- (ii) where the prevailing market price above is unattainable, such as for products tailor-made for the Group manufactured by Sany Group, the basis of determining prices of the parts and components produced by Sany Group and its subsidiaries will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant parts and components plus a gross margin ranging from 10% to 20%, with reference to the usual gross margin of Sany Group's sales of similar products to Independent Third Parties and the Group's procurement of other similar parts and components from Independent Third Parties, which should be in any event no less favorable to the Group than is available to Independent Third Parties.

Given that (i) the manufacturing costs plus a gross margin will only be used where the prevailing market price is unattainable and (ii) the gross margin ranging from 10% to 20% is with reference to the to the profit margin of Sany Group's sales of

LETTER FROM VINCO CAPITAL

similar products to Independent Third Parties, we therefore consider that it is fair and reasonable and in normal commercial terms. In addition, as discussed below, as the tailor-made parts and components for the Group manufactured by Sany Group are (i) due to confidentiality concern of certain technical information, it would be in the best interest of the Company to purchase those products from Sany Group in order to protect Company's interest from disclosing such confidential information to Independent Third Parties; (ii) accounted for merely 3% for each of the three years ended 31 December 2014 and (iii) the Group can switch to other third party suppliers to manufacture tailor-made parts and components, we therefore consider that the reliance by the Group on Sany Group for the tailor-made parts and components is small as the Group is capable to operate independently.

As stated in the Letter from the Board, for those tailor-made parts and components for the Group manufactured by Sany Group, the basis of determining prices of the parts and components produced by Sany Group and its subsidiaries will be determined on arm's length negotiation and with reference to the manufacturing costs involved in the relevant parts and components plus a gross margin ranging from 10% to 20%, with reference to the profit margin of Sany Group's sales of similar products to Independent Third Parties and the Group's procurement of other similar parts and components from Independent Third Parties, which should be in any event no less favorable to the Group than is available to Independent Third Parties. Due to confidentiality concern of certain technical information, the Group only procures tailor-made parts and components from Sany Group rather than other third-party suppliers. However, the Group is able to operate independently from Sany Group. The Group's procurement of tailor-made parts and components from Sany Group only accounted for approximately 3% of the Group's total procurement for each of the three years ended 31 December 2014 and it is expected that such procurement will remain to the same extent for the year ending 31 December 2015. Even under the remote possibility that Sany Group ceases to supply tailor-made parts and complements to the Group, the Group can still engage other third-party suppliers to manufacture tailor-made parts and components imposing confidentiality obligations on them. For those common parts and components which can be easily accessible in the market, the Group will follow the pricing as determined during the Group's commercial procurement tender process. For second-hand manufacturing equipment, prices of the second-hand manufacturing equipment will be determined on arm's length negotiation with the formula below which is a default formula set by the Group's SAP financial software following the Group's accounting policy for depreciation and valuation on equipment and also applicable to the valuation of all equipments of the Group, no matter whether they are procured from Independent Third Parties or Sany Group, and should be in any event no less favourable to the Group than is available to Independent Third Parties.

Price = Original Purchase Price – Original Purchase Price (1-3%) x (number of years since the machine tool was purchased by Sany Group/10 years)

“3%” represents the minimum residual value of equipment and “10 years” represents the maximum durable years of equipment and both of them are set according to the Group's accounting policy

LETTER FROM VINCO CAPITAL

Since the pricing formula (i) will be used for the second-hand manufacturing equipment and the price will be adjusted accordingly to the number of years since the machine tools which have been acquired by SG Group, and in any event should be no less favourable to the Group than is available to Independent Third Parties and (ii) is a default formula set by the system adopted by the Group for depreciation which applies to all equipment of the Group for depreciation treatments, we therefore consider that the formula is fair and reasonable and on normal commercial terms.

In respect of each purchase of parts and components or second-hand manufacturing equipment by the Group from Sany Group or its subsidiaries, Sany Group or its subsidiaries and the Company or its subsidiaries will enter into separate purchase agreements to specify the exact types and number of products being purchased, the relevant delivery arrangements and the selling prices of such products. Payment will be settled by way of telegraphic transfer at credit terms to be agreed upon by the parties in accordance with the Group's normal term of supplies from Independent Third Parties.

We consider the pricing mechanism under the Supplemental Master Purchase Agreement is fair and reasonable as it is either firstly based on prevailing market price of the same or substantially similar products offered by Independent Third Parties via the Group's commercial procurement tender process; secondly, in the absence of a prevailing market price then reference is made to historical transaction records or, in the absence of the foregoing, reasonable product margin. In all cases, product purchased under the Supplemental Master Purchase Agreement must be on normal commercial terms and on terms comparable to those offered by the Independent Third Parties. We have reviewed the purchases summary prepared by the Group for the four months ended 30 April 2015. In the summary, we noted that there are quotations from the Independent Third Parties suppliers for similar products and the terms of such purchases from the Sany Group are comparable to and no less favourable to the Group than those offered by other independent suppliers to the Group. When there are no third party suppliers comparable available, the historical transactions records was used to compare. In addition, we have also reviewed (i) the internal document provided by the Company in relation to the Group's commercial procurement tender process and (ii) the sample walkthrough documents in relation to the tender process of a purchasing project. We consider that the sample tender walkthrough documents are fair and representative as we have obtained half of the tender walkthrough documents during the first half of 2015 in relation to the purchase of parts and components. We noted that the internal document has set up procedures and flow for the commercial procurement and this procedures and flows apply to all divisions and subsidiaries and the walkthrough documents strictly follows the commercial procurement tender process as stipulated in the internal documents which we consider that the tender process is fairly applied to all suppliers. In addition, we noted from the tender sample walkthrough documents that there are a range of 3-6 tenderers participating the tenders. Further, the second stage of the tender process allows the Group to further assess and negotiates with the tenderers in order to obtain the more favourable price. As the tender procurement system is (i) required to involve a minimum of 3 tenderers and subject to the review of two committees before going to the second stage for negotiations; (ii) the second stage of tender process allow the Group for further

LETTER FROM VINCO CAPITAL

assessment and negotiations on the terms of the tenders; and (iii) the most favourable price and conditions wins the tender and the Company would choose third party supplier if the price and other conditions offered by them are more favourable, we therefore consider that using the prevailing market price via the Group's commercial procurement tender process to determine to pricing of the products under the Supplement Master Purchase Agreement is fair and reasonable and on normal commercial terms.

c. The revised annual cap

As stated in the Letter from the Board, under the Supplemental Master Purchase Agreement, pursuant to which the annual cap amount for the year ending 31 December 2015 has been increased to RMB339,814,121. The revised cap is calculated and determined after taking into account (i) the existing annual cap under the Master Purchase Agreement of RMB159,366,707, and (ii) the forecast amount of purchases to be placed between Sany Marine Industry (including its subsidiaries) and SG Group, taking into account (1) the historical amount for the year ended 31 December 2014 of approximately RMB141.59 million and solely for determination of the annual cap of the transaction amount between Sany Marine Industry (including its subsidiaries) and Sany Group; (2) the projected growth of port machinery and marine heavy equipment products business of the Group of approximately 25% per annum with reference to its average annual growth rate in sales revenue of approximately 31.98% from 2011 to 2014; and (3) a relatively conservative anticipation on manufacturing capacity, market trend and the growth in sales in port machinery and marine heavy equipment products business in 2015.

In order to assess the fairness and reasonableness of the annual caps, we have discussed with the management of the Company in relation to the basis on the computation of the revised annual cap. We noted from the circular of the Company dated 30 November 2014 in relation to, among other things, the acquisition of Sany Marine Industry. Due to the expansion of production scale of the Group following the completion of the acquisition of Sany Marine Industry, the Directors expect that the approved annual cap of RMB159,366,707 for 2015 will be exceeded as Sany Marine Industry (including its subsidiaries) would like to continue to the procurement from Sany Group in order to avoid any unnecessary disruption to its operation. With reference to the 2014 Annual Report, with the completion of the acquisition of Sany Marine Industry, the Group's product lines expanded to port machinery, marine heavy machinery and its main products now include marine and port equipment products such as front handling mobile crane, empty container loader and shore gantry crane. In addition, we have reviewed the forecast amount of purchases to be placed with Sany Group by the Company under the Master Purchase Agreement and we noted that with the expansion of product lines by the Group as a result of the acquisition of Sany Marine Industry, the amount of purchases will be increased as Sany Marine Industry also purchase the parts and components from Sany Group for its production.

According to the Several Opinions of the State Council on Promoting Sound Development of Shipping Industry issued in August 2014, the Chinese government aim to implement reform and innovation in all areas and sections of shipping development,

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adhere to scientific development, focus on the transformation of development mode, aim at promoting the sound development of shipping industry and building a strong shipping power and center on cultivating international competitiveness. It also determined the objective of China's sound shipping development – according to the requirement of comprehensively completing the building of a moderately prosperous society, basically establishing a safe, convenient, efficient, green and internationally competitive modern shipping system by 2020. In addition, Shanghai International Shipping Institute (SISI) released China Shipping Development Outlook 2030 in March 2015, it estimates that cargo throughput at Chinese ports will double to exceed 25 billion tons and seven port clusters will be formed on China's coast in 2030. With (i) the positive outlook on the port development in China and (ii) with reference to its average annual growth rate in sales revenue of approximately 31.98% from 2011 to 2014, we expect that the port machinery business will also be benefited and the Company's conservative expectation on projected growth of port machinery and marine heavy equipment products business of the Group of approximately 25% per annum is fair and reasonable and hence the increase in amount of purchases of parts and components or manufacturing equipments from Sany Group for the sake of expansion of product lines to port machinery is in the ordinary course of business of the Group and is fair and reasonable.

Based on the aforesaid and taking into consideration that (i) Sany Marine Industry will continue procure from Sany Group to avoid disruption in operations; (ii) there will be an increase in potential sales in the second half of the financial year and hence will increase in procurement activities; (iii) the positive outlook in port machinery and marine heavy equipment products business in China, we are of the view that the revised annual cap under the Supplemental Master Purchase Agreement is on normal commercial terms, fair and reasonable to the Company and the Shareholders as a whole.

III. Sales Agreement

a. Principal terms of the Sales Agreement

Pursuant to the Sales Agreement, the Company agreed to sell or procure its subsidiaries to sell its finished products to Sany Group or its subsidiaries. The Sales Agreement shall effect from the effective date of the Sales Agreement to 31 December 2015.

In determining the sales price under the Sales Agreement, the sales and marketing department of the Group will take into account the cost of the products, the appropriate margin and prices offered to independent third parties to ensure that the prices and terms are no more favorable to those offered to independent third parties. Different margins will be applied to different products based on the level of standardization and the core technologies used. Orders or particular contracts for the products to be supplied by the Group under the Sales Agreement need to be reviewed and approved by the senior management of the Group. Since the Sales Agreement serves the purpose for the Company to take advantage of Sany Group's sales network to sell its finished products to Sany Group then to end-customers, and in other words, the Group just sells

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the finished products to end-customers through Sany Group's sales network, under an arrangement which Sany Group does not actually receive any mark-up against these prices under the Sales Agreement, the prices of the finished products under the Sales Agreement are determined according to the costs involved (raw material costs, labour costs and manufacturing expenses) plus the margin, ranging from 37% to 41% for domestic sales and from 25% to 29% for overseas sales (considering the overseas sales involve higher transportation costs). Such margin is the same as that the Group charges on Independent Third Party customers when the Group sells the finished products to them directly. Regarding the margins adopted by the Group, after our discussion with the management of the Company, we noted that those profit margins are made reference to the historical profit margins charged by the Group to Independent Third Parties customers for domestic sales and overseas sales. Given that the profit margins are (i) the same as the Group charges on the Independent Third Party customers directly and (ii) made reference to the profit margins of historical transactions of the Group for domestic sales and overseas sales, we therefore consider that the profit margins adopted by the Group for domestic sales and overseas sales are fair and reasonable and on normal commercial terms.

In order to assess the fairness and reasonableness of the terms of the Sales Agreement, we have reviewed the sales quotation summary ("the Sales Quotation") provided by the Company in relation to the sales of its finished products to Sany Group and to Independent Third Parties customers. In addition, we have obtained 15 sample sales contracts and invoices from the Sales Quotation for the similar products by the Group sold to other independent customers for each type of products in relation to port machinery and marine heavy equipment, natural gas machinery and mining machinery products. Based on that, we consider that those 15 sample sales contracts are fair and representative as those sample contracts cover each type of product under the Sales Quotation and three main categories of products under the Sales Agreement. We noted that from the Sales Quotation that the terms of such sales to the Sany Group are comparable to and no more favourable to the Group than those offered to other independent customers to the Group. In addition, we noted that there are internal control policies of the Group and noted that the internal control department of the Group will regularly review and assess whether the terms of the sales of its finished products to Sany Group are in line with the Sales Agreement and on normal commercial terms. In addition, the Company will also engaged external auditors to conduct annual review of the transactions under the Sales Agreement. Based on the aforesaid, we are of the view that the terms of the Sales Agreement are no more favourable than those offered to other independent customers, and are fair and reasonable and on normal commercial terms.

b. The proposed annual cap

It is proposed that the annual cap amount for the transactions contemplated under the Sales Agreement to be set at RMB1,475,831,828.

In order to assess the fairness and reasonableness of the annual caps, we have discussed with the management of the Company in relation to the basis on the computation of the proposed annual cap. We noted that the proposed annual cap is

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calculated and determined after taking into account (i) the Group's anticipated manufacturing capacity for the year ending 31 December 2015 having considered the effect of the acquisition of Sany Marine Industry; and (ii) the Group's expected plans to take advantage of Sany Group's strong domestic and overseas sales network and sales experiences to enhance the Group's product sales. In addition, we have reviewed the sales forecast provided by the Company in relation to the sales of its finished products to Sany Group. To elaborate the annual cap under the Sales Agreement for the year ending 31 December 2015 covers three business segments of the Group, i.e. port machinery and marine heavy equipment products business, natural gas machinery business and mining machinery business.

For port machinery and marine heavy equipment, the annual cap of the sales arrangement between Sany Marine Industry (including its subsidiaries) and Sany Group for the year ending 31 December 2015 was approximately RMB1,200 million, determined based on (i) the historical transaction amount of approximately RMB961.15 million and solely for determination of the annual cap of the transaction amount between Sany Marine Industry (including its subsidiaries) and Sany Group which shall not constitute any assurance or guarantee as to future performance of Group; (ii) the projected growth of port machinery and marine heavy equipment products business of the Group of approximately 25% per annum with reference to its average annual growth rate in sales revenue of approximately 31.98% from 2011 to 2014; and (iii) a relatively conservative anticipation on manufacturing capacity, market trend and the growth in sales in port machinery and marine heavy equipment products business in 2015.

For natural gas machinery business, the annual cap of the sales arrangement between the Group and Sany Group in terms of natural gas machinery was approximately RMB139 million, determined based on the Group's anticipated manufacturing capacity of the natural gas machinery and sales plan to end-customers in 2015.

For mining machinery business, the annual cap of the sales arrangement between the Group and Sany Group in terms of mining machinery machinery was approximately RMB136.8 million, determined based on the Group's sales plan of mining machinery to overseas end-customers in 2015.

We noted that a vast majority portion (i.e. approximately 81.3%) of the proposed annual cap are the sales of the port machinery products while the remaining portions are the sales of other machinery products in relation to coal mine transportation vehicles and natural gas products with percentages of approximately 9.4% and approximately 9.3% to the proposed annual cap, respectively. As discussed above, further to the completion of the acquisition of Sany Marine Industry, the Group's product lines expanded to port machinery. In addition, we noted that there is an increase in the proposed portion on annual cap for the sales of port machinery as compared to the historical relevant transactions in 2014. We are of the view that it is fair and reasonable given that the potential positive outlook on the port machinery industry as the Chinese government intends to implement reform and innovation in all areas and sections of shipping development as discussed above and the expectation by

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the management of the Company that there will be an increase in potential sales in the second half of the financial year. Therefore we consider that the increase in annual cap of port machinery to Sany Group is fair and reasonable.

In addition, we noted from the sales projection includes the sales of coal mine transportation vehicles and natural gas products of the Group to Sany Group. We noted that from the 2014 Annual Report that the Group has successfully produced natural gas station products and the commercial production could be attained. In addition, from the 2014 Annual Report, the Group aims to achieve internationalisation by actively exploring the international markets of Russia, Australia, etc. As discussed above section headed "Information of Sany Group", Sany Heavy Industry Co. Ltd ranks top 5 among globally among construction equipment manufacturers and being the top in Chinese industry and the quality of its products is highly recognised in the PRC. According to the 2014 annual report of Sany Heavy Industrial Co., Ltd, during 2014, its international business was relatively stable and represents approximately 32.3% of the total revenue. In addition, we have reviewed the sales plan provided by the management of the Company and noted that in order to achieve internationalization, the Group intends to sold 18 coal mine transportation vehicles products with a price of RMB7.6 million each to Sany Group and the sales quotations and terms are no less favourable than those offered to Independent Third Parties according to the Sales Quotation. Further, according to the sales plan of natural gas products, we noted that the Group intends to sell 10 filling stations with a price of RMB1.8 million each and 55 gasification station with a price of RMB2.2 million each and the sales quotations and terms are no less favourable than those offered to Independent Third Parties according to the Sales Quotation. Based on this, we concur that the sales of coal mine transportation vehicles and natural gas products to Sany Group by leveraging on the Sany Group's international sales network which can help achieving the strategy of internationalisation of the Group and hence is fair and reasonable to include the sales of natural gas machinery business and mining machinery business.

Based on the aforesaid, we are of the view that the proposed annual cap under the Sales Agreement is on normal commercial terms, fair and reasonable to the Company and the Shareholders as a whole.

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RECOMMENDATION

Having taken the above principal factors and reasons, we are of the view that the terms of the Supplemental Master Purchase Agreement and the Sales Agreement of the are in the ordinary course of business of the Group, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the terms of the Supplemental Master Purchase Agreement and the Sales Agreement are in the interests of the Company and the Shareholders as a whole. Therefore, we advise (i) the Independent Shareholders; and (ii) the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM approving terms of the Supplemental Master Purchase Agreement and the Sales Agreement.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executives in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Long positions in shares of Sany BVI (being the ultimate holding company of the Company)

Name of Director	Nature of interest	Number of shares held	Percentage of issued share capital
Mr. Tang Xiuguo ⁽¹⁾	Beneficial owner	875	8.75%
Mr. Zhao Xiangzhang ⁽¹⁾	Beneficial owner	100	1.00%
Mr. Mao Zhongwu ⁽¹⁾	Beneficial owner	800	8.00%
Mr. Xiang Wenbo ⁽¹⁾	Beneficial owner	800	8.00%

Note: Each of Mr. Tang Xiuguo, Mr. Zhao Xiangzhang, Mr. Mao Zhongwu and Mr. Xiang Wenbo holds 8.75%, 1.00%, 8.00% and 8.00% of the issued share capital of Sany BVI, respectively, which in turn holds the entire issued share capital of Sany HK.

Long Position in shares of the Company

Name of Director	Nature of Interest	Number of share interested	Percentage of issued share capital
Mr. Lu Ben ⁽¹⁾	Beneficial owner	634,500	0.02%
Mr. Mao Zhongwu ⁽²⁾	Beneficial owner	363,600	0.01%

Note:

- (1) Mr. Lu Ben is deemed to be interest in 634,500 shares which may be issued to him upon exercise of the share options granted to him on 26 February 2013.
- (2) Mr. Mao Zhongwu is deemed to be interest in 363,600 shares which may be issued to him upon exercise of the share options granted to him on 26 February 2013.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their spouses or children under the age of 18 were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its holding company, subsidiaries or other associated corporation (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the directors or chief executive (including their spouses or children under the age of eighteen) of the Company to acquire any interests and short positions of shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

(b) Interests and short positions of substantial Shareholders and other parties in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity	Number of shares/ underlying shares held	Approximate percentage of issued share capital
Sany HK ⁽¹⁾	Beneficial owner	2,614,361,222	85.97%
Sany BVI ⁽²⁾	Interest in a controlled corporation	2,614,361,222	85.97%
Mr. Liang Wengen ⁽³⁾	Interest in a controlled corporation	2,614,361,222	85.97%

Notes:

- The 2,614,361,222 shares and underlying shares consist of 2,134,580,188 ordinary shares and 479,781,034 underlying shares which may be issued pursuant to the conversion of the 479,781,034 convertible preference shares issued to Sany HK.
- Sany BVI owns 100% of the issued share capital of Sany HK. Sany BVI is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO.
- Mr. Liang Wengen is interested in 56.42% of Sany BVI. Mr. Liang Wengen is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO.

2. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

3. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
Vinco Capital	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Vinco Capital is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Vinco Capital does not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, Vinco Capital did not have any interest, direct or indirect, in any assets since 31 December 2014, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2014, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 1301, 13th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong during normal business hours from 20 July 2015 up to and including the date of the EGM:

- (a) the Supplemental Master Purchase Agreement;
- (b) the Sales Agreement;
- (c) the letter of advice from Vinco Capital, the text of which is set out on pages 21 to 35 of this circular; and
- (d) the written consent from Vinco Capital referred in paragraph 3 of this appendix.

8. MISCELLANEOUS

- (a) The Company's share registrar and transfer office in Hong Kong is at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Ms. Kam Mei Ha (Wendy), a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (c) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Sany Heavy Equipment International Holdings Company Limited (the “**Company**”) will be held at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC on Tuesday, 4 August 2015 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the Supplemental Master Purchase Agreement (as defined in the circular of the Company dated 20 July 2015) dated 19 June 2015 entered into between the Company and Sany Group be and is hereby approved, confirmed and ratified; and
- (b) the annual cap for the year ending 31 December 2015 for the transactions under the Supplemental Master Purchase Agreement be and is hereby approved, confirmed and ratified.”

2. “**THAT:**

- (a) the Sales Agreement (as defined in the circular of the Company dated 20 July 2015) dated 19 June 2015 entered into between the Company and Sany Group be and is hereby approved, confirmed and ratified; and
- (b) the annual cap for the year ending 31 December 2015 for the transactions under the Sales Agreement be and is hereby approved, confirmed and ratified.”

By Order of the Board
Mr. Wu Jialiang
Chairman

Hong Kong, 20 July 2015

NOTICE OF THE EGM

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.
- (4) The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

As at the date of this notice, 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 Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung.