SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED
三一重裝國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 631)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board ("**Board**") of directors (the "**Directors**") of Sany Heavy Equipment International Holdings Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, referred to as the "**Group**") for the year ended 31 December 2015, together with comparative figures for the preceding financial year ended 31 December 2014. These annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**"), comprising solely the independent non-executive Directors, one of whom chairs the Audit Committee.

FINANCIAL SUMMARY

- For the year ended 31 December 2015, the Group recorded revenue of approximately RMB2,201.8 million (2014: approximately RMB2,175.2 million), representing an increase of approximately 1.2% as compared with the year ended 31 December 2014. The increase is mainly due to (1) the sales of port machinery business acquired on 31 December 2014 which was consolidated to the Group during the year, which accounted for approximately 54.3% of the sales of the Group; (2) the continued downturn of coal industry, which affected the sales of coal machinery products; and (3) the rapid growth in the sales of the Group's mining vehicles in international market. The stable growth of marine engineering business alongside with the increasing sales, together with the gradual introduction of new models of non-coal products laid a solid foundation for the Group's long-term development.

- For the year ended 31 December 2015, the Group's profit attributable to owners of the parent decreased to approximately RMB18.1 million (2014: approximately RMB168.3 million), representing a decrease of approximately 89.3%. The profit attributable to owners of the parent after excluding gain on disposal of non-current assets classified as held for sale increased by approximately 125.0% to RMB18.1 million (2014: loss attributable to owners of the parent was approximately RMB72.3 million). The main reason of the increase was due to the consolidation of profit of port machinery business acquired on 31 December 2014 during the year.

- As at 31 December 2015, cash and cash equivalents of the Group, investment deposits and time deposits with maturity period of three months or more amounted to approximately RMB522.8 million in total.

- For the year ended 31 December 2015, the net cash inflow of the Group from operating activities was approximately RMB152.8 million (2014: net cash inflow of approximately RMB92.3 million). For the year ended 31 December 2015, the net cash inflow from investing activities was approximately RMB400.2 million (2014: net cash inflow of approximately RMB155.4 million). Such change was mainly due to the decrease in the payments for investment deposits. For the year ended 31 December 2015, the net cash outflow of the Group from financing activities was approximately RMB311.8 million (2014: net cash outflow of approximately RMB301.2 million).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	4	**2,201,801**	2,175,237
Cost of sales		**(1,572,465)**	(1,466,023)
Gross profit		**629,336**	709,214
Other income and gains	4	**222,019**	137,105
Gain on disposal of non-current assets classified as held for sale		**–**	240,553
Selling and distribution expenses		**(276,149)**	(312,886)
Administrative expenses		**(371,669)**	(358,689)
Other expenses		**(157,264)**	(209,371)
Finance costs	6	**(10,498)**	(30,616)
PROFIT BEFORE TAX	5	**35,775**	175,310
Income tax expense	7	**(17,218)**	(5,424)
PROFIT FOR THE YEAR		**18,557**	169,886
Attributable to:			
Owners of the parent		**18,064**	168,270
Non-controlling interests		**493**	1,616
		18,557	169,886
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB Yuan)	9	**0.01**	0.06
Diluted (RMB Yuan)	9	**0.01**	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**18,557**	169,886
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,372**	95
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**3,372**	95
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,372**	95
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**21,929**	169,981
Attributable to:		
Owners of the parent	**21,436**	168,365
Non-controlling interests	**493**	1,616
	21,929	169,981

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,732,946**	2,685,917
Prepaid land lease payments		**694,930**	709,754
Goodwill		**1,129,520**	1,129,520
Intangible assets		**44,218**	75,973
Trade receivables	*11*	**99,923**	–
Available-for-sale investments		**10,636**	12,536
Non-current prepayments		**736,722**	752,836
Deferred tax assets		**463,520**	458,719
Total non-current assets		**5,912,415**	5,825,255
CURRENT ASSETS			
Inventories	*10*	**1,179,787**	1,573,416
Trade receivables	*11*	**3,015,396**	3,248,784
Bills receivable	*11*	**262,822**	353,142
Prepayments, deposits and other receivables		**423,319**	910,657
Investment deposits		**–**	400,000
Time deposits		**–**	112,884
Pledged deposits		**14,651**	50,864
Cash and cash equivalents		**522,796**	278,241
Total current assets		**5,418,771**	6,927,988
CURRENT LIABILITIES			
Trade and bills payables	*12*	**841,966**	1,411,794
Other payables and accruals		**1,665,123**	2,424,487
Interest-bearing bank borrowings		**14,920**	351,819
Tax payable		**341,776**	344,555
Provision for warranties		**14,148**	33,966
Government grants		**20,645**	15,555
Total current liabilities		**2,898,578**	4,582,176

	Note	**2015**	2014
	Note	***RMB'000***	*RMB'000*
NET CURRENT ASSETS		**2,520,193**	2,345,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,432,608**	8,171,067
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**16,287**	9,299
Government grants		**1,627,353**	1,399,972
Total non-current liabilities		**1,643,640**	1,409,271
Net assets		**6,788,968**	6,761,796
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*13*	**302,214**	302,214
Reserves		**6,415,892**	6,389,213
		6,718,106	6,691,427
Non-controlling interests		**70,862**	70,369
Total equity		**6,788,968**	6,761,796

1. CORPORATE INFORMATION

Sany Heavy Equipment International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at No.25, 16 Kaifa Road, Economic and Technological Development Area, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC"). During the year, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of port machinery, roadheaders, combined coal mining unit ("CCMU"), mining transport equipment (including underground and surface), spare parts and the provision of related service in Mainland China.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), (which include all International Financial Reporting Standard, International Accounting Standards ("IAS") and interpretations) issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to 2010-2012 Cycle	Amendments to a number of IFRSs
Annual Improvements to 2011-2013 Cycle	Amendments to a number of IFRSs

The adoption of the revised standards has had no significant effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferred Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Amendments to IAS 1	*Disclosure Inititative*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]
Amendments to IAS 7	*Statement of Cash Flows*[2]
Amendments to IAS 12	*Income Taxes*[2]
IFRS 16	*Leases*[4]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
6 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in two business units based on its products, and has two reportable operating segments as follows:

(a) Coal mining equipment segment

The coal mining equipment segment engages in the production and sale of roadheader, CCMU, mining transport equipment (including underground and surface), spare parts and the provision of related services; and

(b) Port machinery segment

The port machinery segment engages in the production and sale of large-size port machinery (including gantry crane, ship to shore crane and yard crane) and small-size port machinery (including reach stacker, empty container handle and heavy duty forklift truck), spare parts and the provision of related services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, pledged deposits, investment deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Coal mining equipment *RMB'000*	Port machinery *RMB'000*	Total *RMB'000*
Year ended 31 December 2015			
Segment revenue			
Sales to customers	**1,005,945**	**1,195,856**	**2,201,801**
Other revenue	**86,112**	**135,907**	**222,019**
Revenue from operations	**1,092,057**	**1,331,763**	**2,423,820**
Segment results	**(226,197)**	**268,035**	**41,838**
Interest income			**4,435**
Finance costs			**(10,498)**
Profit before tax			**35,775**
Income tax expense			**(17,218)**
Profit for the year			**18,557**
Segment assets	**5,176,041**	**4,451,199**	**9,627,240**
Reconciliation:			
Corporate and other unallocated assets			**1,703,946**
Total assets			**11,331,186**
Segment liabilities	**607,408**	**3,561,827**	**4,169,235**
Reconciliation:			
Corporate and other unallocated liabilities			**372,983**
Total liabilities			**4,542,218**
Other segment information:			
Depreciation and amortisation	**163,469**	**26,319**	**189,788**
Capital expenditure*	**34,984**	**203,702**	**238,686**
Gain/(loss) on disposal of items of property, plant and equipment	**2,750**	**(42)**	**2,708**
Impairment losses recognised in profit or loss	**172,061**	**6,198**	**178,259**

	Coal mining equipment *RMB'000*	Port machinery *RMB'000*	Total *RMB'000*
Year ended 31 December 2014			
Segment revenue			
Sales to customers	2,175,237	–	2,175,237
Other revenue	377,658	–	377,658
Revenue from operations	2,552,895	–	2,552,895
Segment results	203,385	–	203,385
Interest income			2,541
Finance costs			(30,616)
Profit before tax			175,310
Income tax expense			(5,424)
Profit for the year			169,886
Segment assets	7,307,302	4,145,233	11,452,535
Reconciliation:			
Corporate and other unallocated assets			1,300,708
Total assets			12,753,243
Segment liabilities	1,710,836	3,574,938	5,285,774
Reconciliation:			
Corporate and other unallocated liabilities			705,673
Total liabilities			5,991,447
Other segment information:			
Depreciation and amortisation	154,124	–	154,124
Capital expenditure*	290,668	618,273	908,941
Gain on disposal of non-current assets classified as held for sale	240,553	–	240,553
Loss on disposal of items of property, plant and equipment	(956)	–	(956)
Impairment losses recognised in profit or loss	211,612	–	211,612

* Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments including assets from the acquisition of subsidiaries.

Geographical information

As over 92% of the Group's revenue is derived from customers based in Mainland China and most of the Group's identifiable assets and liabilities are located in Mainland China, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue of approximately RMB242,058,000 (2014: RMB578,988,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB1,128,600,000 (2014: Nil) was derived from sales to a fellow subsidiary, including sales to a group of entities which are known to be under common control with that fellow subsidiary.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts.

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

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**2,150,691**	2,114,718
Rendering of services	**51,110**	60,519
	2,201,801	2,175,237
Other income		
Bank interest income	**4,435**	2,541
Gain on disposal of items of property, plant and equipment	**2,708**	–
Profit from sale of scrap materials	**11,413**	18,241
Government grants	**177,035**	81,538
Foreign exchange differences, net	**12,955**	4,158
Others	**12,990**	15,904
	221,536	122,382
Gains		
Gains from investment deposits	**483**	14,723
	222,019	137,105

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	**2015**	2014
	Note	***RMB'000***	*RMB'000*
Cost of inventories sold		**1,504,393**	1,410,130
Cost of services provided		**47,077**	52,696
Depreciation		**148,479**	117,439
Amortisation of land lease prepayments**		**15,492**	10,869
Amortisation of intangible assets**		**25,817**	25,816
Auditors' remuneration		**2,960**	3,460
(Reversal of)/provision for warranties*		**(8,866)**	10,048
Research and development costs**		**154,276**	169,174
Minimum lease payments under operating leases		**8,847**	6,669
Employee benefit expenses (including directors' and chief executive's remuneration)			
Wages and salaries		**246,464**	252,825
Equity-settled share option expense		**5,243**	3,936
Employee retirement benefits		**28,840**	31,181
Other staff welfare		**15,328**	15,142
		295,875	303,084
Foreign exchange differences, net***		**(12,955)**	(4,158)
Impairment of trade and other receivables***		**149,426**	208,415
Provision against slow-moving and obsolete inventories****	*10*	**20,995**	3,197
Impairment of available-for-sale investments***		**1,900**	–
Impairment of intangible assets***		**5,938**	–
Gain on disposal of items of non-current assets classified as held for sale		**–**	(240,553)
(Gain)/loss on disposal of items of property, plant and equipment***		**(2,708)**	956

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

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

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

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

6. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on interest-bearing bank borrowings	**5,034**	24,437
Interest on documentary bills	**1,040**	815
Interest on discounted bills	**4,424**	5,364
	10,498	30,616

7. INCOME TAX

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

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

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatments available to a certain subsidiary operating in Mainland China, the companies of the Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the year ended 31 December 2015.

Two of the Group's principal operating companies, Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司) and Hunan Sany Port Equipment Co., Ltd. (湖南三一港口設備有限公司) ("Hunan Sany Port Equipment"), were recognised as the High and New Technology Enterprise and were therefore subject to CIT at a rate of 15% in 2015.

	2015	2014
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**15,031**	39,638
Deferred	**2,187**	(34,214)
Total tax charge for the year	**17,218**	5,424

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

	2015		2014	
	RMB'000	**%**	RMB'000	%
Profit before tax	**35,775**		175,310	
Tax at the statutory tax rate	**8,944**	**25.0**	43,828	25.0
Entities subject to lower statutory income tax rates	**7,139**	**19.9**	(18,849)	(10.8)
Expenses not deductible for tax	**1,683**	**4.7**	463	0.3
Tax losses utilised from previous periods	**–**	**–**	(1,952)	(1.1)
Different tax rate when temporary difference is realised	**9,608**	**26.9**	11,396	6.5
Super-deduction of research and development costs	**(13,703)**	**(38.3)**	(13,377)	(7.6)
Adjustments in respect of current tax of previous periods	**(2,781)**	**(7.8)**	(17,444)	(10.0)
Income not subject to tax	**(31,024)**	**(86.7)**	(2,578)	(1.4)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**7,018**	**19.6**	2,490	1.4
Tax losses not recognised	**30,334**	**84.8**	1,447	0.8
Tax charge at the Group's effective tax rate	**17,218**	**48.1**	5,424	3.1

8. DIVIDEND

The board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

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

The calculation of the basic earnings per share is based on the profit for the year ended 31 December 2015 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,041,025,000 (2014: 3,041,025,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year ended 31 December 2015 attributable to ordinary equity holders of the parent, adjusted to reflect the preferred distribution on the convertible preference shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**18,064**	168,270
Preferred distribution to the convertible preference shares	**48**	–
Earnings attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**18,112**	168,270

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,041,025,000**	3,041,025,000
Effect of dilution-convertible preference shares	**479,781,034**	1,314,469
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,520,806,034**	3, 042,339,469

The Company's share options have no dilution effect for the years ended 31 December 2015 and 2014 as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

10. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**431,148**	543,270
Work in progress	**336,917**	380,653
Finished goods	**446,955**	663,731
	1,215,020	1,587,654
Less: Provision against slow-moving and obsolete inventories	**(35,233)**	(14,238)
	1,179,787	1,573,416

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

	Note	2015 *RMB'000*	2014 *RMB'000*
At 1 January		**14,238**	9,998
Charge for the year	*5*	**20,995**	3,197
Acquisition of subsidiaries		**–**	1,856
Amount written off		**–**	(813)
At 31 December		**35,233**	14,238

11. TRADE AND BILLS RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade receivables	**3,559,206**	3,545,409
Impairment	**(443,887)**	(296,625)
	3,115,319	3,248,784
Less: Trade receivables due after one year	**(99,923)**	–
	3,015,396	3,248,784
Bills receivable	**262,822**	353,142

The Group generally requires its customers to make payments at various stages of the sales transactions, however, the Group grants certain credit periods to old customers with a good payment history. The credit periods of individual customers are considered on a case-by-case basis and are set out in the sales contracts, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had certain concentrations of credit risk as 26% (2014: 30%) of the Group's trade receivables were due from a single customer, including a group of entities which are known to be under common control with that customer. Included in the trade receivables was an amount due from fellow subsidiaries in aggregate of RMB508,882,000 as at 31 December 2015 (2014: RMB305,448,000) for sales of products by the Group. Trade receivables are non-interest-bearing.

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

	2015 *RMB'000*	2014 *RMB'000*
Within 180 days	**677,181**	1,251,472
181 to 365 days	**555,562**	1,006,395
1 to 2 years	**1,383,503**	757,906
2 to 3 years	**261,367**	215,977
Over 3 years	**237,706**	17,034
	3,115,319	3,248,784

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

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**296,625**	83,381
Impairment losses recognised	**148,766**	208,311
Acquisition of subsidiaries	**–**	6,335
Amount written off as uncollectible	**(1,504)**	(1,402)
At 31 December	**443,887**	296,625

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB1,520,234,000 (2014: RMB296,625,000) with a carrying amount before provision of RMB443,887,000 (2014: RMB296,625,000).

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

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

		Neither past due	**Past due but not impaired**		
	Total	**nor impaired**	**within 1 year**	**1 to 2 years**	**Over 2 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015	3,115,319	1,223,921	1,366,614	262,945	261,839
31 December 2014	3,248,784	2,227,113	750,645	240,501	30,525

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. The Directors are of the opinion that no provision for impairment is necessary in respect of these balances as they were subsequently settled before the date of this report or there has not been a significant change in credit quality and the balances are still considered fully recoverable based on past experience. The Group does not hold any collateral or other credit enhancements over these balances.

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

	2015	2014
	RMB'000	*RMB'000*
Within six months	**242,567**	332,154
Over six months	**20,255**	20,988
	262,822	353,142

Included in the bills receivable was an amount of RMB5,038,000 as at 31 December 2015 (2014: RMB2,000,000) which was endorsed to fellow subsidiaries for purchasing raw materials by the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2015, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB31,706,000 (2014: RMB53,879,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB31,706,000 (2014: RMB53,879,000) as at 31 December 2015.

Transferred financial assets that are derecognised in their entirety

At 31 December 2015, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB224,704,000 (2014: RMB236,710,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

12. TRADE AND BILLS PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
Within 30 days	**240,468**	260,870
31 to 90 days	**235,351**	523,754
91 to 180 days	**213,035**	500,105
181 to 365 days	**99,942**	74,948
Over 1 year	**53,170**	52,117
	841,966	1,411,794

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

The bills payable are all due within 180 days.

Included in the trade and bills payables was an amount due to fellow subsidiaries in aggregate of RMB113,709,000 as at 31 December 2015 (2014: RMB140,891,000) for purchasing raw materials by the Group.

13. SHARE CAPITAL

Shares

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
4,461,067,880 (2014: 4,461,067,880) ordinary shares of HK$0.10 each	**446,107**	446,107
538,932,120 (2014: 538,932,120) convertible preference shares of HK$0.10 each	**53,893**	53,893
Total authorised capital	**500,000**	500,000
Issued and fully paid:		
3,041,025,000 (2014: 3,041,025,000) ordinary shares of HK$0.10 each	**304,103**	304,103
479,781,034 (2014: 479,781,034) convertible preference shares of HK$0.10 each	**47,978**	47,978
Total issued and fully paid capital	**352,081**	352,081
Equivalent to RMB'000	**302,214**	302,214

Movements of issued capital were as follows:

	Issued ordinary shares	**Issued convertible preference shares**	**Share premium**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
At 1 January 2014	264,366	–	1,516,974	1,781,340
Issue of convertible preference shares	–	37,848	722,528	760,376
At 31 December 2014 and 31 December 2015	264,366	37,848	2,239,502	2,541,716

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2015, under the depressed economic environment, China's economy continued to decline, which caused great pressure on industrial development. Faced with the challenging and critical period, the Group actively responded by adhering to "dual transition approach" which allowed the Group to expand its core business from coal machinery to port machinery and non-coal machinery businesses. In the meantime, the Group shifted from solely focusing on domestic market to actively exploring international market and developed new profit growing opportunity. The Company has achieved satisfactory result in strategic transformation.

Major products

With the ongoing transformation, the Group divided its products into four categories, namely (1) the coal mining business, which includes roadheaders (all types of soft rock, hard rock roadheader, EBS630 mining roadheader and drilling machinery) and CCMU (coal mining machines (shearer), hydraulic support system, scraper conveyor (Armored-Face Conveyer) and centralized control system); (2) the non-coal related business, which includes mining transport equipment (mechanical drive off-highway dump truck, electric drive off-highway dump truck, articulated truck and underground coal mining vehicle) and excavation equipment (tunnel series, potash mine series and drilling series equipment); (3) the marine engineering business, which includes port machinery products (reach stacker, empty container handler and quayside gantry crane) and offshore heavy machineries; and (4) the new energy equipment business, which mainly includes natural gas equipment (full-line products of filling station and gasification station).

Research and development capability

As a leading enterprise spearheading the industry's technological advances, the Group considered research and development ("R&D") as one of its most important competitive strengths and a main drive to provide customers with products of higher quality at a more reasonable price, which differentiate the Group from the peers in the industry. During the year under review, the Group achieved remarkable achievements in its R&D and successively launched new product models that led the development direction of the industry. Research of port machinery in the aspects such as energy-saving technology, ergonomics engineering and smart control technology was completed and the automaticity of products was drastically enhanced. DSW90 project, an underground soft soil project, was established and its general proposal and design has been completed. Pure water hydraulic support (純水液壓支架) project was completed and the testing progress of such project has commenced. The Group completed the research, development and design of SYR200Z, EBZ260Z tunnel roadheaders, realized the technological upgrading of mining vehicle with SAT40 articulator and SES12 power shovel and performed industrial tests. The second generation modularized and smart design of products of the natural gas LNG-CNG co-built station and various gasification stations was carried out. During the year ended 31 December 2015, the Group obtained 74 invention patents, 38 utility model patents and 3 exterior design patents. The Group also received national outstanding patent award and obtained 5 science and technology awards from Shenyang, Liaoning Province, as well as subsidy from Changsha for the implementation of one patent.

Production and Manufacturing

Currently, the Group has production and manufacturing bases in Shenyang, Changsha and Zhuhai respectively. There are eight plants in the coal machinery industrial park located in the Economic and Technological Development Zone of Shenyang with a total area of approximately 629,000 sq.m. The industrial park for small port equipment is located in the Changsha industrial zone with an area of approximately 100,000 sq.m., with several plants and commissioning fields. The industrial park for large port machinery commenced operation on 6 May 2015. Phase 1 of the project occupies an area of 800 mu, equipped with a deep-water dock with a coastline of 3.5 km which has currently reached the production capability of full range large-scale port machinery. The Group focused on enhancement of processing and assembly techniques, adopted various measures to cut production costs, and continued to push forward cost reduction measures in R&D and all business systems.

Marketing and Service

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

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB2,201.8 million (2014: approximately RMB2,175.2 million), representing an increase of approximately 1.2% as compared with the year ended 31 December 2014. The increase is mainly due to (1) the sales of port machinery business acquired on 31 December 2014 which was consolidated to the Group during the year, which accounted for approximately 54.3% of the sales of the Group; (2) the continued downturn of coal industry, which affected the sales of coal machinery products; and (3) the rapid growth the Group's mining vehicles in international market. The stable growth of marine engineering business alongside with the increasing sales, together with the gradual introduction of new models of non-coal products laid a solid foundation for the Group's long-term development.

Other income and gains

For the year ended 31 December 2015, the Group's other income and gains was approximately RMB222.0 million (2014: approximately RMB137.1 million), representing a year-on-year increase of approximately 61.9%. The increase was mainly due to the increase in the government subsidies obtained.

Cost of sales

For the year ended 31 December 2015, the Group's cost of sales was approximately RMB1,572.5 million (2014: approximately RMB1,466.0 million), representing an increase of approximately 7.3%. The change was mainly due to the increase in proportion of the sales of large port machinery to the total revenue of the Group following the implementation of strategic transformation by the Group.

Gross profit and gross profit margin

For the year ended 31 December 2015, the gross profit of the Group was approximately RMB629.3 million (2014: approximately RMB709.2 million), representing a year-on-year decline of approximately 11.3%. Gross margin was approximately 28.6% (2014: approximately 32.6%), representing a decrease of approximately 4.0 percentage points year-on-year. Such decrease was mainly due to (1) the lower gross profit of large port machinery products as compared with that of coal machinery products; and (2) the declining price of coal machinery products resulting from the continuous downturn of coal industry. As such the Group will continue to push forward the cost reduction strategy in all production processes to raise the level of gross profit margin of products.

Profit margin before tax

For the year ended 31 December 2015, the Group's profit margin before tax was approximately 1.6%, representing a decrease of approximately 6.5 percentage points as compared to approximately 8.1% for the year ended 31 December 2014. The decrease was mainly due to the absence of the gain of RMB240.6 million resulting from the disposal of a land parcel located at Yansaihu Street, Shenyang to Shenyang government, which was recorded in 2014, while there was nil in 2015.

Selling and distribution expenses

For the year ended 31 December 2015, the selling and distribution expenses were approximately RMB276.1 million (2014: approximately RMB312.9 million), representing a decrease of approximately 11.8%. For the year ended 31 December 2015, the ratio of the Group's selling and distribution expenses to revenue was approximately 12.5% (2014: approximately 14.4%), representing a decrease of approximately 1.9 percentage points as compared to 2014. Such improvement was due to (1) the increase in the contribution to the Group's revenue by port machinery products while these products cost less distribution expenses; and (2) the strengthened control on sales expenses by the Group.

Research and development expenses

For the year ended 31 December 2015, the research and development expenses of the Group were approximately RMB154.3 million (2014: approximately RMB169.2 million), and its ratio to revenue was approximately 7.0%, representing a decrease of approximately 0.8 percentage point from approximately 7.8% of 2014. Such decrease is mainly due to:

(1) that the Group continues to acquire know-hows during the year and the stability of coal machinery products has gradually improved accordingly; and

(2) the Group's research and development standard had been enhanced due to the past efforts.

In order to adapt to the Company's strategic transformation, the Group allocated research and development resources for port machinery products, excavation equipment, mining transport equipment and natural gas equipment, which laid a solid foundation for the Group's long-term development.

Administrative expenses

For the year ended 31 December 2015, administrative expenses of the Group were approximately RMB371.7 million (2014: approximately RMB358.7 million). The administrative expenses excluding research and development expenses were approximately RMB217.4 million (2014: approximately RMB189.5 million), representing an increase in the proportion of sales revenue of approximately 1.2 percentage points from approximately 8.7% of 2014 to 9.9%. Such changes were mainly attributable to the increase in other administrative expenses coming from the plants of Sany Marine Industry International Holding Company Ltd. and its subsidiaries since their acquisition by the Group by the end of 2014, which are located in Changsha and Zhuhai.

Finance costs

For the year ended 31 December 2015, finance costs of the Group were approximately RMB10.5 million (2014: approximately RMB30.6 million), mainly due to repayment of bank loans by the Group.

Taxation

For the year ended 31 December 2015, the Group's effective tax rate was approximately 48.1% (2014: approximately 3.1%). For details regarding income tax, please refer to note 7.

Profit attributable to owners of the parent

For the year ended 31 December 2015, the Group's profit attributable to owners of the parent decreased to approximately RMB18.1 million (2014: approximately RMB168.3 million), representing a decrease of approximately 89.3%. The profit attributable to owners of the parent after excluding gain on disposal of non-current assets classified as held for sale increased by approximately 125.0% to RMB18.1 million (2014: loss attributable to owners of the parent was approximately RMB72.3 million). The main reason of the increase was due to the consolidation of profit of port machinery business acquired on 31 December 2014.

Liquidity and financial resources

As at 31 December 2015, current assets of the Group were approximately RMB5,418.8 million (31 December 2014: approximately RMB6,928.0 million). As at 31 December 2015, current liabilities of the Group were approximately RMB2,898.6 million (31 December 2014: approximately RMB4,582.2 million). As as 31 December 2015, the balance of bank loans of the Group was RMB14.9 million (31 December 2014: RMB351.8 million).

As at 31 December 2015, total assets of the Group were approximately RMB11,331.2 million (31 December 2014: approximately RMB12,753.2 million), and total liabilities were approximately RMB4,542.2 million (31 December 2014: approximately RMB5,991.4 million). As at 31 December 2015, the gearing ratio (the asset to liability ratio) of the Group was approximately 40.1% (31 December 2014: approximately 47.0%).

Trade and bills receivables

As at 31 December 2015, the Group's trade and bills receivables were approximately RMB3,378.1 million, representing a decrease of approximately 6.2% from approximately RMB3,601.9 million as at 31 December 2014, of which trade receivables were approximately RMB3,115.3 million, representing a decrease of approximately 4.1% from approximately RMB3,248.8 million as at 31 December 2014 and bills receivable were approximately RMB262.8 million, representing a decrease of approximately 25.6% from approximately RMB353.1 million as at 31 December 2014. Such change was mainly due to the enhanced management on the receivables of the Group by implementing "one client one credit policy", and the increase in bad debt provision for trade receivables for the year ended 31 December 2015 in accordance with the principle of prudence.

Cash flow

As at 31 December 2015, cash and cash equivalents of the Group, investment deposits and deposits with maturity of three months or more were approximately RMB522.8million in total.

For the year ended 31 December 2015, the net cash inflow of the Group from operating activities was approximately RMB152.8 million (2014: net cash inflow of approximately RMB92.3 million).

For the year ended 31 December 2015, the net cash inflow from investing activities was approximately RMB400.2 million (2014: net cash inflow of approximately RMB155.4 million). Such change was mainly due to the decrease in the payments for investment deposits.

For the year ended 31 December 2015, the net cash outflow of the Group from financing activities was approximately RMB311.8 million (2014: net cash outflow of approximately RMB301.2 million).

Turnover days

The Group's average turnover days of inventory were approximately 319.5 days in 2015, representing an increase of approximately 37.6 days from 281.9 days in 2014, mainly due to the downturn of coal machinery market, which decreased the sales of the caol mining equipment. The Group conducted impairment tests on our existing inventory and made provision for the inventory with indication of impairment according to the age of inventory.

The turnover days of trade and bills receivables in 2015 were approximately 578.6 days, representing a decrease of approximately 38.6 days from approximately 617.2 days in 2014. Please refer to the above paragraph titled "Trade and bills receivables" for the reasons of such decrease.

Turnover days of trade and bills payables decreased by approximately 22.2 days from approximately 283.8 days in 2014 to approximately 261.6 days in 2015, which was due to that the bills payables became due during the year under review and the Group settled these bills payable accordingly.

Contingent liabilities

As at 31 December 2015, the Group had contingent liability of RMB139.3 million, being the financial guarantee provided by Hunan Sany Port Equipment under financing lease arrangement and equipment mortage loan arrangement (31 December 2014: RMB264.6 million).

Capital commitment

As at 31 December 2015, the contracted capital commitments of the Group which are not provided for in the financial statements were approximately RMB4,231.1 million (31 December 2014: approximately RMB4,493.4 million).

Employees and remuneration policy

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

Material Acquisition, Disposal and Significant Investment

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorized by the Board for other material investments or additions of capital assets at the date of this announcement.

Pledge on assets

As at 31 December 2015, pledged deposits and pledged bills of the Group with aggregate value of approximately RMB14.7 million (31 December 2014: approximately RMB50.9 million), which were for the purpose of issuing bills payable. As at 31 December 2015, none of the Group's bank loans were secured by property, plant and equipment and prepaid land lease payments (31 December 2014: nil).

Foreign exchange risk

As at 31 December 2015, the Group's cash and bank balances denominated in HK$ and US$ were equivalent to approximately RMB15.2 million. The Group will monitor the risk exposures and may consider hedging against material currency risk if required.

Social responsibility

The Group promotes good values of fraternity and mutual assistance and selfless contribution, it advocates more people to get involved in charity activities with love and care. During the Spring Festival, the Group launched activities to give warmth and help staff mitigate their financial stress. The management visited staff with family difficulties and provided them with consolation money and items; presented family package insurance to staff; and organized staff health check. The Group also raised funds for staff requiring assistance and spread love and care to staff who are in need of support.

FUTURE DEVELOPMENT

China's economy has entered into the new normal and the future development of the industry will face unprecedented challenges. The Company will continue to adhere to the "dual-transition approach" strategy, which will allow the Group to develop its current operation from the single business of energy mechanical to the fields of port machinery and non-coal mechanical products and expand its sales network from single Chinese market to international market, leading to the diversified profit growth. With the strategy of "Addition in one field, subtraction in two fields, reduction in three fields and growth in four fields", the Group will actively promote the 4.0 plant construction in Zhuhai Industry Park by gradual intelligentization and digitalization upgrade and will continue to cut off inventory and production capacity in order to reduce costs, expenses and payment overdue and increase the Group's profitability.

In future, we will continue to focus on our primary objectives, including internationalization, cost control and borrowing risk control. The Group will insist on providing better products to customers and maintain a healthy and stable operating company in the interests of the shareholders of the Company (the "Shareholders").

DIVIDENDS

The Board does not recommend any final dividend for the year ended 31 December 2015.

CORPORATE GOVERNANCE

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

Except for the code provision A.2.1, the Company has complied with the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules from 1 January 2015 to 31 December 2015. In accordance with code provision A.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Further, the division of responsibilities between the chairman and chief executive officer should be clearly established. From 1 January 2015 to 18 March 2015, Mr. Wu Jialiang acted as both of the chairman of the Board and the chief executive officer. On 18 March 2015, Mr. Wu Jialiang resigned as the chief executive officer and Mr. Mei Yonghua was appointed as the chief executive officer. On 6 August 2015, Mr. Mei Yonghua resigned as the chief executive officer and Mr. Wu Jialiang resigned as the chairman of the Board. On the same date, Mr. Qi Jian was appointed as both of the chairman of the Board and the chief executive officer. The Board considers that vesting the role of both chairman of the Board and the chief executive officer in Mr. Qi Jian providing the Company with consistent leadership, facilities effective and efficient planning and implementation of business decisions and strategies. Thus, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wensday, 22 June 2016. A notice convening the annual general meeting will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 June 2016 to Wednesday, 22 June 2016, both days inclusive, during which period no transfer of shares will be registered. The record date for entitlement to attend and vote at the annual general meeting is Wednesday, 22 June 2016. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 22 June 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 16 June 2016.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company (2014: nil).

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the period under review, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they had complied with the Model Code for the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in place in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely Mr. Xu Yaxiong, Mr. Ng Yuk Keung and Mr. Poon Chiu Kwok, all of whom are independent non-executive Directors. Mr. Poon Chiu Kwok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the consolidated annual results of the Group for the full year ended 31 December 2015, including the accounting principles and standard practices adopted by the Group and selection and appointment of the external auditors.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2015, but represents an extract from those accounts.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, the Company had maintained sufficient public float throughout the year ended 31 December 2015.

PUBLICATION OF INFORMATION ON THE WEBSITES

The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.sanyhe.com in due course.

By the Order of the Board
Sany Heavy Equipment International Holdings Company Limited
Qi Jian
Chairman

Hong Kong, 28 March 2016

As at the date of this announcement, the executive Directors are Mr. Qi Jian, Mr.Fu Weizhong and Mr.Xiao Huishu, the non-executive Directors are Mr. Tang Xiuguo, Mr. Xiang Wenbo and Mr. Mao Zhongwu, and the independent non-executive Directors are Mr. Xu Yaxiong, Mr. Ng Yuk Keung and Mr. Poon Chiu Kwok.