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

Global Offering

Sole Sponsor

HSBC

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC

CAZENOVE ASIA
A Standard Chartered group company

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED
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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**500,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**50,000,000 Shares (subject to adjustment)**
Number of International Offering Shares	:	**450,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$4.80 per Offer Share payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%**
Nominal value	:	**HK$0.10 each**
Stock code	:	**631**

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around 18 November 2009, and in any event, not later than 24 November 2009. The Offer Price will be not more than HK$4.80 and is currently expected to be not less than HK$4.10. If, for any reason, the Offer Price is not agreed by 24 November 2009 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for the lodging of applications under the Hong Kong Public Offering. In such a case, notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Please refer to the section headed "Structure of the Global Offering" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise at any time prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold in the United States.

12 November 2009

Application lists open[2]	11:45 a.m. on Tuesday, 17 November 2009
Latest time to lodge **white** and **yellow** Application Forms	12:00 noon on Tuesday, 17 November 2009
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[4]	11:30 a.m. on Tuesday, 17 November 2009
Latest time to give **electronic application instructions** to HKSCC[3]	12:00 noon on Tuesday, 17 November 2009
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 17 November 2009
Application lists close	12:00 noon on Tuesday, 17 November 2009
Expected Price Determination Date	Wednesday, 18 November 2009

Announcement of

- the Offer Price;
- the indication of the level of interest in the International Offering;
- the level of application under the Hong Kong Offer Shares; and
- the basis of allotment of Hong Kong Offer Shares,

to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Tuesday, 24 November 2009
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document, where applicable) available through a variety of channels as described in the sections headed "How to Apply for the Hong Kong Offer Shares — Publication of Results; Refund of Application Monies; and Despatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques" in this prospectus from	Tuesday, 24 November 2009
Results of allocations in the Hong Kong Public Offer will be available at **www.iporesults.com.hk** with a "search by ID" function	Tuesday, 24 November 2009
Despatch of Share certificates in respect of wholly or partially successful applications on or before[5]	Tuesday, 24 November 2009
Despatch of **White Form** e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications on or before[6]	Tuesday, 24 November 2009
Dealings in Shares on the Stock Exchange expected to commence on	Wednesday, 25 November 2009

Notes:

(1) All times refer to Hong Kong local time except where otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus. If there is any change in the above expected timetable of the Hong Kong Public Offering, an announcement in Hong Kong will be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 am and 12:00 noon on Tuesday, 17 November 2009, the application lists will not open on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares — How to Apply by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(4) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(5) Share certificates will only become valid if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. on Wednesday, 25 November 2009, on the date on which our Shares are first listed and from which dealings therein are permitted to take place on the Stock Exchange, or the Listing Date, which is expected to be Wednesday, 25 November 2009. No dealing should take place in the Offer Shares prior to commencement of dealing in the Shares on the Stock Exchange. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

(6) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and also in respect of successful applications in the event that the Offer Price is less than the price per Share payable on application. If you have applied for 1,000,000 Hong Kong Offer Shares or more and you have indicated in your Application Form that you wish to collect your refund cheque (where relevant) and Share certificate(s) (where relevant) personally, you may collect your refund cheque (where relevant) and your share certificate(s) (where relevant) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 24 November 2009 or any other day that we publish in the newspapers as the date of despatch of share certificates/e-Refund payment instructions/refund cheques. If you are an individual applicant and you have elected for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant and you have elected for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Uncollected share certificates and refund cheques will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant application. If you have applied for less than 1,000,000 Hong Kong Offer Shares or have applied for 1,000,000 Hong Kong Offer Shares or more but have not indicated in the Application Form that you wish to collect Share certificates and/or refund cheques, your Share certificates (if applying by using a **white** Application Form) and/or refund cheques will be sent to the address on the application on Tuesday, 24 November 2009, by ordinary post and at your own risk. For further information, you should refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

For details relating to the structure of the Global Offering, including conditions of the Hong Kong Public Offering and the mechanisms of applying for the Hong Kong Offer Shares, you should read the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

> *You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.*
>
> *We have not authorised anyone to provide you with information that is different than what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any directors of any of them, or any other person involved in the Global Offering.*

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read this section carefully before you decide to invest in our Offer Shares.

OVERVIEW

We are a leading manufacturer of roadheaders for coal mining and we are also a one-stop coal mining solutions and comprehensive coal mining equipment provider with strong research and development capabilities. We have the ability to design and manufacture a comprehensive range of coal mining equipment in accordance with the specific requirements of our customers with respect to excavating, coal mining, structural support and underground coal conveying functions.

We are the largest manufacturer of roadheaders for coal mining in the PRC, according to a report by the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會) published at www.coalchina.org.cn in July 2009, which ranks domestic manufacturers of roadheaders by the total number of roadheaders sold in 2008. According to the same report, we also successfully developed China's first fully-automated combined coal mining unit in 2008, which integrates coal mining, structural support and coal conveying functions with a centralised control system into a single coal mining unit. This allows for automated control of coal mining operations and transportation at the work site, as well as a variety of other support functions and significantly enhances the safety and efficiency levels of coal mining. To meet the demands of our other customers, we also offer manually-controlled combined coal mining units. As at 30 September 2009, we had entered into 10 sales contracts for our combined coal mining units, amounting to a total contract price of approximately RMB511.0 million (including 17% value-added tax). Of the 10 sales contracts, we had delivered products with total contract value amounting to approximately RMB136.0 million to our customers and we expect to deliver additional products with contract value of approximately RMB223.6 million to our customers by the end of 2009.

We have invested heavily in building a strong research and development platform. We have established a research headquarters, which is responsible for implementing the overall planning and co-ordination of research and development projects, and five research institutions, which are responsible, respectively, for the research and development of excavating machinery, coal mining machinery, scraper conveyors, hydraulic structural support equipment and coal mine transportation vehicles, respectively. As at the Latest Practicable Date, we had successfully registered 146 patents, and had 80 patents pending registration, with the State Intellectual Property Office of China.

We believe our strong research and development capabilities have allowed us to develop new and innovative products. To further strengthen our market position in the coal mining industry, we have already started designing and manufacturing coal mine transportation vehicles, for which we expect to enter into sales contracts by the end of 2009. In recognition of our outstanding and continuing research and development efforts, we have been granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站). Furthermore, we have been accredited as a National High New Technology Enterprise in 2008, and our products have received numerous awards, including the Shenyang Technology Revitalisation Award and the Certificate of Technology Achievement. In addition, we have prepared a research report entitled “Ideas for Developing a Large-scale Coal Machinery and Equipment Manufacturing Group” (培育大型煤炭機械裝備製造集團發展思路) in 2008 which was awarded the third prize by the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

Our production facilities are strategically located in Shenyang City, Liaoning Province, which is an industrial base in Northeast China. Shenyang City is in close proximity to major coal mining sites and is a major rail and highway transportation hub in Northeast China. We have set up an extensive service network, with 11 service centres and 44 service outlets, covering 19 provinces throughout China near major mining sites where our customers operate.

We have experienced significant growth in sales revenue and profit in recent years. For the years ended 31 December 2006, 2007 and 2008, our total sales revenue was RMB159.9 million, RMB461.6 million and RMB1,146.8 million, respectively, representing a CAGR of approximately 167.8%. For the six months ended 30 June 2009, we had total sales revenue of RMB891.6 million, representing an increase of 103.3% as compared to the corresponding period in 2008. For the years ended 31 December 2006, 2007 and 2008, our profit for the year was RMB18.4 million, RMB141.4 million and RMB211.9 million, respectively, representing a CAGR of approximately 239.4%. For the six months ended 30 June 2009, our profit for the period was RMB250.2 million, representing an increase of 222.0% as compared to the corresponding period in 2008.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

- we have strong research and development capabilities;
- we are a leading manufacturer of roadheaders for coal mining in China;
- we have strong manufacturing capabilities and advanced production system;
- we are capable of providing integrated equipment and solutions in accordance with the specific requirements of our customers;
- we have established an integrated service system to provide prompt, efficient and comprehensive services to our customers; and
- our management team has extensive industry experience and our employees are highly skilled.

OUR BUSINESS STRATEGIES

We aim to develop and maintain a product portfolio with a leading position in each of our product segments. In particular, we aspire to become a leading one-stop coal mining solutions and comprehensive coal mining equipment provider in China. We intend to achieve this by focusing on the following strategies:

- maintain and further strengthen our competitiveness and expand our customer base;
- expand and upgrade our production capacity to satisfy growing market demand;
- expand our product portfolio and increase vertical integration; and
- continue to invest in research and development and develop new products.

SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION

Selected Combined Income Statement

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	159,857	461,600	1,146,789	438,616	891,583
Cost of sales	(77,947)	(233,312)	(612,414)	(222,026)	(453,570)
Gross profit	81,910	228,288	534,375	216,590	438,013
Other income	4,965	12,793	23,676	12,302	13,412
Selling and distribution costs	(30,935)	(71,657)	(165,601)	(64,834)	(85,462)
Administrative expenses	(32,431)	(69,735)	(113,621)	(44,294)	(72,320)
Other expenses	(2,654)	(14,868)	(33,535)	(29,489)	(15,488)
Finance costs	(2,740)	(6,908)	(21,247)	(9,347)	(3,825)
Share of profits and losses of an associate	—	4,479	(57)	(1,321)	4,325
Profit before tax	18,115	82,392	223,990	79,607	278,655
Tax	300	59,030	(12,121)	(1,892)	(28,440)
Profit for the year/period	18,415	141,422	211,869	77,715	250,215
Attributable to:					
Equity holders of the Company	9,947	106,066	189,044	66,478	250,215
Minority interests	8,468	35,356	22,825	11,237	—
	18,415	141,422	211,869	77,715	250,215
Earnings per Share attributable to Equity Holders of the Company					
Basic	RMB0.01	RMB0.07	RMB0.13	RMB0.04	RMB0.17
Diluted	N/A	N/A	N/A	N/A	N/A

Selected Information from Statements of Financial Position

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total current assets	235,681	929,771	1,995,099	2,054,339
Total non-current assets	140,074	753,488	1,127,238	639,405
Total assets	375,755	1,683,259	3,122,337	2,693,744
Total current liabilities	280,330	1,160,685	1,211,628	805,200
Total non-current liabilities	2,513	288,240	336,138	260,845
Total liabilities	282,843	1,448,925	1,547,766	1,066,045
Net current assets (liabilities)	(44,649)	(230,914)	783,471	1,249,139
EQUITY				
Equity attributable to equity holders of the Company	69,684	175,750	1,574,571	1,627,699
Minority interests	23,228	58,584	—	—
Total equity	92,912	234,334	1,574,571	1,627,699

Selected Combined Cash Flow Information

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash inflow (outflow) from operating activities	(674)	(12,630)	(147,989)	(57,790)	47,154
Net cash inflow (outflow) from investing activities	(28,234)	(200,940)	(455,697)	(110,072)	392,153
Net cash inflow (outflow) from financing activities	41,932	230,976	631,762	143,923	(225,233)
Net increase/(decrease) in cash and cash equivalents	13,024	17,406	28,076	(23,939)	214,074
Cash and cash equivalents at beginning of year/period	1,283	14,307	31,713	31,713	59,789
Cash and cash equivalents at end of year/period	14,307	31,713	59,789	7,774	273,863

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

Forecast combined net profit attributable to the equity holders of our Company(1)	Not less than RMB450 million (HK$511 million)
Forecast earnings per Share(2)	
(a) Pro forma fully diluted(3)	RMB22.5 cents (HK$25.5 cents)
(b) Weighted average(4)	RMB29.0 cents (HK$32.9 cents)

Notes:

(1) The above profit forecast has been prepared on the bases and assumptions set out in Appendix III to this prospectus.

(2) Solely for your convenience, forecast earnings per Share are converted into Hong Kong dollars at the exchange rate of HK$1.00 to RMB0.88100. You should not construe such conversion as a representation that the Renminbi amounts could actually be converted into HK dollar amounts at the rate indicated or at all.

(3) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast combined profit attributable to the Shareholders for the year ending 31 December 2009, assuming that we had been listed since 1 January 2009 and a total of 2,000,000,000 Shares were issued and outstanding during the entire year. This calculation assumes that the Over-allotment Option will not be exercised.

(4) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast combined profit attributable to the Shareholders for the year ending 31 December 2009. This calculation assumes that the Over-allotment Option will not be exercised, and 500,000,000 Shares will be issued pursuant to the Global Offering on 25 November 2009.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$4.10 per Share	Based on an Offer Price of HK$4.80 per Share
Our Company's capitalisation upon completion of the Global Offering(1)	HK$8,200 million	HK$9,600 million
Prospective price/earnings multiple:		
(a) on a pro forma fully diluted basis(2)	16.1 times	18.8 times
(b) on a weighted average basis(3)	12.4 times	14.6 times
Unaudited pro forma adjusted net tangible asset per Share(4)	HK$1.89 (RMB1.67)	HK$2.06 (RMB1.82)

Notes:

(1) The calculation of our market capitalisation upon completion of the Global Offering is based on the assumption that 2,000,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering and the Capitalisation Issue. It does not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

(2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share on a pro forma fully diluted basis at the respective Offer Prices of HK$4.10 and HK$4.80 per Share, assuming that the Global Offering had been completed on 25 November 2009 and a total of 2,000,000,000 Shares were issued and outstanding during the entire year. This calculation assumes that the Over-allotment Option will not be exercised.

(3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis at the respective Offer Prices of HK$4.10 and HK$4.80, assuming that the Over-allotment Option will not be exercised, and 500,000,000 Shares will be issued pursuant to the Global Offering on 25 November 2009.

(4) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis of a total of 2,000,000,000 Shares expected to be in issue following the completion of the Global Offering.

If the Over-allotment Option is exercised in full, assuming an Offer Price of HK$4.45 (being the mid-point of the estimated Offer Price range of HK$4.10 and HK$4.80), the unaudited pro forma adjusted net tangible asset value per Share will be approximately HK$1.98 per Share.

DIVIDEND POLICY

After the completion of the Global Offering, we may in the future distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the recommendation of our Directors and approval of our Shareholders. Under the Articles, our Directors have the power to pay interim dividends but only if they are justified by the profits of our Company. The decision to pay dividends will be reviewed in light of factors such as the results of our operations, financial condition and position, and other factors deemed relevant.

PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles which differ from generally accepted accounting principles in other jurisdictions, including IFRS. PRC law also requires foreign-invested enterprises such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

FUTURE PLANS AND USE OF PROCEEDS

Our key objectives are to:

- Maintain and further strengthen our competitiveness and expand our customer base;
- Expand and upgrade our production capacity to satisfy growing market demand;
- Expand our product portfolio and increase vertical integration; and
- Continue to invest in research and development and develop new products.

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,107.5 million (assuming an Offer Price of HK$4.45 per Share, being the midpoint of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming we receive the estimated net proceeds as described above, we may allocate:

- approximately HK$632.3 million, or 30% of net proceeds, for the construction of our new production facilities and related infrastructure in Shenyang Economic and Technological Development Area from 2009 to 2011;

- approximately HK$843.0 million, or 40% of net proceeds, for the purchase of related equipment for our new production facilities in Shenyang Economic and Technological Development Area from 2009 to 2011;

- approximately HK$421.5 million, or 20% of net proceeds, for expenses related to upgrading and expansion of our existing production facilities in Shenyang from 2009 to 2011 (including production facilities, plant and equipment and electricity capacity expansion); and

- the remaining net proceeds of approximately HK$210.8 million, or 10% of net proceeds, to fund working capital and other general corporate purposes.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. To the extent the net proceeds of the Global Offering are not immediately used for the purposes described above, we intend to invest the proceeds in short term demand deposits and/or money-market instruments.

The additional net proceeds that we would receive if the Over-allotment Option is exercised in full are currently estimated to be approximately HK$297.6 million, HK$323.0 million and HK$348.4 million (assuming the lowest, middle and highest points of the indicative Offer Price range, respectively), which would be applied in the manner and proportions stated above.

If the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$1,938.2 million and HK$2,276.9 million if the Offer Price is set at the low end and the high end of the indicative Offer Price range, respectively. The reduced or additional net proceeds will be allocated in the manner and proportions stated above.

We plan to construct our new production facilities and related infrastructure in several phases from 2009 to 2010. The first phase will mainly involve constructing several production facilities and related infrastructure at our new site in Shenyang Economic and Technological Development Area from October 2009 to April 2010. The second phase will mainly involve constructing an administrative office building, a research and development centre, and a comprehensive service centre starting April 2010. The third phase will mainly involve constructing our logistic centre, product testing centre, warehouses and others starting April 2011. During this period, we also plan to upgrade and expand our existing production facilities in Shenyang. The new production facilities and expanded existing production facilities are expected to increase our production capacity. We expect to be able to produce approximately 780 roadheaders, 55 combined coal mining units and 100 coal mine transportation vehicles by the end of 2011.

RISK FACTORS

We believe the Global Offering involves certain risks associated with our operations and with investing in us. These can be categorised into (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to China; and (iv) risks relating to the Global Offering. Please refer to the section headed "Risk Factors" in this prospectus for further details.

Risks Relating to Our Business

- Our business performance depends heavily on the level of coal exploration and production activities in China.

- Fluctuations in the prices of steel and other raw materials could significantly affect our business performance and results of operations.

- We depend on third parties to deliver steel, certain other raw materials, components and services that meet our quality standards in a timely manner to manufacture our products.

- We rely on a limited number of key customers and the loss of any of these customers may have a material and adverse effect on our business, financial position and results of operations.

- Our products may become obsolete due to technological developments in the market and our research and development activities may not yield the benefits that we expect.

- Our business and reputation may be affected by potential product liability claims, litigation, complaints or negative publicity in relation to our products' quality and safety.

- We may encounter unexpected difficulties in implementing our strategies for future growth.

- Our success is dependent on retaining and hiring qualified personnel and there may be a material adverse impact on our business if we are unable to secure qualified personnel for our operations.

- We rely on the PRC market and we may be unable to adjust our resources to other markets if the economic slowdown in China persists.

- Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our public Shareholders' best interests and any negative publicity relating to our affiliates may have a negative impact on our reputation and price of our Shares.

- Our historical dividend may not be indicative of our future dividends.

- We may be unable to obtain adequate financing or generate sufficient cash from our operations to fund our capital requirements.

- We may not be able to enforce our own intellectual property rights, or we may be subject to claims from third parties for the infringement of their intellectual property rights.

- Our existing production facilities are located in one location in close proximity to one another. Any damage or disruption at any of these facilities could have a material and adverse effect on our financial condition and results of operations.

- We have limited insurance coverage for our production facilities or business interruption and may incur damages arising from fire, natural disasters or production accidents.

- We may experience difficulties in expanding into overseas markets.

- Our operations are subject to social insurance contributions under the PRC national and local labour laws and regulations.

Risks Relating to Our Industry

- Changes in the PRC government's policies in relation to the industry in which we or our customers operate may materially and adversely affect our business, financial position and results of operations.

- Prolonged disruptions to the global credit and capital markets and their impact on the PRC economy may materially and adversely affect our liquidity, results of operations, financial position, prospects and future expansion plans.

- The industry in which we operate is highly competitive.

Risks Relating to China

- The political and economic policies of the PRC government may affect our business operations.

- Uncertainties with respect to the PRC legal system may have a material and adverse effect on us.

- Any occurrence of a widespread public health problem, such as SARS or H1N1 influenza A, could have a material adverse effect on our results of operations.

- We may be deemed as a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC taxation on worldwide income.

- Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under PRC tax laws.

- PRC government control of currency conversion and future movements in exchange rates may adversely affect our business operations and our ability to utilise our cash efficiently or remit dividends.

- Failure to comply with SAFE regulations relating to establishment of offshore special purpose companies by PRC residents may materially and adversely affect our business, financial position and results of operations.

- It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China, or to enforce against us or them in China any judgments obtained from non-PRC courts.

- We enjoy certain PRC government incentives. Expirations of, or changes to, these incentives may materially and adversely affect our business, financial position and results of operations.

Risks Relating to the Global Offering

- There has been no prior public market for our Shares.

- The market price of our Shares following the Global Offering may be volatile.

- Future disposals or sales of a substantial number of our Shares by our current Shareholders in public markets may adversely affect the prevailing market price of our Shares.

- As the Offer Price is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution.

- There are risks associated with forward-looking statements.

- Certain industry statistics contained in this prospectus are derived from various publicly available government or official sources and may not be reliable.

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings set out below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Application Form(s)"	**white** application form(s), **yellow** application form(s), and **green** application form(s), or where the context so requires, any of them
"Articles" or "Articles of Association"	the articles of association of our Company, adopted on 23 July 2009, and as amended from time to time, a summary of which is set out in "Appendix V — Summary of the Constitution of the Company and the Cayman Islands Company Law" to this prospectus
"Board" or "Board of Directors"	the board of directors of our Company
"BVI"	the British Virgin Islands
"Business Day"	any day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of the share premium account of our Company as referred to in "Appendix VI — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 3. Resolutions in writing of the sole Shareholder of our Company passed on 5 November 2009" to this prospectus
"Cazenove Asia"	Cazenove Asia Limited (A Standard Chartered group company) (to be renamed Standard Chartered Securities (Hong Kong) Limited on or around 14 December 2009), an entity incorporated in Hong Kong and licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. Cazenove Asia Limited is a Standard Chartered group company. The mark "Cazenove" and marks containing "Cazenove" are trade marks of Cazenove IP Limited and are used under limited license. Cazenove Asia Limited and its subsidiaries and associates are now subsidiaries or associates of Standard Chartered Bank (Hong Kong) Limited, and are not affiliated with J.P. Morgan Cazenove Limited, Cazenove Inc., or their subsidiaries

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"China Wealth"	China Wealth (Asia) Machine Limited (中富(亞洲)機械有限公司), a company incorporated in Hong Kong on 14 July 1999 with limited liability under the Companies Ordinance
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated on 23 July 2009 with limited liability under the laws of the Cayman Islands
"Controlling Shareholders"	Sany HK, Sany BVI and Mr. Liang Wengen
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Non-Competition"	a deed of non-competition dated 5 November 2009 given by our Controlling Shareholders and Sany Group in favour of us
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"EIT Law"	Enterprise Income Tax Law of the PRC《中華人民共和國企業所得稅法》
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Green Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider designated by our Company
"Group"	except where the context otherwise requires, references to our "Group", "we" and "us" include all of the subsidiaries of our Company
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "H.K."	the Hong Kong Special Administrative Region
"Hong Kong dollars" or "H.K. dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Offer Shares"	the 50,000,000 new Shares (subject to adjustment) being offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 11 November 2009 relating to the Hong Kong Public Offering and entered into among our Company, our Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"IFRS"	International Financial Reporting Standards
"International Offer Shares"	the 450,000,000 new Shares being initially offered by us for subscription and/or purchase pursuant to the International Offering
"International Offering"	the placing of the International Offer Shares by the International Underwriters, as further described in the section headed "Structure of the Global Offering — The International Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering, which is expected to be entered into among our Company, our Controlling Shareholders, the Joint Global Coordinators and the International Underwriters on or around 18 November 2009
"Joint Bookrunners"	HSBC and Cazenove Asia
"Joint Global Coordinators"	HSBC and Cazenove Asia
"Joint Lead Managers"	HSBC and Cazenove Asia

"Kangfu International"	China Kang Fu International Co., Ltd. (中國康富國際租賃有限公司), a company with limited liability established under the laws of the PRC on 24 June 1988
"Latest Practicable Date"	5 November 2009, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which dealings in our Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company, adopted on 23 July 2009 and as amended from time to time, a summary of which is set out in "Appendix V — Summary to the Constitution of the Company and the Cayman Islands Company Law" to this prospectus
"MOFCOM"	PRC Ministry of Commerce (中華人民共和國商務部)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levies and the Stock Exchange trading fees) at which the Offer Shares are to be sold pursuant to the Global Offering
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by HSBC or its agent (as the Stabilising Manager in consultation with the Joint Global Coordinators), on behalf of the International Underwriters, pursuant to which we may be required to allot and issue up to an aggregate of 75,000,000 additional Shares (in the aggregate representing 15% of the Shares initially being offered under the Global Offering) to cover over allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of China
"People's Republic of China" or "PRC" or "China"	the People's Republic of China, excluding (except where the context requires) Taiwan, Hong Kong and the Macau Special Administrative Regions
"Price Determination Date"	the date, expected to be on or around 18 November 2009 but no later than 24 November 2009, on which the Offer Price is fixed for the purposes of the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganisation"	the reorganisation arrangements undertaken by our Group in preparation of the Listing of our Shares on the Stock Exchange, details of which are in the section headed "History, Reorganisation and Corporate Structure" in and "Appendix VI — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 4. Corporate reorganisation" to this prospectus
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"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 and one of our Controlling Shareholders
"Sany Development"	Sany International Development Ltd. (Hong Kong) (三一國際發展有限公司), a company incorporated in Hong Kong on 20 June 2007 with limited liability under the Companies Ordinance

"Sany Group"	Sany Group Limited (三一集團有限公司), a company with limited liability established under the laws of the PRC on 18 October 2000
"Sany Heavy Equipment"	Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司), a company with limited liability established under the laws of the PRC on 13 January 2004 and our wholly-owned subsidiary
"Sany Heavy Industry"	Sany Heavy Industry Co. Ltd. (三一重工股份有限公司), a company with limited liability established under the laws of the PRC on 22 November 1994 (previously known as Sany Heavy Industry Group Company Limited (三一重工業集團有限公司))
"Sany HK"	Sany Hongkong Group Limited (三一香港集團有限公司), a company incorporated in Hong Kong on 14 October 2005 with limited liability under the Companies Ordinance and one of our Controlling Shareholders
"Sany Junma"	Ningxia Sany Northwest Junma Motor Manufacture Co., Ltd. (寧夏三一西北駿馬電機製造股份有限公司) (previously known as Ningxia Xibei Junma Coal Mining Motor Manufacture Co., Ltd. (寧夏西北駿馬煤礦電機製造有限責任公司)), a company with limited liability established under the laws of the PRC
"Sany Transportation"	Sany Group Shenyang Mining Transportation Equipment Co., Ltd (三一集團瀋陽煤礦輸送設備有限公司), a company with limited liability established under the laws of the PRC on 25 September 2008 and our wholly-owned subsidiary
"Sany Zongcai"	Sany Heavy Integrated Coal Mining Equipment Co., Ltd. (三一重型綜採成套裝備有限公司), a company with limited liability established under the laws of the PRC on 20 May 2008 and our wholly-owned subsidiary
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SG Group"	Sany Group and its subsidiaries and associates, as the context may require, excluding our Group
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Sole Sponsor" or "Sponsor"	HSBC
"Stabilising Manager"	HSBC

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Synnium Machinery"	Synnium Machinery Co., Ltd. (新利恒機械有限公司), a company incorporated in Hong Kong on 27 October 1997 with limited liability under the Companies Ordinance
"Track Record Period"	the period comprising the three financial years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. persons"	has the meaning ascribed thereto in Regulations S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"we", "us" or "our"	our Company or our Group (as the context may require)
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** (**www.eipo.com.hk**)
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"%"	percentage or per centum

The terms "associate", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless otherwise defined or where the context otherwise requires.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"bolting"	securing or locking bolts in a hole drilled into the roof or walls of a rock formation to allow the surrounding rock to support itself
"coal"	a solid combustible mineral substance formed when plants buried in the ground undergo complex biochemical and physical-chemical transformation. Commonly used as a fuel
"coal mining unit"	a machine which cuts coal from a coal seam and loads cut coal onto a scraper conveyor
"coal seam"	a solid mineral layer transformed from the remains of plants, which are important components for coal formation
"continuous coal mining machine"	a machine that performs the functions of extraction, unloading, loading and conveying of coal
"drill"	a machine utilising rotation, percussion (hammering), or a combination of both to make holes
"extraction"	the process of mining and excavation of coal from a mine and/or tunnelling works
"gas cutting"	the use of heat from a gas flame to separate metallic materials
"hard rock mining"	excavation of a tunnel or mine which comprises mainly hard rock
"hydraulic support structure"	a support structure used with coal mining equipment to support the roof of coal mining sites, which protects the safety of coal miners and equipment
"ISO"	International Organisation for Standardisation
"kW"	a unit for measuring power, 1 kW which is equivalent to one thousand watts of electricity
"lean production"	a production practice that considers all operations which do not create value for end-customers to be wasteful
"mPA"	megapascal, a measure of force per unit area
"mt/h"	metric ton(s) per hour

"roadheader"	a kind of machine which can cut, load, convey and transport coal and rock, which can be used in underground coal mines as well as metal mines and construction work carried out in tunnels
"room and pillar coal mining"	a coal mining technique which divides the coal seam into rooms and pillars in a grid pattern, where the remaining pillars support the roof
"scraper conveyor "	a transportation machine used in the coal mining site which has a track in order to transport coal in the coal mining working site
"soft rock mining"	excavation of a tunnel or mine which comprises rock and coal where the coal density is not less than 50% of the substances found in the tunnel or mine
"sq.m."	square metres
"underground coal mining"	a coal mining process to extract coal in underground tunnels or mines

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors", which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies;
- our ability to maintain and enhance our market position;
- our ability to develop new product lines and expand market share;
- our ability to attract more customers and increase sales of our products;
- the future of the PRC coal industry;
- our operations and business prospects, including our production processes and service systems;
- our dividend policy;
- our capital expenditure plans; and
- the regulatory environment as well as the general outlook of the PRC economy.

The words "anticipate", "believe", "could", "estimate", "intend", "may", "plan", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws and regulations of the central and local governments in China and the rules, regulations and policies of the relevant government authorities relating to all aspects of our business;
- general economic, market and business conditions in China;
- macroeconomic policies of the PRC government;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;

- the effects of competition in the coal mining machinery industry on the demand for and price of our services and products;

- various business opportunities that we may pursue; and

- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" starting on page 23 in this prospectus.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares in the Global Offering. You should pay particular attention to the fact that our business is located almost exclusively in China and we are governed by a legal and regulatory environment that differs in certain respects from that which prevails in other countries. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. The trading price of our Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business performance depends heavily on the level of coal exploration and production activities in China.

Substantially all of our revenue is derived from the sales of our excavating machinery and other coal mining-related products in China. The demand for our products heavily depends on the level of coal exploration and production activities and the capital expenditures of coal producers, which are in turn driven by the demand and the current and future price trends for coal. The demand for coal fluctuates for a variety of reasons, including among others, changes in macroeconomic conditions, PRC government policies towards the coal industry and other energy industries and the adoption of alternative fuels. Although the prices of coal in China are partially regulated by the PRC government, coal prices have fluctuated in recent years. For example, the steam coal spot price in Qinghuangdao in China was US$51 per metric ton, US$74 per metric ton, US$146.50 per metric ton and US$85 per metric ton as at 30 June 2006, 2007, 2008 and 2009, respectively. The level of coal exploration and production activity is sensitive to coal prices. Any event that has an adverse effect on the coal industry in China may have a material and adverse effect on our business, financial position and results of operations.

Fluctuations in the prices of steel and other raw materials could significantly affect our business performance and results of operations.

Our production process depends on reliable sources of large quantities of raw materials, particularly steel. The prices of these raw materials are subject to volatility caused by external conditions, such as fluctuations in the prices of commodities and changes in economic conditions and government policies. In 2006, 2007 and 2008, our costs for steel, machinery components and other raw materials accounted for approximately 81.0%, 80.0%, and 78.7% of our cost of sales, respectively. In particular, steel, the price of which has experienced significant volatility, plays a prominent role in the construction of our products. For example, the China domestic hot rolled steel spot price was RMB4,508 per metric ton, RMB3,994 per metric ton, RMB5,891 per metric ton and RMB3,798 per metric ton as at 30 June 2006, 2007, 2008 and 2009, respectively. From 30 June 2009 to 15 October 2009, the domestic hot rolled steel sheet spot price decreased by 13%.

We expect the volatility and uncertainty of steel prices to continue. We cannot assure you that we will be able to transfer any incremental cost increases to our customers. In addition, we cannot assure you that our key suppliers will continue to provide us with raw materials at reasonable prices or at all. We do not currently engage in any transactions to hedge against risks relating to fluctuations in the prices of raw materials. As a result, any increase in the prices of the raw materials used to make our products may materially and adversely affect our results of operations.

We depend on third parties to deliver steel, certain other raw materials, components and services that meet our quality standards in a timely manner to manufacture our products.

We procure some of our parts and components that we use to make our products from external suppliers. We also employ third party contractors to process or manufacture some of the components that we design. We currently source our steel and externally-supplied parts and components from overseas or domestic distributors. We currently do not have long-term contractual arrangements with most of our suppliers. Any unexpected shortage, delay in delivery, price fluctuations, or other factors beyond our control may result in an interruption in such supply of raw materials and components. Such interruption may affect our manufacturing schedule and we may need to source materials, components and services from alternative suppliers at higher prices, which may harm our reputation and affect our profitability. In particular, to the extent that we are dependent on a limited number of suppliers for certain parts, it may be difficult to replace them on similar terms in a timely manner. Failure to secure sufficient quantities of raw materials and machinery components at the required standards for our existing operations and our planned business expansion at reasonable prices, or at all, may have a material and adverse impact on our business, financial position and results of operations.

We rely on a limited number of key customers and the loss of any of these customers may have a material and adverse effect on our business, financial position and results of operations.

We rely on a limited number of key customers for our revenue. As at the Latest Practicable Date, we have established relationships with approximately 340 customers in China. Our top five customers, in the aggregate, accounted for approximately 27.4%, 27.2%, 12.9% and 16.9% of our total revenue for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. We cannot assure you that we will be able to retain our existing customers or that they will maintain their current level of business with us. Some of our customers have also begun manufacturing certain coal-related machinery that is similar to our products. If there is a reduction or cessation of orders from our customers for whatever reason and we are unable to obtain, in substitution, suitable orders of a comparable size, our business, financial position and results of operations may be materially and adversely affected.

Our products may become obsolete due to technological developments in the market and our research and development activities may not yield the benefits that we expect.

The market for our products is characterised by continuous technological developments to provide better performance. Our future performance and reputation depend on our ability to continue developing new products. Research and development activities require considerable human resources and capital investment. As of the Latest Practicable Date, we had approximately 450 research and development professionals, one research headquarters and five research institutions. For the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, we spent approximately RMB12.9 million, RMB29.9 million, RMB43.7 million and RMB22.5 million on research and development, respectively. Our research and development efforts may not be successful or yield the anticipated level of economic benefits. Even if our research and development efforts are successful, we may not be able to apply these newly developed technologies to products that will be accepted by the market or apply them in a timely manner to take advantage of the opportunities presented in the market. Furthermore, the market demand expected at the development stage may not materialise or the market may not accept our new products when we introduce them. The level of economic benefits that can be derived from newly developed technologies or products may be affected by how quickly our competitors can replicate these technologies or products or develop newer or cheaper alternatives. If our technologies or products are replicated, replaced or made redundant in a manner that we did not anticipate, our revenue may not offset the costs that we have incurred in developing the new technologies. Furthermore, if we are not able to anticipate trends in technological or product developments and rapidly develop new and innovative technologies or products required by our customers, we may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on our business, financial position and results of operations.

Our business and reputation may be affected by potential product liability claims, litigation, complaints or negative publicity in relation to our products' quality and safety.

If our products fail to perform as expected, or prove to be defective or result in industrial accidents, personal injuries, casualties or financial losses to our customers, we may be subject to liability claims for damages. We cannot assure you that we will not be exposed to future product liability claims. We have not obtained insurance coverage for product liability and have not implemented any other protection scheme. If our products do not meet the specifications and requirements requested by our customers, or if any of our products are defective, such defects and any complaints or negative publicity resulting therefrom could result in decreased sales of our products, and we may also be subject to product liability claims and litigation. As a result, we may incur significant legal costs regardless of the outcome of any claim of alleged defects. Lawsuits are inherently expensive to defend and will divert management and other resources from our business operations, which could in turn materially and adversely affect our business, financial position and results of operations.

We may encounter unexpected difficulties in implementing our strategies for future growth.

We have experienced significant growth during the Track Record Period. For the years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2009, our revenue was approximately RMB159.9 million, RMB461.6 million, RMB1,146.8 million and RMB891.6 million, respectively. The increase in our revenue was primarily due to the growth in the demand for our products and the expansion of our production capacity. As part of our business strategy, we plan to develop new products and expand into new markets over the next several years. For example, we plan to make significant investments in our coal mining-related equipment, which may involve acquiring land, investing in research and development, and constructing new production facilities.

Our ability to implement our business plans depends on, among other things, global economic conditions, our research and development for new technologies and new products, our ability to realise the results of our research and development through the introduction of new products, the availability of suitable land to expand our production sites, our ability to obtain any necessary government or regulatory approval or licenses, and the availability of management, financial and other resources. We may not be able to grow at a rate comparable to our growth in the past, either in terms of revenue or net profit. If we fail to effectively implement strategies to manage our growth, our business, financial position and results of operations may be materially and adversely affected.

Our success is dependent upon retaining and hiring qualified personnel and there may be a material adverse impact on our business if we are unable to secure qualified personnel for our operations.

Our success depends on the continued service of our skilled personnel and our ability to continue to retain, attract and motivate such personnel, and in particular retaining our executive directors and senior management team. Our senior management team has been working with us and Sany Group for as many as 15 years and has substantial experience in the machinery industry in China. Please see the section headed “Directors, Senior Management and Employees” in this prospectus for more information. Competition to retain and recruit technically competent personnel is intense in the industry in which we operate. Inability to retain and recruit technically competent personnel could limit our output capacity or reduce our product quality, which may have a material adverse impact on our business, financial position and results of operations.

We rely on the PRC market and we may be unable to adjust our resources to other markets if the economic slowdown in China persists.

Almost all of our revenue is derived from sales in China. We are therefore heavily dependent on general economic conditions in China for our continued growth. The pace of economic growth in China has slowed down since the fourth quarter of 2008. The PRC government, along with a number of economists around the world, have expressed the view that they expect that China’s gross domestic product, or GDP, will grow at a slower rate in 2009 or beyond than in years past. We cannot assure you that China’s economy will continue to grow or that its growth will be steady or occur in the geographical regions or economic sectors from which we benefit. In addition, we anticipate that sales to customers based in China will continue to represent a significant proportion of our revenue. Any continued slowdown in China’s economic growth or a decline in the general economic environment could have a material and adverse effect on our business, financial position and results of operations.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our public Shareholders’ best interests and any negative publicity relating to our affiliates may have a negative impact on our reputation and price of our Shares.

Our Controlling Shareholders will hold approximately 75.0% of our issued Share capital upon the completion of the Global Offering, assuming no exercise of the Over-allotment Option (or approximately 72.3% if the Over-allotment Option is exercised in full). Accordingly, our Controlling

Shareholders, through their representatives on our Board and their shareholding, will be able to influence certain policy decisions, including our overall strategic and investment decisions, dividend plans, issuance of securities and adjustments to our capital structure and other actions that require the approval of our Shareholders. Currently, four of our Board members also serve as directors for the SG Group. Three are non-executive directors of our Company and one is a non-executive director of the SG Group. Please refer to the section headed "Relationship with the SG Group — Management independence" in this prospectus for more information. In addition, our Controlling Shareholders will be able to control the election of our Directors, and in turn, indirectly control the selection of our senior management.

The interests of our Controlling Shareholders may not always coincide with our or your best interests. Our Controlling Shareholders will have the ability to exert significant influence over our actions and may have the ability to require us to effect corporate transactions irrespective of the desires of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, those other Shareholders may be disadvantaged as a result.

Past, existing and/or future negative publicity or media coverage concerning the corporate affairs of Sany Group, Sany Heavy Industry or any of their respective affiliates, whether or not accurate and whether or not applicable to us, may have a material adverse effect on our corporate image and reputation, which may in turn adversely affect the price of our Shares. As we operate independently of, and hence do not control the actions of, our Controlling Shareholders, Sany Group and its affiliates, we cannot assure you that there will not be any further negative publicity or media coverage related to our Controlling Shareholders, Sany Group, Sany Heavy Industry or our affiliates in the future.

Our historical dividend may not be indicative of our future dividends.

We cannot assure you that we will pay dividends in the future or at all, and potential investors should be aware that the amount of dividends that were paid in the past should not be used as a reference or basis upon which future dividends will be determined. Whether dividends will be distributed and the amount to be distributed will depend on factors such as our profitability, financial condition, business development requirements, future prospects and cash requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and the Cayman Islands laws, including the approval of our Shareholders or our Directors. We cannot assure you that we will make any dividend payments on our ordinary Shares in the future.

We may be unable to obtain adequate financing or generate sufficient cash from our operations to fund our capital requirements.

We have relied on cash generated from our operations, short-term and long-term bank loans, advances from our related parties and a capital contribution from Sany HK to fund our capital requirements. After the Global Offering, we expect to continue to derive funding from cash generated from our operations and bank loans. As of 31 December 2006 and 2007, we had net current liabilities of approximately RMB44.6 million and RMB230.9 million, respectively. As of 30 September 2009, we did not have any bank loans, but we had RMB714.9 million in trade and bills payables and other payables and accruals. For the years ended 31 December 2006, 2007 and 2008, our net cash outflow from operating activities was RMB0.7 million, RMB12.6 million and RMB148.0 million, respectively and for the six months ended 30 June 2009, our net cash inflow from operating activities was RMB47.2 million. Our ability to obtain adequate funding and generate sufficient cash from our operating activities to finance our operations and expansion plans depends on a number of factors, including but not limited to general economic and capital market conditions, credit availability from banks and other lenders, investor confidence, the performance of our operations and our customer ability to settle their payments. In particular, as at 30 June 2009, our gross trade receivables were approximately RMB501.6 million (net trade receivables were approximately RMB478.9 million and the impairment was RMB22.7 million), of which RMB164.5 million had been settled by 30 September 2009. As of 30 September 2009, the unsettled trade receivable balance of RMB 337.1 million from 30 June 2009 included (i) receivables derived from sales of machines comprising an amount not past due of approximately RMB193.1 million and an amount past due of approximately RMB75.3 million and (ii) receivables from sales of spare parts and other components comprising an amount not past due of approximately RMB44.0 million and an amount past due of approximately RMB24.7 million. We provide special sales policies to selected customers and allow them to settle (a) their payments within one year from their receipt of goods and (b) 90% of their payments within three months after the issuance of an installation report issued by such customers. The above past due amounts arose mainly for the following reasons: (i) we extended the credit periods of our trade receivables for some of our reputable and long-term customers; and (ii) according to our historical financial records, some of our customers typically do not settle their trade payables until the last one or two months of each year. As a result, we are subject to certain risks relating to our customer settlements. If our customer ability to settle their payment is significantly limited or affected for any reason, our business, cash flows, results of operations and financial position may be materially and adversely affected.

Although we have historically been able to obtain financing on acceptable terms, we cannot assure you that sufficient financing will be available to us. Without sufficient adequate liquidity, we will be forced to curtail our operations and expansion plans. Disruption, uncertainty or volatility in the capital markets or credit markets may limit our access to capital for our operations and for the expansion of our business, decrease our profitability and significantly reduce our financial flexibility. Furthermore, our liquidity also depends on cash generated from operating activities and our cash and cash equivalents. The higher level of our indebtedness will require us to allocate a higher portion of our cash flow from operating activities to fund repayments of our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditure and other general corporate purposes. As a result, our business, financial position and results of operations may be materially and adversely affected.

We may not be able to enforce our own intellectual property rights, or we may be subject to claims from third parties for the infringement of their intellectual property rights.

Our patents, trade secrets and other intellectual property rights are important to our business. We rely on a combination of our brand name, trademarks, and intellectual property rights to protect our intellectual property. We cannot assure you that these measures will be sufficient to prevent any misappropriation of our intellectual property, or that our competitors will not independently develop alternative technologies that are equivalent or superior to technologies based on our intellectual property. The legal regime governing intellectual property in China is still evolving and the level of protection of intellectual property rights in China differs from that in other jurisdictions. In addition, we may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are unable to adequately protect our brand name, trademarks, and intellectual property rights or defend ourselves from infringement or licences claims, our business, financial position and results of operations may be materially and adversely affected.

Our existing production facilities are located in one location in close proximity to one another. Any damage or disruption at any of these facilities could have a material and adverse effect on our financial condition and results of operations.

Our existing production facilities are located in close proximity to one another at one location in Shenyang. We cannot assure you that fire, flooding or other disasters will not occur and interrupt our operations. Because all of our existing production facilities are at one location, any condition which halts or severely restrains production in that location would result in a material and adverse effect on our financial condition and results of operations.

We have limited insurance coverage for our production facilities or business interruption and may incur damages arising from fire, natural disasters or production accidents.

We have limited insurance coverage for our production facilities and may incur damages arising from fire, natural disasters, or production accidents. If we were to incur substantial losses or liabilities and our insurance coverage were unavailable or inadequate to cover such losses and liabilities, we may have to pay, out of our own funds, for financial and other losses, damages and liabilities, including those caused by natural disasters and other events beyond our control, which could have a material and adverse effect on our business, financial condition and results of operations.

We may experience difficulties in expanding into overseas markets.

To continue to grow our business, we plan to expand our business in terms of products, geography and services. Please refer to the section headed "Business — Service System, Sales and Marketing" in this prospectus for more information. Entry into overseas markets exposes us to a number of risks, including but not limited to:

- differences in legal and regulatory environments and requirements;

- the burden of complying with a variety of foreign laws and regulations, including delays or difficulties in obtaining import and export licenses and unexpected changes in trade restrictions and economic sanctions;

- reduced protection for intellectual property rights in some jurisdictions;

- longer accounts receivable collection periods and greater difficulty in accounts receivable collection;

- difficulties in entering new markets and establishing recognition of our products, including reliance on local agents and distributors for our marketing and sales, and difficulties in obtaining required certifications for our products in overseas markets;

- changes in political and economic conditions; and

- potentially adverse tax and currency consequences.

Expanding our business overseas may require the deployment of additional human and financial resources to manage these risks. These additional resources may not be available to us in a timely manner, or at all. We cannot assure you that our expansion plans will be successful. If such expansion plans do not achieve the success that we expect, our business, financial condition and results of operations may be materially and adversely affected.

Our operations are subject to social insurance contributions under the PRC national and local labour laws and regulations.

In accordance with relevant PRC national labour laws and regulations, we are required to contribute to a number of employee social insurance schemes such as pension insurance. We provide social insurance to our employees in accordance with local government authorities' implementation policies. Such policies could be less stringent than the requirements under the PRC labour laws and regulations. On 30 October 2009, we received confirmation letters from the local government authorities indicating that our social insurance contribution is in compliance with the policies implemented by the relevant local government authorities. If the PRC government or the relevant local authorities implement more stringent laws and regulations, or interpret the existing laws and regulations more strictly, we may be required to incur additional expenses to comply with such laws and regulations, which in turn may affect our results of operations.

RISKS RELATING TO OUR INDUSTRY

Changes in the PRC government's policies in relation to the industry in which we or our customers operate may materially and adversely affect our business, financial position and results of operations.

China has experienced constant changes in government regulations and policies. In recent years, the PRC government has adopted policies and measures that actively support non-carbon and renewable energy projects. For example, the PRC government has implemented the PRC Renewable Energy Law and promulgated the Eleventh Five-Year Development Plan for Renewable Energy to accelerate the development of renewable energy and to increase the percentage of energy consumption from renewable energy. Such actions could negatively affect the PRC coal industry which in turn may result in a decrease in the demand for our products.

In addition, our operations require a substantial number of government approvals, and we are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of our operations depends on our compliance with applicable environmental, health and safety, fire prevention and other regulations. We cannot assure you that the PRC government will not impose additional or more stringent laws or regulations. Compliance with such laws or regulations may cause us to incur significant capital expenditures which we may be unable to pass on to our customers. Any change in the scope or application of these laws, regulations or approvals may limit our production capacity or increase our costs, which may therefore have a material and adverse effect on our business, financial position and results of operations.

Prolonged disruptions to the global credit and capital markets and their impact on the PRC economy may materially and adversely affect our liquidity, results of operations, financial position, prospects and future expansion plans.

Since the second half of 2007, global credit and capital markets, particularly in the United States and Europe, have experienced difficult conditions. These challenging market conditions have resulted in reduced liquidity, greater volatility, a reduction in available financing and a lack of market confidence. These factors, combined with declining oil prices and consumer confidence and increased unemployment around the world, have precipitated a global economic slowdown and may lead to a decrease in the level of energy demand and coal mining activities in China. Given the dramatic change in the overall credit environment and economy, it is difficult to predict how long these conditions will exist and the extent to which we may be affected.

In addition, we cannot assure you that measures implemented by governments around the world to stabilise the credit and capital markets will improve market confidence and the overall credit environment and economy. As a result, prolonged disruptions to the global credit and capital markets could limit our financing options, increase our financing cost or cause our financing to be more expensive or subject to less favourable terms, which in turn may materially and adversely affect our liquidity, results of operations, financial position, prospects and future expansion plans.

The industry in which we operate is highly competitive.

The industry in which we operate is highly competitive. Our major competitors include other major domestic coal mining machinery manufacturers in China and to a lesser extent overseas coal mining machinery manufacturers. Some of our competitors may operate on a larger or international scale and may have cost advantages as a result of their economies of scale and their ability to obtain volume discounts for raw materials. In addition, they may have better brand name recognition or a larger customer base. We also face increasing competition from our existing customers that have begun manufacturing their own coal machinery or new foreign entrants that are seeking to enter the PRC market. Competitors that have lower operating costs or that have more advanced equipment may have a competitive advantage over us.

Our market position depends on our ability to anticipate and quickly respond to various competitive factors, including the introduction of new or improved products by our competitors, pricing strategies adopted by our competitors and changes in our customers' preferences. We cannot assure you that our current and potential competitors will not offer products that are comparable or superior to our products, at the same or lower prices, or adapt more quickly to evolving industry trends or market requirements. We may lose customers to our competitors if, among other things, we fail to keep our prices at competitive levels for comparable products or if we are unable to differentiate ourselves from our competitors. Increased competition may result in price reductions, lower gross profit margins and loss of our market share.

RISKS RELATING TO CHINA

The political and economic policies of the PRC government may affect our business operations.

The economy of China differs from the economies of other countries in a number of aspects, including the degree of government involvement, control of capital investment and the overall level of development. Before the beginning of its adoption of reform and open door policies from 1978, China was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and has also begun reforming the government structure. These reforms have emphasised the use of market mechanisms which have resulted in significant economic growth and social progress. Changes in China's political, economic and social conditions, laws, regulations and policies may have an adverse effect on our current or future business operations.

Uncertainties with respect to the PRC legal system may have a material and adverse effect on us.

Almost all of our business and operations are primarily conducted in China and governed by PRC laws, rules and regulations. Our PRC subsidiaries are generally subject to laws, rules, and regulations applicable to foreign investments in China. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited weight as precedents. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protection to various forms of foreign investments in China. However, China has not developed a fully-integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of the economic activities in China. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of our violations of these policies and rules until some time after the violation. Furthermore, the legal protection available to us under these laws, rules, and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and may result in substantial costs and diversion of resources and management attention.

Any occurrence of a widespread public health problem, such as SARS or H1N1 influenza A, could have a material adverse effect on our results of operations.

The outbreak of SARS in early 2003 led to a significant decline in travel volume and business activities and substantially affected businesses in Asia. We are unable to forecast the potential impact of another outbreak of any other serious contagious disease. Recently, certain countries, including China, have encountered incidents of H1N1 influenza A. If any of our employees are identified as a possible source of H1N1 influenza A or any other epidemic or serious disease, we may be required to quarantine the employees who are suspected of being infected, as well as others who have come into contact with those employees. We may also be required to disinfect any affected production facilities, which could cause a temporary suspension of operations at those sites. As a result, our business, financial condition and results of operations could be adversely affected. Even if we are not directly affected by the epidemic, an outbreak of H1N1 influenza A or SARS or another epidemic or serious disease, whether inside or outside China, could slow down, disrupt or restrict the level of economic activity generally, which could also adversely affect our business, financial condition and results of operations.

We may be deemed as a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC taxation on worldwide income.

On 6 December 2007, the State Council issued the Regulation on the Implementation of PRC Enterprise Income Tax Law, or the EIT Law, effective as of 1 January 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". Under the EIT Law, an enterprise outside of China whose "defacto management bodies" are located in China is considered a "resident enterprise" and will be subject to a uniform 25% enterprise income tax rate on its global income. In April 2009, the State Administration of Taxation further specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its "de facto management bodies" located in China and therefore be considered a PRC resident enterprise. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in China, (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organisations or personnel in China, (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China.

However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as is our case. We are currently not treated as a PRC resident enterprise by the relevant tax authorities. Since substantially all of our management is currently based in China and is expected to remain in China in the future, we cannot assure you that we will not be considered a "resident enterprise" under the new EIT Law and not be subject to the enterprise income tax rate of 25% on our global income. In addition, although the EIT Law provides that "dividend income between qualified resident enterprises" is exempted income, it is not clear what is considered a "qualified resident enterprise" under such law.

Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under PRC tax laws.

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within China. Similarly, any gain realised on the transfer of shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If we are considered a PRC "resident enterprise", it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realise from the transfer of our Shares, would be treated as income derived from sources within China and be subject to PRC tax. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders who are not within China, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in your Shares may be materially and adversely affected.

PRC government control of currency conversion and future movements in exchange rates may adversely affect our business operations and our ability to utilise our cash efficiently or to remit dividends.

We export a small portion of our products to overseas markets and the RMB is our reporting currency. The value of RMB is subject to changes in the PRC government's policies and international economic and political developments. As of 21 July 2005, the RMB is no longer pegged solely to the U.S. dollar. Instead, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The RMB may appreciate significantly in value compared to its current value or it may be permitted to enter into a full float, which may also result in an appreciation of the RMB against the U.S. dollar. Fluctuations in exchange rates may adversely affect the value, as translated or converted into U.S. dollars or Hong Kong dollars (which are pegged to the U.S. dollar), of the net assets, earnings and any declared dividends of our company. Substantially all of our purchases or raw materials are denominated in RMB and substantially all of our operations are conducted in China. Further appreciation of the RMB against these currencies may lead to an increase in our costs or decline in our revenue, which may materially and adversely affect our business operations. We have not entered into any agreements to hedge our exchange rate exposure.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. The RMB cannot be freely converted into any other foreign currency. Pursuant to the PRC foreign exchange control system, it cannot be guaranteed that there will be sufficient foreign exchange to meet the foreign exchange requirement of an enterprise. Under existing PRC foreign exchange regulations, payments of current account items, including profit distribution, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. However, approval from SAFE is required where RMB are to be converted into foreign currencies and remitted outside of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payment to Shareholders or satisfy any other foreign exchange requirement. If we fail to obtain the approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, our capital expenditure plans, and our business, may be materially and adversely affected.

Failure to comply with SAFE regulations relating to establishment of offshore special purpose companies by PRC residents may materially and adversely affect our business, financial position and results of operations.

On 21 October 2005, SAFE issued the Notice of SAFE on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Vehicles (《國家外滙管理局關於境內居民通過境外特殊目的公司融資及返程投資外滙管理有關問題的通知》) (“**Notice 75**”), which became effective on 1 November 2005. Notice 75 requires PRC domestic residents to register with the relevant local SAFE branch in the following circumstances: (i) before establishing or taking control of any offshore company (referred to in the notice as a “special purpose vehicle”) for the purpose of capital financing; (ii) after contributing their assets or shares of a PRC domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contribution; and (iii) after any major change in the share capital of the special purpose vehicle without any return investment being made.

Our beneficial shareholders who are domestic residents defined under Notice 75 (namely, Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong) have registered with SAFE, Liaoning branch in respect of the establishment of our Company. Going forward, such beneficial shareholders are required to comply with further foreign exchange registration requirements in all material aspects in connection with our investments and financing activities. If our beneficial shareholders fail to comply with the relevant SAFE requirements, such failure may subject the beneficial owners to fines and legal sanctions and may have material and adverse effects on our business, financial position and results of operations.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China, or to enforce against us or them in China any judgments obtained from non-PRC courts.

Most of our Directors and executive officers reside within China. Substantially all of our assets and those of our directors and executive officers are located within China. China does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to effect service of process upon us or those people in China or to enforce against us or them in China, any judgments obtained from non-PRC courts. In addition, recognition and enforcement in China of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

We enjoy certain PRC government incentives. Expirations of, or changes to, these incentives may materially and adversely affect our business, financial position and results of operations.

We have certain subsidiaries in China that are entitled to government support in the form of certain government incentives relating to the development of coal mining technology. We also receive government grants related to development of the Shenyang Economic and Technological Development Area, where our new production facility will be located. The PRC government also offers incentives, preferential import duties and technology development grants for certain machinery producers to which we had been entitled during the Track Record Period. Please refer to the section headed "Industry Overview" for more details. We cannot assure you that we will be able to continue to enjoy such preferential treatment, incentives and favourable support on the same terms, or at all, in the future. Unfavourable changes to our preferential treatment and incentives in the future will adversely and materially affect our business, financial position and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares.

Prior to the Global Offering, there was no public market for our Shares. The initial offer price range to the public for our Shares was the result of negotiation between us and the underwriters, and the offer price may differ significantly from the market price of our Shares following the Global Offering. The Stock Exchange will be the only market on which our Shares are listed. We cannot assure you that an active public trading market for our Shares will be developed upon the present listing on the Stock Exchange. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares may be materially and adversely affected.

The market price of our Shares following the Global Offering may be volatile.

The market price of our Shares may be volatile. Factors such as variations in our revenue, earnings, cash flows, announcement of new investments, strategic alliances and/or acquisitions and fluctuation in market prices for our products could cause the market price of our Share to change substantially. Any such developments may result in unexpected changes in the volume and price at which our Shares will trade. We cannot assure you that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced substantial price volatility in the past, and it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance.

Future disposals or sales of a substantial number of our Shares by our current Shareholders in public markets may adversely affect the prevailing market price of our Shares.

The Shares held by certain Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed "Underwriting" in this prospectus. We cannot assure you that, after such restrictions expire, these Shareholders will not dispose of any Shares. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

As the Offer Price is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution.

The Offer Price of our Shares is higher than the net tangible assets book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma combined net tangible asset book value of HK$2.74 per Share based on the maximum offer price of HK$4.80 per Share.

In order to expand our business, we may consider issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional Shares in the future at a price which is lower than the net tangible asset book value per Share.

There are risks associated with forward-looking statements.

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "expect", "estimate", "ought to", "should" and "will". Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Purchasers of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements are based are reasonable, any or all of these assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this "Risk Factors" section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

Certain industry statistics contained in this prospectus are derived from various publicly-available government or official sources and may not be reliable.

Certain facts and statistics in this prospectus related to China, its economy and the industries in which we operate within China are derived from official government publications generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality and reliability of the information contained in such sources. These facts and statistics have not been independently verified by us and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated with the same degree of accuracy as may be elsewhere. In all cases, investors should give consideration as to how much weight or importance they should place on all such facts and statistics.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors, or any other person involved in this Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 50,000,000 Hong Kong Offer Shares and the International Offering of initially 450,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and, in the case of the International Offering, to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators, on behalf of the Underwriters, and us on the Price Determination Date. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

If, for any reason, we and the Joint Global Coordinators, on behalf of the Underwriters, cannot agree on the Offer Price, the Global Offering will not proceed. For details of the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions contained in this prospectus and the Application Forms.

Each person acquiring the Hong Kong Offer Shares will be required to confirm, or by his acquisition of the Hong Kong Offer Shares be deemed to confirm, that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities law. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in China.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and the Offer Shares (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). We expect dealing in our Shares on the Stock Exchange to commence on 25 November 2009.

None of our Shares or loan capital are listed on or dealt in on any other exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek advice from your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation. None of us, the Joint Global Coordinators, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from the subscription for, purchase, holding or disposing of, or dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our share register of members to be maintained in Hong Kong by the Hong Kong Share Registrar. Our principal register of members will be maintained by our principal share registrar, Butterfield Fulcrum Group (Cayman) Limited, in the Cayman Islands.

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty.

If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert. Our Company, the Joint Global Coordinators, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers and the Underwriters, all of their respective directors, agents or advisers or any other persons involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding or disposing of or the dealing in the Offer Shares.

OVER-ALLOTMENT AND STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, underwriters may bid for, or purchase, the newly issued securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the initial pubic offering price of the securities.

In connection with the Global Offering, the Stabilising Manager and/or its affiliates and agents, on behalf of the Underwriters, may, to the extent permitted by the applicable laws, over-allocate or effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of our Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity which, if commenced, may be terminated at the absolute discretion of the Stabilising Manager or any person acting for it at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for lodging of applications under the Hong Kong Public Offering and the Listing Date. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued or sold upon exercise of the Over-allotment Option, being 75,000,000 Shares in aggregate, which is 15% of the number of Offer Shares initially available under the Global Offering.

Stabilising actions in Hong Kong must be carried out pursuant to the Securities and Futures (Price Stabilisation) Rules and such stabilisation actions include:

(i) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares;

(ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares;

(iii) purchasing or subscribing, or agreeing to purchase or subscribe, for our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) as described above;

(iv) purchasing, or agreeing to purchase, our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares;

(v) selling or agreeing to sell our Shares in order to liquidate any position held as a result of those purchases; and

(vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the Stabilising Manager or any person acting for it may maintain a long position in our Shares. The size of the long position and the period for which the Stabilising Manager or any person acting for it will maintain the long position is at the discretion of the Stabilising Manager and is uncertain. In the event that the Stabilising Manager or any person acting for it liquidates its long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilising action by the Stabilising Manager or any person acting for it is not permitted to support the price of our Shares for a period longer than the stabilising period, which begins on the Listing Date on which trading of our Shares first commences on the Stock Exchange and is expected to end on 17 December 2009, being the last Business Day immediately before the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for our Shares and their market price may fall after the end of the stabilising period.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

Any stabilising action taken by the Stabilising Manager or any person acting for it may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of our Shares by the Stabilising Manager or any person acting for it may be made at a price at or below the Offer Price and therefore at or below the price paid by you for our Shares.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 75,000,000 additional Shares and cover such over-allocations by the exercise of the Over-allotment Option, which will be exercisable by the Stabilising Manager or its agent (in consultation with the Joint Global Coordinators) on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing agreement or a combination of these means. Any such purchase will be made in compliance with all applicable laws, rules and regulatory requirements. The number of Shares that may be over-allocated will not be greater than the total number of Shares that may be allotted and issued upon exercise of the Over-allotment Option, being 75,000,000 Shares, which in aggregate equals to 15% of the number of Offer Shares initially available under the Global Offering. In particular, for the purpose of settlement of over-allocations in connection with the International Offering, the Stabilising Manager may borrow up to 75,000,000 Shares from Sany HK, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the stock borrowing agreement. The stock borrowing agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefit will be made to Sany HK by the Stabilising Manager in relation to the stock borrowing agreement. Please refer to the section headed "Structure of the Global Offering — The Global Offering" in this prospectus for further details with respect to stabilisation and the Over-allotment Option.

WEBSITES

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Hong Kong dollars and U.S. dollars have been translated for. For exchange rate translations throughout this prospectus, unless otherwise specified, we have used the following exchange rates:

HK$1.00 : RMB0.88100

US$1.00 : RMB6.8279

As at the Latest Practicable Date, PBOC rates for the H.K. dollar and U.S. dollar were:

HK$1.00 : RMB0.88099

US$1.00 : RMB6.8277

We make no representations and none should be construed as being made, that any of the Renminbi, H.K. dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

LANGUAGE

In this prospectus, the English translations of the names of the Chinese entities mentioned in this prospectus, or *vice versa*, are provided for identification purposes only. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translations, the Chinese names shall prevail.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed in the table are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mao Zhongwu (毛中吾)	31 Yansaihu Street Economic and Technological Development Area Shenyang City Liaoning province, PRC	Chinese
Liang Jianyi (梁堅毅)	31 Yansaihu Street Economic and Technological Development Area Shenyang City Liaoning province, PRC	Chinese
Non-executive Directors		
Xiang Wenbo (向文波)	Room 105, Door 3, Block 8 146 Shaoshan Road Central Yuhua District, Changsha City Hunan province, PRC	Chinese
Huang Jianlong (黃建龍)	668 Lugu Avenue Yuelu District, Changsha City Hunan province, PRC	Chinese
Wu Jialiang (吳佳梁)	Room 303, No. T11, 69 Huangyang Road Pudong New District Shanghai, PRC	Chinese
Independent Non-executive Directors		
Xu Yaxiong (許亞雄)	No. 21, Hepinglibei Street Dongcheng District Beijing, PRC	Chinese
Ngai Wai Fung (魏偉峰)	26A Wah Shan Mansion 17 Tai Koo Shing Road Quarry Bay Hong Kong	Chinese
Ng Yuk Keung (吳育強)	Flat E, 3rd Floor, Block 6 Castello Shatin Hong Kong	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**The Hongkong and Shanghai Banking Corporation Limited** HSBC Main Building 1 Queen's Road Central Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**The Hongkong and Shanghai Banking Corporation Limited** HSBC Main Building 1 Queen's Road Central Hong Kong **Cazenove Asia Limited** (A Standard Chartered group company) (to be renamed Standard Chartered Securities (Hong Kong) Limited on or around 14 December 2009) 15th Floor, Two International Finance Centre 8 Finance Street Central, Hong Kong
Legal Advisers to our Company	*As to Hong Kong law and U.S. law:* **Sidley Austin** Level 39 Two International Finance Centre 8 Finance Street Central, Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 15th Floor The Union Plaza 20 Chaoyangmenwai Dajie Beijing 100020, PRC *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law and U.S. law:* **Freshfields Bruckhaus Deringer** 11th Floor Two Exchange Square 8 Connaught Place Central, Hong Kong
	As to PRC law: **Jun He Law Offices** 20th Floor China Resources Building 8 Jianguomenbei Avenue Beijing 100005, PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* 18th Floor Two International Finance Centre 8 Finance Street Central, Hong Kong
Property Valuer	**Jones Lang LaSalle Sallmanns Limited** 17/F Dorset House Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Receiving Bankers	**The Hongkong and Shanghai Banking Corporation Limited** HSBC Main Building 1 Queen's Road Central Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong
	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central, Hong Kong

Headquarters	31 Yansaihu Street Economic and Technological Development Area Shenyang City Liaoning province, PRC
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office in the PRC	31 Yansaihu Street Economic and Technological Development Area Shenyang City Liaoning province, PRC
Principal Place of Business in Hong Kong	Suite 6009, 60th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Company's Website	www.sanyhe.com[1]
Joint Company Secretaries	Du Xing Kam Mei Ha Wendy *ACS, ACIS*
Authorised Representatives	Mao Zhongwu 31 Yansaihu Street Economic and Technological Development Area Shenyang City Liaoning province, PRC Ngai Wai Fung 26A Wah Shan Mansion 17 Tai Koo Shing Road Quarry Bay Hong Kong
Members of the Audit Committee	Ngai Wai Fung *(Chairman)* Xu Yaxiong Ng Yuk Keung
Members of the Remuneration Committee	Mao Zhongwu *(Chairman)* Ngai Wai Fung Ng Yuk Keung

Note:

(1) The contents of this website do not form a part of this prospectus.

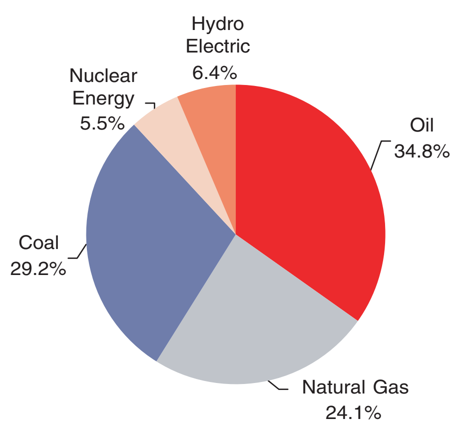
Members of the Nomination Committee	Mao Zhongwu *(Chairman)* Xu Yaxiong Ngai Wai Fung
Cayman Islands Principal Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Adviser	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong
Principal Bankers	Shanghai Pudong Development Bank Shenyang Branch No. 158 Qingnian Street Shenhe District, Shenyang Liaoning province, PRC
	Bank of China Nanhu Sub-branch, Shenyang Branch No. 219 Qingnian Street Shenhe District, Shenyang Liaoning province, PRC
	China Merchants Bank Taiyuan Branch No. 29 Qixian Street, Tiexi District Shenyang Liaoning province, PRC
	Industrial Bank Co., Ltd. Shenyang Branch No. 36 Shiyiwei Road, Heping District Shenyang Liaoning province, PRC
	Bank of Communications Tiexi Branch No. 7 Jianshezhong Road Tiexi District, Shenyang Liaoning province, PRC

This and other sections of this prospectus contain information relating to the PRC economy, the global coal industry, the PRC coal industry and the PRC coal mining machinery industry. The information contained within has been derived from official government publications, authoritative sources or was obtained from communications with PRC government agencies. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been commissioned by, or independently verified by, us, the Sole Sponsor, the Underwriters, any other party involved in the Global Offering, or any of their respective affiliates or advisers, and no representation is given as to its accuracy.

THE WORLD COAL INDUSTRY

Coal is one of the most important energy resources in the world. According to BP Statistical Review of World Energy 2009, the worldwide primary energy consumption amounted to 11,294.9 million tons oil equivalent in 2008, of which coal represented 29.2%, and oil and natural gas represented 34.8% and 24.1%, respectively.

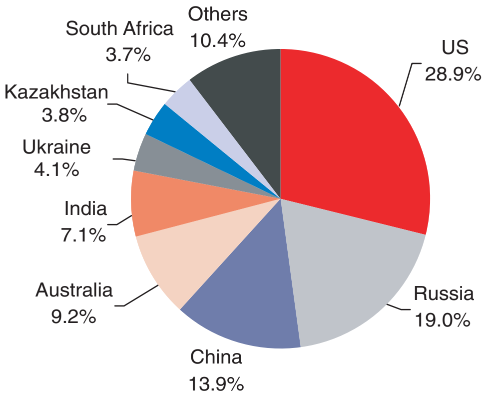
World primary energy consumption by fuel 2008



Source: BP Statistical Review of World Energy 2009

Coal reserves have a wide distribution pattern, but are particularly concentrated in the United States, Russia, China, Australia and India. According to BP Statistical Review of World Energy 2009, these countries controlled 28.9%, 19.0%, 13.9%, 9.2% and 7.1%, respectively, of the proved worldwide coal reserves at the end of 2008.

World coal reserves breakdown by region 2008



Source: BP Statistical Review of World Energy 2009

The Asia-Pacific region is the largest and fastest growing coal market in the world. Many major coal consumers and producers are located in the Asia-Pacific region. According to BP Statistical Review of World Energy 2009, coal consumption and production in this region accounted for 61.5% and 61.1%, respectively, of global consumption and production in 2008. From 2000 to 2008, coal consumption and production in the Asia-Pacific region increased by a CAGR of 8.1% and 8.7%, respectively, far exceeding the growth rates of worldwide coal consumption and production during the same period, which were 4.4% and 5.0%, respectively.

Coal is one of the most important energy sources in the world and the global coal production and consumption rates continue to increase. According to BP Statistical Review of World Energy 2009, between 2000 and 2008, the compound annual growth rates of global coal production and consumption were 5.0% and 4.4 %, respectively. These factors have led to a global increase in the demand for coal mining machineries.

We believe that overseas coal mining machinery manufacturers in developed countries are expanding internationally and are becoming increasingly diversified. A number of mergers and acquisitions have created leading coal mining machinery corporations such as Germany-based DBT GmbH and U.S.-based Joy Global Inc. They currently supply coal mining machinery to coal mining markets such as the United States, Australia and South Africa as well as the PRC. The main features of their products include high mechanisation, strong technology and good reliability.

THE PRC COAL INDUSTRY

Coal reserves in China

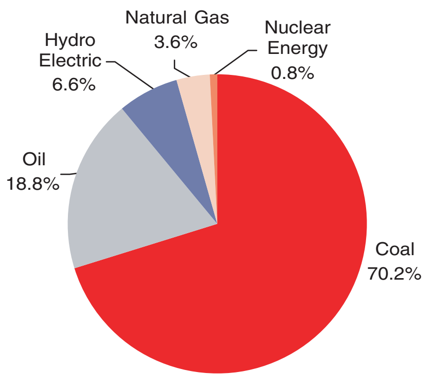
According to BP Statistical Review of World Energy 2009, as at the end of 2008, China has 114.5 billion metric tons of proved coal reserves, representing 13.9% of the worldwide proved coal reserves, ranking third in the world. By contrast, China has only 2.1 billion metric tons of proved oil reserves and 86.7 trillion cubic feet of proved gas reserves at the end of 2008, representing only 1.2% and 1.3% of the world's total proved oil and gas reserves, respectively.

According to the PRC government, 67% of all the proved coal reserves in China are deposited in Shanxi, Shaanxi, Inner Mongolia and Ningxia, 20% are deposited in Xinjiang, Gansu, Qinghai, Yunnan, Guizhou, Sichuan and Chongqing, and the remaining 13% are deposited in other areas including Jiangsu, Anhui, Shandong and Henan.

Coal production and consumption in China

According to BP Statistical Review of World Energy 2009, China is the world's largest coal-producing country, reaching 1,414.5 million metric tons oil equivalent and accounting for 42.5% of global coal production. China is also the world's largest coal-consuming country, with national coal consumption amounting to 1,406.3 million metric tons oil equivalent in 2008, accounting for 42.6% of global consumption. BP Statistical Review of World Energy 2009 considers coal to be China's most important energy resource, accounting for 70.2% of the country's total primary energy consumption in 2008.

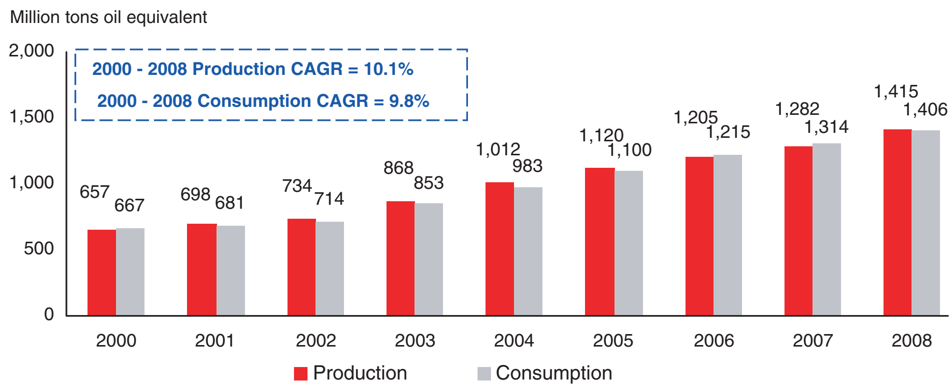
Primary energy consumption in China by fuel 2008



Source: BP Statistical Review of World Energy 2009

According to BP Statistical Review of World Energy 2009, China's coal production increased from 656.7 million metric tons oil equivalent in 2000 to 1,414.5 million metric tons oil equivalent in 2008, representing a CAGR of 10.1%, while China's coal consumption increased from 667.4 million metric tons oil equivalent in 2000 to 1,406.3 million metric tons oil equivalent in 2008, representing a CAGR of 9.8%. These growth rates are much higher than the CAGR percentages for world-wide coal production and consumption of 5.0% and 4.4%, respectively, for the same period.

Coal production and consumption growth in China



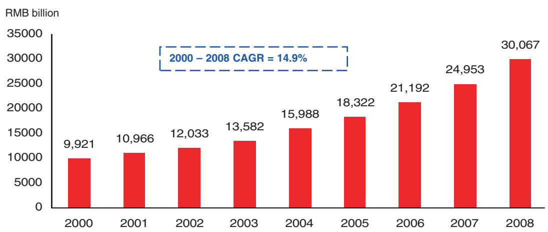
Source: BP Statistical Review of World Energy 2009

THE PRC COAL MACHINERY INDUSTRY

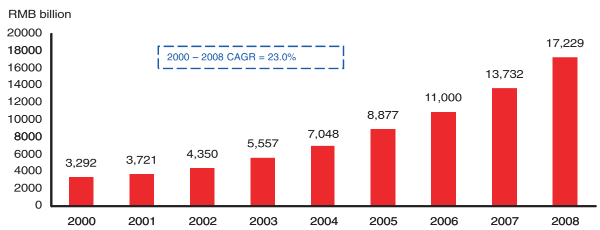
Growth of China's economy and fixed asset investment

According to the National Bureau of Statistics of China (中華人民共和國國家統計局), China's GDP increased from RMB9,921 billion in 2000 to RMB30,067 billion in 2008, representing a CAGR of 14.9%. In light of China's fast growing GDP, fixed asset investment in China recorded significant growth from RMB3,292 billion in 2000 to RMB17,229 billion in 2008, representing a CAGR of 23%. In the future, China is expected to maintain a relatively high economic growth rate.

China GDP growth



Fixed asset investment in China

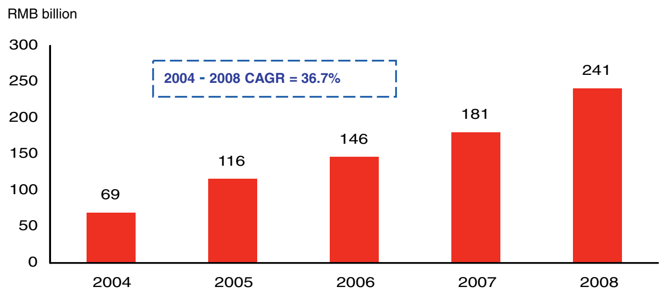


Source: National Bureau of Statistics of China (中華人民共和國國家統計局)

Growing investments in the PRC coal mining industry

According to the National Bureau of Statistics of China (中華人民共和國國家統計局), fixed asset investment in China's coal washing and selecting industry increased from RMB69.0 billion in 2004 to RMB241.0 billion in 2008, representing a CAGR of 36.7%. In 2009, we expect investments in the PRC coal mining industry to benefit from the PRC government's economic-stimulus package and to continue to grow. In addition, fixed asset investment in the coal washing and selecting industry for the first eight months of 2009 increased by 36.0% as compared to the same period in 2008. The significant growth of investment in China's coal mining industry stimulated an increase in demand for coal mining machinery and equipment which is key to the coal mining industry.

Fixed asset investment in China coal mining industry



Source: National Bureau of Statistics of China (中華人民共和國國家統計局)

Growth of China's coal machinery production

As the PRC coal producers increasingly injected large amounts of investments into fixed assets, including the purchase and maintenance of coal mining machinery, China's coal mining machinery industry enjoyed significant production growth during the past few years. According to the report by China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會) published at www.coalchina.org.cn in July 2009, the total sales value of China's coal mining machinery industry grew from RMB10,410.8 million in 2003 to RMB 57,988.2 million in 2008, representing a CAGR of 41.0%.

	2003	2004	2005	2006	2007	2008	2003-2008 CAGR
(In RMB million except CAGR data)							
Total sales value of coal mining machinery by PRC manufacturers to domestic customers in the PRC	10,410.8	11,828.7	21,116.3	28,997.9	49,609.0	57,988.2	41.0%
Total sales value of certain products:							
Roadheader	354.0	844.9	1,260.0	1,246.4	1,846.8	2,551.7	48.4%
Coal mining machine	1,012.0	1,233.0	2,375.0	2,980.0	3,003.0	3,635.5	29.1%
Hydraulic support structure	1,425.3	2,680.8	4,475.5	7,467.8	9,351.8	10,809.5	50.0%

Source: China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會)

Ranking of roadheader manufacturers in the PRC in terms of number of roadheaders sold in 2008

Position	Name of Manufacturers	Number of Roadheaders sold in 2008 [(1)]
1	Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司)	366
2	Jiamusi Coal Mining Machinery Limited (佳木斯煤礦機械有限公司)	362
3	Taiyuan Branch of China Coal Research Institute (煤炭科學研究總院太原分院)	226
4	Shijiazhuang Coal Mining Machinery Co., Ltd. (石家莊煤礦機械有限公司)	120
5	Shanghai Chuangli Coal Mine Equipment Co., Ltd. (上海創立礦山設備有限公司)	74

Source: China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會)

Note:

(1) The number of roadheaders sold by us in 2008 was based on the time of sale of the roadheaders (i.e. when we entered into sale and purchase agreements for the roadheaders with our customers), whereas the number of roadheaders sold as disclosed in the section headed "Financial Information — Description of the Selected Components of Results of Operations — Revenue" in this prospectus was based on the number of roadheaders we had sold for which revenue had been recognised. We do not recognise revenue until the roadheaders are delivered to customers, which only occurs after the entry into sale and purchase agreements with our customers.

Competitive landscape

As a result of the relative price competitiveness, continuous improvements in quality and technological standards and also due to advantages in the provision of after-sales services in China, domestically produced coal mining machinery is still mainly used in coal mines in China. According to a report by the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會) in July 2009, imported coal mining machinery accounted for only approximately 3.0% of the total quantity of domestic coal mining machinery sold in China during 2008.

According to the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會), major players in the PRC coal mining machinery and equipment industry include Sany Heavy Equipment, International Mining Machinery (國際煤機), China Coal Group Equipment Company (中煤集團裝備公司), China Coal Research Institute (煤炭科學研究總院) and Taiyuan Mining Machinery Group (太原礦山機器集團). These companies, together with their subsidiaries, each enjoy advantages in various types of coal mining machinery products such as roadheaders, coal mining machines, hydraulic support structures and conveyors. With respect to the manufacturers of roadheaders, Sany Heavy Equipment enjoys the largest market share in China in terms of the total number of roadheaders sold in 2008.

Relevant factors in driving the growth of future demand in the PRC coal machinery industry

The coal mining industry and the coal machinery industry in China are developing rapidly. We are of the opinion that the following factors could promote further growth in demand from the coal mining machinery industry in the coming few years.

- Coal mining mechanisation in China

According to statistics from the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會), the mechanisation rate for the extraction of coal in China was approximately 80% for large coal mines, approximately 40% for medium-sized coal mines and almost zero for small coal mines. In the "Eleventh Five-year Plan for Coal Industry Development" (《煤炭工業發展"十一五"規劃》) ("**Eleventh Five-year Plan**") published by the National Development and Reform Committee of the PRC in January 2007, the PRC government proposed that the mechanisation rate for the extraction of coal should be over 95%, 80% and 40% respectively for large, medium-sized and small coal mines in China by 2010. In addition, the Eleventh Five-year Plan also stated that one of the key tasks for growth of the PRC coal industry is to promote the mechanisation rates of small and medium-sized coal mines. To achieve this, newly built small and medium-sized coal mines are required to adopt mechanised mining processes, while existing coal mines are given a time-frame for rapidly upgrading technology and equipment. The mechanisation process of PRC coal mines suggests significant growth potential in market demand in the PRC for coal mining machinery products.

- Demand for the construction of new coal mines

The PRC government encourages the building of large coal mine bases in areas including Shendong, north of Shaanxi province, Huanglong (Huating), north, middle and east of Shanxi province, west of Shandong province, north and south of the Huai River, middle of Hebei province, Henan province, Yunnan and Guizhou provinces, east of Inner Mongolia (Northeast of China) and east of Ningxia. The Eleventh Five-year Plan further envisages that during the relevant period, large and medium-sized coal mines shall be constructed at the large coal mine bases, focusing on the construction of modernised open mines with an expected annual output of over 10 million metric tons and safe and efficient wells with an expected annual output of over 10 million metric tons. By 2010, the combined output of coal bases in China is expected to reach 2.24 billion metric tons. The building of these large coal bases, modernised open mines and safe and efficient wells is expected to stimulate the market demand for coal mining machinery products in China.

According to the "National Mining Resources Plan (2008-2015)", which was issued by the Ministry of Land and Resources of the PRC on 7 January 2009, coal production volume will increase from 2.6 billion metric tons in 2008 to more than 3.3 billion metric tons during the period from 2008 till 2015, with an average annual growth rate exceeding 3.4%.

- Localisation of coal mining machinery and equipment

The Eleventh Five-year Plan indicated that the PRC coal mining industry will speed up the innovation of its coal mining technology in a fast and steady pace, and that the PRC government is keen to promote the localisation of production of major coal mining equipment in the coal mining industry. To actively implement the State Council's preferential import tax policy to boost the development of the equipment manufacturing industry, the Finance Ministry, the National Development and Reform Commission, the General Administration of Custom and the State Administration of Taxation of the PRC jointly issued the "Circular on Import Taxes Policies Related to Implementing Certain Opinions of the State Council on the Acceleration and Revitalization of the Equipment Manufacturing Industry" (《關於落實國務院加快振興裝備製造業的若干意見有關進口稅收政策的通知》) on 14 January 2007. The circular provides that a "refund after collection" preferential policy shall be applicable for import duty and value added tax on key components and raw materials which cannot be produced domestically, and which are imported for the development and production of equipment by domestic enterprises in sixteen key areas of major technological equipment including large scale integrated coal extraction, lifting and coal washing and selecting equipment as well as large open mining equipment. Furthermore, for major technological equipment to which a preferential policy of "refund after collection" for imported components and raw materials has been applied, tax exemption policy for import goods for corresponding manufacture of large machinery and sets of equipment will not be implemented without the joint approval and confirmation of the Finance Ministry, the National Development and Reform Commission, the General Administration of Custom and the State Administration of Taxation. For some of the large machinery and equipment, a transitional measure will be applied regarding the implementation of import tax exemption policy, under which the rate and scope of tax exemption will decrease after review and approval according to supply and demand. At the end of the transitional period, the import tax exemption policy will no longer be implemented. These measures serve to promote the localisation of production of coal mining equipment as well as boost the development of the coal mining machinery and equipment manufacturing industry in the PRC.

- An increase in the demand for up-to-date equipment and after-sales services

Generally, it takes about five years to design new coal mining machinery products and it takes approximately five years to replace and/or upgrade such products. Therefore, we believe the rapid growth in the sales volume of PRC coal mining machinery products over the past few years suggests that the demand for up-to-date and new PRC coal mining machinery will continue to grow rapidly over the next few years. In addition, the rapid growth in the sales volume of coal mining machinery products will drive the demand for after-sale services.

Policy Support

The PRC government promulgated a series of policies and measures with an aim to encourage rapid, sustainable and healthy development of the coal industry and the coal mining machinery industry.

- "Several Opinions of the State Council Regarding the Promotion of Sound Development of the Coal Industry" (《國務院關於促進煤炭工業健康發展的若干意見》)

This document states that for the time being, reconstruction, rectification and standardisation efforts shall be focused on small coal mines in China. Large-scale coal enterprises are encouraged to merge and reconstruct their small and medium-sized coal mines while small and medium-sized coal mines are encouraged to improve through reforms. Coal mining technological reforms shall be vigorously promoted for small and medium-sized coal mines, while large-scale coal mines shall adopt the standard long-wall mining method. Small coal mines that are not properly built, not in compliance with safety standards or environmental protection requirements or are severely inefficient shall be further phased out and eventually closed.

In addition, the upgrading of technology for coal mining and the manufacturing of coal mining equipment shall be expedited. Advanced technology shall be adopted to speed up the construction of high-output and high-efficiency mines and the modernisation of coal mining equipment. Mechanisation of small and medium-sized coal mines shall be promoted vigorously. Research and development for the manufacture of major coal technologies and equipment shall be promoted. Alliances between enterprises, scientific and research institutions and various academies shall also be encouraged to spur technological innovation.

- "Several Opinions Regarding Acceleration and Revitalisation of the Equipment Manufacturing Industry" (《國務院關於加快振興裝備製造業的若干意見》)

The PRC government identified certain key equipment and products which shall benefit from preferential policies and guidance so as to accomplish breakthroughs in certain areas. Such key equipment and products include large-scale integrated coal mining equipment, lifting, coal washing and selecting equipment, and large equipment for open and open-ground mines. The PRC government encourages large-scale integration coal mining equipment, lifting and coal washing and selecting equipment.

In order to achieve the above goals, the PRC government has promulgated a series of supporting policies, such as imposing a preferential import duty, encouraging the purchase and use of locally produced equipment as well as increasing capital support for the manufacture of such equipment.

- "Catalogue for the Guidance of Foreign Investment Industries (revised in 2007)" (《外商投資產業指導目錄(2007年修訂)》)

According to the Catalogue for the Guidance of Foreign Investment Industries (revised in 2007) (《外商投資產業指導目錄(2007年修訂)》), certain products produced by our Company, such as roadheaders, are listed in the Catalogue of Encouraged Foreign Investment Industries (鼓勵外商投資產業目錄) and benefit from preferential foreign investment policies issued by the PRC government.

PRC Laws and Regulations Relating to the Industry

The sale and usage of coal mining products in the PRC must comply with The Interim Rules on the Administration of Safety Symbol for Coal Mining Products (《煤礦礦用產品安全標誌管理暫行辦法》), promulgated by the State Administration of Coal Mine Safety on 26 November 2001. The Coal Mining Products Safety Symbol, composed of a certificate and mark, is proof that the product meets national and industry safety standards. Products listed in the Coal Mining Products Catalogue which is distributed by the State Administration of Coal Mine Safety, are required to obtain the safety symbol. The Safety Symbol is issued by a certifying institution chosen by the State Administration of Coal Mine Safety. As at the Latest Practicable Date, we have obtained Safety Symbols for our products which are listed in the Coal Mining Products Catalogue.

The manufacture of explosion-protected electrical apparatus must comply with the Regulations on the Administration of Production Permits for Industrial Products (《工業產品生產許可證管理條例》), promulgated by the State Council of the PRC on 9 July 2005, and its Implementation Rules (《工業產品生產許可證管理條例實施辦法》), promulgated by the State Quality Inspection Bureau on 15 September 2005. Products listed in the Industrial Products Catalogue are subject to the Production Permit System; a manufacturer cannot produce any product listed in the Industrial Products Catalogue unless a Production Permit has been obtained. As at the Latest Practicable Date, we have obtained Production Permits for the manufacture of our explosion-protected electrical apparatus which are listed in the Industrial Products Catalogue.

PRC Laws and Regulations Relating to Foreign Investment

Under the updated Industrial Guidance Catalogue for Foreign Investment (《外商投資產業指導目錄(2007年修訂)》), jointly issued by the NDRC and the Ministry of Commerce on 30 November 2004 and revised on 31 October 2007, effective on 1 December 2007, foreign investment in the "manufacturing of mining trolleys or loading and transporting devices：mechanical drive tippers for mines of 100 tons or more, mobile crushes, wheeled diggers of 3000m^3/h or more, loading machines for mines of 5 m^3 or more, electric driving mining machines of 2000 kW or more, etc." is categorised as an encouraged investment. According to the Provisions on Guiding the Foreign Investment Direction (《指導外商投資方向規定》), and the Comments Regarding Further Encouraging Foreign Investment (《關於當前進一步鼓勵外商投資的意見》), an encouraged foreign investment is entitled to receive certain benefits and incentives from the government, mainly in terms of taxation.

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), which is called SAFE Circular No. 75, issued on 21 October 2005, effective on 1 November 2005, (i) a PRC citizen residing in the PRC (a "**PRC Resident**") must register with the local branch of SAFE before he or she may establish or control an overseas special purpose vehicle ("**SPV**") for the purpose of overseas equity financing (including convertible debt financing) with the assets of or equity interests in a domestic enterprise which is owned by he or she; (ii) when a PRC Resident contributes the assets of or its equity interests in a domestic enterprise to an overseas SPV, or engages in overseas financing after contributing assets or equity interests to an overseas SPV, such PRC Resident must register his or her interest in the overseas SPV or any changes to his or her interest in the overseas SPV with the local branch of SAFE; and (iii) when the overseas SPV undergoes a material event outside of China, such as change in share capital or merger and acquisition, the PRC Resident must, within 30 days after the occurrence of such event, register such change with the local branch of SAFE.

Under SAFE Circular No. 75, failure to comply with the registration procedures may result in penalties, including imposition of restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas SPV.

On 8 August 2006, six PRC regulatory agencies, including the CSRC, enacted the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the "**New M&A Rules**") to regulate foreign investment in PRC domestic enterprises. The New M&A Rules provide that the Ministry of Commerce must be notified in advance of any transaction in which a foreign investor takes control of a PRC domestic enterprise, and if any of the following situations exists: (i) the transaction involves an important industry in China, (ii) the transaction may affect national "economic security", or (iii) the PRC domestic enterprise has a well-known trademark or historical Chinese trade name in China. The New M&A Rules contain a provision requiring overseas SPVs, formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On 21 September 2006, the CSRC issued a clarification that sets forth the criteria and process for obtaining any required approval from the CSRC.

Tax Law

On 1 January 2008, the Foreign-funded Enterprise and Foreign Enterprise Income Tax Law of the PRC (《中華人民共和國外商投資企業和外國企業所得稅法》) was abolished, and the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated on March 16, 2007, became effective. Pursuant to the Enterprise Income Tax Law of the PRC, the income tax rate for both domestic-funded enterprises and foreign-funded enterprises is 25%.

Pursuant to the Notice on the Implementation of the Enterprise Income Tax Transition Preferential Policy (《國務院關於實施企業所得稅過渡優惠政策的通知》), enacted by the State Council of the PRC on 26 December 2007, enterprises that had enjoyed the preferential policy that first two years full exemption and from the third to the fifth years half deduction of the income tax since the first profit-making year, shall continue to enjoy the former policy until the preferential period expired; enterprises that had not enjoyed the aforesaid preferential policy due to their failure to make profit shall enjoy the aforesaid preferential policy from 2008.

Environmental Law

Manufacturing businesses are subject to PRC environmental laws and regulations, which include the PRC Environmental Protection Law (《中華人民共和國環境保護法》), PRC Law on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), PRC Law on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), PRC Law on the Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防

治法》), and the PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (《固體廢物污染環境防治法》) (collectively as the "**Environmental Laws**"). The Environmental Laws govern a broad range of environmental matters, including air pollution, noise emissions, sewage, and waste discharge.

According to the Environmental Laws, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, liquid and solid waste, dust, malodorous gas, radioactive substances, noise, vibration, and electromagnetic radiation generated in the course of production, construction, or other activities.

According to the Environmental Laws, companies are also required to carry out an environment impact assessment before commencing construction of production facilities and install pollution treatment facilities that meet the relevant environmental standards to treat pollutants before discharge.

Labour and Safety Law

The PRC has many labour and safety laws, including the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Unemployment Insurance Law (《失業保險條例》), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Provisions on Registration of Social Insurance (《社會保險登記管理暫行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time for operations in the PRC.

According to the PRC Labour Law (《中華人民共和國勞動法》) and the PRC Labour Contract Law (《中華人民共和國勞動合同法》), labour contracts in written form shall be executed to establish labour relationships between employers and employees. Wages cannot be lower than local minimum wage. The company must establish a system for labour safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions meeting State rules and standards, and carry out regular health examinations of employees engaged in hazardous occupations.

As required under the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), and the Interim Provisions on Registration of Social Insurance (《社會保險登記管理暫行辦法》), companies are obliged to provide employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance.

Companies are subject to the PRC Production Safety Law (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which requires that safe production conditions as required by the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards in respect of our manufacturing business are maintained. It further provides that any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operation activities, and that companies must provide production safety education and training programs to employees. The design, manufacture, installation, use, checking, and maintenance of the safety equipment are required to conform with applicable national or industrial standards. In addition, labour protection equipment must meet national or industrial standards, and companies must supervise and educate their employees to wear or use such equipment according to the prescribed rules.

HISTORY

In 1989, Liang Wengen, Tang Xiuguo, Mao Zhongwu and Yuan Jinhua founded Lian Yuan City Welding Materials Factory ("**Lian Yuan Factory**"), the predecessor of Sany Group. Each of Xiang Wenbo, Wang Zuochun, Huang Jianlong, Yi Xiaogang, Zhai Dengke and Zhou Fugui joined Lian Yuan Factory as senior management between 1991 and 1998 and each of them became shareholders of Lian Yuan Factory through the employee share option scheme.

In October 2000, Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Yi Xiaogang, Zhai Dengke and Wang Zuochun together set up Sany Group to operate businesses including but not limited to the manufacture and sale of engineering machinery for construction purposes. As at the date of its establishment, Sany Group was owned as to 59% by Liang Wengen, as to 9% by Tang Xiuguo, as to 8% by Xiang Wenbo, as to 8% by Mao Zhongwu, as to 8% by Yuan Jinhua, as to 4% by Zhou Fugui, as to 2% by Yi Xiaogang, as to 1% by Zhai Dengke and as to 1% by Wang Zuochun. In January 2005, Zhai Xian and Zhai Chun, the children of Zhai Dengke, inherited the 1% equity interest in Sany Group held by Zhai Dengke after Zhai Dengke's death. In June 2005, Yuan Jinhua transferred his 3% equity interest in Sany Group to his former spouse, Wang Haiyan.

In July 2005, Liang Wengen transferred his 0.38% and 0.08% equity interests in Sany Group to Zhao Xiangzhang and Huang Jianlong, respectively, at nil consideration. In September 2008, each of Tang Xiuguo, Yuan Jinhua and Zhou Fugui transferred his 0.25%, 0.25% and 0.5% equity interests in Sany Group to Liang Wengen, respectively, at a nominal consideration of RMB1.00. After completion of such transfer, Liang Wengen transferred his 1% equity interest in Sany Group to Yi Xiaogang at a consideration of RMB1 and 0.3% equity interest in Sany Group to Duan Dawei at nil consideration. As at the Latest Practicable Date, Sany Group was held as to 58.24% by Liang Wengen, as to 8.75% by Tang Xiuguo, as to 8% by Xiang Wenbo, as to 8% by Mao Zhongwu, as to 4.75% by Yuan Jinhua, as to 3.5% by Zhou Fugui, as to 3% by Wang Haiyan, as to 3% by Yi Xiaogang, as to 1% by Wang Zuochun, as to 0.6% by Zhai Xian, as to 0.4% by Zhai Chun, as to 0.38% by Zhao Xiangzhang, as to 0.3% by Duan Dawei and as to 0.08% by Huang Jianlong, who have the same shareholdings in Sany BVI.

Through their respective shareholdings in Sany Group, each of Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong indirectly owns an interest in Sany Heavy Equipment, our operating subsidiary, prior to the Reorganisation. As part of the Reorganisation, the details of which are set out in the paragraph headed "— Reoganisation" in this section, Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong together set up Sany BVI and, through Sany BVI's indirect shareholding in Sany Heavy Equipment, operate the business of our Group. Save for Liang Wengen, Mao Zhongwu, Xiang Wenbo and Huang Jianlong who are connected persons of our Company under the Listing Rules, each of the shareholders of Sany BVI is a third party independent of our Company and connected persons of our Company.

On 14 October 2005, Sany HK was established as a wholly-owned subsidiary of Sany Group pursuant to the approval of the Department of Commerce of Hunan Province (湖南省商務廳). On 20 October 2006, Sany Heavy Industry transferred its 75% interest in Sany Heavy Equipment to Sany HK, upon completion of which, Sany Heavy Equipment became a 75% owned subsidiary directly under Sany HK and indirectly under Sany Group, with the remaining 25% held by China Wealth.

Following the capital contribution into Sany Heavy Equipment by Sany HK with an aggregate amount of approximately US$165 million in January 2008, August 2008, September 2008 and October 2008, respectively, as of 11 September 2008, Sany Heavy Equipment was approved to be owned as to 97.96% by Sany HK and as to 2.04% by China Wealth. On 13 October 2008, Sany HK entered into a sale and purchase agreement with China Wealth to purchase the 2.04% equity interest in Sany Heavy Equipment from China Wealth. Upon completion of such sale and purchase agreement, which took place on 9 December 2008, Sany Heavy Equipment became a wholly-owned subsidiary of Sany HK.

We operate our main business through our operating subsidiary, Sany Heavy Equipment. In view of the growing global demand for coal and the fact that China has one of the largest coal mining resources in the world, our subsidiary, Sany Heavy Equipment, was established by Sany Heavy Industry, which our ultimate Controlling Shareholder, Mr. Liang Wengen, has an interest in, and Synnium Machinery as a sino-foreign joint venture company on 13 January 2004 under the laws of the PRC. As at the date of its establishment, Sany Heavy Equipment was 75% owned by Sany Heavy Industry and 25% owned by Synnium Machinery. On 14 December 2004, Synnium Machinery transferred its 25% interest in Sany Heavy Equipment to China Wealth for cash consideration of RMB 25.0 million. Each of China Wealth and Synnium Machinery is owned by Mr. Liang Linyang and Mr. Liang Linhe, in the shareholding proportion of 64% and 34%, respectively. Each of Mr. Liang Linyang and Mr. Liang Linhe is a nephew of Mr. Liang Wengen, and therefore a related party of our Group, our Controlling Shareholders as well as the SG Group. The other shareholders of China Wealth and Synnium Machinery are independent third parties. The principal businesses of China Wealth include finance leases, sale of machinery, which consists of the machinery manufactured by members of the SG Group, and finance investment. The principal business of Synnium Machinery is in the finance leasing of machinery as well as the procurement of raw materials from overseas suppliers.

We, through Sany Heavy Equipment, commenced our business operations by establishing our headquarters and production facilities in Shenyang City, Liaoning Province, an industrial base which is also close to the coal mines in northern China. Our headquarters and production facilities are located in Shenyang City.

Leveraging on the market experience, research and development expertise, reputation as well as the manufacturing expertise of the SG Group in the heavy machinery industry, we started manufacturing excavating machinery. Within a short period of eight months, we successfully developed, designed, manufactured and launched our first integrated roadheader (EBZ160) in August 2004, which we started selling to our customers in 2005. In order to increase our share of the market and to respond to changing customers' needs, we started increasing our product portfolio and developed new products through our research and development activities. Particularly noteworthy are our EBZ200H roadheader and EBZ318H roadheader, which were launched in December 2005 and April 2009, respectively. Our EBZ200H roadheader was recognised by the Science and Technology Office of Liaoning Province as a Provincial Grade Science and Technological Research Achievement, while our EBZ318H roadheader has one of the highest performance levels in China.

As part of our strategic expansion plans and with a view to enhancing our production capacity and accommodating the increasing demand for our products, we have expanded our production facilities at Shenyang City. Between April and May 2009, we obtained the land use rights certificates of three plots of land with a total gross floor area of approximately 629,015.20 sq.m. With an increased area of production facilities, we started venturing into new product segments which form part of our product portfolio.

In 2008, with an aim to become a one-stop coal mining solutions and comprehensive coal mining equipment provider to our customers, we expanded our product portfolio and started developing and manufacturing new products, such as coal mining machinery, hydraulic support structures, scraper conveyors and transport vehicles to be used in coal mines. Following this product line expansion, we successfully launched a new product segment, combined coal mining units, and have also ventured into a new product segment, coal mine transportation vehicles, which we have already started designing and manufacturing.

On 20 May 2008, we established Sany Zongcai, our wholly-owned subsidiary directly under Sany Heavy Equipment. Sany Transportation was established on 25 September 2008, as a wholly-owned subsidiary of Sany Group. Between April 2009 and May 2009, Sany Zongcai obtained the land use rights certificates of a production park with a gross floor area of approximately 629,015.20 sq.m. in Shenyang City. Sany Group had, on 23 July 2009, transferred its 100% interest in Sany Transportation to Sany Heavy Equipment pursuant to an intragroup transfer for a cash consideration of approximately RMB166.8 million, upon completion of which, Sany Transportation became a wholly-owned subsidiary directly under Sany Heavy Equipment. Currently, Sany Zongcai and Sany Transportation do not carry out any business operations. We intend to transfer the production operations of our combined coal mining units and in the future, our coal mine transportation vehicles to Sany Zongcai. Thereafter, Sany Heavy Equipment shall focus mainly on the production operations of our excavating machinery.

We initially relied on third party suppliers for the electric motors necessary for the production of our products. In December 2007, we acquired an initial 41% interest in Sany Junma, following an increase in capital contribution to gain a further 10% interest in Sany Junma. Sany Junma manufactures electric motors. For the year ended 31 December 2008, Sany Junma recorded revenue of approximately RMB292.5 million. Pursuant to the Reorganisation, we subsequently sold our 51% interest in Sany Junma to Sany Group, subject to the remaining shareholders of Sany Junma waiving their pre-emptive rights and approving such transfer by way of shareholders' approval. Such shareholders' approval was obtained on 30 May 2009 and the transfer was completed on 24 August 2009. However, we are still able to obtain electric motors from Sany Junma required for the production of our products from Sany Junma. Please refer to the paragraph headed "— Excluded Business" below for further details.

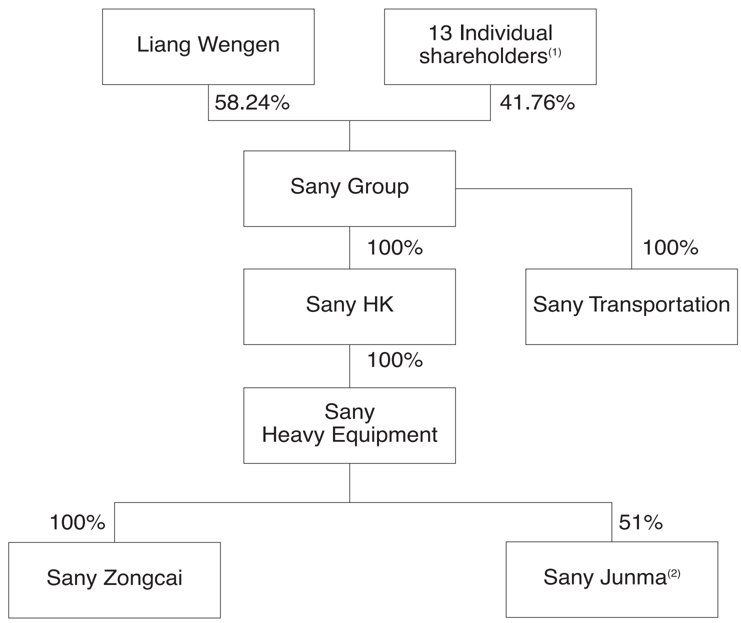
We have made continuous efforts in the research and development of new products to cater to the different and varying needs of our customers. In June 2008, we were granted an approval by the Ministry of Human Resources and Social Security (國家人力資源和社會保障部) of the PRC to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站).

We believe that our continuous efforts in product improvement and research and development, compounded by the fact that we see an increasing demand by our customers for a one-stop coal mining solutions and comprehensive coal mining equipment provider, will allow us to capitalise on increasing market demand in both the PRC and overseas markets and will be the key driver for our future growth.

REORGANISATION

In May 2009, we commenced the Reorganisation in preparation for the Global Offering.

Prior to the Reorganisation, our businesses were operated by Sany Heavy Equipment. The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganisation:



Notes:

(1) The 13 individual shareholders are Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong, each holding 8.75%, 8.00%, 8.00%, 4.75%, 3.50%, 3.00%, 3.00%, 1.00%, 0.60%. 0.40%, 0.38%, 0.30% and 0.08% of the equity interests in Sany Group, respectively. Except for (i) Zhai Xian and Zhai Chun who are siblings, and (ii) Yuan Jinhua and Wang Haiyan who are former spouses, there is no family relationship among the 14 individual shareholders of Sany Group.

(2) The remaining 49% interest is held by independent third parties.

Establishment of a holding company by the shareholders

On 23 June 2009, Sany BVI was incorporated in the British Virgin Islands in order to act as the holding company for the interests of 14 individual shareholders in our Company. The authorised share capital of Sany BVI is US$50,000 divided into 50,000 shares of US$1.00 each. The 14 individual shareholders, namely Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong held 58.24%, 8.75%, 8.00%, 8.00%, 4.75%, 3.50%, 3.00%, 3.00%, 1.00%, 0.60%, 0.40%, 0.38%, 0.30% and 0.08% of the issued share capital of Sany BVI, respectively.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 23 July 2009 to be the ultimate holding company of our Group. The initial authorised share capital of our Company was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each.

Acquisition of Sany HK from Sany Group

Pursuant to the sale and purchase agreement dated 1 July 2009 entered into between Sany Group as vendor and Sany BVI as purchaser, Sany Group transferred the entire issued share capital of Sany HK to Sany BVI for a consideration of HK$76,000,000.00, which was determined with reference to the paid-up share capital of Sany HK. After completion of the acquisition, Sany HK was wholly-owned by Sany BVI.

Acquisition of our Company from Sany BVI

On 27 August 2009, Sany BVI transferred the entire issued share capital of our Company to Sany HK at par. After completion of the acquisition, our Company was wholly-owned by Sany HK.

Acquisition of Sany Transportation

Pursuant to the sale and purchase agreement dated 23 July 2009 entered into between Sany Group as vendor and Sany Heavy Equipment as purchaser, Sany Group transferred its 100% interest in Sany Transportation to Sany Heavy Equipment for a consideration of RMB166,800,000, which was determined with reference to the registered capital of Sany Transportation. After completion of the acquisition on 23 July 2009, Sany Transportation was wholly-owned by Sany Heavy Equipment.

Acquisition of Sany Heavy Equipment

Pursuant to the sale and purchase agreement dated 30 July 2009 entered into between Sany HK as vendor and our Company as purchaser, Sany HK transferred its 100% interest in Sany Heavy Equipment to our Company for a consideration of RMB1,566,460,700, which was determined with reference to the fair value of the net assets of Sany Heavy Equipment as at 31 March 2009 as assessed by an independent valuer and satisfied by the allotment and issue of 99 shares by our Company to Sany HK, credited as fully paid at premium.

EXCLUDED BUSINESS

Prior to the Reorganisation, Sany Junma was held as to 51% by Sany Heavy Equipment and the remaining 49% interest was held by independent third parties.

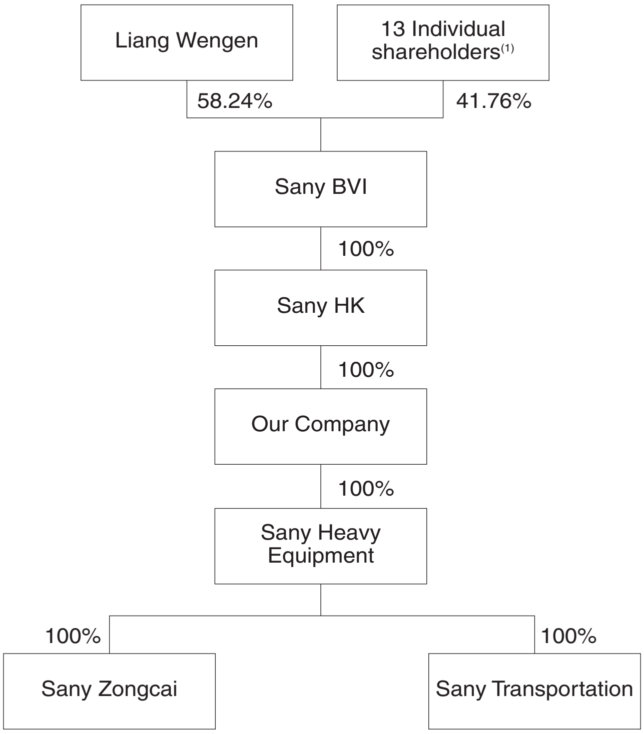
Sany Junma is principally engaged in the manufacture and sale of electrical components. Sany Heavy Equipment acquired a 41% interest in Sany Junma pursuant to a share transfer agreement dated 27 December 2007, and the acquisition was completed on 28 December 2007. Given (i) the requirement under the capital increasing agreement dated 27 December 2007 entered into between Sany Junma and Sany Heavy Equipment that the management of Sany Junma, comprising mainly the management team of the remaining shareholders of Sany Junma, should remain unchanged for 3 years, and (ii) that Sany Heavy Equipment had no control over the board of directors of Sany Junma, Sany Junma was only accounted for as an associate of our Group despite the fact that it was 51% owned by our Group.

Pursuant to the Reorganisation, Sany Heavy Equipment entered into an equity transfer agreement with Sany Group on 31 May 2009, as supplemented by a supplemental agreement dated 18 September 2009, pursuant to which Sany Heavy Equipment agreed to transfer its 51% interest in Sany Junma to Sany Group at a consideration of RMB141,465,904.43. The consideration for such disposal was determined based on the carrying amount of the equity interest in Sany Junma as at 31 May 2009 as assessed by an independent auditor. The transfer of the 51% interest in Sany Junma by Sany Heavy Equipment to Sany Group is subject to the remaining shareholders of Sany Junma waiving their pre-emptive rights and approving such transfer by way of shareholders' approval. Such approval was obtained on 30 May 2009. All the requisite procedures in respect of the transfer of the 51% interest in Sany Junma by Sany Heavy Equipment to Sany Group had been completed on 24 August 2009 and, upon completion of such transfer, Sany Junma has ceased to be an associate of our Group.

The principal business of Sany Junma is the manufacture and sale of electrical components used in various types of machines, which include but are not limited to the engines used in our products, and its business is not directly related to the core business of our Group of manufacture of excavating machinery, integrated coal mining equipment and coal mining transportation vehicles. Although one of our strategies is to increase vertical integration in the production process of our products, we strategically produce parts and components which are used solely for our own products, and we do not intend to manufacture and sell parts and components. Further, despite having a 51% interest in Sany Junma, we were unable to conduct meaningful management participation and as a result, it had been difficult for us to implement our strategies through Sany

Junma. If Sany Junma had not been disposed of, we would be manufacturing and selling parts and components which are not necessarily the parts and components required by our products. In order to focus on our core business, and in line with our Group's strategic direction and development plan, we have decided to dispose of Sany Junma as part of the Reorganisation in preparation for the Listing.

The following chart sets forth our Group's corporate and shareholding structure immediately after the Reorganisation, but before the completion of the Global Offering and the Capitalisation Issue:



Note:

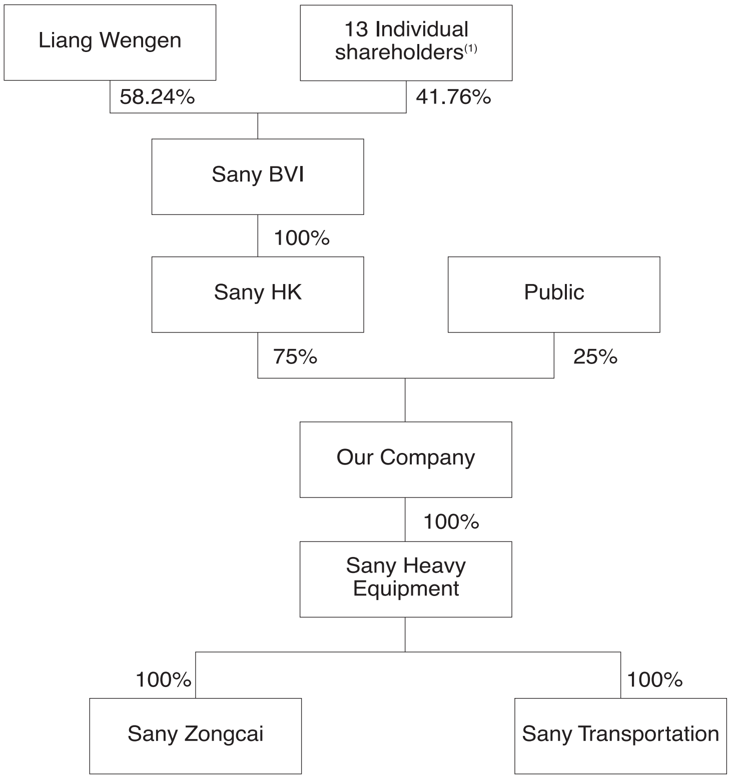
(1) The 13 individual shareholders are Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong, who hold 8.75%, 8.00%, 8.00%, 4.75%, 3.50%, 3.00%, 3.00%, 1.00%, 0.60%. 0.40%, 0.38%, 0.30% and 0.08% of the equity interests in Sany BVI, respectively.

CAPITALISATION ISSUE

On 5 November 2009, our Company increased its authorised share capital to HK$300,000,000 through the creation of 2,996,200,000 additional Shares.

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK$149,999,990 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,499,999,900 Shares for allotment and issue to our shareholders as of 5 November 2009, on a pro rata basis.

The following chart sets forth our Group's corporate and shareholding structure upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised):



Note:

(1) The 13 individual shareholders are Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong, who hold 8.75%, 8.00%, 8.00%, 4.75%, 3.50%, 3.00%, 3.00%, 1.00%, 0.60%. 0.40%, 0.38%, 0.30% and 0.08% of the equity interests in Sany BVI, respectively.

M&A RULES

On 8 August 2006, six PRC regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), or the M&A Rules, a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Based on the understanding of Jingtian & Gongcheng, our PRC legal advisers, as Sany Heavy Equipment was formed in 2004 as a sino-foreign joint venture, any change in shareholders of Sany Heavy Equipment resulting from the Reorganisation shall be subject to the Several Provisions for the Alteration of Investors' Equities in Foreign Invested Enterprises (《外商投資企業投資者股權變更的若干規定》) and would require relevant approvals from its original examination and approval authority in the PRC. As such, the MOFCOM approvals as stipulated in the M&A Rules are not applicable to the Reorganisation and the CSRC approvals as stipulated in the M&A Rules are not applicable to the Listing.

THE CORNERSTONE PLACING

In November 2009, as part of the International Offering, we and the Joint Bookrunners have entered into cornerstone placing agreements with each of the Government of Singapore Investment Corporation Pte Ltd and GE Capital Equity Investments Ltd. as cornerstone investors (the "**Cornerstone Investors**"), who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of US$37.5 million. Assuming a mid-point Offer Price of HK$4.45, the total number of International Offer Shares subscribed by the Cornerstone Investors (each rounded down to the nearest board lot of 1,000 Shares) would be approximately 65,309,000 International Offer Shares, which represents approximately 14.5% of the total International Offer Shares initially available under the International Offering and approximately 3.3% of the total Shares issued and outstanding upon completion of the Global Offering (assuming no exercise of the Over-allotment Option).

Each of the Cornerstone Investors and their respective beneficial owners is an independent third party and not a connected person (as such term is defined in the Listing Rules) of our Company. Each of the Cornerstone Investors is independent of each other. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to their respective cornerstone placing agreements. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any board representation in our Company, nor will any Cornerstone Investor become our substantial Shareholder.

The International Offer Shares to be subscribed for by each of the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of an over-subscription under the Hong Kong Public Offering as described in the section entitled "Structure of the Global Offering — The Hong Kong Public Offering" nor by any exercise of the Over-allotment Option.

THE CORNERSTONE INVESTORS

A brief description of the Cornerstone Investors is as follows:

The Government of Singapore Investment Corporation Pte Ltd ("**GIC**") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

GIC has agreed to subscribe for such number of International Offer Shares (rounded down to the nearest board lot of 1,000 Shares) as may be purchased with US$25.0 million at the Offer Price. Assuming a mid-point Offer Price of HK$4.45, GIC will purchase 43,539,000 International Offer Shares, which represents approximately 9.7% of the total International Offer Shares initially available under the International Offer and approximately 2.2% of the Shares issued and outstanding upon completion of the Global Offering (assuming no exercise of the Over-allotment Option).

GE Capital Equity Investments Ltd. ("**GE Capital**") is an exempted company with limited liability incorporated in the Cayman Islands. GE Capital is an indirect wholly-owned subsidiary of the General Electric Company (NYSE: GE).

GE Capital has agreed to subscribe for such number of International Offer Shares (rounded down to the nearest board lot) as may be purchased with US$12.5 million at the Offer Price. Assuming a mid-point Offer Price of HK$4.45, GE Capital will purchase 21,770,000 International Offer Shares, which represents approximately 4.8% of the total International Offer Shares initially available under the International Offering and approximately 1.1% of the Shares issued and outstanding upon completion of the Global Offering (assuming no exercise of the Over-allotment Option).

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is conditional upon, among others: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional no later than the date and time as specified in these agreements, (ii) neither of these agreements having been terminated, and (iii) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of us and the Joint Bookrunners, it will not, at any time during the period of six months following the Listing Date, directly or indirectly, dispose of any Shares subscribed pursuant to the respective cornerstone placing agreement other than transfers to any of its eligible wholly owned subsidiaries subject to the undertaking that such subsidiary will abide by the restrictions on disposal imposed on the relevant Cornerstone Investor. After the six-month period, the Cornerstone Investors can dispose of the Shares they purchased but they are obligated to ensure any such disposal will not create a disorderly or false market. The Cornerstone Investors will also ensure any such disposal will be in compliance with the SFO.

OVERVIEW

We are a leading manufacturer of roadheaders for coal mining and we are also a one-stop coal mining solutions and comprehensive coal mining equipment provider with strong research and development capabilities. We have the ability to design and manufacture a comprehensive range of coal mining equipment in accordance with the specific requirements of our customers with respect to excavating, coal mining, structural support and underground coal conveying functions.

We are the largest manufacturer of roadheaders for coal mining in the PRC, according to a report by the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會) published at www.coalchina.org.cn in July 2009, which ranks domestic manufacturers of roadheaders by the total number of roadheaders sold in 2008. According to the same report, we also successfully developed China's first fully-automated combined coal mining unit in 2008, which integrates coal mining, structural support and coal conveying functions with a centralised control system into a single coal mining unit. This allows for automated control of coal mining operations and transportation at the work site, as well as a variety of other support functions and significantly enhances the safety and efficiency levels of coal mining. To meet the demands of our other customers, we also offer manually-controlled combined coal mining units. As at 30 September 2009, we had entered into 10 sales contracts for our combined coal mining units, amounting to a total contract price of approximately RMB511.0 million (including 17% value-added tax). Of the 10 sales contracts, we had delivered products with total contract value amounting to approximately RMB136.0 million to our customers and we expect to deliver additional products with contract value of approximately RMB223.6 million to our customers by the end of 2009.

We have invested heavily in building a strong research and development platform. We have established a research headquarters, which is responsible for implementing the overall planning and co-ordination of research and development projects, and five research institutions, which are responsible, respectively, for the research and development of excavating machinery, coal mining machinery, scraper conveyors, hydraulic structural support equipment and coal mine transportation vehicles, respectively. As at the Latest Practicable Date, we had successfully registered 146 patents, and had 80 patents pending registration, with the State Intellectual Property Office of China.

We believe our strong research and development capabilities have allowed us to develop new and innovative products. To further strengthen our market position in the coal mining industry, we have already started designing and manufacturing coal mine transportation vehicles, for which we expect to enter into sales contracts by the end of 2009. In recognition of our outstanding and continuing research and development efforts, we have been granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站). Furthermore, we have been accredited as a National High New Technology Enterprise in 2008, and our products have received numerous awards, including the Shenyang Technology Revitalisation Award and the Certificate of Technology Achievement. In addition, we have prepared a research report entitled "Ideas for Developing a Large-scale Coal Machinery and Equipment Manufacturing Group" (培育大型煤炭機械裝備製造集團發展思路) in 2008 which was awarded third prize by the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

Our production facilities are strategically located in Shenyang City, Liaoning Province, which is an industrial base in Northeast China. Shenyang City is in close proximity to major coal mining sites and is a major rail and highway transportation hub in Northeast China. We have set up an extensive service network, with 11 service centres and 44 service outlets, covering 19 provinces throughout China near major mining sites where our customers operate.

We have experienced significant growth in sales revenue and profit in recent years. For the years ended 31 December 2006, 2007 and 2008, our total sales revenue was RMB159.9 million, RMB461.6 million and RMB1,146.8 million, respectively, representing a CAGR of approximately 167.8%. For the six months ended 30 June 2009, we had total sales revenue of RMB891.6 million, representing an increase of 103.3% as compared to the corresponding period in 2008. For the years ended 31 December 2006, 2007 and 2008, our profit was RMB18.4 million, RMB141.4 million and RMB211.9 million, respectively, representing a CAGR of approximately 239.4%. For the six months ended 30 June 2009, our profit for the period was RMB250.2 million, representing an increase of 222.0% as compared to the corresponding period in 2008.

OUR COMPETITIVE STRENGTHS

We believe that our historical success and potential for future growth are attributable to our principal competitive strengths, which are as follows:

We have strong research and development capabilities

We are committed to maintaining a competitive research and development team and have invested substantially in research and development. We aim to research and develop cutting edge products for our customers in order to achieve a competitive advantage over our domestic and international competitors. We have one research headquarters and five research institutions. Our research and development team is centrally managed by our research headquarters, which is responsible for implementing overall planning and co-ordination of research and development projects. The five research institutions are responsible, respectively, for the research and development of excavating machinery, coal mining machinery, scraper conveyors, support and protection equipment and coal mine transportation vehicles. As at the Latest Practicable Date, our Company had approximately 450 research and development professionals. We increased our research and development expenses over the Track Record Period, dedicating approximately RMB12.9 million, RMB29.9 million, RMB43.7 million and RMB22.5 million, representing 8.1%, 6.5%, 3.8% and 2.5% of our total sales revenue to research and development activities for the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, respectively. We intend to increase our research and development expenses by approximately 45% in 2009 compared to 2008.

We believe that our research and development capabilities have allowed us to launch new and innovative products. According to reports published by the Institute of Scientific and Technical Information of Liaoning Province (遼寧省科學技術情報研究所) in December 2008, we launched China's first roadheader equipped with high gradient downward excavation technology (EBZ160CD) in 2006, and in 2007, we launched the first narrow body roadheader in China with a body width of

2.8 m (EBZ132CZ), which is able to significantly increase the excavation rate in coal mines with narrow tunnels. In addition, we launched the first roadheader in China used for excavating hard rock tunnels (EBZ200H). Furthermore, we launched China's first fully-automated combined coal mining unit in 2008, which is able to fully integrate coal mining, structural support and coal conveying functions with a centralised control system into a single coal mining unit, so as to achieve fully-automated, safer and more efficient coal mining without human operation.

In recognition of our research and development efforts, we have been granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站) and have been accredited as a National High New Technology Enterprise in 2008. In addition, we have received numerous awards for our products. For example, our EBZ160 roadheader was awarded the Shenyang Technology Revitalisation Award in 2007. In addition, our EBZ200H roadheader was recognised by the Science and Technology Office of Liaoning Province as a Provincial Grade Science and Technological Research Achievement in 2007 and was awarded the Shenyang Technology Advancement Award (First Prize) and the Shenyang Technology Revitalisation Award in 2008. Moreover, many of our products, including certain models of our roadheaders, coal loading machines, coal mine concrete pumps, continuous coal mining machines, scraper conveyors and shuttle cars were awarded Certificates of Technology Achievement. In addition, we have prepared a research report entitled "Ideas for developing large-scale coal machinery and equipment manufacturing group" (培育大型煤炭機械裝備製造集團發展思路) in 2008 which was awarded third prize by the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

As at the Latest Practicable Date, we had applied for 226 patents and had successfully registered 146 patents with the State Intellectual Property Office of China. We collaborate closely with external organisations to conduct research and development work and have also established strategic partnerships with our key customers to better understand their needs, obtain valuable and timely feedback from them and optimise our research and development activities. Please refer to the paragraph headed "— Research and Development" in this section of this prospectus for further details.

We are a leading manufacturer of roadheaders for coal mining in China

According to the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會), we are the largest manufacturer of roadheaders for coal mining in China in 2008 in terms of the total number of such machinery sold. We believe that our roadheaders are well-recognised and enjoy a good reputation in China due to their quality, performance and reliability and can effectively compete with imported products. We have received awards in recognition of our efforts to develop quality products. Please refer to the paragraph headed "— Our Competitive Strengths — We have strong research and development capabilities" in this section of this prospectus for further details.

We believe our reputation and product quality will enable us to maintain and strengthen our market position as a leading roadheader manufacturer in China as well as provide a platform for our expansion into the integrated coal mining equipment market.

We have strong manufacturing capabilities and an advanced production system

We have developed and implemented a production system based on a lean production model, which we have tailored to meet the specific requirements to manufacture our products. Our production system has incorporated the concepts of "just-in-time" and "pull" production, which means that our production process is scheduled based on orders received from our customers and is driven by customer demand. We typically only commence the production of a product when we receive orders and will only produce what is required. As a result, we are able to ensure that the inventory levels of finished products are kept to a minimum, which prevents stock pile-up in our warehouses. Please refer to the paragraph headed "— Production System" in this section of this prospectus for more information.

Since we only manufacture products in the quantity required by our customers, it is important to reduce the occurrence of defective products. Hence, we have implemented a "zero defects" quality management system, which aims to detect and prevent problems or defects.

In addition, we use computer numerical control equipment in our production process. With computer numeric controls, specific production processes can be programmed into the production machinery and such parameters can then be repeated precisely for each subsequent production cycle. We are able to effectively control our production parameters and produce products that are consistent in quality and closely match the original design. This also allows for greater flexibility in our production process because the parameters may be amended or varied easily according to any changes in product specifications.

We believe our advanced production system allowed us to significantly improve our inventory management and reduce inventory levels during the Track Record Period, and assure timely delivery of products to our customers while still maintaining the quality of our products as well as increasing efficiency through shorter production cycles.

We are capable of providing integrated equipment and solutions in accordance with the specific requirements of our customers

We are capable of providing integrated equipment and solutions in accordance with the specific requirements of our customers with regards to excavating, coal mining and coal mine transportation functions. By leveraging on our strong research and development and production capabilities, we are able to design, manufacture and integrate various coal mining related machinery into a single combined unit, thereby providing our customers with a one-stop solution to purchase a comprehensive range of coal mining machinery from a single supplier, backed by our customer service, maintenance and support systems. For example, our JM11 bolting integrated roadheader integrates our roadheaders with the function of bolting, which allows for excavation work and bolting by a single unit; in 2008 we developed China's first fully-automated combined coal mining unit which fully combines coal mining, structural support and coal conveying functions with a centralised control system into a single coal mining unit, having the obility to carry out fully-automated coal mining activities. We also provide manually-controlled combined coal mining units with similar functions.

We believe such capabilities are very important to our customers as they ensure consistency in the quality of coal mining equipment purchased, enhance the efficiency and safety levels of coal mining operations and reduce the need for our customers to assemble the machinery and carry out maintenance work on various machines. We believe that this will in turn lower the costs and expenses of coal mining enterprises, particularly for medium- and small-sized coal mining enterprises, which generally have limited in-house technical support capabilities.

We have established an integrated service system to provide prompt, efficient and comprehensive services to our customers

We have established an integrated service system which provides a comprehensive range of pre-sales, sales and after-sales services to our customers. We believe that our comprehensive service system not only distinguishes us from our competitors, but also allows us to establish long-term relationships with our customers.

As part of our service system, we have established an extensive service network which consists of 11 service centres and 44 service outlets. These service centres and service outlets are strategically located across China and are in close proximity to major coal mines. We have dedicated and trained service teams in each service centre and service outlet. Our service teams are able to provide pre-sales consultancy services to our potential customers so that we are able to better understand their needs and recommend products tailored for their purposes and budgets. Further, we provide comprehensive after-sales services which include on-site training of our customers' workers and on-site installation and assembly of products. Regular maintenance and inspection tests are also provided by our service teams. In addition, we have a team of "second-assembly" technical specialists ready to assist our customers with on-site re-assembly of machines in underground mining areas.

We have a 24-hour after-sales service hotline and a "fast-response" team dedicated to providing rapid responses and solutions to our customers. Further, after receiving a call for assistance from a customer, we aim to arrive at the customer's site in China within two hours if the site is located in the same city as any of our service outlets, within eight hours if the site is located within the same province as any of our service outlets and within 24 hours for sites located in any other provinces.

We have 43 parts and components warehouses that are strategically located near mining sites all over China. We have also established a "Green Channel" system to ensure the quick delivery of essential spare parts to our customers as we understand that the prompt delivery of essential spare parts could be critical to our customers' operations.

Our management team has extensive industry experience and our employees are highly skilled

Our management team has extensive industry knowledge, operational experience and management skills, and is able to adapt quickly to changing trends. With an average of over 15 years of experience in the machinery industry, our management team is able to identify and pursue market opportunities and formulate and implement development strategies effectively.

We also have a highly skilled work force. We recruit our staff from a number of reputable colleges in China as well as from Sany Industry Vocational and Technical College (三一工業職業技術學院). Sany Industry Vocational and Technical College is wholly-owned by Sany Group and conducts courses with a focus on providing education, training and skills that are relevant to the operations of our Group. Please refer to the section headed "Directors, Senior Management and Employees — Employees" in this prospectus for further details.

With our experienced management team and highly skilled employees, we have established a track record of rapid growth. Since manufacturing and selling our first roadheader in 2005, we have become one of the leading roadheader manufacturers in China in terms of number of roadheaders sold in a period of four years.

OUR BUSINESS STRATEGIES

We aim to develop and maintain a product portfolio with a leading position in each of our product segments, in particular, we aim to become a leading one-stop coal mining solutions and comprehensive coal mining equipment provider in China. We intend to achieve this by focusing on the following strategies:

Maintain and further strengthen our competitiveness and expand our customer base

We intend to leverage on our leading position as a manufacturer of excavating machinery and our strategic partnerships with customers to enhance our ability to provide coal mining solutions and comprehensive coal mining equipment. We believe that this will result in the development of new products, which will lead to an increase in sales to our existing customers and attract potential customers.

While China remains our focused market in the next few years, we intend to expand our customer base into the global market, increase our export volume and enhance the recognition of our products, initially targeting countries where we believe our products have an advantage in terms of technology or price.

With a view toward expanding our overseas distribution business, Sany Heavy Equipment has obtained a PRC customs import and export goods customs registration certificate of consignor and consignee (《中華人民共和國海關進出口貨物收發貨人報關註冊登記證書》), which has been registered in the relevant custom, allowing us to carry out export activities. We also plan to operate our own overseas distribution in the second half of 2010. To implement our overseas distribution plan, and subject to changes in overseas market conditions, we intend to set up our own branch offices at selected overseas locations including Russia, South Africa, India and Ukraine, and send our sales persons and service staff from the PRC and to employ new overseas sales persons and service staff to facilitate our overseas distribution. Through our own overseas distribution platform, we will sell our products directly to our existing overseas end-customers and attract new overseas customers procured by ourselves.

Expand and upgrade our production capacity to satisfy growing market demand

We plan to continue improving and expanding our existing production capacity to meet growing customer demand for our products. In particular, to meet the increasing demand for our excavating machinery and combined coal mining units, as well as the expected demand for our coal mine transportation vehicles, we have started constructing new production facilities to enhance our overall production capacity. We plan to use our new production facilities, with a total area of approximately 629,015.2 sq.m. and located in Shenyang City, for the production of our combined coal mining units and coal mine transportation vehicles. Thereafter, our existing production facilities shall be used mainly for the production of excavating machinery. The new production facilities and expanded existing production facilities are expected to increase our production capacity. We expect to be able to produce approximately 780 roadheaders, 55 combined coal mining units and 100 coal mine transportation vehicles by the end of 2011.

Expand our product portfolio and increase vertical integration

We plan to continue to expand our product portfolio in order to enhance our capabilities to provide one-stop coal mining solutions and a comprehensive range of coal mining equipment, which we believe can better serve our customers and further diversify our revenue streams. In 2008 we began offering our combined coal mining units, including fully-automated combined coal mining units. We have also started designing and manufacturing coal mine transportation vehicles. In addition, we expect to commence production of two new product segments by 2010, namely air ventilation equipment and coal washing equipment. This would further expand our product portfolio.

We currently produce approximately 35% of the parts and components required for the manufacture of our products and rely on external sources for the remaining parts and components. Out of the remaining 65%, 40% of the parts and components are obtained from either PRC or overseas suppliers, while the remaining 25% are designed by us with the manufacturing process outsourced to external parties. We will continue to develop the technology required to manufacture the key parts and components required for the production of our products. For instance, we intend to commence our own production of fuel tanks in 2011. We believe the in-house production of these parts and components will give us a high degree of vertical integration in our production process, which will reduce our reliance on the external sourcing of key parts and components and will further strengthen our competitive position in the domestic and global markets. This will also allow us to better control costs and quality as well as ensure the timely delivery of our products.

Continue to invest in research and development and develop new products

We have invested substantially in our research and development activities and will continue to do so. We have been increasing our research and development expenditure over the years, incurring approximately RMB12.9 million, RMB29.9 million and RMB43.7 million, representing 8.1%, 6.5% and 3.8% of our total revenue in 2006, 2007 and 2008, respectively, and we intend to continue increasing our investment in research and development activities. We expect that our research and development expenses will increase by approximately 45% in 2009 as compared to that in 2008. We believe that by continuously investing in research and development, we can develop new products that adapt to market trends and demands, expand our product portfolio, provide customised products that meet the specific needs of our customers and manufacture products that may compete with both domestically produced and imported machinery.

OUR PRINCIPAL PRODUCTS

We design and manufacture excavating, coal mining, coal mine transportation and related products, which we offer to our customers who operate primarily in the coal mining industry. We have been designing, manufacturing and selling excavating machinery since 2005. Leveraging on our experience in the design, production and sale of excavating machinery, we have recently diversified into designing and manufacturing combined coal mining units and coal mine transportation vehicles with a view to provide one-stop coal mining solutions and comprehensive coal mining equipment to our customers.

Our current range of principal products can be categorised into two main product segments, namely excavating machinery and combined coal mining units. We have also recently diversified into the coal mine transportation vehicles product segment and have already started designing and manufacturing such vehicles, for which we expect to enter into sales contracts by the end of 2009.

Excavating Machinery

Our excavating machinery comprises our roadheaders, continuous mining machines, coal mine concrete pumps as well as coal loading machines.

Roadheaders

Our roadheaders are equipped with the functions of a cutting head, a travelling track, a conveyor unit and dust reduction technology that is capable of removing approximately 95% of dust particles. These functions are combined to form an integrated unit of excavating equipment. Our roadheaders are used primarily in the coal mining industry to carry out excavating work on different types of coal and rock formations found in various coal mine tunnels.

We have designed and manufactured a comprehensive range of roadheaders with varying cutting powers and functions. Generally, our roadheaders fall into the following categories: (i) soft rock mining roadheaders; (ii) hard rock mining roadheaders; and (iii) special purpose roadheaders.

The cutting power of our soft rock mining roadheaders ranges from 100kW to 200kW, while our hard rock mining roadheaders have a higher cutting power range of between 200kW and 318kW. Examples of our roadheaders are set out below:

Soft Rock Mining Roadheaders

EBZ100 roadheader, with a cutting power of 100kW.

EBZ120 roadheader, with a cutting power of 120kW.

EBZ132 roadheader, with a cutting power of 132kW.

EBZ160 roadheader, with a cutting power of 160kW.

EBZ200 roadheader, with a cutting power of 200kW.

Hard Rock Mining Roadheaders

EBZ200H roadheader, with a cutting power of 200kW.

EBZ260H roadheader, with a cutting power of 260kW.

EBZ318H roadheader, with a cutting power of 318kW, has one of the highest performance levels in China.

Special Purpose Roadheaders

Our roadheaders may be further integrated with additional functions for special purposes, such as bolting, which allow for excavating works while concurrently carrying out bolting functions, thereby improving work efficiency.

JM11 bolting integrated roadheader

To cater to the varying needs of our customers, we have also designed and manufactured roadheaders with special purposes tailored to our customers' requests. Such special purpose roadheaders, which have the characteristics of our other roadheaders, are further enhanced with special features customised according to the specific requirements of our customers. Through our strategic partnerships with our customers, we are able to better understand their needs and develop designs which fulfil their requirements. Please refer to the paragraph headed "— Research and

Development — Co-operation with External Organisations" in this section of this prospectus for further details. We have designed and manufactured the following roadheaders based on our customers' requirements:

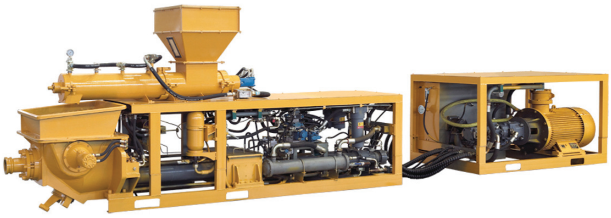
EBZ132CZ roadheader, specifically tailored from our EBZ132 roadheader, is a type of narrow body roadheader which is able to tunnel through narrow passageways and has a cutting power of 132kW. This narrow body roadheader has a body width of less than 2.8 m and a height of 1.55 m. It is able to perform cutting work in very narrow or small sections of coal mines, commonly located in the western and southern regions of China.

EBZ160CD roadheader, specifically tailored from our EBZ160 roadheader, is equipped with the function of high gradient downward excavation. This high gradient roadheader is able to excavate while moving along downward gradients of up to 25 degrees as compared to a typical roadheader, which is only able to travel along downward gradients of up to 16 degrees. It comes equipped with a special crawler belt which travels easily on upward and downward gradients of up to 25 degrees.

Continuous Mining Machinery

Our continuous mining machines are designed to cut, gather and load coal continuously, used primarily in "room and pillar" coal mining as well as coal mining in tunnels. Our continuous mining machine has a broad cutting drum that rotates and cuts coal from the coal seam. Using a "room and pillar" mining method, the machine excavates the coal in a manner that divides the mine into several large "rooms" and coal pillars so as to carry out coal mining activities in the "rooms". Pillars of coal which separate the "rooms" are not removed in order to support the roof of the mine. The machine is thereafter able to immediately transport the cut coal away with the help of conveyors. Further, our continuous mining machines come equipped with a dust reduction function, with the aim of protecting the health of coal miners.

Coal Mine Concrete Pumps



Our coal mine concrete pumps are designed and manufactured to transport concrete into underground coal mines. It has three main purposes: (i) transporting concrete into underground coal mines to fill the working surface in excavated coal mines, which prevents the working surface from collapsing so as to protect the environment, (ii) strengthening tunnel walls, and (iii) other instances where concrete is used in coal mines, such as for levelling tunnel floors.

Coal Loading Machinery

Our coal loading machines are not only equipped with coal and rock loading functions, they are also equipped with a dust reduction function. Our coal loading machines are typically used to carry out excavation of tunnels or mines through blasting with explosives. After the blast, the coal loading machine collects the blast material with a shovel loader or a shovel board and deposits the fallen rock and coal onto a coal mine transportation vehicle, which transports the coal and rock onto a conveyor system for removal from the underground coal mine.

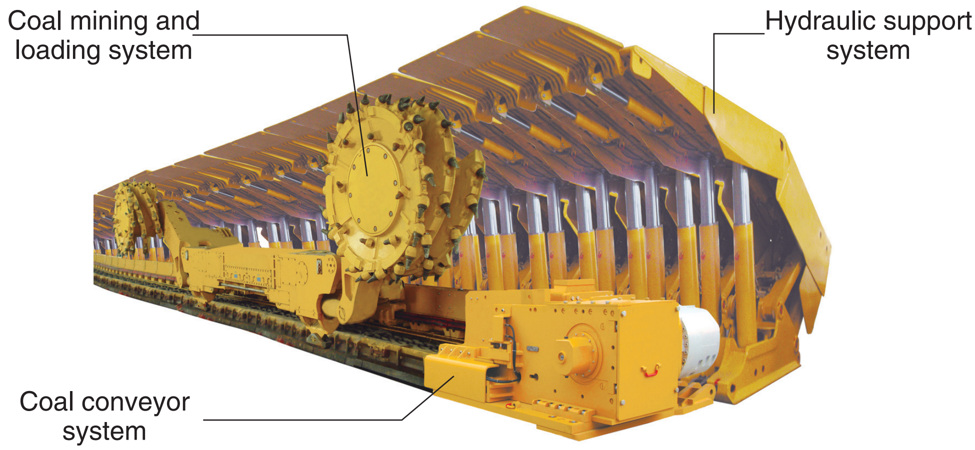
Drilling and Loading Machinery

Our drilling and loading machines have the functions of our coal loading machines and are further equipped with drilling functions. These machines are typically used to drill coal and rock for excavation through blasting. After blasting with explosives, the fallen coal and rock can then be easily loaded onto the coal mine transportation vehicle and transported onto a conveyor system for removal from the coal mine.

For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our revenue from excavating machinery amounted to RMB156.5 million, RMB437.1 million, RMB1,018.3 million and RMB739.2 million, respectively, which accounted for 97.9%, 94.7%, 88.8% and 82.9% of our total sales revenue, respectively.

Combined Coal Mining Units

To achieve our goal of becoming a one-stop coal mining solutions and comprehensive coal mining equipment provider to our customers, we have diversified into designing and manufacturing combined coal mining units. Our range of machines can be integrated and combined to form a complete set of machines with various functions for conducting coal mining activities. Generally, our combined coal mining units fall under two categories, namely our manually-controlled combined coal mining unit and our fully-automated combined coal mining unit.



Our combined coal mining unit comprises three key functions: (i) coal mining and loading; (ii) structural support; and (iii) coal conveying. In addition to these three key functions, our fully-automated combined coal mining unit also includes a centralised control function, which achieves full automation and enhances mining safety and efficiency levels.

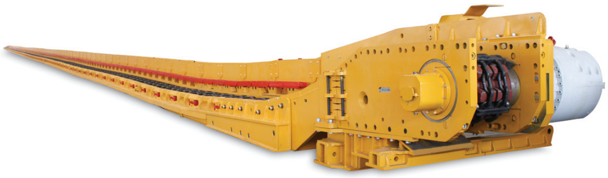
Coal Mining and Loading System

Our combined coal mining unit is a sophisticated unit of machinery. It comprises a coal mining machine that has rotating drums that are able to simultaneously mine and collect coal. The collected coal is then removed from the work area by a conveyor system. Our coal mining machines are able to automatically adjust cutting speed, adapt to varying heights in the coal mines, as well as memorise and apply the initial coal cutting profile and conditions on subsequent coal cutting, thereby allowing coal mining activities to be monitored and controlled. Our combined coal mining unit also comes equipped with technology capable of dust reduction.

Hydraulic Support System

To provide structural support during coal mining activities, we have designed and manufactured hydraulic support structures. Hydraulic support structures are essential in coal mining. They are large mobile roof-support structures designed to support the roof of a coal mining work site where coal mining activities are being carried out, in order to protect and ensure the safety of miners and their coal mining equipment. Our hydraulic support structures are equipped with a hydraulic control system developed by us and complement our coal mining capability. To be reliable, hydraulic support structures are designed to withstand high amounts of pressure.

Coal Conveying System



We have designed and manufactured various conveyor systems for different mining work sites. Our conveyor systems are equipped with lengths between 150 meters and 400 meters and have coal conveying capacities ranging from 450 mt/h to 4,000 mt/h. They are able to handle bulk materials and provide an efficient means of conveying coal from the coal mining sites.

Centralised Control System

In an effort to improve the productivity and safety levels of coal mining, we integrated our combined coal mining unit with a centralised control function to form a fully-automated combined coal mining unit. Our centralised control machine centrally controls our combined coal mining unit. This centralised control system can either be placed in a tunnel close to the mining operations or in an above-ground control centre.

Our fully-automated combined coal mining unit is designed to increase the safety and efficiency levels in mining as it does not require human operation but allows for intelligent and centralised control of the coal mining operations. This ensures that productivity and efficiency levels are not compromised. Our fully-automated combined coal mining unit relies on automated imaging and other sensors to automatically detect coal locations and to accordingly adjust its traction speed, the height of the coal cutting drum and the level of hydraulic support. The cut coal is then automatically transferred onto a conveyor system, which is integrated with the fully-automated coal mining unit, and conveyed out of the mining site. The speed at which the cut coal is conveyed can also be adjusted and controlled automatically.

As at 30 September 2009, we had entered into 10 sales contracts for our combined coal mining units, amounting to a total contract price of approximately RMB511.0 million (including 17% value-added tax). Of the 10 sales contracts, we had delivered products with total contract value amounting to approximately RMB136.0 million to our customers and we expect to deliver additional products with contract value of approximately RMB223.6 million to our customers by the end of 2009.

Coal Mine Transportation Vehicles

In line with the advancement of coal mining and excavating equipment and machinery, we believe that a lack of improved coal mine transportation vehicles, which serve to support coal mining activities, will hinder the development and growth of the coal mining industry. To complement excavating and coal mining works, since 2008, we have started designing and manufacturing coal mine transportation vehicles, of which we expect to have sales by the end of 2009. Safe, efficient and reliable transportation vehicles are important in a coal mining site as they improve working conditions for miners and increase the efficiency levels of coal mining.

Our coal mining transportation vehicles are generally designed to transport materials, machinery, including underground coal mining machinery and large equipment, and coal miners around the coal mining sites in a safe and efficient manner. Below are examples of sample models of coal mine transportation vehicles we have designed and manufactured:

Shuttle Car: This vehicle complements our continuous mining machinery as it can be used for underground coal mining purposes. It has a large loading capacity such that materials can be transported, loaded and unloaded efficiently.

Multi-purpose Vehicle: This vehicle is multi-functional and has loading capabilities as well as transportation functions. It has interchangeable shovel heads and fork lifts to load and transport various large underground machinery and equipment.

Support and Transportation Vehicle: This vehicle facilitates the transportation and assembly of hydraulic support structures as well as the transportation of various large underground machinery and equipment.

PRODUCTION FACILITIES AND PRODUCTION CAPACITY

Our production facilities are located in the Shenyang Economic and Technological Development Area in Shenyang City, Liaoning Province, with an aggregate gross land area of approximately 215,070 sq.m.

For the production of our products, we have over 700 units of production machinery, on which we carry out regular maintenance. Our production equipment was purchased from both domestic and overseas suppliers in China.

We have adopted a production platform to meet the demands of our customers on a timely basis, which is triggered upon receiving orders for our products. Please refer to the paragraph headed "— Production System" in this section of this prospectus for further details on our production system.

The table below sets out our production capacity. Given that we commence production of a particular product only when we receive an order for that product, our utilisation rate can be expressed in terms of the units of products sold compared to the capacity of our existing facilities.

	Year ended 31 December					
	2006		2007		2008	
Products	**Sales Volume**	**Utilisation Rate**	**Sales Volume**	**Utilisation Rate**	**Sales Volume**	**Utilisation Rate**
	(units)		**(units)**		**(units)**	
Roadheaders	61	90%	151	92%	318	90%

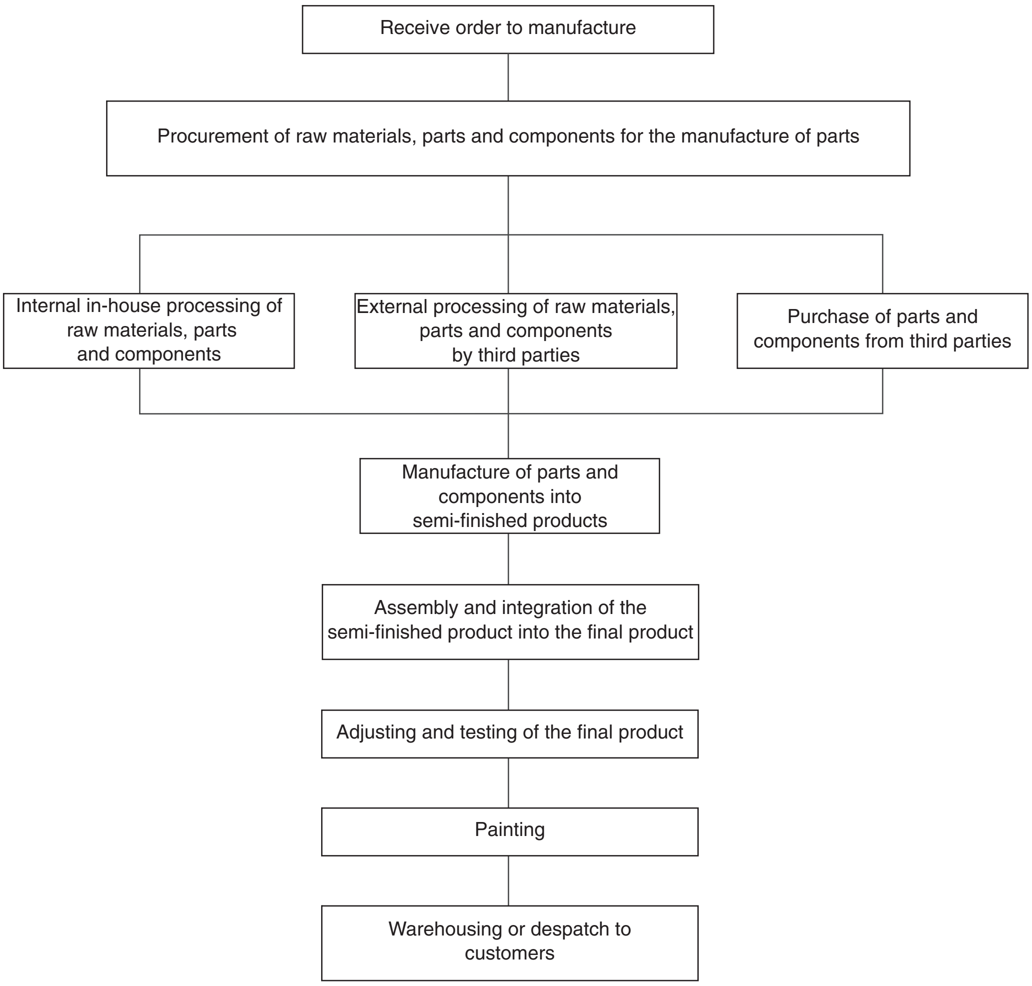
We have a plan to construct new production facilities to increase our overall production capacity, enhance our product quality and diversity, further integrate our production process as well as to cater for our expansion into new product segments. We expect to enter into new product segments, such as air ventilation equipment and coal washing equipment, by 2010.

We plan to continue improving and expanding our existing production capacity to meet growing customer demand for our products. In particular, to meet the increasing demand for our excavating machinery and combined coal mining units, as well as the expected demand for our coal mine transportation vehicles, we have started constructing new production facilities to enhance our overall production capacity. Our new production facility, with a total area of approximately 629,015.2 sq.m. located in Shenyang City, is expected to commence production operations of our combined coal mining units and coal mine transportation vehicles in 2010. Thereafter, our existing production facilities shall be used mainly for the production of excavating machinery.

We expect that our existing production facilities will enable us to produce 450 roadheaders and eight combined coal mining units by the end of 2009. The new production facilities and expanded existing production facilities are expected to increase our production capacity. We expect to be able to produce approximately 630 roadheaders, 20 combined coal mining units and 25 coal mining transportation vehicles by the end of 2010 and approximately 780 roadheaders, 55 combined coal mining units and 100 coal mine transportation vehicles by the end of 2011. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

PRODUCTION PROCESS

The following diagram illustrates the major production process of our principal products:



Generally, our production process by product segment can be broadly categorised into seven steps:

Procurement of raw materials, parts and components:	Principal raw materials, parts and components include steel sheets, round steel, steel pipes, electrical parts and hydraulic parts.
Processing of raw materials, parts and components:	Raw materials, parts and components are processed according to the necessary technical specifications to form the specified components required. Such treatment process includes cutting, drilling, gas cutting, bending and polishing. While we purchase some components processed by third parties, the processing of raw materials, parts and components is typically either carried out by us or is outsourced to external third parties who conduct the processing based on our designs and technical specifications.
Manufacturing of components into semi-finished products:	Raw materials, parts and components are further processed to form semi-finished parts ready for final assembly. These materials will undergo processes including welding and drilling. Components such as the main body, tractor belt, cutting head and shovel are assembled together and undergo drilling according to the necessary technical specifications to form semi-finished products.
Assembly and integration:	All semi-finished parts and external parts, such as electric motors, speed-reducing machines, electric controls and hydraulic systems and other external parts, are assembled and integrated to form the finished products.
Adjusting and testing:	Finished products are sent for further adjustments and fine-tuning before being sent out of the production sites for evaluative testing and inspection of the finished products as a whole in accordance with the products' post-factory requirements.
Painting:	Products which pass the final testing and inspection stages are sent to the painting factory.
Warehousing:	Finally, the painted final products are sent to our warehouses for storage and despatch to our customers.

The lead production time for our products varies. The lead production time for our roadheaders is typically between 20 and 30 days, while the lead production time for our combined coal mining units is typically between three and four months. Every stage of our production process is subject to quality control procedures and has to adhere to a "zero defects" quality management system. Please refer to the paragraph headed "— Quality Control — Quality Control During the Production Process" in this section of this prospectus for further details.

PRODUCTION SYSTEM

We have developed and implemented an advanced production system based on the lean production model, which we have further tailored to meet the specific needs required to manufacture our products. Our production system has incorporated the concepts of "just-in-time" and "pull" production, with a focus on the elimination of "waste", which refers to anything that does not advance or afford any value to the production process. The concepts of "just-in-time" and "pull" production mean that our production process is scheduled based on orders received from our customers and is driven by customer demand. Only when we receive orders for a particular product do we then commence the production of that product and in the quantities required. As such, we are able to ensure that the inventory levels of finished products are kept to a minimum, thereby reducing stock pile-up in our warehouses. Furthermore, our focus on eliminating waste means removing unnecessary steps and non-value added activities in our production process. This leads to a reduction in costs and shorter production cycles, resulting in the timely delivery of products to our customers.

Since we only manufacture products in the quantity required by our customers, and because our aim is to eliminate waste, reducing the occurrence of defective products is of particular importance. Consequently, we have implemented a "zero defects" quality management system. Every stage of our production process is subject to strict quality control procedures and whenever a problem or defect is detected, the manufacturing equipment stops immediately, thereby reducing the occurrence of defective products from being produced. Please refer to the paragraph headed "— Quality Control — Quality Control During the Production Process" in this section of this prospectus for further details.

Instead of controlling all of our production equipment manually, we use computer numerical control equipment for some stages of our production process. Such stages of the production process are highly automated as the process is computerised. With computer numeric controls, specific production processes, such as the processing of machinery, changing of production tools along the production line, automatic movement of parts along the production line, parameters for welding, bolting and drilling, and the assembly of parts, can all be programmed into the production machinery. Such parameters can then be repeated precisely for each subsequent production cycle. We believe this increases the quality of our products as we are able to effectively control our production parameters and produce products which are consistent in quality and closely match the original design. This also allows for greater flexibility in our production process as the parameters may be amended or varied easily according to any changes in product specifications.

With our advanced production system, we believe we are able to manufacture products based on the specifications of our customers, which include the type of products required, at the optimal quantity and at the correct time.

QUALITY CONTROL

We have implemented quality assurance measures throughout our production process. As at the Latest Practicable Date, our quality control department comprised approximately 130 quality management and testing personnel.

Our comprehensive quality assurance measures can be divided into three stages: (i) raw materials, parts and components quality control, (ii) production process quality control, and (iii) finished products quality control.

Quality Control of Raw Materials, Parts and Components

We conduct quality control assessments on our suppliers and those suppliers whose raw materials, parts or components fall below our standards are removed from our supplier list. Our quality control, procurement, production process and research and development personnel are actively involved in deciding on the type of raw materials, parts and components we purchase. With regards to the raw materials purchased, we typically enter into a trial arrangement with our potential suppliers pursuant to which they will supply a sample quantity of raw materials to us. Once satisfied with the performance and product quality of a supplier, we will enter into a procurement agreement with that supplier. Our quality control department will continue to conduct tests on every batch of raw materials purchased. In the event we detect any sub-standard raw materials, we will return them to the suppliers and claim compensation in accordance with the terms of the procurement agreements. With regards to the parts and components purchased for the production of our products, our quality control department will conduct tests on every batch of parts and components purchased and prepare a report reflecting the results of the quality control tests. If any of our suppliers do not meet our quality control standards, we will issue a warning notice to the supplier and if such supplier is still unable to meet our standards within a stipulated time, we will remove such supplier from our list of suppliers. In addition, our quality control personnel visit our suppliers to carry out on-site inspections of raw materials, parts and components.

Quality Control During the Production Process

We continuously monitor our production process and carry out inspections at systematic intervals throughout the process to ensure consistency in the quality of our products. Our quality control personnel conduct tests and inspections at the various stages of production before the parts are passed on to the subsequent stage of production. Any defective part will be removed from the production line, thereby minimising defective products from being produced. In line with our production system and the concept of “getting it right”, our aim is to detect all defects in our products even before they are assembled. Through this system, we aim to correct any defects immediately and before they are assembled to form our finished products.

Quality Control of Finished Products

Even though we believe in conducting vigorous quality control checks on products throughout the production process, our finished products still have to go through a series of inspections and tests, including tests on the functionality and performance of our finished products, before they are delivered to our customers. Our finished products have to undergo successful continuous testing regarding their functional and performance capabilities for a period of at least 24 hours before they are painted and stored pending delivery to our customers.

We have in place quality assurance measures to ensure that the quality of our finished products meets our customers' standards for acceptance. As a general policy, we strictly adhere to our "zero defects" quality management system, which requires products to be free of defects at every stage of our production process.

In recognition of our quality control efforts, we have obtained the ISO 9001:2000 "Quality Management System Certification" for our products. In addition, since our establishment in 2004, until the Latest Practicable Date, we had not received any material complaints due to quality problems with our products, such as instances where use of our products resulted in accidents or had materially and adversely affected our customers' operations.

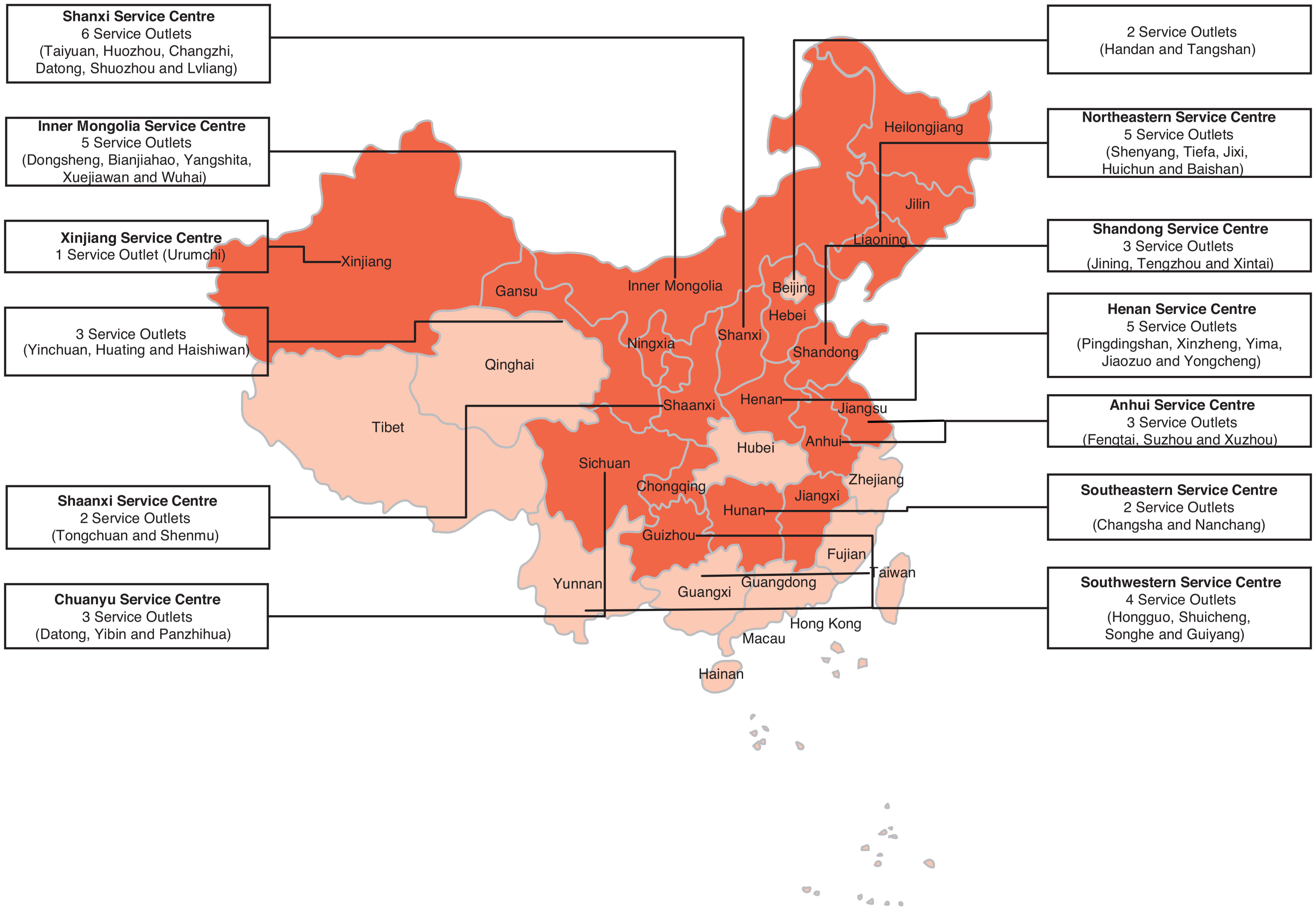
INVENTORY MANAGEMENT

We undertake inventory control in order to reduce the risks of over-stocking. In line with the concepts of "just-in-time" and "pull" manufacturing adopted by our advanced production system, we generally purchase some of the raw materials, parts and components required for the production when a customer order is received. As such, our build-up of raw materials, parts and components required is minimised and kept at an appropriate level to facilitate the production process. Please refer to the paragraph headed "— Production System" in this section of this prospectus for further details on our production system.

While we purchase some of the raw materials, parts and components required for production when an order is received, we have also implemented a "supermarket" inventory model for certain small key parts and components, where we maintain stock at a level based on our inventory policy. This is to ensure that we will have a ready and sufficient inventory of key raw materials, parts and components at all times. To balance the benefits of having a ready supply of raw materials, parts and components against the risks of obsolete inventory, we endeavour to maintain a flexible inventory policy with reference to the estimated market demand for our products and the relevant prevailing market prices with respect to raw materials, parts and components. We have also installed an ERP (enterprise resource planning) system which provides us with instant information about purchases, production schedules and supplies of our raw materials. By providing us with quick access to various data and easy formulation of operating models, the ERP system substantially improved our inventory controls. Our quality control department monitors the quality of the purchased raw materials, parts and components as well as our inventory levels. Please refer to the paragraph headed "— Quality Control — Quality Control of Raw Materials, Parts and Components" in this section of this prospectus for further details.

SERVICE SYSTEM, SALES AND MARKETING

We sell our products primarily to coal mining companies located in China. We have established an integrated system to provide a comprehensive range of pre-sales, sales and after-sales services to our customers. We have set up an extensive service network, with 11 service centres and 44 service outlets operated by us, covering 19 provinces throughout China and are near major mining sites where our customers operate. Service centres supervise and manage our service outlets and one service centre may manage and oversee several service outlets located in various provinces. Service outlets are generally located near coal mining sites or near our customers' sites. Our service centres and service outlets offer both pre-sales and after-sales services. As at the Latest Practicable Date, we had approximately 580 sales and service personnel.



The map above shows the general location of our 11 service centres and 44 service outlets, covering 19 provinces throughout China. The territories in a darker shade represent provinces where we have established our service outlets.

Pre-Sales Services

As part of our comprehensive service system, we provide pre-sales consultation to potential and existing customers. Our dedicated team is well-trained in providing personalised pre-sales consultancy services to our potential customers so that we may better understand their needs and recommend products tailored to their purposes and budgets. We can also design new products or tailor existing products to suit our customers' requirements. For example, we have designed and manufactured a narrow body roadheader (EBZ132CZ) and a high gradient downward excavation roadheader (EBZ160CD) in response to our customers' needs. Please refer to the paragraph headed "— Research and Development — Co-operation with External Organisations" in this section of this prospectus for further details.

Sales

Our products are sold mainly in China through our service network. Our sale prices are controlled by our sales headquarters. We formulate and adjust the prices of our products with reference to domestic prices as well as overseas competitors' prices. As our prices are currently not subject to official price guidelines in China, we are able to formulate, review and adjust our pricing strategies in a flexible and market-oriented manner. Despite our premium price as compared to our domestic competitors, we believe we still maintain a competitive edge over our domestic competitors as we not only provide quality products, but we also provide comprehensive sales services to our customers.

Our products are partly sold to customers who, as a result of our reputation or customer referrals, approach us directly. However, in an attempt to expand our customer base, we also source business through open or invited tenders where competitive bidding processes are arranged by potential customers. Our potential customers generally seek to purchase products which are good in quality as well as within their price range. Of all the competitive bidding processes we had participated in during 2008 and the first half of 2009, we had won bids to supply approximately 61.2% and 58.6% of the roadheaders available for bidding at these processes, respectively. Our roadheaders sold through competitive bidding processes amounted to approximately 69%, 38%, 26% and 22% of the total number of roadheaders we had sold during the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, respectively.

Typically, we receive an initial payment of 30% of the total contract price within seven days of entering into the sales contract, 30% of the total contract price within seven days upon the delivery of our products, and another 30% of the total contract price within one month after the delivery of our products. The remaining 10% of the total contract price is retained by our customer and paid to us within seven days after the expiration of the warranty period of our products, if our customer is satisfied that our products are free from defects. Our warranty period is typically 12 months but may vary depending on the product as well as the parts and components of the products. As at the Latest Practicable Date, we had not received any material complaints from our customers.

We enter into direct sale and purchase agreements with our end-customers. We have also entered into tripartite financing arrangements with finance lease companies, including Kangfu International and an independent finance lease service provider. In such arrangements, the finance lease company enters into a sale and purchase agreement with us, while at the same time entering into a finance lease agreement with our end-customers. The sale and purchase agreement and the finance lease agreement are inter-conditional and form an integral part of our tripartite financing arrangements. While we deliver our products and provide warranty and maintenance services directly to our end-customers, we receive payment from the finance lease company instead and the ownership of our products is transferred to the finance lease company upon our receipt of such payment. We have entered into a finance lease arrangement with an independent finance lease company and will continue to enter into finance lease arrangements with other finance lease service providers. Kangfu International is a finance lease company which is 75% held by Sany Group, and 25% held by Synnium Machinery. Transactions between Kangfu International and us constitute an on-going continuing connected transaction subject to the reporting, announcement and independent shareholders' approval requirements. Please refer to the section headed "Connected Transactions — Continuing connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements — Sale of equipment under finance lease arrangements to Kangfu International" in this prospectus for further details. For the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009, our revenue generated from sales to Kangfu International accounted for approximately 1.2%, 13.9% and 11.0% of our total revenue, respectively.

In 2009, we offered a relatively small number of our products and machinery parts to our end customers through distribution arrangements with Sany Development, a company 100% held by Sany Heavy Industry. Sany Development would sell our products and machinery parts to overseas distributors, including those in Russia, South Africa, India and Ukraine. We sell our products and machinery parts to Sany Development at a pre-agreed discount rate of approximately 10% to our standard retail prices and Sany Development would carry out the delivery of products and/or machinery parts and after-sales services to the overseas end-customers. With regards to machinery parts, we would typically receive 100% of the payment from Sany Development within the month following the delivery of our machinery parts. With regards to our products and certain large machinery parts, such as coal mining machines, hydraulic support structures and conveyors, we typically receive 40% of the payment from Sany Development before commencing production, with the remaining 60% to be paid within the month following the delivery of our products and machinery parts. With a view to expanding our overseas distribution business, Sany Heavy Equipment has obtained a PRC customs import and export goods customs registration certificate of consignor and consignee (《中華人民共和國海關進出口貨物收發貨人報關註冊登記證書》), which has been registered in the relevant custom, allowing us to carry out export activities. We also plan to operate our own overseas distribution in the second half of 2010. To implement our overseas distribution plan, and subject to the changes in overseas market conditions, we intend to set up our own branch offices at selected overseas locations including Russia, South Africa, India and Ukraine, and send our sales persons and service staff from the PRC and to employ new overseas sales persons and service staff to facilitate our overseas distribution. Through our own overseas distribution, we will sell our products directly to the existing and potential overseas customers procured or to be procured by ourselves and by Sany Development in the future as well as target future overseas end-customers procured by ourselves through, for example, direct approach to potential customers and participation in overseas coal mining machinery exhibitions. Transactions between Sany Development and us would constitute an on-going continuing connected transaction subject to the reporting, announcement and independent shareholders' approval requirements. Please refer to the section headed "Connected Transactions — Continuing connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements — Distribution Agreement with Sany Development" in this prospectus for further details.

As we generally procure raw materials, parts and components for production only after we have secured a sales contract, the costs of raw materials, parts and components procured by us may not always be reflected in our contract prices to our customers. In order to minimise any adverse impact caused by fluctuations in the prices of raw materials, parts and components, especially since steel is a significant raw material used in our production and is subject to constant price fluctuations, we procure raw materials, parts and components through methods as described in the paragraph headed "— Suppliers of Raw Materials, Parts and Components" in this section of this prospectus.

As at the Latest Practicable Date, we had over 340 customers, who operate primarily in the coal mining industry. Of all our customers, approximately 85% operate in the coal mining industry, 10% operate in mining construction companies and the rest operate outside the mining industry. For the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, sales to our five largest customers accounted for approximately 27.4%, 27.2%, 12.9% and 16.9% of our total revenue, respectively, and sales to our largest customer accounted for approximately 7.0%, 6.8%, 3.0% and 4.8% of our total revenue, respectively. None of our Directors or their associates, or any Shareholders, who, to the best knowledge of our Directors, owns more than 5% of our issued share capital, has any interest in any of our five largest customers for the years ended 31 December 2006, 2007, 2008, and the six months ended 30 June 2009.

Marketing Activities

We place emphasis on promoting market awareness of our products. We keep abreast of market trends and actively collect feedback from our customers. With a view to increasing public awareness of our products, we have strategically conducted advertising campaigns through different media, including newspapers, the Internet, magazines and outdoor advertisements. We have also taken part in various press conferences as well as international, domestic and regional mining exhibitions in China in order to identify new customers and to promote our products. Through such conferences and exhibitions, we are able to better understand the industry we operate in and keep up to date with changing market trends. Whenever we successfully develop and manufacture new products, we also invite existing and potential customers to the launch of our new products. For the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, our promotion and advertising expenses amounted to approximately RMB13.9 million, RMB32.4 million, RMB71.7 million and RMB38.7 million, respectively.

After-Sales Services

Delivery of Products

We believe the timely delivery of our products is critical not only to our business operations but also to our customers' operations. Our production facilities are strategically located in Shenyang City, Liaoning Province, an industrial base and a major transportation hub in Northeast China, which provides easy access to a dense network of highways and railways, thereby facilitating timely delivery of our products. As our products are usually large and heavy, we select a third party independent logistics company which we believe, based on their experience and expertise, is able to ensure that our finished products are not only delivered on time but also arrive in good condition to our customers.

Installation, Assembly, Training and Maintenance

When our products arrive at our customers' locations, our technical specialists are also present to provide installation services of our products. Further, we provide on-site training for our customers' technical workers. This is to ensure that our customers understand the operations and functions of our products.

As most of our customers are in the coal mining industry, they often require the products to be transported into underground coal mining sites and then re-assembled there. We have a team of "second-assembly" technical specialists ready to assist our customers with a second round of on-site assembly of our products in the underground mining sites. In the underground mining site, we will carry out product installation and assembly as well as a 48 hours "zero defects" testing process to ensure that all the products function properly and without defects.

Our typical after-sales services also include regular on-site maintenance and inspection services. Instead of waiting for our customers to request maintenance services, our technical specialists conduct regular visits to our customers' sites to perform tests on the products, which allows us to detect and rectify any problems at an early stage.

"Green Channel"

We understand that there may be situations where our customers require spare parts to be delivered quickly and that a delay in the delivery of essential parts and components could affect their operations. As such, we have set up a "Green Channel" system to ensure the quick delivery of our parts and components to our customers. The "Green Channel" system is used only in situations where the quick delivery of spare parts is crucial. Despatch of parts and components can be expedited as approval only needs to be obtained from the head of the services department and will be given priority. The approval for a delivery to be made via our "Green Channel" system can be obtained as quickly as within 30 minutes to an hour, whereas obtaining all the requisite approvals in the normal process for the delivery of parts and components which are less critical may take half to one day. Further, we have established 43 spare parts warehouses, which are located near mining sites all over China so as to afford timely parts and components services and quick delivery to our customers.

Warranty Period

Our warranty period varies depending on the product and the parts and components of the products. During the warranty period, our customers may request that our technical specialists replace or repair defective parts and components free of charge. Following the expiration of the warranty period, we provide repair and maintenance service and supply parts and components to our customers for a fee based on the services required. We have incurred warranty costs of RMB2.6 million, RMB6.4 million, RMB11.7 million and RMB9.0 million for the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, respectively. These costs represented 49.9%, 69.5%, 50.9% and 49.8% of our total provisions for warranties during the same periods.

"Fast-Response" Team

As part of our commitment to provide quality after-sales services, we have a 24-hour after-sales service hotline with a "fast-response" team, comprising members mainly from our research and development team, which provides rapid responses and solutions to our customers' problems on a as-needed and stand-by basis. Our "fast-response" team comprises members mainly from our research and development team and depending on the problems faced by our customers, we are also able to include, and leverage from the expertise of, members from various departments. Hence, we are able to provide specific and relevant solutions to our customers. Further, we usually arrive at our customer's site in China within two hours if the site is located in the same city as any of our service outlets, within eight hours if the site is located within the same province as any of our service outlets, and within 24 hours for sites located in other provinces.

We understand the importance of developing long-term relationships with our customers and have established strategic partnership arrangements with some of them so as to better understand their needs, obtain valuable feedback from them and leverage on our common pool of knowledge to carry out research and development activities together. Please refer to the paragraph headed "— Research and Development" in this section of this prospectus for further details.

RESEARCH AND DEVELOPMENT

We place a significant amount of emphasis on our research and development with a view toward increasing our competitive advantage. As at the Latest Practicable Date, our research and development department comprised approximately 450 research and development professionals, over 2.5% of which are either master's or doctorate degree holders. Our key research and development staff include the heads of our various research institutions. They not only head their respective research institutions, they are also actively involved the research and development process of various products, including China's first fully-automated combined coal mining unit in 2008 as well as the first roadheader in China used for excavating hard rock tunnels (EBZ200H) which was recognised by the Science and Technology Office of Liaoning Province as a Provincial Grade Science and Technological Research Achievement in 2007 and was awarded the Shenyang Technology Advancement Award (First Prize) and the Shenyang Technology Revitalisation Award in 2008.

In recognition of our outstanding and continuing research and development efforts, we have been granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base

(國家級博士後科研工作站). Further, as at the Latest Practicable Date, our research and development team has successfully registered 146 patents and had 80 patents pending registration with the State Intellectual Property Office of China. Please refer to the paragraph headed "— Intellectual Property" in this section of this prospectus for further details on our patents.

Our research and development efforts are focused on the following areas:

- expanding our current product portfolio by developing new products with cutting-edge technology so as to keep pace with the rising demands of our customers for better and new products and to increase our competitive advantage;

- enhancing the performance, efficiency and safety levels of our products;

- improving our technical capabilities in order to provide better after-sales services to our customers; and

- reducing our reliance on imported parts and components by developing the technology and expertise to manufacture such parts and components ourselves, so as to become a one-stop coal mining solutions and comprehensive coal mining equipment provider to our customers.

Our research and development organisation comprises a research headquarters and five research institutions.

Research Headquarters

Our research headquarters is responsible for the overall planning, managing and co-ordination of our product research and development programs with the support of other research institutions.

In addition, our research headquarters is responsible for the safety levels of our products and applies for Coal Mining Safety Symbols for our coal mining products from the State Administration of Coal Mine Safety (國家煤礦安全監察局). The Safety Symbol, composed of a certificate and mark, is proof that the coal mining product meets national and industry safety standards. We understand that the safety level of a product is critical to coal miners and it is important that we are able to develop products that our customers can rely on. We believe that the incorporation of safety measures as well as the testing of products during their research and development phase will enable us to develop reliable products.

Further, our research headquarters also has a research and development unit which carries out research and development activities with reference to the demands of the global market for coal mining machinery. This is to enable us to research new products and further improve existing products to meet the requirements of overseas customers and achieve a competitive advantage over both domestically produced and imported machinery.

Research Institutions

Our five research institutions are categorised according to our product range and carry out specialised and targeted research and development activities.

Our five research institutions are:

- Research Institution for Excavating Machinery, which engages primarily in the research and development of excavating machinery and its supporting equipment;
- Research Institution for Coal Mining Machinery, which engages primarily in the research and development of integrated coal mining machinery;
- Research Institution for Scraper Conveyors, which engages primarily in the research and development of scraper conveyors to suit the needs of our customers;
- Research Institution for Supporting and Protection Equipment, which engages primarily in the research and development of hydraulic pressure support as well as its equipment safety; and
- Research Institution for Mining Vehicles, which engages primarily in the research and development of mining vehicles and their ancillary parts and components, including explosion-proof diesel engines, with the aim of enabling them to be highly efficient and of high quality.

Our research and development team has succeeded in developing numerous new products, such as:

- the EBZ318H roadheader, with a cutting power of 318kW, which has one of the highest performance levels in China;
- the first narrow body roadheader (EBZ132CZ) in China, which is able to tunnel through narrow soft rock passageways and has a cutting power of over 130kW;
- the first roadheader (EBZ160CD) in China which applies high-gradient downward excavation technology; and
- the combined coal mining unit (QMZ200 Fully-automated Combined Coal Mining Unit) which integrates and combines coal mining loading, conveying, transport and coal mine structural support functions with a centralised control system for fully-automated coal mining.

In anticipation of increasing demand for our products and in an attempt to provide one-stop coal mining solutions and a comprehensive range of coal mining equipment to our existing and potential customers, we intend to improve our existing range of products as well as develop new product models. We have already started designing and manufacturing coal mine transportation vehicles, which will constitute a new product segment, and we intend to venture into the air ventilation equipment and coal washing equipment product segments by 2010. In addition, our research and development team has already started on the following projects to research and develop products which we expect to successfully launch over the next two years:

- Research and development on improvements to be made to our current range of roadheader models, such as our EBZ132, EBZ160, EBZ200 and EBZ200H roadheaders. We expect to develop a range of second-generation roadheaders with enhanced functions, which include increased working capacities, improved control systems as well as higher efficiency levels.

- Research and development on improvements to be made to our existing range of machines which constitute our combined coal mining units, including:

  (a) Development of fully-automated combined coal mining units for thin coal seams, which can carry out work on a long working surface of more than 150 meters and is capable of drilling through hard rock, so as to achieve efficient and safe excavation of thin coal seams.

  (b) Development of new models of hydraulic support structures capable of supporting thicker coal seams and which are able to withstand greater amounts of pressure, in order to afford greater reliability. We expect to develop hydraulic support structures with heights up to approximately 6.3 metres.

  (c) Development of new models of conveyor systems with increased coal conveying capacities that complement our improved models of coal mining machines and hydraulic support structures.

- Development of a new model of support and transportation vehicle, which will possess the same functions as those we previously developed but complements our new models and hydraulic support structures.

- Development of a new product, drilling and transportation machines, which can carry out drilling activities in hard rock tunnels as well as transportation and loading functions.

- Introduction of a new product, coal ploughing units, will be developed to safely and efficiently plough for coal on thin coal seams. The coal plough machines consist of a ploughing head, a conveyor system, hydraulic support structures and can be further equipped with a centralised control system so as to become a fully-automated coal ploughing unit.

Co-operation with External Organisations

We believe that through extensive co-operation and interaction with external research centres, we are able to mutually leverage on our collective expertise. Currently, we maintain the following relationships in connection with our research and development:

- co-operation with National Mining University (中國礦業大學) and its relevant science departments;

- co-operation with the Workstation Academy (院士工作站), to identify opportunities to develop coal mining technology;

- co-operation with numerous coal planning and mining research institutions (煤炭設計院) in Guizhou Province, Inner Mongolia, Shijiazhuang City, Xi'an City, Lanzhou City and Heilongjiang Province; and

- strategic partnership arrangements with approximately 40 domestic coal mining enterprises, which allow us to better understand our clients' needs, obtain valuable feedback from them and to leverage on a common pool of knowledge. Through such strategic partnerships, our customers may request that we design and manufacture products based on requirements specific to their needs. Given that the development of such products, while based on requests from our customers, are actually designed and manufactured by us, any intellectual property rights arising from the development of such products are owned by us and not by a third party.

  Generally, we enjoy certain rights provided by the external organisations (the "**Partner**") which we enter into strategic partnership arrangements with. For instance, (a) the Partner shall arrange for technicians to participate in an appraisal of our new product designs, (b) the Partner shall also provide us with industrial testing fields for the testing of our new products, and (c) after using our products, the Partner shall provide us with periodical updates and information so as to assist us in the development of new technology to upgrade the performance of our current products. In return, we shall (a) conduct research for new products and shall design and manufacture products based on the Partner's requirements, (b) sell our products to the Partner at favourable prices and shall also provide a discount to the Partner of approximately 3% for the spare parts they require, and (c) give priority to the Partner when considering locations to establish a service outlet. Under such strategic arrangements, we and the Partner shall also visit each other regularly and hold strategic workshops twice a year so as to allow both parties to exchange new information and expertise pertaining to technology, sales and marketing in the relevant industries. Either we or the Partner may also send study teams to the other party for discussion and learning purposes. The strategic partnership arrangements do not affect the independence of either the Partner or us and we still have the right to carry out business activities independently.

As at the Latest Practicable Date, we had manufactured the narrow body integrated roadheader (EBZ132CZ) and the integrated roadheader (EBZ160CD) equipped with high gradient downward excavation technology based on our customers' needs. Subsequently, we have also sold such integrated roadheaders to other customers who have found such specifications capable of meeting their needs.

In recognition of our outstanding research and development efforts, we have been awarded certificates with respect to the development of our products, including the EBZ160 roadheader and the EBZ200H roadheader. We believe that successful research and product development is critical to our ability to stay competitive in the industry in which we operate. As such, we have been increasing our research and development expenses and have dedicated approximately RMB12.9 million, RMB29.9 million, RMB43.7 million and RMB22.5 million, representing approximately 8.1%, 6.5%, 3.8% and 2.5% of our sales for the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, respectively, and we intend to continue increasing our research and development expenses. We intend to increase our research and development expenses by approximately 45% in 2009 as compared to that in 2008.

SUPPLIERS OF RAW MATERIALS, PARTS AND COMPONENTS

Our suppliers provide us with the raw materials we require, such as steel, which is the main raw material used in the manufacture of our products, as well as the parts and components which we do not produce. Our raw materials are sourced mainly from domestic suppliers, while the key parts and components which we do not produce are typically sourced from overseas suppliers, including suppliers from Germany and the United States. We currently produce approximately 35% of the parts and components required for the manufacture of our products and rely on external sources for the remaining parts and components, with 40% of the parts and components being obtained from either PRC or overseas suppliers, and 25% being designed by us with the manufacturing process outsourced to external parties. We have been subcontracting the processing and manufacturing of certain parts and components to external parties during the Track Record Period as we did not have sufficient production capacity to manufacture all the parts and components required to meet our increasing sales volume. Further, we believe that it would be more cost effective and resource efficient if we subcontract such manufacturing processes to external parties.

We have entered into two types of subcontracting arrangements with external parties. Under the first type, we provide the designs of the parts and components we require, along with the raw materials required for the production of such parts and components, and the external parties are only required to manufacture the products in accordance with our specifications. Under the second type, external parties procure the specified raw materials and welding materials that are consistent with our chosen brands, the required standards and suitable for our specifications under our blueprints. The external parties then manufacture the specified products using facilities and technology which meet the necessary standards. The subcontracting fees under this type of subcontracting agreements are an accumulation of the total costs of raw materials and processing fees which cannot be ascertained separately.

Under the first type of subcontracting arrangements, the processing fees charged to the subcontractors are the subcontracting fees. The major terms and conditions such subcontracting arrangements include:

- the processed parts and components shall comply with the requirements as set out in the blueprint/designs provided by us and the technology used by the subcontractor shall satisfy our requirements for assembly and use as set out in a technology agreement entered into between the subcontractor and us;

- any delay in delivery of the parts and components from the subcontractor will result in a penalty of 2% of the contract price per day;

- we are responsible for the transportation and the corresponding transportation fees;

- the subcontractor shall inspect the quality of the parts and components manufactured and provide us with an inspection report upon delivery of the parts and components. Once the parts and components are delivered to our warehouse, we will carry out inspections in accordance with the standards set out in our blueprint/designs and inform the subcontractor of the inspection results; and

- the settlement and payment of subcontractor fees shall be made through telegraphic transfer or by cheque transfer or bill of exchange within the stipulated time (as decided between the subcontractor and us and which is typically between one and three months) upon receipt of the value added tax invoice and its entry into our accounts.

Under the second type of subcontracting arrangements, the fees charged to the subcontractors include the costs of procuring the raw materials, the raw materials used as well as the subcontracting fees. The major terms and conditions of such subcontracting arrangements include:

- the processed parts and components shall comply with national, industrial and enterprise standards, environmental protection rules and regulations, as well as the requirements specified in our blueprint/designs as well as the requirements for assembly and use as set out in a technology agreement to be entered into between the subcontractor and us. If the blueprint/design contains explicit requirements, the inspection carried out by the subcontractor shall follow such requirements and if a technology agreement is entered into between the subcontractor and us, the parties will adhere to the level of quality as contained in the technology agreement;

- the warranty period is typically one year commencing from the date of sale;

- the subcontractor shall strictly follow the requirements set out in the blueprint, provide suitable raw materials and welding materials and manufacture the products using good quality equipment and techniques;

- any delay in delivery of the parts and components from the subcontractor will result in a penalty of 2% of the contract price per day. If the delay exceeds a certain period (as specified in the agreement), we shall have the right to terminate the agreement;

- the subcontractor is responsible for delivery of the parts and components to the warehouse as specified by us and the subcontractor is also responsible for the corresponding transportation fees;

- the subcontractor shall inspect the quality of the parts and components manufactured and provide us with an inspection report upon delivery of the parts and components. Once the parts and components are delivered to our warehouse, we will carry out inspections in accordance with the standards set out in the our blueprint/designs and inform the subcontractor of the inspection results; and

- the settlement and payment of fees (including subcontractor fees as well as fees for procurement of raw materials and raw materials) will be made through telegraphic transfer or by cheque transfer or bill of exchange within the stipulated time (as decided between the subcontractor and us and which is typically between one and three months) upon receipt of the value added tax invoice and its entry into our accounts.

The contract value of both types of subcontracting arrangements amounted to RMB58.4 million, RMB131.7 million, RMB268.9 million and RMB295.0 million, respectively, for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009. Out of this amount, the processing fees under the second type of subcontracting arrangements amounted to RMB2.7 million, RMB2.5 million and RMB14.2 million respectively during the years ended 31 December 2006, 2007 and 2008.

Generally, upon placing an order with our overseas suppliers, we are required to pay between 10% and 30% of the purchase price, with the remainder to be paid usually upon receipt of the goods. When we purchase from our domestic suppliers, we are typically required to pay the full purchase price within one to three months upon receipt of the goods. Most supplies procured have a delivery time of between two to three months.

We maintain multiple suppliers for our raw materials, parts and components in an effort to avoid relying too heavily on any single supplier and we typically maintain at least two suppliers for each key raw material, part and component required. Further, while we purchase some of our key raw materials, parts and components from overseas suppliers, we believe that the raw materials, parts and components we require for the production of our products are abundant in China and in the event that any of our existing suppliers is no longer willing to supply goods at an attractive price, we can identify suitable substitute suppliers in a timely manner. We enjoy stable relationships with our suppliers, generally averaging four years with our key suppliers. Although we have entered into yearly procurement agreements with some of our key suppliers, we have not entered into long-term supply agreements with all of our suppliers. However, we have not experienced any significant difficulties in sourcing raw materials, parts and components required for the production of our products. We do not foresee any major difficulties in sourcing raw materials, parts and components required for the production of our products in the future. For the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009, our single largest supplier accounted for approximately 12.6%, 12.5%, 9.8% and 11.4%, respectively of our total purchases, and our five largest suppliers together accounted for approximately 44.8%, 41.6%, 34.2% and 34.8%, respectively, of our total purchases.

While some of our raw materials and parts and components are sourced in co-operation with Sany Group so as to enjoy a favourable price through bulk purchases, we also enter into agreements with our suppliers directly. Sany Group procures, enters into negotiations with, or receives tender bids from, potential suppliers for and on behalf of its subsidiaries as well as our Group, and enters into annual supply agreements with selected suppliers. We believe that we are able to secure a stable supply of raw materials, parts and components at prices and terms that are more favourable to us through collective negotiation and bulk purchases. With regards to raw materials, parts and components which are unique to the production of our products and which are not sourced in co-operation with Sany Group, we procure suppliers of such raw materials, parts and components by ourselves and enter into price negotiations and agreements with such suppliers directly.

We also source certain parts and components, such as fuel tanks and electric motors, and pumps from members of the SG Group. While we have been purchasing parts and components from members of the SG Group for the manufacture of our products since 2007, we only started purchasing pumps from a member of the SG Group in 2008. For the years ended 31 December 2007 and 2008, and the six months ended 30 June 2009, our total purchases from members of the SG Group amounted to approximately RMB2.7 million, RMB28.3 million and RMB34.4 million, respectively. We have a master purchase agreement with the SG Group, pursuant to which we agree to purchase these parts and components, and pumps from members of the SG Group. Transactions between us and members of the SG Group constitute on-going connected transactions subject to the reporting, announcement and independent shareholders' approval requirements. We believe that maintaining strategic relationships with members of the SG Group will afford a stable supply of parts and components, and pumps at quality in which we are confident and at prices and terms not less favourable to those we can obtain from independent third parties. Please refer to the section headed "Connected Transactions — Continuing connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements — Purchase of equipment, parts and components, and pumps from the SG Group" in this prospectus for further details. However, given that we currently have independent access to suppliers and we believe that the parts and components, and pumps supplied by the SG Group are generally and widely available in the market at comparable market prices, we intend to gradually reduce the purchasing of parts and components, and pumps from the SG Group. In addition, we intend to commence our own production of fuel tanks in 2011.

Save as disclosed above, none of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital, has any interest in any of our five largest suppliers for the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009.

INTELLECTUAL PROPERTY RIGHTS

We regard our patents, trade secrets and other intellectual property rights as an important factor to the success of our business. As at the Latest Practicable Date, we had had successfully registered 146 patents, and had 80 patents pending registration, with the State Intellectual Property Office of China. Our patents are in connection with the manufacture of our products. Please refer to the section headed “Statutory and General Information — Further information about our Business — Intellectual property rights of the Group” in Appendix VI to this prospectus.

COMPETITION

We compete with major coal mining machinery manufacturers in China and to a lesser extent, overseas coal mining machinery manufacturers.

Our competitors may have better track records or larger sales networks. In addition, we face increasing competition from our existing customers that have begun manufacturing their own coal mining machinery and from new foreign entrants seeking to enter the PRC market. We operate in an industry which is intensely competitive and price sensitive. However, we believe we are able to compete on the basis of our reputation, strong research and development capabilities, high quality products, integrated service system and strong relationships with our customers. Please refer to the section headed “Risk Factors — Risks relating to the industry in which we operate — The industry that we operate in is competitive and a further increase in competition or productivity by our competitors may affect our market share and profit margins” in this prospectus for further details.

INSURANCE

We maintain insurance coverage for our main production facilities. As at the Latest Practicable Date, no incident had occurred as a result of which we would have had to make any significant claims under these insurance policies.

We also maintain mandatory social security insurance policies for our employees in China pursuant to PRC laws. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further details.

SAFETY AND ENVIRONMENTAL MATTERS

Workplace Safety

We are subject to the PRC laws and regulations regarding labour, safety and work-related incidents. We provide safety protection to our employees working in our production facilities, which includes providing them with adequate safety equipment and ensuring that our production facilities have adequate precautionary measures. In addition, we ensure that our production facilities are not cluttered and have clear walk-paths for our employees. We also provide safety-related education to our employees to increase their awareness of work safety. Warning signs against smoke and heat emissions are also placed at prominent locations. As at the Latest Practicable Date, we had complied with the PRC workplace safety regulatory requirements in all material respects and have not had any incidents or complaints which had materially and adversely affected our operations.

Environmental Protection

We are subject to environmental protection laws and regulations promulgated by the PRC government. Our production facilities discharge pollutants such as waste water, smoke emissions, solid wastes and noise during our production process. We have implemented a set of waste treatment procedures in our production facilities and have also implemented measures to control the noise levels caused by our machines. Waste produced by us is treated in compliance with applicable environmental standards in our production facilities. As at the Latest Practicable Date, we had not received any notifications or warnings, nor had we been subject to any fines or penalties in relation to any breach of any such environmental laws or regulations which had materially and adversely affected our production.

PROPERTIES

Our head office is located at 31 Yansaihu Street, Shenyang Economic and Technological Development Area, Shenyang City, the PRC. As at 31 August 2009, our offices, existing production facilities, residential units and other ancillary facilities have a total gross floor area of approximately 90,198.30 sq.m. and occupy approximately 215,070.44 sq.m. of land. Please refer to the valuation report prepared by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, in “Appendix IV — Property Valuation” to this prospectus for further details on the valuation.

Owned Properties and Buildings

On or about 23 July 2009, we have obtained the land use rights certificates for one parcel of land with a site area of approximately 215,070.44 sq.m. Seven buildings, comprising five industrial buildings, an office building and a dormitory, with a total gross floor area of approximately 87,709.51 sq.m. were erected on this parcel of land. We have obtained building ownership certificates for all of the buildings with a total gross floor area of approximately 87,709.51 sq.m.

The buildings are currently occupied by our Group for production, office and staff dormitory purposes, except for a portion of an industrial building which is rented out to a connected party. Please refer to the section headed “Connected Transactions — (B) Continuing connected transactions which are exempt from the reporting, announcement and independent shareholders’ approval requirements” in this prospectus for further details.

We have obtained building ownership certificates for 20 residential units with a total gross floor area of approximately 2,488.79 sq.m. in Jinsha Yanxiangyuan, a residential development in Shenyang City, which was completed in or about 2006. The property is currently occupied by our Group for residential purposes.

Buildings under Construction

As at 30 June 2009, we held three parcels of land, with a total site area of approximately 629,015.2 sq.m. As at the same date, we also held one dormitory building and one industrial building, with a total planned gross floor area of approximately 35,159 sq.m., which are under construction and expected to be completed in December 2009 and May 2010, respectively. The property is scheduled to be developed into an industrial zone. We have already obtained the relevant construction permits and construction planning permits.

Leased Buildings

We have already obtained 18 building ownership certificates for the 77 buildings leased. The buildings, with a total leased area of approximately 15,738.48 sq.m., are leased from various independent third parties which our Group currently occupies for office, storage and residential purposes. The buildings are leased for various terms at a total annual rental of approximately RMB2,568,821. The leased buildings which we do not have building ownership certificates for are not material to the business operations of our Group. Our Directors confirm that in the event we are required to relocate from such leased buildings, such relocation can be carried out easily and will not materially affect our business operations. Please refer to Appendix IV to this prospectus for further details.

LEGAL PROCEEDINGS AND COMPLIANCE

There are no litigation or arbitration proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

Compliance with PRC Laws and Regulations

Our Directors, as advised by our PRC legal advisers, Jingtian & Gongcheng, confirm that as at the Latest Practicable Date, our Group had complied with all relevant PRC laws and regulations in all material respects of our operations in China, including obtaining all required permits and licences.

Our Controlling Shareholders, being Sany HK, Sany BVI and Mr. Liang Wengen, will be deemed to be interested in 75% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Both Sany HK and Sany BVI are investment holding companies.

Sany Group is a company established in the PRC with a registered capital of RMB322,880,000. It is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, and machinery leasing, and manufacture of automobile and educational businesses. Sany Group's customers are mainly civil engineering companies, construction contractors and equipment leasing companies in China.

Sany Heavy Industry is a company established in the PRC and listed on the Shanghai Stock Exchange with a registered capital of RMB1,484,000,000. It is owned as to 60.73% by Sany Group. Sany Heavy Industry is principally engaged in the research and development, manufacture and distribution of engineering machineries for construction purposes. It is one of the largest construction heavy machinery manufacturers in the PRC. The customers of Sany Heavy Industry are mainly PRC enterprises engaging in the construction, construction materials and engineering equipment leasing businesses. Based on publicly available information published by Sany Heavy Industry, for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the revenue of Sany Heavy Industry was approximately RMB5,210,190,900, RMB9,144,950,800, RMB13,745,256,100 and RMB7,495,297,200, respectively, and for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, Sany Heavy Industry's net profit was approximately RMB741,201,600, RMB1,905,785,400, RMB1,474,405,600 and RMB959,938,900, respectively.

Mr. Liang Wengen, our Group's ultimate Controlling Shareholder, is also the shareholder and founder of the SG Group as well as a director of Sany Group and executive chairman of the board of directors of Sany Heavy Industry. While he is not involved in the day-to-day business operations of our Group, he participates in the business and decision making of our Group through his right as a Controlling Shareholder. In an event of conflicts of interest, Mr. Liang Wengen will abstain from voting and will not, by himself or through his associates, be present in the relevant shareholder meetings. Hence, he would not be able to influence our Shareholders from making decisions on the matters in which he is, or may be, interested.

Apart from the business of manufacture and sale of coal excavating machinery, integrated coal mining equipment and coal mining transportation vehicles, our Controlling Shareholders and their respective associates are operating other businesses such as the research and development, manufacture and distribution of engineering machinery for construction purposes (including construction machinery, road construction machinery and hoisting machinery), lease of construction related machinery, the manufacture and sale of automobile and automobile related parts and components, the research and development, manufacture and sale of power equipment, and power equipment related parts and components, the provision of electronics related educational and training services, and property development (the "**SG Retained Businesses**") through a number of companies controlled by them and the SG Retained Businesses will not form part of our Group after Listing. The SG Group does not engage in the business of manufacture and sale of coal excavating machinery, integrated coal mining equipment and coal mining transportation vehicles and the SG Retained Businesses are not related to or competing with our business.

The table below sets forth the principal activities of some of the companies which are controlled by our Controlling Shareholders and their respective associates as at the Latest Practicable Date:

Name of company	Principal activities	Shareholding in the company
Sany Group [(1)]	Manufacture and distribution of engineering machinery for construction purposes, machinery leasing, manufacture of automobile and educational businesses	Liang Wengen — 58.24% Tang Xiuguo — 8.75% Xiang Wenbo — 8% Mao Zhongwu — 8% Yuan Jinhua — 4.75% Zhou Fugui — 3.5% Wang Haiyan — 3% Yi Xiaogang — 3% Wang Zuochun — 1% Zhai Xian — 0.6% Zhai Chun — 0.4% Zhao Xiangzhang — 0.38% Duan Dawei — 0.3% Huang Jianlong — 0.08%
Sany Heavy Industry (a non wholly-owned subsidiary of Sany Group) [(2)]	Research and development, manufacture and distribution of engineering machinery for construction purposes	Sany Group — 60.73%
Kangfu International (a non wholly-owned subsidiary of Sany Group)	Provision of finance lease services	Sany Group — 75% Synnium Machinery — 25%
Sany Automotive Manufacturing Co., Ltd. (a non wholly-owned subsidiary of Sany Group)	Manufacture and sale of automobile and automobile related parts and components	Sany Group — 97.47% Yi Xiaogang — 2.53%
Shanghai Zhushenyuan Co., Ltd. (a non wholly-owned subsidiary of Sany Group)	Property development	Sany Group — 50% Shanghai Synnium Leasing Co., Ltd. — 50%
Hunan Automobile Manufacturing Co., Ltd. (a wholly-owned subsidiary of Sany Group)	Manufacture and sale of agricultural related automobiles and parts and components	Sany Group — 100%

Name of company	Principal activities	Shareholding in the company
Sany Development (a wholly-owned subsidiary of Sany Heavy Industry)	Distribution of engineering machinery for construction purposes	Sany Heavy Industry — 100%
Beijing Sany Heavy Equipment Co., Ltd. (a wholly-owned subsidiary of Sany Heavy Industry)	Manufacture and sale of staking machines	Sany Heavy Industry — 100%
Hunan Sany Lumian Machinery Co., Ltd. (a non wholly-owned subsidiary of Sany Heavy Industry)	Manufacture and sale of road machinery and other related products	Sany Heavy Industry — 69.63% China Wealth — 25.70% Hunan Automobile Manufacturing Co., Ltd. — 4.67%
Shanghai Sany Technology Co., Ltd. (a non wholly-owned subsidiary of Sany Heavy Industry)	Manufacture and sale of crawler cranes	Sany Heavy Industry — 92.76% Hunan Sany Lumian Machinery Co., Ltd. — 7.24%
Hunan Sany Repair Services Co., Ltd. (a wholly-owned subsidiary of Sany Heavy Industry)	Provision of machinery and equipment repair services	Sany Heavy Industry — 100%
Loudi Zhong Xing Hydraulic Parts Co., Ltd. (a non wholly-owned subsidiary of Sany Heavy Industry)	Manufacture and sale of hydraulic related accessories	Sany Heavy Industry — 75% China Wealth — 25%
Loudi Zhongyuan Machinery Co., Ltd. (a non wholly-owned subsidiary of Sany Heavy Industry) *(formerly known as Loudi Zhongyuan New Material Company)*	Manufacture, sale and development of casting and forging	Sany Heavy Industry — 74.94% China Wealth — 25.06%

Name of company	Principal activities	Shareholding in the company
Sany Heavy Machinery Co., Ltd.	Design, manufacture and sale of excavating machinery for construction purposes	Sany Heavy Machinery (China) Co., Ltd. — 100% (indirectly owned as to 50.91% by Mr. Liang Wengen, a Controlling Shareholder)
Shanghai Synnium Leasing Co., Ltd.	Lease of construction related machinery in the PRC	Synnium Machinery — 80% Sany Heavy Machinery Co., Ltd. — 20%

Notes:

(1) Apart from the companies disclosed in the table above, Sany Group owned a large number of other companies which operated the SG Retained Businesses and such SG Retained Businesses did not compete with our business as at the Latest Practicable Date.

(2) Sany Heavy Industry is a company listed on the Shanghai Stock Exchange. Apart from the companies disclosed in the table above, Sany Heavy Industry owned a large number of other companies which operated the SG Retained Businesses and such SG Retained Businesses did not compete with our business as at the Latest Practicable Date.

Delineation of Businesses

Our Directors are of the view that there is a clear delineation between the SG Retained Businesses and our business, as a result of which none of the SG Retained Businesses would compete, or is expected to compete, directly or indirectly, with our core business. None of the members of the SG Group controlled by Mr. Liang Wengen are engaged in any business relating to the designing, manufacturing and selling of coal integrated excavating machinery and coal mining transportation vehicles that competes or may compete with us.

After our Listing, we will focus on the business of designing, manufacturing and selling of excavating machinery, integrated coal mining equipment and coal mining transportation vehicles, while the SG Group will focus on the production and manufacture and sale of construction related machinery and equipment, and sale of parts and components, and pumps and other raw materials for various types of heavy equipment and machinery, equipment finance leases and property development. The SG Group's end-customers are mainly civil engineering companies, construction contractors and equipment leasing companies in China, whereas our Group's end-customers are mainly PRC coal mining companies.

Our Directors believe that the SG Retained Businesses can be clearly differentiated from our business. The core business of the SG Group and our Group, by the nature of the products manufactured by each of the SG Group and our Group, are different businesses which are independently operated in different markets and are aimed at different types of end-customers.

In addition, pursuant to the Deed of Non-competition, each of our Controlling Shareholders and Sany Group has undertaken not to engage in activities that compete with our core business, details of which are set out in the paragraph headed "Deed of Non-Competition" below. As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective associates had an ownership interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business.

Management independence

Our Board currently comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. Other than Mao Zhongwu, Xiang Wenbo, Huang Jianlong and Wu Jialiang, none of our other Directors holds any directorship or senior management role in the SG Group nor is involved in the SG Retained Businesses. Mao Zhongwu assumes a non-executive directorship with the SG Group and he will focus on overseeing the overall strategic planning of our Group after Listing. Save for attending the board meetings of the SG Group from time to time, it is expected that Mao Zhongwu will spend substantially all of his working time in the operation of our Group after Listing. Each of Xiang Wenbo, Huang Jianlong and Wu Jialiang is a non-executive Director with no executive function in our Group and each of them assumes an executive role in the SG Group. They will not be involved in the day-to-day management or affairs and operations of our businesses. Each of Xiang Wenbo, Huang Jianlong and Wu Jialiang is expected to maintain only an advisory role with us.

Apart from being a Director, each of Mao Zhongwu, Xiang Wenbo and Huang Jianlong is also a shareholder of Sany BVI, which in turn holds the entire issued share capital of Sany HK. Sany HK will directly hold 75% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option has not been exercised). As at the Latest Practicable Date, Mao Zhongwu, Xiang Wenbo and Huang Jianlong held 8.00%, 8.00% and 0.08% of the issued share capital of Sany BVI, respectively. Mao Zhongwu, Xiang Wenbo and Huang Jianlong are also shareholders of Sany Group and each of them held the same shareholding interests in Sany BVI as at the Latest Practicable Date.

In the event that each of Mao Zhongwu, Xiang Wenbo, Huang Jianlong and Wu Jialiang is required to absent himself from any board meeting on any matter which may give rise to a potential conflict of interest with the SG Group, the remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the directorships of Mao Zhongwu, Xiang Wenbo, Huang Jianlong and Wu Jialiang in the SG Retained Businesses, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business on a full time basis independently from the SG Retained Businesses for the following reasons:

(a) Mao Zhongwu confirms and undertakes that, so long as he remains as an executive Director of our Company, all positions held by him with the SG Group are, and will continue to be, of a non-executive nature. Each of our Directors undertakes that, so long as he remains as an executive Director of our Company or in the event that he is appointed as an executive Director of our Company after Listing, he will not accept or will resign from any executive directorship or senior management position within the SG Group or any other entity save for entities within our Group or assume only a non-executive role in the SG Group;

(b) none of the SG Retained Businesses competes, or is likely to compete, with our core business and with the corporate governance measures in place to manage existing and potential conflicts of interest; therefore, the dual roles assumed by Mao Zhongwu, Xiang Wenbo, Huang Jianlong and Wu Jialiang in most cases will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;

(c) we have three independent non-executive Directors, and certain matters of our Company, including connected transactions and other matters referred to in the Deed of Non-competition, details of which are set out in the paragraph entitled "— Deed of Non-competition" below, must always be referred to the independent non-executive Directors for review. This helps to enhance the independence of our management from that of the SG Retained Businesses;

(d) in an event of conflict of interests, the relevant Director(s), including Mao Zhongwu, Xiang Wenbo, Huang Jianlong and Wu Jialiang, will abstain from voting, will not be present in the relevant Board meetings and will be excluded from deliberation by our Board. Hence the relevant Directors would be unable to influence the Board from making decisions on the matters in which they are, or may be, interested. We believe all of our Directors, including the three independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in an event of conflict of interests. Please refer to the section entitled "Directors, Senior Management and Employees — Directors and Senior Management — Directors" in this prospectus for a summary of the relevant experience and qualifications of our Directors; and

(e) save as disclosed herein, our daily operations will be managed by our senior management team, none of whom holds any senior managerial position or directorship position within the SG Retained Businesses.

Operational independence

We are independent from our Controlling Shareholders and the SG Group as we do not share operational or production capabilities with our Controlling Shareholders and/or the SG Group, and we have independent access to suppliers and customers, as well as an independent management team to handle our day-to-day operations. We do not share office premises or facilities with the SG Group and we are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in term of capital and employees to operate independently from the SG Group.

Although we entered into and will continue to have various transactions, such as purchases of raw materials, parts and components, and pumps, distribution arrangements, mutual supply arrangements, overseas raw materials, and parts and components procurement arrangements, and sales of equipment under the finance lease arrangements with the SG Group, such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company. The details of the connected transactions that will continue after Listing are set out in the section headed "Connected Transactions" below.

We purchase parts and components including fuel tanks and electric motors, and pumps from the SG Group for the manufacture of our products. Our purchases of parts and components, and pumps from the SG Group for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 amounted to nil, approximately RMB2,746,000, RMB28,343,000 and RMB34,366,000, respectively and represent nil, approximately 1%, 4% and 6% of the total purchases of our Group for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. We estimate that our purchases of parts and components, and pumps from the SG Group for the two years ending 31 December 2009 and 2010 will amount to RMB132,700,000 and RMB105,281,000, respectively. We consider the SG Group a reliable supplier of certain parts and components to us at competitive prices. Given the high quality of the products supplied by the SG Group and their familiarity with our specifications, standards and requirements, we believe that it would be in our interest to continue purchasing parts and components, and pumps from the SG Group. As we have independent access to suppliers and the relevant parts and components supplied by the SG Group are generally and widely available in the market at comparable market prices and that our own production of fuel tanks will commence in 2011, we will gradually reduce the purchasing of parts and components, and pumps from the SG Group going forward. As such, we do not consider that such purchases from the SG Group are of such materiality as to affect our ability to conduct our business independently of the SG Group upon Listing.

We have entered into distribution arrangements with Sany Development, a wholly-owned subsidiary of Sany Heavy Industry, pursuant to which Sany Development distributes our products to certain overseas markets, including Russia, South Africa, India and Ukraine. We only started entering into such distribution arrangements with Sany Development in the second half of 2009. We entered into the distribution arrangements to leverage on the presence and connections of Sany Development in these overseas markets. We have considered the strategic importance of developing the overseas markets and are of the view that the distribution arrangements with Sany Development for the overseas markets above would free us from committing significant resources to the development of these markets in addition to giving us the additional comfort and confidence of transacting with a familiar party in a new market. Sany Development started distributing heavy equipment and machinery in 2000. It has established over 30 subsidiaries with a business presence in different overseas countries. As at the Latest Practicable Date, it had approximately 110 sales offices and employed approximately 132 sales persons and 168 overseas service engineers in many overseas countries distributing heavy equipment and machinery including the products of Sany Heavy Equipment. Given the extensive sales experience of Sany Development in overseas markets and strong overseas distribution network, our Directors consider the distribution arrangements with Sany Development to be in the interest of our Company. We have established our own overseas sales sub-division, which is based in the PRC, in December 2008. Although we have our own overseas sales sub-division, such sales sub-division has no branch office, business presence or distribution network in any overseas country. As at the Latest Practicable Date, no business activities had been undertaken directly by us yet overseas and we plan to carry on our overseas sales business when considerable experience in overseas sales business is accumulated in the future. Notwithstanding that we are using Sany Development to distribute our products to certain overseas countries, our Directors do not consider that we are relying on Sany Development for the sales of our products overseas, as we are not restricted from appointing additional overseas distributors for these markets or carrying on overseas sales business through our own sales sub-division in these markets.

With a view to expanding our overseas distribution business, Sany Heavy Equipment has obtained a PRC customs import and export goods customs registration certificate of consignor and consignee (《中華人民共和國海關進出口貨物收發貨人報關注冊登記證書》), and registered in the relevant custom which allows us to carry out export activities. We also plan to operate our own overseas distribution in the second half of 2010. To implement our overseas distribution plan, we intend to set up our own branch offices at selected overseas locations including Russia, South Africa, India and Ukraine, and send our sales persons and service staff from the PRC and to employ new overseas sales persons and service staff to facilitate our overseas distribution. Through our own overseas distribution platform, we will sell our products directly to our existing overseas end-customers and attract new overseas customers procured by ourselves.

We had entered into sales agreements with Kangfu International for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009, pursuant to which we sold equipment to Kangfu International, which would then enter into finance leases with the ultimate customers for such equipment. Kangfu International is principally engaged in the business of providing finance leases. Our sales to Kangfu International amounted to RMB5,470,000, RMB159,327,000 and RMB97,874,000 for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009, respectively, and represent approximately 1%, 14% and 11% of the total sales of our Group for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009, respectively. We expect our sales to Kangfu International will continue after Listing and our Directors consider that our sales to Kangfu International would help expand our market as it would allow customers who, alone, lack the financial resources at the time of purchasing our equipment but would be able to do so under a finance lease arrangement. In addition, it would help reduce any credit risk associated with credit sales to customers. Notwithstanding that the sale contracts have been entered into between Kangfu International and us, (i) such sale contracts form an integral part of the corresponding financing agreements entered into between Kangfu International and our end customers; (ii) the product specifications are decided by our end customers instead of by Kangfu International; (iii) our end customers are required to acknowledge the execution of our sale contracts entered into with Kangfu International and (iv) neither the sale contract nor the financing lease contract contains any clause that has an effect of imposing an obligation on us or our end customers to appoint Kangfu International as the financing agent. In addition, there are numerous finance lease companies that our Company or the customers could use in China. We have entered and will continue to enter into finance lease arrangements with other independent finance lease service providers. As such, we intend to gradually reduce the finance lease arrangement with Kangfu International in the future. Based on the foregoing, our Directors are of the view that the sales to Kangfu International have no significant impact on the independence of the operation of our Group.

In view of the above, our Directors confirm that we are able to operate independently of the SG Group despite the existence of the transactions discussed above, and can carry on our business independently of our Controlling Shareholders and their respective associates including the SG Group.

We have entered into a mutual supply agreement with Sany Group, pursuant to which we supply raw materials which are expected not to be required by us to the SG Group, and in turn the SG Group supplies raw materials, which are not expected to be required by the SG Group but expected to be required by us for our production, to us on terms no less favourable than those that we can obtain from independent third parties. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, we did not supply raw materials to the SG Group. Apart from the SG Group, we are able to source raw materials from other alternative suppliers, and it is our intention to cease the mutual supply arrangement with SG Group upon the expiry of the mutual supply agreement on 31 December 2009 and source raw materials from other independent third party suppliers. Our Directors believe that since there are alternative suppliers of such raw materials available in the market, we are able to operate independently of the SG Group in this regard.

We possess an independent raw materials procurement system. However, in order to enjoy more favourable prices with a discount ranging from 5% to 30% from bulk purchasing, we have entered into a purchasing agency agreement with Sany Heavy Industry. Pursuant to the purchasing agency agreement with Sany Heavy Industry, Sany Heavy Industry has agreed to purchase certain raw materials, and parts and components, which are commonly required by our Group and the SG Group for their respective production, from overseas third party suppliers, which will then be resold to us at cost and with a management fee at 0.5% of such cost to be paid by us to Sany Heavy Industry. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the aggregate purchasing amounts paid by our Group (including management fees) to Sany Heavy Industry for the purchase of raw materials, and parts and components from overseas third party suppliers were nil, approximately RMB8,366,000, RMB36,313,000 and RMB16,039,000, respectively. We are able to source raw materials, and parts and components directly from overseas third party suppliers or through other alternative purchasing agents and we will start sourcing raw materials, and parts and components from overseas third party suppliers in the second half of 2010. Upon the expiry of the purchasing agency agreement on 31 December 2010, we will cease the overseas procurement arrangement with Sany Heavy Industry. Our Directors believe that since we are able to source raw materials, and parts and components directly from overseas third party suppliers and there are alternative purchasing agents available in the market, we are able to operate independently of the SG Group in this regard.

Financial independence

All the amounts due to and due from the companies controlled by the SG Group, including any guarantees and indemnities provided by such companies for our benefit, will be released or fully settled prior to the Listing. Accordingly, we believe that we are able to maintain financial independence from our Controlling Shareholders and their respective associates including the SG Group.

In addition, we have an independent financial system and finance team which is responsible for our own treasury function, cash receipts and payments, and independent access to third party financing. We also have our own internal control and accounting systems, and accounting and finance department and all finance and administrative functions are being and will be carried out independently by us without any assistance from the SG Group.

Based on the above, our Directors are of the view that our Directors and senior management are able to function independently of our Controlling Shareholders and their associates including the SG Group.

DEED OF NON-COMPETITION

Our Controlling Shareholders and Sany Group have entered into the Deed of Non-competition with our Company to the effect that each of them will not, and will procure any of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

The Deed of Non-competition also provides that:

(i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, Sany Group and their respective associates and the options, pre-emptive rights or first rights of refusal provided by our Controlling Shareholders, Sany Group and their respective associates on their existing or future competing businesses;

(ii) our Controlling Shareholders and Sany Group shall, and if upon request, procure their respective associates to, provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;

(iii) our Company shall disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the undertaking (for example, the exercise of options or first rights of refusal) either through the annual report, or by way of announcements to the public;

(iv) our Controlling Shareholders and Sany Group shall make declaration(s) on compliance with the Deed of Non-competition in accordance with the requirements under appendix 14 (Code of Corporate Governance) and appendix 23 (Corporate Governance Report) of the Listing Rules; and

(v) our Controlling Shareholders and their respective associates shall abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interest.

The Deed of Non-competition will cease to have effect on any of our Controlling Shareholders if he or it ceases to be our Shareholders.

CORPORATE GOVERNANCE MEASURES

Following the Listing, we may, as needed, enter into connected transactions with the SG Group. Our Controlling Shareholders, Sany Group and their respective associates may not compete with us as provided in the Deed of Non-competition. Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligation to act in our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparations for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the board meetings on matters involving the SG Group (including the SG Retained Businesses) and our Group and/or matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, two of whom have experience as directors of listed companies (namely, Mr. Ngai Wai Fung and Mr. Ng Yuk Keung) and one of whom has substantive expertise in the coal mining sector (namely, Mr. Xu Yaxiong). We believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public shareholders. Details of our independent non-executive Directors are set out in the section entitled "Directors, Senior Management and Employees — Directors and Senior Management — Directors — Independent non-executive Directors";

(d) we have appointed HSBC as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance; and

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

In addition, if our independent non-executive Directors consider it necessary or desirable, they may also engage professional advisors (including an independent financial advisor) at the costs of our Company to advise them on matters relating to the Deed of Non-competition or on any business opportunities which may be referred to us by our Controlling Shareholders, details of which are set out in "— Deed of Non-competition" above in this section.

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries, any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of our associates will constitute a connected person. Upon the listing of our Shares on the Stock Exchange, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that the following transactions, which will continue after the listing of the Shares on the Stock Exchange, will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

(A) Continuing connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements

1. *Distribution Agreement with Sany Development*

On 5 November 2009, Sany Heavy Equipment entered into a distribution agreement (the "**Distribution Agreement**") with Sany Development, pursuant to which Sany Development agreed to be responsible for the sales of Sany Heavy Equipment's products outside China and to locate marketing representatives in Russia, South Africa, India and Ukraine to be responsible for distributing certain coal mining machineries manufactured by Sany Heavy Equipment to customers in such countries for a term of two years commencing from 1 January 2009 to 31 December 2010.

Pursuant to the Distribution Agreement, Sany Development will provide after-sales services which include on-site installation and assembly of products and on-site maintenance and inspection services to customers in Russia, South Africa, India and Ukraine. Sany Heavy Equipment shall provide product technical training courses in China, and repair and maintenance support via telephone or video conference to technical staff of Sany Development so as to facilitate Sany Development's after-sales services. At the expense of and upon request by Sany Development, the technical specialists of Sany Heavy Equipment will provide on-site repair assistance to Sany Development in Russia, South Africa, India and Ukraine in the event that Sany Development encounters technical problems which cannot be resolved by itself. In addition, all after-sales costs will be borne by Sany Development.

Prices of the products that are supplied by Sany Heavy Equipment to Sany Development under the Distribution Agreement are determined at a pre-agreed discount rate of approximately 10% to the standard retail prices charged by Sany Heavy Equipment, and such level of discount is negotiated on an arm's length basis. Such discount is provided to Sany Development in consideration of Sany Development's agreement to bear all costs associated with the distribution and sale of Sany Heavy Equipment's products to customers in Russia, South Africa, India and Ukraine. Given that (i) Sany Development has agreed to bear the overseas shipping costs for the delivery of Sany Heavy Equipment's products to Russia, South Africa, India and Ukraine and will be responsible for after-sales services to the customers in such countries, and (ii) the distribution arrangement under the Distribution Agreement will facilitate Sany Heavy Equipment's entrance into the international market, our Directors consider such level of discount offered by Sany Heavy Equipment to Sany Development to be fair and reasonable to our Group.

There were no historical transactions of a similar nature with Sany Development prior to 1 July 2009. Our Directors estimate that the maximum amount of sales (excluding VAT) payable by Sany Development to Sany Heavy Equipment under the Distribution Agreement for each of the two years ending 31 December 2010 will not exceed RMB4,770,000 and RMB56,850,000, respectively. Such estimate is based on the amount of purchase orders placed by customers since July 2009, which is expected to be included in our sales towards the end of 2009 and/or the first half of 2010, the projected sales order to be placed by customers in Russia, South Africa, India and Ukraine in the second half of 2009 and the first half of 2010 and the anticipated increase in demand of our Group's products in emerging markets such as Russia, South Africa, India and Ukraine, which is expected to be in line with our Group's expectation for its future growth in turnover and production volume taking into account the commencement of operation of our Group's new production facilities and related infrastructure in Shenyang Economic and Technological Development Area from 2009 to 2010. As at 30 September 2009, the total amount of purchase orders placed by customers, which is expected to be included in our sales towards the end of 2009, amounted to approximately RMB3,641,000, representing approximately 76.3% of the annual cap amount for the year ending 31 December 2009. The estimated annual cap for sales by Sany Heavy Equipment to Sany Development for the year ending 31 December 2010 is expected to increase substantially from that in 2009. As at 30 September 2009, the total amount of purchase orders placed by customers, which is expected to be included in our sales towards the first half of 2010, amounted to approximately RMB33,078,000, representing approximately 58.2% of the annual cap amount for the year ending 31 December 2010. The expected increase is mainly due to the anticipated increase in sales of Sany Heavy Equipment's products after Sany Heavy Equipment's entry into the international market, with reference to the amount of purchase orders placed by customers since July 2009 and our Group's development plan in the coming years, which, as supported by the actual sales to Sany Development as at the Latest Practicable Date, was closely in line with the estimate of the sales amount by Sany Heavy Equipment to Sany Development for the year ending 31 December 2009. Our Directors believe the demand for Sany Heavy Equipment's products in international market in 2010 will continue to increase, the sales of which is expected to be in line with our Group's expectation for its future growth in turnover and production volume.

Sany Development is wholly-owned by Sany Heavy Industry, an associate of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules.

Sany Development is principally engaged in the business of distribution of heavy equipment and machinery. With a view to expanding our Group's overseas distribution business and notwithstanding that we can procure an independent third party to distribute the coal mining machineries manufactured by Sany Heavy Equipment, our Directors believe that the continuous distribution by Sany Development of such machineries would benefit our Group for the following reasons:

(i) given that Sany Development has already set up branch office at selected overseas locations to facilitate overseas distribution and in view of Sany Development's accumulated experience in overseas distribution, the engagement of Sany Development as a distributor will enable Sany Heavy Equipment to save operating costs for maintaining a presence or branch office in overseas countries, and provides Sany Heavy Equipment with an excellent management platform and strong overseas distribution network, which would facilitate Sany Heavy Equipment's access to the international market;

(ii) credit risk is also reduced with Sany Development as a distributor; and

(iii) it would save our Company from committing significant resources in developing these overseas markets.

Since each of the percentage ratios (other than the profits ratio) for the Distribution Agreement is expected to be more than 2.5%, the transactions under the Distribution Agreement constitute continuing connected transactions for our Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. *Purchase of parts and components, and pumps from the SG Group*

On 5 November 2009, our Company entered into a master agreement (the "**Master Purchase Agreement**") with Sany Group, pursuant to which our Company agreed to purchase or procure its subsidiaries to purchase from members of the SG Group certain parts and components (including fuel tanks and electric motors) and pumps produced by members of the SG Group for the production of our products for a term of two years commencing from 1 January 2009 to 31 December 2010.

The price for the parts and components, and pumps supplied by members of the SG Group will be determined on the following basis in order of priority:

- the price prescribed by the State (including any price prescribed by any relevant local authorities), if applicable;

- the price recommended under the State pricing guidelines, when no State-prescribed price is available;

- the market price, when neither the State-prescribed price nor the State recommended price is available; or

- the price which is no less favourable to our Group than is available from independent third parties, when none of the above is available or applicable.

Our Group has been purchasing parts and components from members of the SG Group for the manufacture of its products since 2007. Our Group only started purchasing pumps, which are not the key raw materials for our production, from Sany Heavy Industry in 2008 and it is currently the only supplier of pumps to our Group. We purchase parts and components, including fuel tank and electric motors, from independent third party suppliers, as well as from the SG Group. For each of the two years ended 31 December 2008 and the six months ended 30 June 2009, the total purchases by our Group from members of the SG Group amounted to approximately RMB2,746,000, RMB28,343,000 and RMB34,366,000, respectively. The increase in the amount of parts and components, and pumps purchased by our Group from members of the SG Group since 2007 was in line with the expansion in our Group's production, mainly due to the significant increase in market demand for parts and components, and pumps for the production of our Group's coal mining related products in 2007 and 2008.

Our Directors estimate that the maximum amount of annual purchases by our Group from members of the SG Group under the Master Purchase Agreement for each of the two years ending 31 December 2010 will not exceed RMB132,700,000 and RMB105,281,000, respectively. The estimated annual cap for the purchases of parts and components, and pumps of our Group from members of the SG Group is expected to increase significantly from that in 2008 based on the anticipated continuous increase in market demand for our Group's products in the coming years. Such estimate is based on the historical amount of parts and components, and pumps purchased, the prevailing market price for such parts and components, and pumps in the open market in China, and the expected future growth in the turnover taking into account the anticipated increases in the purchase orders to be placed by customers pursuant to the Distribution Agreement and the Sale Agreement, and production volume of our Group taking into account the commencement of operation of our Group's new production facilities and related infrastructure in Shenyang Economic and Technological Development Area from 2009 to 2010. As at 30 September 2009, the total amount of purchase orders placed by our Group from members of the SG Group amounted to approximately RMB97,080,000, representing approximately 73.16% of the annual cap amount for the year ending 31 December 2009. The annual cap amount for the year ending 31 December 2009 is expected to represent approximately 12% of the total cost of sales of our Group for the year ending 31 December 2009. In view of the increases in the amount of purchases by our Group from members of the SG Group from 1 July 2009 up to the Latest Practicable Date and that part of our Group's new production facilities and related infrastructure in Shenyang Economic and Technological Development Area will commence operation in end of 2009, it is expected that the total amount of purchases by our Group from members of the SG Group in the second half of 2009 will increase significantly as compared to that in the first half of 2009. Given that (i) our Group currently has independent access to suppliers and relevant parts and components supplied by the SG Group are generally and widely available in the market at comparable market prices; and (ii) our Group will commence its own production of fuel tanks in 2011, it intends to gradually reduce the purchasing of parts and components, and pumps from the SG Group in the coming years.

Sany Group is owned as to 58.24% by Mr. Liang Wengen, one of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules.

Our Group is capable of carrying on its business independently of the SG Group as it can easily procure the parts and components supplied by members of the SG Group from independent third parties. Our Directors believe that the purchases of the parts and components, and pumps from members of the SG Group would benefit our Group for the following reasons:

(i) the purchases from members of the SG Group will be at competitive prices not less favourable than those that our Group can obtain from independent third parties;

(ii) members of the SG Group are familiar with our Group's specifications, standards and requirements and our Group is confident on the quality of the parts and components, and pumps supplied by members of the SG Group;

(iii) our Directors consider that it is crucial for our Group to maintain the stability in supply and quality of the parts and components, and pumps for our existing and future production needs. In view of our past purchasing experience with certain members of the SG Group, our Directors are of the view that the SG Group can effectively fulfil our high requirement in supply stability as well as product quality; and

(iv) the SG Group has provided our Group more favourable terms such as flexible and timely delivery schedule of the parts and components and pumps purchased by our Group.

The Master Purchase Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual agreements may be required to be entered into between our Group and relevant members of the SG Group. Any individual agreement to be entered into with Sany Heavy Industry and its subsidiaries, where applicable, is subject to the shareholders' approval of Sany Heavy Industry as required by the listing rules of Shanghai Stock Exchange.

Each individual agreement will set out the specific equipment requested by members of our Group and any detailed specifications which may be relevant to those purchases. The individual agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Purchase Agreement. As the individual agreements are simply further elaborations on the purchases as contemplated by the Master Purchase Agreement, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Since each of the percentage ratios (other than the profits ratio) for the Master Purchase Agreement is expected to be more than 2.5%, the transactions under the Master Purchase Agreement constitute continuing connected transactions for our Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. *Sale of equipment under finance lease arrangements to Kangfu International*

On 5 November 2009, Sany Heavy Equipment entered into an equipment sale agreement (the "**Sale Agreement**") with Kangfu International, pursuant to which Sany Heavy Equipment agreed to sell equipment to Kangfu International for a term of two years commencing from 1 January 2009 to 31 December 2010. Kangfu International is a finance company engaged in the business of providing finance leases. Sany Heavy Equipment has entered into tripartite financing arrangements with Kangfu International and some of Sany Heavy Equipment's end-customers on a back-to-back basis. Under such arrangements, Kangfu International enters into a sale and purchase agreement with Sany Heavy Equipment after Sany Heavy Equipment secures an end-customer, while at the same time entering into a finance lease agreement with such end-customer. Upon purchasing the equipment from Sany Heavy Equipment, Kangfu International will sell the equipment to such end-customer at cost and interest will be charged to such end-customers by Kangfu International under the finance lease agreement. There is no arrangement between Sany Heavy Equipment and the end-customers or Kangfu International to provide sales discounts to the end-customers if they are to use Kangfu International's finance lease services, and Sany Heavy Equipment's end-customers are free to choose other finance lease service providers if they wish to do so. The sale and purchase agreement and the finance lease agreement are inter-conditional and form an integral part of the tripartite financing arrangements. Under such tripartite financing arrangements, there will not be any goods return arrangement if any of Sany Heavy Equipment's end-customers fails to repay the finance lease instalments, whether or not they choose Kangfu International or any other finance lease service providers. As advised by our PRC legal advisers, the tripartite financial arrangements under the Sale Agreement is lawful under the PRC laws and regulations.

The price of the equipment sold by Sany Heavy Equipment to Kangfu International will be based on prices and terms which are no less favourable for products sold or to be sold to independent third parties.

Sany Heavy Equipment has only started selling equipment to Kangfu International in 2007. For each of the two years ended 31 December 2008 and the six months ended 30 June 2009, the total sales by Sany Heavy Equipment to Kangfu International amounted to approximately RMB5,470,000, RMB159,327,000 and RMB97,874,000, respectively.

Our Directors estimate that the maximum amount of sales by Sany Heavy Equipment to Kangfu International under the Sale Agreement for each of the two years ending 31 December 2010 will not exceed RMB559,710,000 and RMB321,830,000, respectively . Such estimate is based on the historical amount of equipment sold, in particular, with reference to the figures for the six months ended 30 June 2009, the amount of purchase orders placed by customers and recognised in the accounts of our Group as at 31 October 2009, which amounted to approximately RMB461,210,000 as at 31 August 2009, representing approximately 82.4% of the annual cap amount for the year ending 31 December 2009, the expected increases in demand for our equipment that would be sold under a finance lease arrangement in China, the selling price of the products sold by Sany Heavy Equipment under the Sale Agreement, and the projected growth in turnover of our Group's business over the two financial years ending 31 December 2010 taking into account the expected increase in sales of our Group's products as a result of the commencement of operation of our Group's new production facilities and related infrastructure in Shenyang Economic and Technological Development Area from 2009 to 2010. Based on the amount of purchase orders placed by customers as at 31 October 2009, an amount of RMB129,281,000, representing approximately 40.2% of the annual cap amount for the year ending 31 December 2010, is expected to be recognised in the accounts of our Group in 2010. The estimated annual caps for sales by Sany Heavy Equipment to Kangfu International for the two years ending 31 December 2010 are expected to increase substantially from that in 2008. The expected increase is mainly due to the anticipated increase in demand for Sany Heavy Equipment's product and sales of Sany Heavy Equipment's products with higher product selling price to Kangfu International pursuant to the tripartite financing arrangements, which, as supported by the actual sales to Kangfu International as at the Latest Practicable Date, was closely in line with the estimate of the sales amount by Sany Heavy Equipment to Kangfu International for the year ending 31 December 2009. Sany Heavy Equipment has entered and will continue to enter into finance lease arrangement with other independent finance lease service providers. Going forward, Sany Heavy Equipment will gradually reduce the finance lease arrangement with Kangfu International.

We believe the sale of the equipment to Kangfu International would benefit our Group for the following reasons:

(a) Kangfu International is principally engaged in the business of providing finance leases. Our sale of equipment to Kangfu International would expand our market as it would allow customers who, alone, lack the financial resources at the time of the sale to purchase our equipment but would be able to do so under a finance lease arrangement with Kangfu International; and

(b) any credit risk is eliminated.

Kangfu International is owned as to 75% by Sany Group, an associate of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules. None of Sany Heavy Equipment's end-customers are connected persons of our Group or Kangfu International.

Since each of the percentage ratios (other than the profits ratio) for the Sale Agreement is expected to be more than 2.5%, the transactions under the Sale Agreement constitute continuing connected transactions for our Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. *Provision of procurement services by Sany Heavy Industry*

On 5 November 2009, our Company entered into a purchasing agency agreement (the "**Purchase Agency Agreement**") with Sany Heavy Industry, pursuant to which Sany Heavy Industry has agreed to purchase certain raw materials, and parts and components including steel plates, electronic products, speed-reducing machines, motors and front and back driver axle from overseas third party suppliers, which will then be resold to our Group at cost, for a term of two years commencing from 1 January 2009 to 31 December 2010. In consideration of such service, our Company has agreed to pay or procure its subsidiaries to pay a management fee of 0.5% of such cost to Sany Heavy Industry. The management fee payable under the Purchase Agency Agreement has been arrived at after arm's length negotiations, is no less favourable to our Company than those offered to independent third parties and is determined on terms comparable to the prevailing market rate and practice.

Sany Heavy Industry has been reselling raw materials, and parts and components, which it has procured from overseas third party suppliers, to our Group since 2007. For each of the two years ended 31 December 2008 and the six months ended 30 June 2009, the aggregate purchasing amounts paid by our Group (including management fees) to Sany Heavy Industry for the purchase of the raw materials, and parts and components were approximately RMB8,366,000, RMB36,313,000 and RMB16,039,000, respectively.

Our Group is able to source raw materials, and parts and components directly from overseas third party suppliers or through other alternative purchasing agents and our Group will start sourcing raw materials, and parts and components from overseas third party suppliers through other independent third party purchasing agents in the second half of 2010. Our Group intends to reduce the procurement of overseas raw materials, and parts and components through Sany Heavy Industry gradually in the coming years. Our Directors believe that since our Group is able to source raw materials, and parts and components directly from overseas third party suppliers and there are alternative purchasing agents available in the market, our Group is able to operate independently of the SG Group in this regard.

Our Directors estimate that the maximum purchasing amount (together with the management fees) to be paid by our Group to Sany Heavy Industry under the Purchase Agency Agreement for each of the two years ending 31 December 2010 will not exceed RMB61,700,000 and RMB35,000,000, respectively. Such estimate is based on the historical transaction values between our Group and Sany Heavy Industry, the demand of such raw materials, and parts and components to satisfy our Group's anticipated production volume based on its production expansion plans.

Our Directors believe that the purchase of raw materials, and parts and components from overseas third party suppliers through Sany Heavy Industry would benefit our Group as Sany Heavy Industry is able to source the raw materials, and parts and components at a more favourable prices for bulk purchasing and owing to Sany Heavy Industry's long term and close business relationship with most of the overseas third party suppliers.

Sany Heavy Industry is owned as to 60.73% by Sany Group, an associate of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules. Any individual agreements to be entered into with Sany Heavy Industry and its subsidiaries, where applicable, is subject to the shareholders' approval of Sany Heavy Industry as required by the listing rules of Shanghai Stock Exchange.

Since each of the percentage ratios (other than the profits ratio) for the Purchase Agency Agreement is expected to be more than 2.5%, the transactions under the Purchase Agency Agreement constitute continuing connected transactions for our Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing connected transactions which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement

5. *Mutual Supply Agreement with Sany Group*

On 5 November 2009, our Company entered into a mutual supply agreement (the "**Mutual Supply Agreement**") with Sany Group, pursuant to which our Company has agreed to supply or procure members of our Group to supply raw materials which are expected to be not required by our Group but required by the SG Group for its production, including steel plates, electronic products, speed-reducing machines, motors and front and back driver axle to the SG Group, and Sany Group has agreed to supply or procure members of the SG Group to supply raw materials which are expected to be not required by the SG Group but required by our Group for its production, including steel plates, electronic products, speed-reducing machines, motors and front and back driver axle to our Group for a term of one year commencing from 1 January 2009 to 31 December 2009.

The price for the raw materials supplied by our Group to the SG Group, and by the SG Group to our Group will be determined on the following basis in order of priority:

- the price prescribed by the State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under the State pricing guidelines, when no State-prescribed price is available;
- the market price, when neither the State-prescribed price nor the State recommended price is available; or
- the price which is no less favourable to our Group than is available from independent third parties, when none of the above is available or applicable.

For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the amounts that our Group paid to the SG Group for the supply of raw materials were approximately RMB807,000, RMB5,250,000, RMB3,118,000 and RMB3,106,000, respectively.

There were no historical transactions in respect of the supply of raw materials from our Group to the SG Group prior to 1 July 2009.

Apart from the SG Group, our Group is able to source raw materials from other alternative suppliers. Our Group intends to source raw materials from other independent third party suppliers in the future. Our Directors believe that since there are alternative suppliers of such raw materials available in the market, our Group is able to operate independently of the SG Group in this regard.

Our Directors estimate that the maximum amount of annual purchases by our Group from the SG Group under the Mutual Supply Agreement for the year ending 31 December 2009 will not exceed RMB13,910,000. Such estimate is based on the historical transaction values between our Group and the SG Group, the demand and supply of our Group's products and production expansion plans and the prevailing market rates to such raw materials.

Our Directors estimate that our annual revenue in respect of the raw materials supplied by our Group to the SG Group under the Mutual Supply Agreement for the year ending 31 December 2009 will not exceed RMB4,640,000. Such estimate is based on the historical transaction values between our Group and the SG Group, the anticipated increase in demand of raw materials by the SG Group based on the annual purchases of raw materials by the SG Group from our Group in the previous years, and the prevailing market rates to such raw materials.

Sany Group is owned as to 58.24% by Mr. Liang Wengen, one of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules.

Our Directors believe that the source of raw materials from the SG Group would benefit our Group for the following reasons:

(i) the purchases from the SG Group will be at competitive prices not less favourable than those that our Group can obtain from independent third parties;

(ii) the SG Group is a reliable source of raw materials and to source raw materials from the SG Group can ensure sufficient supply of raw materials (by giving priority to orders from our Group) as well as assurance on the quality of raw materials to be supplied by the SG Group to support our Group's production needs;

(iii) our Group can enjoy the convenience of sourcing a variety of raw materials in sufficient amount from the SG Group instead of having to source from a wide range of different suppliers in the market in order to meet its volume, product variety and quality needs;

(iv) the close vicinity of the warehouse of the SG Group would relatively shorten the delivery time, and increase the effectiveness of inventory control of our Group as our Group is able to shorten the storage time and provide less storage areas for raw materials, which in turn would reduce storage costs for raw materials; and

(v) the SG Group has provided a platform for us to achieve the benefits of bulk purchase of raw materials, such as favourable prices and thereby minimising the management and operational costs of our Group.

Our Directors believe that the entering into of the Mutual Supply Agreement would also benefit our Group as by supplying the raw materials which are expected to be not required by our Group to the SG Group, it would enable our Group to reduce its inventory level of raw materials.

The Mutual Supply Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual agreements may be required to be entered into between members of our Group and relevant members of the SG Group. Any individual agreements to be entered into with Sany Heavy Industry and its subsidiaries, where applicable, is subject to the shareholders' approval of Sany Heavy Industry as required by the listing rules of Shanghai Stock Exchange.

Each individual agreement will set out the specific terms and conditions for the mutual supply of the raw materials in accordance with the terms and conditions of the Mutual Supply Agreement. As the individual agreements are simply further elaboration on the supply of raw materials as contemplated by the Mutual Supply Agreement, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Since each of the percentage ratios (other than the profit ratios) for the Mutual Supply Agreement is expected to be less than 2.5%, the transactions under the Mutual Supply Agreement constitute continuing connected transactions for our Company which are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(C) Continuing connected transactions which are exempt from the reporting, announcement and independent shareholders' approval requirements

6. *Lease Agreement with Hunan Sany Repair*

On 5 November 2009, Hunan Sany Repair Services Co., Ltd. ("**Hunan Sany Repair**") entered into a property lease agreement with Sany Transportation, pursuant to which Hunan Sany Repair agreed to lease from Sany Transportation premises of a total gross floor area of 1,134.42 square meters situated at No. 31 Yansaihu, Shenyang Economic and Technological Development Area for use as repair and maintenance centre for a term of two years commencing from 1 January 2009 to 31 December 2010 at an annual rental of not exceeding RMB219,000 for the two years ending 31 December 2010.

Hunan Sany Repair is a wholly-owned subsidiary of Sany Heavy Industry, a company owned as to 60.73% by Sany Group, an associate of our Controlling Shareholders, and is therefore a connected person of our Company under the Listing Rules.

The rental received from Hunan Sany Repair under the Leasing Agreement was determined on an arm's length basis and reflected the prevailing market rent at that time. The Lease Agreement was entered into on normal commercial terms. The rental payable under the Lease Agreement is to be reviewed every two years, taking into account the market conditions and the prevailing market rent at the relevant time and no less favourable than that offered to independent third parties.

Jones Lang LaSalle Sallmanns Limited, the independent property valuer to our Company, has reviewed the rental payable pursuant to the Lease Agreement and confirmed that the rental payable by Hunan Sany Repair to Sany Transportation reflects the prevailing market rates of comparable properties and is fair and reasonable.

Since each of the percentage ratios (other than the profits ratio) for the Lease Agreement is less than 0.1%, the transactions under the Lease Agreement are exempted from the reporting, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimus threshold under Rule 14A.33 of the Listing Rules.

Waivers

The transactions described in paragraphs (1) to (4) above constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above are more than 2.5%. As such, the non-exempt continuing connected transactions in paragraphs (1) to (4) above would require full reporting, announcement and the independent shareholders' approval. The transactions described in paragraph (5) above constitute continuing connected transactions under Rule 14A.34 of the Listing Rules and calculated with reference to the prepared annual cap for the year ending 31 December 2009 shown above is less than 2.5%. As such, the continuing connected transactions in paragraph (5) above would require full reporting and announcement but exempt from the independent shareholders' approval.

Our Directors, including the independent non-executive Directors, consider that all the continuing connected transactions in paragraphs (1) to (6) are conducted on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business. Our Directors, including the independent non-executive Directors, are also of the view that the annual caps of all of the non-exempted continuing connected transactions in paragraphs (1) to (5) above are fair and reasonable. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements of the Listing Rules in respect of each of these transactions subject to the aggregate value of each of these non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above.

Directors view

The Directors are of the view that the continuing connected transactions as described in paragraphs (1) to (5) and the corresponding annual caps described above have been entered into and will be entered into in our ordinary and usual course of business and on normal commercial terms, are fair and reasonable and are in the interests of our Shareholders as a whole.

Sole Sponsor's view

The Sole Sponsor has reviewed the relevant information and historical figures prepared and provided by us relating to the continuing connected transactions, which are subject to the reporting, announcement and/or independent Shareholders' approval requirements, and has also conducted due diligence by discussing with us and the relevant parties as well as obtaining relevant confirmations. Based on such due diligence, the Sole Sponsor is of the view that such transactions and their respective annual caps (where applicable) are fair and reasonable, and that such transactions have been entered into in the ordinary and usual course of their businesses, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole.

DIRECTORS

Our Board currently consists of eight directors, comprising two executive directors, three non-executive director and three independent non-executive directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at general meetings, determining our business and investment plans, preparing our annual financial budgets and final reports; formulating proposals for profit distributions, recovery of losses and for the increase or reduction of our registered capital, as well as exercising other powers, functions and duties conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our executive directors. Certain information with respect to the members of our Board is set out below:

Executive Directors

Mr. Mao Zhongwu (毛中吾), aged 47, was appointed as our Chairman and Chief Executive Officer of our Company on 23 July 2009. Mr. Mao is and has been the chairman and the general manager of Sany Heavy Equipment since July 2006, and is also and has been an executive director of Sany Zongcai and Sany Transportation since their establishment in May 2008 and September 2009, respectively. He is responsible mainly for our Group's overall strategy planning and investment decisions. Mr. Mao has more than 25 years of experience in the machinery industry.

Mr. Mao is currently a non-executive director with the SG Group and does not have any executive functions in the SG Group. He founded Sany Group in 1989 and was responsible mainly for business development. He subsequently took on different positions in Sany Group's various subsidiaries and was made a director of Sany Group in 2000 and was appointed as vice chairman of Sany Group between June 2005 and June 2006. During his tenure in Sany Group, Mr. Mao was granted the honorary title of "Pioneering Star (創業之星)" by the Research Development Centre of the State Council (國務發展研究中心). Mr. Mao was also elected as vice president of the Loudi Industrial and Commercial Union, Hunan Province (湖南省婁底工商聯) in 2000.

Mr. Mao received professional training in Economics and Management from the National University of Singapore in 1999.

Save as disclosed herein, there are no other matters in relation to Mr. Mao which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Liang Jianyi (梁堅毅), aged 52, was appointed as executive Director of our Company on 23 July 2009. Mr. Liang has been the deputy general manager, principal engineer and head of the research headquarters of Sany Heavy Equipment since June 2009. He is also and has been an executive director of Sany Heavy Equipment and Sany Zongcai since July 2008 and May 2008, respectively. Mr. Liang currently does not have any interest in, nor does he hold any positions or have any roles in the SG Group. Mr. Liang has more than 25 years of experience in the machinery industry.

Mr. Liang joined Sany Heavy Equipment in May 2004 as the assistant general manager and head of the research and development institution. Between February 1996 and May 2004, Mr. Liang served as an assistant general manager at Sany Group, responsible mainly for manufacture and production. Currently, Mr. Liang does not hold any director or senior management roles in the SG Group. Prior to joining Sany Group, Mr. Liang worked in the technology section of Changsha Transformer Factory (長沙變壓器廠工藝處) from December 1989 to February 1996 and has assumed the positions of Large Tool Design Engineer (大型工裝設計工程師), deputy section chief and section chief. Between 1982 and 1989, Mr. Liang worked at the Hunan Province Coal Mine Machinery Factory (湖南省煤礦機械廠機修車間) and served in several positions while he was there, such as technician, leader of technology team, tool design engineer in the technology division, deputy chief and chief of the scientific research division.

Mr. Liang received a Master's Degree in Management Science and Engineering, specialising in Business Management, in 2003 at Central South University (中南大學).

During his tenure at Sany Heavy Equipment, Mr. Liang was granted numerous prizes. He was granted the title of "outstanding corporate management worker" (優秀企業管理工作者) by the Shenyang Federation of Industrial Economics (瀋陽市工業經濟聯合會), Shenyang Enterprise Confederation (瀋陽市企業聯合會) and Shenyang Enterprise Directors Association (瀋陽市企業家協會) in 2008 for advancing a system of innovative corporate management in Shenyang City. In 2009, Mr. Liang was also designated as a "Labour Model" (勞動模範稱號) by the Shenyang Tiexi Area Committee of the Shenyang Tiexi Area People Government (瀋陽市鐵西區人民政府中共瀋陽市鐵西區委員會).

Save as disclosed herein, there are no other matters in relation to Mr. Liang which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Non-executive Director

Mr. Xiang Wenbo (向文波), aged 47, was appointed a non-executive Director of our Company on 23 July 2009. He is also and has been a non-executive director of Sany Heavy Equipment since January 2004. Mr. Xiang has more than 20 years of experience in the machinery industry. Mr. Xiang is currently the president and vice-chairman of Sany Heavy Industry and is responsible for its overall business operations and strategy planning.

Mr. Xiang joined Sany Group in 1991 and was responsible mainly for the production business and marketing. Mr. Xiang has served various positions in Sany Group, such as the vice president, executive president, standing Director of and the general manager in the marketing department under Sany Group, and the standing vice general manager and general manager of Sany Heavy Industry. Mr. Xiang has also assumed several social positions, such as being a representative of the 11th National People's Congress (第十一屆全國人大代表), a standing director of China Construction Machinery Association (中國工程機械工業協會), the vice president of Industrial and Commercial Union in Hunan Province (湖南省工商聯合會), the vice president of the Direct Private Enterprise

Association in Hunan Province (湖南省直私營企業協會), and a director of Association of Private-owned Sci-Tech Enterprise in China (中國民營科技企業協會). Mr. Xiang graduated from Dalian University of Technology (大連理工大學) with a master's degree in Moulding from the Materials department in October 1988.

Save as disclosed herein, there are no other matters in relation to Mr. Xiang which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Huang Jianlong (黃建龍), aged 46, was appointed a non-executive Director of our Company on 23 July 2009. He is also and has been non-executive director of Sany Heavy Equipment since January 2004. Mr. Huang has more than 20 years of experience in the machinery industry. Mr. Huang is currently a director and vice-president of Sany Heavy Industry and is responsible for the sale of products to overseas distributors through Sany Development.

Mr. Huang joined Sany Group in 1992 and was responsible mainly for the financial, production and overseas business. Mr. Huang has served in various positions at Sany Group, such as manager of the machine plant, manager of the super-hard materials plant, finance manager, assistant general manager, deputy general manager and general manager of Sany Heavy Industry. Mr. Huang was the general manager of Sany Development, Middle East branch, in 2007, and the general manager of Sany International Development (三一國際發展有限公司) in 2008. Before joining Sany Group, Mr. Huang worked in Hunan Ferroalloy Factory (湖南鐵合金廠) between 1983 and 1991 as an engineer assistant and was subsequently an engineer. Mr. Huang also graduated with a master degree in business administration from Wuhan University (武漢大學) in June 2008.

Save as disclosed herein, there are no other matters in relation to Mr. Huang which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Wu Jialiang (吳佳梁), aged 47, was appointed a non-executive Director of our Company on 23 July 2009. He is also and has been director of Sany Heavy Equipment since January 2004. Mr. Wu joined our Group in 2003 and was a general manager of Sany Heavy Equipment from January 2004 to August 2007. Mr. Wu is currently also a vice president of Sany Group and a general manager of Sany Electric Co., Ltd (三一電氣有限責任公司), a member of the SG Group. Mr. Wu has more than ten years experience in the machinery industry.

Mr. Wu started his career in the Changzheng Machinery Factory, Aerospace Department (航天部四川長征機械廠) as a technician from 1982 till 1985. From the years 1988 to 1997, Mr. Wu served as the general manager of various companies, including HRB Zhongguang Electronics Co. Ltd (哈爾濱中光電氣公司), Zhuhai Tiancheng Mechanical Equipment Co., Ltd (珠海天成機電設備有限公司) and Zhuhai Weier Jinka Co., Ltd (珠海威爾金卡有限公司). Between 1998 and 2002, Mr. Wu worked as an assistant to the chairman U.S. representative in Harbin Industrial University Xinghe Industrial Co., Ltd (哈爾濱工業大學星河有限公司).

Mr. Wu graduated with a bachelor's degree in Precise Machinery Manufacturing from National University of Defence (中國人民解放軍國防科學技術大學) in 1982 and a master's degree in Mechanical Engineering from Harbin Industrial University (哈爾濱工業大學) in 1987.

Save as disclosed herein, there are no other matters in relation to Mr. Wu which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Independent non-executive Directors

Mr. Xu Yaxiong (許亞雄), aged 63, was appointed an independent non-executive Director of our Company on 5 November 2009. Mr. Xu is currently the President of the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

Mr. Xu worked as head of the mechanical and electrical section of the Capital Construction Engineer Corps 41st Team (基建工程兵第四十一支隊) between 1965 and 1983 and was the team leader and deputy party committee secretary (assistant department level) in No. 2 Construction Company of the Ministry of Coal (煤炭部第二建設公司) between 1983 and 1985. From 1985 to 1994, Mr. Xu served several positions such as deputy director and director of the general office in Northeast Inner Mongolian Coal United Company (東北內蒙古煤炭聯合公司). Between 1994 and 2007, Mr. Xu worked in the general office of Ministry of Coal Industry (煤炭工業部辦公廳) and subsequently in the State Administration of Work Safety (國家安全生產監督管理總局) and assumed the positions including deputy director and director. In June 2007, Mr. Xu joined the China National Coal Machinery Industry Association (中國煤炭機械工業協會) and was then elected as president in June 2007.

Save as disclosed herein, there are no other matters in relation to Mr. Xu which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Ngai Wai Fung (魏偉峰), aged 47**,** was appointed an independent non-executive Director of our Company on 5 November 2009. Mr. Ngai is currently a vice president of the Hong Kong Institute of Chartered Secretaries and a chairman of its membership committee, a director and head of listing services of KCS Hong Kong Limited formerly the corporate and commercial divisions of KPMG and Grant Thornton, respectively, (an independent integrated corporate services provider).

Mr. Ngai is currently an independent non-executive director and a member of the Audit Committee of Bosideng International Holdings Limited (波司登國際控股有限公司), China Railway Construction Corporation Limited (中國鐵建股份有限公司), Bawang International (Group) Holdings Limited (霸王國際(集團)控股有限公司) and Powerlong Real Estate Holdings Limited. (寶龍地產控股有限公司), all of which are companies listed on the Stock Exchange.

Mr. Ngai was the company secretary of Industrial and Commercial Bank of China (Asia) Limited (中國工商銀行(亞洲) 有限公司), a company listed on the Stock Exchange, in 2005, a chairman of Top Orient Capital (Asia) Ltd. from 2003 to 2005, the company secretary of China Unicom Limited (中國聯通股份有限公司), a company listed on the Stock Exchange, from 2001 to 2003, the executive director, the company secretary and the chief financial officer of the then Oriental Union Holdings Limited (東聯控股有限公司) (now known as CY Foundation Group Limited)(青基業集團有限公司), a company listed on the Stock Exchange from 1999 to 2001.

Mr. Ngai has led or participated in a number of significant corporate finance projects including listing, mergers and acquisitions as well as issuance of debt securities, and the provision of professional services and support to many state-owned enterprises and red-chip companies in the areas of regulatory compliance, corporate governance and secretarial services.

Mr. Ngai received a master degree in business administration from Andrews University of Michigan in 1992 and a master degree in Corporate Finance from Hong Kong Polytechnic University in 2002. He is a doctoral candidate in finance at Shanghai University of Finance and Economics. Mr. Ngai is a member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Company Secretaries.

Save as disclosed herein, there are no other matters in relation to Mr. Ngai which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Ng Yuk Keung (吳育強), aged 44, was appointed an independent non-executive Director of our Company on 5 November 2009. Mr. Ng is a vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司).

Mr. Ng worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From November 2004 to August 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Electronics Group Company Limited (彩虹集團電子股份有限公司), a company listed on the Stock Exchange. Mr. Ng is also an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (新疆新鑫礦業股份有限公司) and Beijing Capital Land Ltd. (首創置業股份有限公司) which are both listed on the Stock Exchange.

Mr. Ng graduated from The University of Hong Kong with a Bachelor degree in Management Studies and Economics and a Master degree in Global Business Management and E-commerce. He is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales.

Save as disclosed herein, there are no other matters in relation to Mr. Ng which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Mr. Wang Zhiqiang (王志強), aged 35, is the general manager of the business and commercial department of our Company. Mr. Wang has more than 10 years of experience in the machinery industry. Since 2009, Mr. Wang assumed the position of executive deputy general manager in Sany Heavy Equipment. From January 2002 to June 2009, Mr. Wang assumed numerous positions while working in the various departments in Sany Group, such as the bulldozer research centre, bulldozer customer service department, integrated management division of customer service department, secretarial and supervisory department of the president's office (董事長辦公室文秘督辦部),

executive department and Loudi Zhongyuan Machinery Co., Ltd. (婁底市中源機械有限公司). In April 2008, Mr. Wang was appointed deputy general manager of Sany Group. Before joining Sany Group, Mr. Wang worked in the Special Electric Appliance Research Institute of Xiangtan Electronic & Machinery Co., Ltd. (湘潭電機股份有限公司特種電氣研究所) for three and a half years.

Mr. Wang studied in Xi'an Jiaotong University from September 1994 to July 1998, majoring in Chemical Machinery and Equipment. He is currently pursuing an EMBA programme in China Europe International Business School, which commenced in April 2009.

Mr. Liu Weili (劉偉立), aged 46, is the general manager of the sales department of our Company. He is also and has been a director of Sany Transportation since September 2009. Mr. Liu has more than 10 years of experience in the machinery industry. Mr. Liu has been general manager of the sales department and the vice-president in Sany Heavy Equipment since 2006. From 1996 to 2006, Mr. Liu worked in Sany Group and assumed the positions of operator, department head and president's assistant. Prior to joining Sany Group, Mr. Liu worked in Changsha Clothing Industry Company (長沙市服裝工業公司) as a manager between 1991 and 1995 and in Changsha No. 2 Textile Printing and Dyeing Factory (長沙第二紡織印染廠) between 1978 and 1991.

Mr. Liu received in-service training at the Textile Administrator's College in China (中國紡織政治函授學院) between 1985 and 1987 and also received an EMBA from Sun Yat-sen University in Guangdong Province, China in 2003.

Mr. Du Xing (杜興), aged 40, is the Chief Financial Officer of Sany Heavy Equipment and has assumed this position since 2006. Mr. Du has more than 10 years of experience in the machinery industry. From 2001 to 2006, Mr. Du assumed the position of financial manager of Sany Group. Before joining Sany Group, Mr. Du was the financial manager of the Guangzhou branch of Shenzhen Konka Telecommunication Technology Co., Ltd. (深圳康佳通信科技有限公司) from 1999 to 2001 and was the chief financial and auditing officer of Yueyang Engineering Company (岳陽工程公司) from 1993 to 1999.

Mr. Du graduated from the Shanghai University of Finance and Economics (上海財經大學) in June 1993 with a bachelor degree in Economics and has also received MBA training for financial executives from the Shanghai National Accounting Institute.

JOINT COMPANY SECRETARIES

Mr. Du Xing (杜興) is a member of the senior management of our Company and one of the joint company secretaries of our Company. Please refer to his biography under the paragraph headed "— Senior Management" above.

Ms. Kam Mei Ha Wendy (甘美霞), aged 42, is one of the joint company secretaries of our Company. Ms. Kam is a senior manager of the Corporate Services Division of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Kam is a Chartered Secretary, and an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Ms. Kam is currently the company secretary of China CITIC Bank Corporation Limited (中信銀行股份有限公司) and China Communications Construction Company Limited (中國交通建設股份有限公司) both of which are companies listed on the Stock Exchange. She has over 17 years of experience in the corporate secretarial practice.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. The business and operations of our Group, are primarily located, managed and conducted in China. Substantially all customers of our Group are also located in China. None of our executive Directors are ordinarily based in Hong Kong. We do not and, in the foreseeable future, will not have any management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and ourselves:

(a) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Group comply with the Listing Rules at all times. The two authorised representatives are Mr. Mao Zhongwu, our executive Director, and Mr. Ngai Wai Fung, an independent non-executive Director. Mr. Ngai Wai Fung is ordinarily resident in Hong Kong. Ms. Chen Si Ying, Cynthia has been appointed the alternate representative of Mr. Mao Zhongwu. Ms. Chen Si Ying, Cynthia is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the two authorised representatives and the alternate is authorised to communicate on our behalf with the Stock Exchange. We will be registered as a non-Hong Kong company under the Companies Ordinance, Ms. Chen Si Ying, Cynthia will also be authorised to accept service of legal process and notices in Hong Kong on our behalf.

(b) Each of the authorised representatives and the alternate has means to contact all members of the board of Directors (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives, the alternate and our Directors, we will implement a policy that (a) each executive Director and independent non-executive Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives and the alternate; (b) in the event that an executive Director or independent non-executive Director expects to travel or is out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives and the alternate; and (c) all the executive Directors, independent non-executive Directors and authorised representatives and the alternate will provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange.

(c) In addition, all executive Directors, who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Company Secretaries, a solicitor or barrister or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is in the opinion of the Stock Exchange capable of discharging those functions.

We have appointed Mr. Du Xing and Ms. Kam Mei Ha Wendy as our joint secretaries. Ms. Kam Mei Ha Wendy is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and meets the requirements under Rule 8.17 of the Listing Rules. Mr. Du Xing is the chief financial officer of Sany Heavy Equipment Co., Ltd., a principal subsidiary of our Company. Although Mr. Du Xing does not possess a qualification stipulated in Rule 8.17(2) of the Listing Rules and does not, and is not expected to, reside in Hong Kong in the foreseeable future, we believe that Mr. Du Xing possesses the ability and experience to serve as a secretary to our Company. Accordingly, we have applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.17 of the Listing Rules in relation to the appointment of Mr. Du Xing as a joint company secretary. In order to provide support to Mr. Du Xing, we appoint Ms. Kam Mei Ha Wendy to act as a joint company secretary and to provide assistance to Mr. Du Xing for a three-year period from the Listing Date up to and after the Listing so as to enable him to acquire the relevant experience (as required under Rule 8.17(3) of the Listing Rules) to duly discharge his duties. Upon the expiry of such three-year period, we will assess the then experience of Mr. Du Xing in order to determine whether the requirements as stipulated in Rule 8.17 of the Listing Rules can be satisfied at that time and if such requirements cannot be satisfied, we will employ a suitable candidate who will be able to comply with the requirements under Rule 8.17 of the Listing Rules as secretary of our Company.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed The Hongkong and Shanghai Banking Corporation Limited (the "**Compliance Adviser**") as our compliance adviser to act as the alternate channel of communication with the Stock Exchange for the period commencing on the date of the initial Listing of our Shares on the Main Board of the Stock Exchange and ending on the date on which we comply with Rule 13.46 in respect of our financial results for the first full financial year commencing after the date of our initial Listing. The contact person of our Compliance Adviser will be fully available to answer enquiries from the Stock Exchange.

We have entered into a compliance adviser's agreement with the Compliance Adviser, the material terms of which are summarised as follows:

(a) we have appointed the Compliance Adviser as our compliance adviser for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;

(b) the Compliance Adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our channels of communication with the Stock Exchange;

(c) we have agreed to indemnify the Compliance Adviser for certain actions against it and losses incurred by it arising out of or in connection with the performance by the Compliance Adviser of its duties under the compliance adviser's agreement; and

(d) we may terminate the appointment of the Compliance Adviser as our compliance adviser, by service of a one-month notice, only if its work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to it as permitted by Rule 3A.26 of the Listing Rules. The Compliance Adviser will have the right to resign or terminate its appointment by service of a one-month notice to us if we materially breach the agreement.

BOARD COMMITTEES

Audit committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The audit committee currently consists of three independent non-executive Directors, being Mr. Ngai Wai Fung, Mr. Xu Yaxiong and , Mr. Ng Yuk Keung, with Mr. Ngai Wai Fung serving as chairman of the committee. Mr. Ngai and Mr. Ng have the appropriate professional qualification as set out in Rule 3.10(2) of the Listing Rules.

The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

We believe that the composition and function of our audit committee following the completion of the Global Offering will comply with the applicable requirements of the Stock Exchange and we intend to comply with future requirements to the extent that they become applicable to us.

Remuneration committee

We have established a remuneration committee with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The remuneration committee currently consists of two independent non-executive Directors, being Mr. Ngai Wai Fung and Mr. Ng Yuk Keung, and Mr. Mao Zhongwu who is the chairman of the remuneration committee.

The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management and evaluate and make recommendations on our employee benefit arrangements, including our retirement scheme, performance assessment system and bonus and commission policies.

Nomination committee

We have established a nomination committee with written terms of reference as recommended under the Code on Corporate Governance Practices, set out in Appendix 14 to the Listing Rules. The nomination committee currently consists of two independent non-executive Directors, being Mr. Ngai Wai Fung and Mr. Xu Yaxiong, and Mr. Mao Zhongwu who is the Chairman of the nomination committee.

The primary functions of the nomination committee are to make recommendations to our Board regarding the appointment of our Board.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our executive Directors, who are also our employees, receive compensation in the form of salaries, bonuses and other allowances. The aggregate amount of remuneration (including fees, salaries and discretionary bonuses) which were paid by our Group to our Directors for the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009 were approximately RMB0.5 million, RMB1.0 million, RMB0.9 million and RMB0.3 million, respectively.

Upon completion of the Global Offering, our remuneration committee will make recommendations on the remuneration of our directors taking into account the performance of our directors and market standards and the remuneration will be subject to approval by our shareholders. Accordingly, the historical remuneration to our directors during the years ended 31 December 2006, 2007 and 2008 may not reflect the future levels of remuneration of our directors.

The aggregate amount of remuneration (including fees, salaries and discretionary bonuses) which were paid by our Group to the five highest paid individuals, including our Directors, during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, were approximately RMB0.9 million, RMB1.3 million, RMB1.7 million and RMB0.5 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments including contributions to pension schemes have been paid or are payable, in respect of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, by us or any of our subsidiaries to our Directors, and no payments were made during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 by us to any of our Directors as an inducement to join or upon joining our Group. According to the present arrangements, the aggregate remuneration of our Directors (including benefits in kind and contributions to our Directors as remuneration by us but excluding any discretionary bonus payable to our Directors) for the financial year ending 31 December 2009 is forecast to be approximately HK$700,000.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 2,988 full-time employees. They can be categorised as follows according to their roles. The following table shows an approximate breakdown of our employees by function.

Function	
Production and commerce	1,604
Sales	584
Research and development	453
Management and administration	123
Quality control and testing	130
Finance and accounting	39
Human resources	29
Information technology	19
Audit and control	7
Total headcount	2,988

We recruit our employees mainly from colleges in China and Sany Industry Vocational and Technology College (三一工業職業技術學院) ("**Sany College**"). Sany College was established in 2006 and is wholly-owned by Sany Group. Sany College, with over 100 teachers, approximately 60 training fields and more than 6,000 sets of equipment, conducts courses with a focus on providing education, training and skills which are relevant to the operations of our Group. We may provide internships to students from Sany College and upon the completion of internships, we will be given the opportunity to employ certain students into our Group.

The remuneration package of our employees includes salary and bonuses. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our contributions to the state-managed defined contribution retirement scheme were approximately RMB0.5 million, RMB2.9 million, RMB8.5 million and RMB5.7 million, respectively.

The percentage of salary being contributed by our employees and us respectively to the state-managed defined contribution retirement scheme is listed in the table below:

Type of contribution	Individual (%)	Enterprise (%)
Pension/Endowment Insurance	8	19
Unemployment Insurance	1	2
Occupational Injury Insurance	—	1
Medical Insurance	2	8
Maternity Insurance	—	0.6
Housing Provident Funds	8	8

As confirmed by relevant government authorities and our Directors, we have complied with the requirements of the social insurance and housing fund administration centres of the relevant local governments in Shenyang City. However, the policies implemented by such local governments could be less stringent than the actual requirements under the PRC national labour laws and regulations. As such, we had obtained confirmations from the local government authorities indicating that our social insurance contribution is in compliance with the policies implemented by the relevant local government authorities. Considering that we have already established a high standard for protecting the interests and rights of our employees, the new PRC Labour Contract Law ("**New Labour Law**") did not have any material impact on our business and operations, except that the law superseded the terms of the original employment contracts between our employees and us. In response to the New Labour Law, we have entered into a new employment contract with each of our employees.

The authorised share capital of our Company immediately before the Global Offering is HK$300,000,000, divided into 3,000,000,000 Shares with a nominal value of HK$0.10 per Share.

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Global Offering and the Capitalisation Issue (without taking into account the exercise of the Over-allotment Option):

	Aggregate number of Shares	Approximate nominal value
		(HK$)
Shares in issue	100	10
Shares to be issued pursuant to the Capitalisation Issue	1,499,999,900	149,999,990
Shares to be issued pursuant to the Global Offering	500,000,000	50,000,000
Total	2,000,000,000	200,000,000

The table above assumes the Global Offering and the Capitalisation Issue becomes unconditional and is completed. It does not take into account (a) any Shares which may be issued upon the exercise of the Over-allotment Option, (b) any Shares which may be issued under the general mandate given to our Directors for the issue and allotment of Shares (please refer to the paragraph headed "— General Mandate to Issue Shares" below for further details), or (c) any Shares which may be repurchased by us pursuant to the general mandate given to our Directors for the repurchase of Shares (please refer to "Appendix VI — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 7. Repurchase of our Shares" to this prospectus for further details).

If the Over-allotment Option is exercised in full, then 75,000,000 additional Shares will be issued resulting in a total enlarged issued share capital of 2,075,000,000 Shares with a nominal value of HK$0.10 per Share.

RANKING

The Offer Shares will rank equally in all respects with all our Shares now in issue or to be issued as mentioned herein, and will rank in full for all dividends, income and other distributions and any other rights and benefits attaching or accruing to our Shares after the completion of the Global Offering, save with respect to entitlement to the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Assuming the Global Offering becomes unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

HK$40,000,000	20% of the total nominal amount of our share capital in issue immediately following the completion of Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and the total nominal amount of our share capital repurchased by us under the mandate as mentioned in the paragraph headed "— General Mandate to Repurchase Shares" below.

The general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with our Memorandum and Articles of Association, or pursuant to the exercise of any subscription rights attached to any warrants which may be issued by us from time to time, or upon the exercise of the Over-allotment Option or the Capitalisation Issue. The general mandate does not include any Shares to be issued pursuant to the exercise of the Over-allotment Option.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — The Global Offering — Conditions of the Global Offering" in this prospectus, our Directors have been granted a general mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue, excluding Shares which may be issued upon the exercise of the Over-allotment Option.

This general mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Appendix VI — Statutory and General Information — A Further Information about our Company and our Subsidiaries — 7. Repurchase of our Shares" to this prospectus.

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company:

	Shares owned immediately prior to the Global Offering		Shares owned immediately after the Global Offering	
Name	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Liang Wengen[(1)]	1,500,000,000	100	1,500,000,000	75
Sany BVI[(2)]	1,500,000,000	100	1,500,000,000	75
Sany HK[(3)]	1,500,000,000	100	1,500,000,000	75

Notes:

(1) Liang Wengen is interested in 58.24% of Sany BVI and is deemed to be interested in all the shares of Sany BVI pursuant to the SFO.

(2) Sany BVI is beneficially owned as to 58.24% by Liang Wengen, as to 8.75% by Tang Xiuguo, as to 8.00% by Xiang Wenbo, as to 8.00% by Mao Zhongwu, as to 4.75% by Yuan Jinhua, as to 3.50% by Zhou Fugui, as to 3.00% by Wang Haiyan, as to 3.00% by Yi Xiaogang, as to 1.00% by Wang Zuochun, as to 0.60% by Zhai Xian, as to 0.40% by Zhai Chun, as to 0.38% by Zhao Xiangzhang, as to 0.30% by Duan Dawei and as to 0.08% by Huang Jianlong. Liang Wengen is deemed to be interested in all the shares of Sany BVI pursuant to the SFO.

(3) Sany HK is wholly-owned by Sany BVI.

If the Over-allotment Option is fully exercised, the shareholding held by each of Liang Wengen, Sany BVI and Sany HK will be approximately 72.3%, 72.3% and 72.3% respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and Capitalisation Issue (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company. Further, our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

You should read the discussion and analysis set forth in this section in conjunction with our combined financial information dated as at, and for, the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, and in each case, together with the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. Our combined financial information was prepared in accordance with IFRS.

The combined income statements and cash flow statements for the six months ended 30 June 2008 have been derived from our unaudited combined financial statements included elsewhere in this prospectus. We have prepared the unaudited interim combined financial statements on the same basis as our audited combined financial statements. The unaudited interim combined financial statements include all adjustments, consisting only of normal and recurring adjustments that we consider necessary to fairly present our financial positions for the periods indicated.

Our historical results do not necessarily indicate results expected for any future periods. In addition, our results as at, and for, the six months ended 30 June 2009 may not be indicative of our results as at, and for, the full year ending 31 December 2009. The discussion and analysis of our financial condition contains forward-looking statements that involve risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading manufacturer of roadheaders for coal mining and we are also a one-stop coal mining solutions and comprehensive coal mining equipment provider with strong research and development capabilities. We have the ability to design and manufacture a comprehensive range of coal mining equipment in accordance with the specific requirements of our customers with respect to excavating, coal mining, structural support and underground coal conveying functions.

We are the largest manufacturer of roadheaders for coal mining in the PRC, according to a report by the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會) published at www.coalchina.org.cn in July 2009, which ranks domestic manufacturers of roadheaders by the total number of roadheaders sold in 2008. According to the same report, we also successfully developed China's first fully-automated combined coal mining unit in 2008, which integrates coal mining, structural support and coal conveying functions with a centralised control system into a single coal mining unit. This allows for automated control of coal mining operations and transportation at the work site, as well as a variety of other support functions and significantly enhances the safety and efficiency levels of coal mining. To meet the demands of our other customers, we also offer manually-controlled combined coal mining units. As at 30 September 2009, we had entered into 10 sales contracts for our combined coal mining units, amounting to a total contract price of approximately RMB511.0 million (including 17% value-added tax). Of the 10 sales contracts, we had delivered products, with total contract value amounting to approximately RMB136.0 million to our customers and we expect to deliver additional products with contract value of approximately RMB223.6 million to our customers by the end of 2009.

We have invested heavily in building a strong research and development platform. We have established a research headquarters, which is responsible for implementing the overall planning and co-ordination of research and development projects, and five research institutions, which are responsible, respectively, for the research and development of excavating machinery, coal mining machinery, scraper conveyors, hydraulic structural support equipment and coal mine transportation vehicles. As at the Latest Practicable Date, we had successfully registered 146 patents, and had 80 patents pending registration, with the State Intellectual Property Office of China.

We believe our strong research and development capabilities have allowed us to develop new and innovative products. To further strengthen our market position in the coal mining industry, we have already started designing and manufacturing coal mine transportation vehicles, for which we expect to enter into sales contracts by the end of 2009. In recognition of our outstanding and continuing research and development efforts, we have been granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站). Furthermore, we have been accredited as a National High New Technology Enterprise in 2008, and our products have received numerous awards, including the Shenyang Technology Revitalisation Award and the Certificate of Technology Achievement. In addition, we have prepared a research report entitled "Ideas for Developing a Large-scale Coal Machinery and Equipment Manufacturing Group" (培育大型煤炭機械裝備製造集團發展思路) in 2008 which was awarded third prize by the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

Our production facilities are strategically located in Shenyang City, Liaoning Province, which is an industrial base in Northeast China. Shenyang City is in close proximity to major coal mining sites and is a major rail and highway transportation hub in Northeast China. We have set up an extensive service network, with 11 service centres and 44 service outlets, covering 19 provinces throughout China near major mining sites where our customers operate.

We have experienced significant growth in sales revenue and profit in recent years. For the years ended 31 December 2006, 2007 and 2008, our total sales revenue was RMB159.9 million, RMB461.6 million and RMB1,146.8 million, respectively, representing a CAGR of approximately 167.8%. For the six months ended 30 June 2009, we had total sales revenue of RMB891.6 million, representing an increase of 103.3% as compared to the corresponding period in 2008. For the years ended 31 December 2006, 2007 and 2008, our profit for the year was RMB18.4 million, RMB141.4 million and RMB211.9 million, respectively, representing a CAGR of approximately 239.4%. For the six months ended 30 June 2009, our profit for the period was RMB250.2 million, representing an increase of 222.0% as compared to the corresponding period in 2008.

SELECTED COMBINED FINANCIAL DATA

The following table sets forth our selected income statement and other financial information for the periods indicated, as derived from the Accountants' Report in Appendix I to this prospectus.

Selected Combined Income Statement

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	159,857	461,600	1,146,789	438,616	891,583
Cost of sales	(77,947)	(233,312)	(612,414)	(222,026)	(453,570)
Gross profit	81,910	228,288	534,375	216,590	438,013
Other income	4,965	12,793	23,676	12,302	13,412
Selling and distribution costs	(30,935)	(71,657)	(165,601)	(64,834)	(85,462)
Administrative expenses	(32,431)	(69,735)	(113,621)	(44,294)	(72,320)
Other expenses	(2,654)	(14,868)	(33,535)	(29,489)	(15,488)
Finance costs	(2,740)	(6,908)	(21,247)	(9,347)	(3,825)
Share of profits and losses of an associate	—	4,479	(57)	(1,321)	4,325
Profit before tax	18,115	82,392	223,990	79,607	278,655
Tax	300	59,030	(12,121)	(1,892)	(28,440)
Profit for the year/period	18,415	141,422	211,869	77,715	250,215
Attributable to:					
Equity holders of the Company	9,947	106,066	189,044	66,478	250,215
Minority interests	8,468	35,356	22,825	11,237	—
	18,415	141,422	211,869	77,715	250,215
Earnings per Share attributable to Equity Holders of the Company					
Basic	RMB0.01	RMB0.07	RMB0.13	RMB0.04	RMB0.17
Diluted	N/A	N/A	N/A	N/A	N/A

Selected Information from Statements of Financial Position

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total current assets	235,681	929,771	1,995,099	2,054,339
Total non-current assets	140,074	753,488	1,127,238	639,405
Total assets	375,755	1,683,259	3,122,337	2,693,744
Total current liabilities	280,330	1,160,685	1,211,628	805,200
Total non-current liabilities	2,513	288,240	336,138	260,845
Total liabilities	282,843	1,448,925	1,547,766	1,066,045
Net current assets (liabilities)	(44,649)	(230,914)	783,471	1,249,139
EQUITY				
Equity attributable to equity holders of the Company	69,684	175,750	1,574,571	1,627,699
Minority interests	23,228	58,584	—	—
Total equity	92,912	234,334	1,574,571	1,627,699

Selected Combined Cash Flow Information

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash inflow (outflow) from operating activities	(674)	(12,630)	(147,989)	(57,790)	47,154
Net cash inflow (outflow) from investing activities	(28,234)	(200,940)	(455,697)	(110,072)	392,153
Net cash inflow (outflow) from financing activities	41,932	230,976	631,762	143,923	(225,233)
Net increase/(decrease) in cash and cash equivalents	13,024	17,406	28,076	(23,939)	214,074
Cash and cash equivalents at beginning of year/period	1,283	14,307	31,713	31,713	59,789
Cash and cash equivalents at end of year/period	14,307	31,713	59,789	7,774	273,863

BASIS OF PRESENTATION

The financial information includes the financial statements of our Company and its subsidiaries for the relevant period. The Reorganisation has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests. The pooling-of-interests method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs in the relevant periods as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or any excess of acquirer's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intra-group balances and transactions within our Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by our Group in the results and net assets of our Company's subsidiaries, and are presented separately in the combined income statement and within equity in the combined balance sheet, separately from the equity attributable to equity holders of our Company. Our Group applies the policy of treating transactions with minority interests as transactions with equity participants of our Group. The acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration paid and the book value or the share of net assets acquired is recorded in equity.

We have not applied the following new and revised IFRSs that have been issued but are not yet effective to the financial information:

IAS 27 (amended)	Consolidated and Separate Financial Statements
IFRS 3 (revised)	Business Combinations

IAS 27 (amended) and IFRS 3 (revised) shall be applied for annual periods beginning on or after 1 July 2009. We are in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. We anticipate that these new and revised IFRSs are unlikely to have a significant impact on our results of operations and financial position.

Apart from the above, the IASB has also issued *Improvements to IFRS 5*, primarily with a view to removing inconsistencies and clarifying wording. It will be effective for annual periods on or after 1 July 2009.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, primarily including those set out below:

Growth of the Coal Industry and the Economy in China

We derive substantially all of our revenue from the sale of our products in China. Demand for our products is particularly sensitive to the level of coal exploration and production activities, which are in turn driven by the demand level and price trends for coal in China. According to the BP Statistical Review of World Energy 2009, China was the world's largest coal-producing and coal-consuming country in 2008 (accounting for 42.5% of global coal production and 42.6% of global consumption) and coal is considered China's most important energy resource, accounting for 70.2% of the country's total primary energy consumption in 2008. China's demand for energy and coal is heavily dependent on the condition of the PRC economy at large. The demand for energy and coal has increased during the Track Record Period and is expected to continue increasing along with China's continued economic growth. The rate of increase, however, could be affected by the current economic slowdown in China and around the world. For the period from 2000 to 2008, China's coal production grew from 656.7 million metric tons oil equivalent to 1,414.5 million metric tons oil equivalent and China's coal consumption grew from 667.4 million metric tons oil equivalent to 1,406.3 million metric tons oil equivalent. According to the China National Coal Machinery Association, the sales value of coal mining machines in China grew from RMB10,410.8 million in 2003 to RMB57,988.2 million in 2008. The sales value of roadheaders in China grew from RMB354.0 million to RMB2,551.7 million during the same period. Please refer to the section headed "Industry Overview" for more details. While the demand for coal, roadheaders and coal mining-related machines experienced significant continuous growth in recent years, coal prices in China have been volatile since 2008 due to external factors such as global economic conditions. We believe the growth of the coal industry in China and the PRC economy will continue to have a significant impact on our results of operations.

Research and Development

We believe the research and development of new and improved products has been an important driver of our historical growth. We place a significant amount of emphasis on our research and development with a view to increasing our competitive advantage. In particular, our research facilities have been substantial contributors to our Company's technological achievements. Past innovations have included the first roadheader in China to be equipped with high-gradient downward excavating technology and China's first fully-automated combined coal mining unit. As at the Latest Practicable Date, we had successfully registered 146 patents and had 80 patents pending registration with the State Intellectual Property Office of China. In June 2008, we were granted an approval by the PRC Ministry of Human Resources and Social Security (國家人力資源和社會保障部) to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站). Going forward, we plan to continue to make substantial investments in research and development to maintain our technological edge.

For the years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2009, we spent approximately RMB12.9 million, RMB29.9 million, RMB43.7 million and RMB22.5 million, respectively, on research and development. Our ability to develop new products and improve existing products will continue to be critical to our ability to maintain and increase our sales volume and profitability. We expect that our ability to successfully introduce new or improved products will continue to play an important role in sustaining our growth.

PRC Government Policies

The PRC government may from time to time implement new policies which may directly or indirectly affect our business. For example, the PRC government promulgated a series of policies and economic incentives to enhance and accelerate the technological development and the modernisation of China's coal mining industry. According to statistics from the China National Coal Mining Machinery Industry Association (中國煤炭機械工業協會), the mechanisation rate for the extraction of coal in China was approximately 80% for large coal mines, approximately 40% for medium-sized coal mines and almost zero for small coal mines. The "Eleventh Five-Year Plan for Coal Industry Development" proposed that the mechanisation rate for the extraction of coal should reach over 95%, 80% and 40%, respectively, for large, medium-sized and small coal mines in China by 2010. The PRC government has also explicitly stated that technological upgrades for coal production and coal mining equipment should be expedited. The PRC government also encouraged (i) the development of domestic coal mining machine manufacturers by providing certain refunds for the import duty and value added tax on key machine components and raw materials and (ii) coal mine operators to adopt higher safety standards. We expect these policies to have a positive impact on our results of operations. Please refer to the section headed "Industry Overview" for more details. However, we cannot assure you that the PRC government will not terminate or change these favourable policies in the future. The PRC government has also adopted policies that are favourable to non-carbon and renewable energies including tax credits and other government incentives in recent years. Such measures may negatively affect our customers' businesses, which in turn may materially and adversely affect our business and results of operations.

Product Quality and Market Positioning

Our focus on product quality and reliability positions us to compete with international importers of high-quality machinery and distinguishes us from many domestic competitors who produce lower-quality machinery. This commitment to quality has allowed us to gain the leading position in China's roadheader market. We also are committed to continuing our research and development efforts in order to offer superior products and meet the demand of the high-end machinery market, which had traditionally been dominated by foreign manufacturers. In addition, we use high-quality parts and components in the manufacture of our equipment, including imported parts and components. As a result, our products command a premium compared to those of domestic competitors, and we aim to gain market share through competitive pricing and comprehensive sales services against international manufacturers. In recognition of our achievements, we were accredited as a National High New Technology Enterprise in 2008 and our products have received many awards, which include the Shenyang Technology Revitalisation Award and Certificate of Technology Achievement.

The coal-mining machinery industry in China, however, is highly competitive. The level of competition in the industries in which we operate could affect our business and results of operations. For example, compared with the products of certain international enterprises, some of our newly developed products, such as some of our higher-end roadheaders, have relatively shorter track records and operating histories since they were only introduced into the market in 2007. Please refer to the section headed "Business — Competition" in this prospectus.

In view of the above, our ability to maintain or further increase our profitability, revenue and market share will largely depend on our ability to improve existing technology, develop new products and differentiate ourselves from our competitors based on our reputation and the quality of our products.

Cost of Steel, Machinery Components and Other Raw Materials

Our results of operations are significantly affected by the cost of machinery components and other components (that are produced by third parties or are designed by us with the manufacturing process outsourced to external parties) and, to a lesser extent, the cost of steel. The total cost of steel, machinery components and other raw materials accounted for 81.0%, 80.0%, 78.7% and 80.2% of our cost of sales for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively, or approximately RMB63.1 million, RMB186.7 million, RMB482.2 million and RMB363.7 million over the respective periods. The cost of steel depends on the market price for steel, which is subject to fluctuations in both domestic and international commodities markets. In particular, we experienced increases in steel prices from 2006 to the third quarter of 2008 due to the surge in steel demand in China during that period. Since the third quarter of 2008, steel prices have decreased due to the deterioration of the world economy and the slowdown of growth in China. However, we are of the view that increases in steel prices affect us to a lesser extent for the following reasons:

(a) Although our costs for steel, machinery components and other raw materials together accounted for approximately 81.0%, 80.0%, 78.7% and 80.2% of the total cost of sales for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively, the cost of steel accounted for a relatively small proportion of our total cost of sales during this period. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the cost of steel accounted for approximately 8.6%, 9.2%, 9.5% and 5.1% of our total cost of sales.

(b) Also, our products are offered at premium prices over those of our domestic competitors. As such, increases in steel prices may be cushioned to same extent by our relatively higher prices and are not expected to affect our business to the same extent as the cost of machinery components and other components.

In addition, we source some of our supplies from members of the SG Group or pursuant to our co-operation with Sany Group to obtain more favourable pricing terms. We also maintain multiple suppliers for our steel, key machinery components and other raw materials in an effort to minimise our reliance on a small number of key suppliers.

We do not engage in any hedging transactions to protect us against price fluctuations. We typically attempt to reflect increases in prices of steel, machinery components and other raw materials in our product prices. However, to the extent that we cannot pass on these price increases to our customers, our results of operations and financial condition may be negatively affected. As a result, we believe fluctuations in (i) the cost of key machinery components and other raw materials and (ii) to a lesser extent, the cost of steel, will continue to affect our profitability. Please refer to the section headed "Risk Factors — Fluctuations in the price of steel and other raw materials could significantly affect our business performance and results of operations" in this prospectus.

Production Capacity

Our results of operations have been and are expected to continue to be affected by our production capacity. We have continued to expand our production capacity to capture increasing demand for our excavating machinery and coal mining-related products. We sold 61, 151, 318 and 226 roadheaders for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively, and the utilisation rates of our roadheader production facilities for the same periods were 90%, 92%, 90% and 98%, respectively. The number of our roadheaders sold increased from 2006 to 2008 partially due to the expansion of our existing production capacity. The new production facilities, with a total area of approximately 629,015.2 sq.m. located in Shenyang, will be used for the production of our combined mining units and coal mine transportation vehicles. We believe that our expansion plan will enable us to meet the growth in demand we anticipate for our products and will help us capture a larger share of the markets in which we operate.

Taxation

Our profit is affected by tax exemptions and preferential tax treatments that we enjoy, which, if ceased, would adversely affect our profitability and financial condition. Our effective income tax rates for 2006, 2007 and 2008 and the six months ended 30 June 2009 were -1.7%, -71.7%, 5.4% and 10.2%, respectively. For the year ended 31 December 2008 and the six months ended 30 June 2009, our effective income tax rates were 5.4% and 10.2%, respectively, due to the following reasons:

(a) Pursuant to the State Council Circular on the Implementation of the Transitional Concession Policies for Corporate Income Tax (Guo Fa 2007 no. 39), enterprises previously entitled to a reduced tax rate shall have a grace period of five years regarding the tax reduction commencing on 1 January 2008. Enterprises entitled to a 15% PRC Corporate Income Tax ("**CIT**") rate were subject to tax rates of 18% and 20% in 2008 and 2009, respectively. As mentioned above, as Sany Heavy Equipment is entitled to a 50% deduction in CIT between 2008 to 2010, it further received a tax reduction from the above rates to reduced rates of 9% and 10% in 2008 and 2009, respectively; and

(b) For the year 2008, deferred tax assets were recognised for government grants, provision against slow-moving and obsolete inventories and warranty provisions of RMB65.3 million, 0.5 million and 1.7 million respectively. The difference between the total deferred tax asset balances as at 31 December 2007 and 31 December 2008 were charged to tax income and led to a tax credit of RMB8.2 million.

We were entitled to net tax credits of RMB0.3 million and RMB59.0 million in 2006 and 2007 for the following reasons:

(a) In accordance with the relevant PRC income tax laws and regulations for manufacturing enterprises, Sany Heavy Equipment (a subsidiary of our Group), as a production enterprise with foreign investment, is entitled to a full exemption from CIT for the first two years and a 50% deduction in CIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. The year ended 31 December 2006 was Sany Heavy Equipment's first profit-making year and was the first year of its tax holiday. Accordingly, Sany Heavy Equipment was exempted from CIT for the years ended 31 December 2006 and 2007;

(b) For the year 2006, deferred tax assets of RMB0.3 million were recognised for provision against slow-moving and obsolete inventories, which led to a tax credit of RMB0.3 million; and

(c) In 2007, our Company received government grants of RMB228.2 million for development in the Shenyang Economic and Technological Development Area. In accordance with PRC tax law, government grants are taxable when they are received but according to accounting standards, government grants are recognised as deferred income and should be amortised in future beneficial periods. Hence, the difference between tax law and accounting standards led to a temporary tax difference of RMB228.2 million and we recognised deferred tax assets of approximately RMB57.1 million to account for this temporary difference. As at 31 December 2007, deferred tax assets were recognised for government grants, provision against slow-moving and obsolete inventories and warranty provisions of RMB58.6 million, RMB0.3 million and RMB0.5 million, respectively. The difference between total deferred tax asset balance as at 31 December 2006 and 31 December 2007 was charged to tax income and therefore led to a tax credit of RMB59.0 million.

We had a negative effective tax rate in 2006 and 2007 because we received net tax credits due to certain tax exemptions and preferential tax treatments. Our effective tax rate increased from 5.4% for 2008 to 10.2% for the six months ended 30 June 2009 mainly due to the increase in profit before tax of RMB54.7 million and the income tax rate increasing from 9% to 10%. Our deferred income tax increased by RMB6.7 million over the same period mainly because certain deferred tax was recognised as a result of the receipt of certain government grants in 2009. Our 2006 net tax credit was mainly due to deferred tax assets arising from a provision against slow-moving and obsolete inventories of RMB0.3 million. Our 2007 net tax credit was mainly due to deferred tax assets arising from government grants and warranty provisions of RMB58.6 million and RMB0.5 million, respectively. The government grants related to the development of certain industrial areas in the Shenyang Economic and Technological Development Area, where we will construct our new production facility. Our tax charge increased to RMB12.1 million in 2008 because our subsidiary, Sany Heavy Equipment, no longer enjoys an exemption from CIT. Sany Heavy Equipment was entitled to a full exemption from the 15% CIT for the first two profitable years and a 50% reduction for the following three years. Sany Heavy Equipment is subject to CIT at a rate of 9% in 2008, 10% in 2009, 11% in 2010, 24% in 2011 and 25% in 2012. Please refer to Notes 12 and 27 in the Accountants' Report in Appendix I to this prospectus for further details. Termination or revision of any of such preferential tax treatments which our subsidiaries or associates currently enjoy could have a negative impact on our results of operations and financial condition.

RECENT DEVELOPMENTS

We entered into an equity transfer agreement with Sany Group on 31 May 2009 pursuant to which Sany Heavy Industry has agreed to transfer its 51% interest in Sany Junma to Sany Group. Sany Junma has therefore ceased to be an associate of our Group. Please refer to the section headed "History, Reorganisation and Corporate Structure" for further details. Sany Junma principally manufactures and sells electrical components. We acquired a total of 51% of the equity of Sany Junma in December 2007. The acquisition was conducted through a purchase of 41% of Sany Junma's total equity and a capital contribution to gain an additional 10% interest. In order to focus on our core business and in line with our Group's strategic direction and development plan, we have disposed of Sany Junma for consideration of RMB141.5 million as part of our Reorganisation, as Sany Junma's core business is not directly related to our principal business of manufacturing mining machinery. Sany Junma's revenue and loss for the year ended 31 December 2008 were RMB292.5 million and RMB0.1 million, respectively. Sany Junma's assets as at 31 December 2007 and 2008 were RMB413.6 million and RMB745.2 million, respectively, and its liabilities as at the same dates were RMB144.6 million and RMB476.3 million, respectively.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. These significant accounting policies are important for an understanding of our financial condition and results of operations and are set forth in Note 4 "Summary of Significant Accounting Policies" of the Accountants' Report in Appendix I to this prospectus. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set forth in Note 5 "Significant Accounting Estimates" of the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items such as revenue recognition, cost or expense allocation and provision for liabilities.

In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. We believe the following significant accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements:

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably. For the sale of goods, we recognise revenue when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate portion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgment and estimates. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying amounts of inventories and the write-down charge/write-back in the period for which such estimate was changed. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, we made adjustments of RMB2.0 million, RMB2.5 million, RMB5.2 million and RMB7.7 million as provisions against slow-moving and obsolete inventories.

Property, Plant and Equipment Depreciation

Property, plant and equipment, other than construction in progress, is stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits of the property, plant and equipment, and where the cost of the item can be reliably measured, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and residual values used for this purpose are as follows:

	Estimated useful lives	Residual values
Buildings	20 years	3%
Plant and machinery	10 years	3%
Office and other equipment	8.33 years	3%
Motor vehicles	8.33 years	3%

In determining the useful lives and residual values of items of property, plant and equipment, we consider various factors, such as technical commercial obsolescence arising from changes or improvements in production, or from a change in the market demands for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on our experience with similar assets that are used in a similar way. Depreciation is calculated on a straight-line basis. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the income statement in the year that the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant and machinery under construction, which is stated at cost less any impairment losses and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Impairment of Financial Assets

We assess at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

We first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics that our Group assesses collectively for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that we will not be able to collect all the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Impairment of Non-financial Assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than for inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which the loss arises in those expense categories consistent with the function of the impaired asset.

We assess whether there are any indicators of impairment for an asset at each reporting date. We test the asset for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are taken, an estimation of the value in use of the cash-generating units to which the asset belongs is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but, not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Research and Development Costs

All research costs are charged to the income statement as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. During the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our research and development costs were RMB12.9 million, RMB29.9 million, RMB43.7 million and RMB22.5 million, respectively.

Investment and Other Financial Assets

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially they are measured at fair value.

Our Group determines the classification of its financial assets after initial recognition and where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All ordinary purchases and sales of financial assets are recognised on the trade date; that is, the date that our Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Gains and losses are recognised at the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Provision for Product Warranties

We generally provide one-year warranties on the products sold to our customers, under which faulty products are repaired or replaced. The amount of the warranty provision is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

DESCRIPTION OF SELECTED COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Our revenue represents the sales of excavating machines, combined coal mining units, spare parts and others. Others includes sales of individual components of our combined coal mining units, and repair and maintenance income. Our revenue in a given period is affected primarily by the sales volume of our products in the period and, to a lesser extent, by fluctuations in the average sale prices of our products.

The following table sets forth a breakdown of our revenue and each item is also expressed as a percentage of our revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Excavating machines										
All roadheaders	156,500	97.9%	437,144	94.7%	1,018,296	88.8%	404,495	92.2%	739,151	82.9%
EBZ120 or below	4,855	3.1%	3,231	0.7%	27,927	2.4%	12,274	2.8%	10,987	1.2%
EBZ132 series	35,706	22.3%	64,469	14.0%	231,699	20.2%	82,692	18.9%	103,534	11.6%
EBZ160 series	112,538	70.4%	240,073	52.0%	431,551	37.7%	187,132	42.7%	265,393	29.8%
EBZ200 series	3,401	2.1%	129,371	28.0%	327,119	28.5%	122,397	27.8%	321,844	36.1%
EBZ260 series	—	—	—	—	—	—	—	—	37,393	4.2%
Continuous mining machine	—	—	—	—	—	—	—	—	18,034	2.0%
Coal mine concrete pumps	—	—	—	—	6,149	0.5%	1,009	0.2%	9,780	1.1%
Coal loading machinery	—	—	—	—	923	0.1%	—	—	—	—
Combined coal mining units (whole unit)	—	—	—	—	—	—	—	—	24,757	2.8%
Spare parts	2,544	1.6%	23,113	5.0%	91,316	8.0%	29,307	6.7%	62,328	7.0%
Others	813	0.5%	1,343	0.3%	30,105	2.6%	3,805	0.9%	37,533	4.2%
Total	159,857	100.0%	461,600	100.0%	1,146,789	100.0%	438,616	100.0%	891,583	100.0%

The following table sets forth the number of units sold and the average sale prices of our products for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	Unit Sold	Average Sale Price	Unit Sold	Average Sale Price	Unit Sold	Average Sale Price	Unit Sold	Average Sale Price	Unit Sold	Average Sale Price
		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000
Excavating machines										
All roadheaders	61	2,566	151	2,895	318	3,202	141	2,869	226	3,271
EBZ120 or below	3	1,618	2	1,616	18	1,552	8	1,534	7	1,570
EBZ132 series	17	2,100	34	1,896	106	2,186	41	2,017	50	2,071
EBZ160 series	40	2,813	87	2,759	131	3,294	65	2,879	97	2,736
EBZ200 series	1	3,401	28	4,620	63	5,192	27	4,533	67	4,804
EBZ260 series	—	—	—	—	—	—	—	—	5	7,479
Continuous mining machine	—	—	—	—	—	—	—	—	2	9,017
Coal mine concrete pumps	—	—	—	—	5	1,230	1	1,009	8	1,223
Coal loading machinery	—	—	—	—	1	923	—	—	—	—
Combined coal mining units (whole unit)	—	—	—	—	—	—	—	—	1	24,757
Spare parts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: N/A means not applicable

Gross Profit and Gross Profit Margin

Our gross profit is our revenue less cost of sales. The following table sets forth the gross profits of our products by category.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Excavating machines					
All roadheaders	80,543	215,491	470,101	197,900	375,394
EBZ120 or below	1,199	711	6,983	3,999	2,100
EBZ132 series	15,803	25,385	73,077	27,993	38,877
EBZ160 series	61,811	116,504	202,201	95,520	124,486
EBZ200 series	1,730	72,891	187,840	70,388	188,251
EBZ260 series	—	—	—	—	21,680
Continuous mining machine	—	—	—	—	9,129
Coal mine concrete pumps	—	—	4,518	600	6,242
Coal loading machinery	—	—	666	—	—
Combined coal mining units (whole unit)	—	—	—	—	3,664
Spare parts	1,339	12,112	52,787	16,316	33,253
Others	28	685	6,303	1,774	10,331
Total	81,910	228,288	534,375	216,590	438,013

The table below sets forth the gross profit margins of our products by category.

	For the year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	%	%	%	% (unaudited)	%
Excavating machines					
All Roadheaders	51.5%	49.3%	46.2%	48.9%	50.8%
EBZ120 or below	24.7%	22.0%	25.0%	32.6%	19.1%
EBZ132 series	44.3%	39.4%	31.5%	33.9%	37.6%
EBZ160 series	54.9%	48.5%	46.9%	51.0%	46.9%
EBZ200 series	50.9%	56.3%	57.4%	57.5%	58.5%
EBZ260 series	—	—	—	—	58.0%
Continuous mining machine	—	—	—	—	50.6%
Coal mine concrete pumps	—	—	73.5%	59.5%	63.8%
Coal loading machinery	—	—	72.2%	—	—
Combined coal mining units (whole unit)	—	—	—	—	14.8%
Spare parts	52.6%	52.4%	57.8%	55.7%	53.4%
Others	3.4%	51.0%	20.9%	46.6%	27.5%
Overall	51.2%	49.5%	46.6%	49.4%	49.1%

Cost of Sales

Our cost of sales includes cost of steel, cost of machinery components, cost of other raw materials, direct labour costs, manufacturing expenses and spare parts. Cost of other raw materials includes the cost for driving wheel, auxiliary materials and other materials.

The following table sets forth a breakdown of our cost of sales and each item is also expressed as a percentage of our revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Steel	13,729	8.6%	42,379	9.2%	109,020	9.5%	39,524	9.0%	45,396	5.1%
Machinery components	26,855	16.8%	78,973	17.1%	200,786	17.5%	72,793	16.6%	182,315	20.4%
Other raw materials	22,549	14.1%	65,337	14.2%	172,435	15.0%	62,516	14.3%	135,990	15.3%
Labour	4,498	2.8%	12,116	2.6%	30,002	2.6%	10,877	2.5%	18,963	2.1%
Manufacturing expenses	9,127	5.7%	24,551	5.3%	62,463	5.5%	22,645	5.2%	41,753	4.7%
Spare parts	1,189	0.8%	9,956	2.1%	37,708	3.3%	13,671	3.0%	29,153	3.3%
Total	77,947	48.8%	233,312	50.5%	612,414	53.4%	222,026	50.6%	453,570	50.9%

Other Income

Other income is composed of bank interest income, sales of scrap material, government grants and others.

Selling and Distribution Costs

Selling and distribution costs represent the costs associated with selling and distributing our products such as sales staff salaries, promotion and advertising, transportation, warranties and others.

The following table sets forth a breakdown of our selling and distribution costs and each item is also expressed as a percentage of our revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Staff salaries and related expenses	5,794	3.6%	18,698	4.1%	35,060	3.0%	12,037	2.7%	13,099	1.5%
Promotion and advertising	13,925	8.7%	32,418	7.0%	71,716	6.3%	26,760	6.2%	38,736	4.3%
Transportation	2,984	1.9%	8,491	1.8%	31,391	2.7%	15,226	3.5%	12,541	1.4%
Warranties	5,281	3.3%	9,247	2.0%	23,081	2.0%	8,075	1.8%	17,974	2.0%
Others	2,951	1.9%	2,803	0.6%	4,353	0.4%	2,736	0.6%	3,112	0.4%
Total	30,935	19.4%	71,657	15.5%	165,601	14.4%	64,834	14.8%	85,462	9.6%

Administrative Expenses

Administrative expenses mainly include expenses for research and development, salaries for administrative staff, travelling expenses, office expenses and others.

The following table sets forth a breakdown of our administrative expenses and each item is also expressed as a percentage of our revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Research and development expenses	12,908	8.1%	29,917	6.5%	43,707	3.8%	17,181	3.9%	22,453	2.5%
Staff salaries and related expenses	7,764	4.9%	17,877	3.9%	29,007	2.5%	9,141	2.1%	13,088	1.5%
Travelling expenses	1,460	0.9%	2,371	0.5%	5,322	0.5%	2,084	0.5%	2,853	0.3%
Office expenses	3,506	2.2%	9,323	2.0%	14,151	1.2%	7,900	1.8%	7,654	0.9%
Others	6,793	4.2%	10,247	2.2%	21,434	1.9%	7,988	1.8%	26,272	2.9%
Total	32,431	20.3%	69,735	15.1%	113,621	9.9%	44,294	10.1%	72,320	8.1%

Other Expenses

Other expenses largely include costs incurred as a result of net foreign currency differences, impairment of uncollectable trade receivables and provisions against obsolete inventories.

Finance Costs

Finance costs are solely composed of interest on bank loans.

Share of Profits and Losses of an Associate

This represents the profits or losses stemming from our 51% interest in an associate, Sany Junma.

Tax

Tax represents the corporate income tax imposed under various PRC corporate income tax laws, subject to certain tax concessions and exemptions for enterprises with foreign investment.

RESULTS OF OPERATIONS

The following discussion addresses the principal trends that have affected our results of operations during the periods under review.

Six Months Ended 30 June 2009 Compared to Six Months Ended 30 June 2008

Revenue

Our revenue increased 103.3% from RMB438.6 million for the six months ended 30 June 2008 to RMB891.6 million for the same period in 2009. The substantial growth of our revenues for the six months ended 30 June 2009 was primarily attributable to two main trends: (i) increased sales volume, particularly significant sales increases from more advanced products with higher profit margin (EBZ132 series, EBZ160 series, EBZ200 series Roadheaders) and (ii) to a lesser extent, increasing overall average sale prices of our roadheaders.

The sales volume of our roadheaders increased from 141 units for the six months ended 30 June 2008 to 226 units for the same period in 2009, which made up the vast majority of our sales and contributed 92.2% and 82.9% of our revenues for the six months ended 30 June 2008 and 2009, respectively. This increase was primarily driven by the increase in market demand from the coal industry in China, our increased marketing efforts and market recognition of our products' quality, particularly our higher series roadheaders with high cutting power.

In particular, our EBZ132 series, EBZ160 series, EBZ200 series and EBZ260 series products helped fuel our growth during the period. Sales of our EBZ132 series roadheaders increased 25.2% to RMB103.5 million, contributing 11.6% of our total revenue for the six months ended 30 June 2009. Our EBZ160 series roadheaders continued to sell well, growing 41.8% from the prior period to RMB265.4 million and contributing 29.8% of our total revenue for the six months ended 30 June 2009. Sales of our EBZ200 series roadheaders increased 163.0% from the prior period to RMB321.8 million, contributing 36.1% of our total revenue for the six months ended 30 June 2009. The sales of our newly launched EBZ260 series roadheaders contributed 4.2% of our total revenue for the six months ended 30 June 2009.

The sales of our combined coal mining units and continuous mining machines and increased sales of our spare parts and coal mine concrete pumps also contributed to our increased revenue.

The average sale prices of our products increased moderately for the six months ended 30 June 2009 as compared with the same period in 2008. The average sale prices of our EBZ120 or below series, EBZ132 series and EBZ200 series roadheaders increased by 2.3%, 2.7% and 6.0%, respectively, for the six months ended 30 June 2009 compared to the same period in 2008. The average sale prices of our EBZ160 series decreased by 5.0% from the prior period due to a higher proportion of higher price and configuration EBZ160 series products being sold during the first six months of 2008.

Cost of Sales

Our cost of sales increased 104.3% from RMB222.0 million for the six months ended 30 June 2008 to RMB453.6 million for the six months ended 30 June 2009, mainly reflecting an increase of (i) RMB109.5 million in cost of machinery components, (ii) RMB73.5 million in cost of other raw materials, (iii) RMB19.1 million in manufacturing expenses; and (iv) RMB15.5 million in spare parts as compared to the same period in 2008. The overall increases in the costs of machinery components, other raw materials, manufacturing expenses and spare parts was primarily due to increases in sales volumes driven by demand and, to a lesser extent, the higher costs of certain components relating to our new products. These increases were partially offset by a decrease in the average purchase cost of steel. As a percentage of revenue, our cost of sales remained relatively stable at 50.6% and 50.9% for the six months ended 30 June 2008 and the six months ended 30 June 2009, respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased 102.2% from RMB216.6 million for the six months ended 30 June 2008 to RMB438.0 million for the six months ended 30 June 2009. Primarily as a result of increases in the purchase prices of machinery components and other raw materials which was largely offset by increases in average sales prices, our gross profit margin remained relatively stable at 49.4% for the six months ended 30 June 2008 and 49.1% over the same period in 2009.

Excavating Machines

The gross profit of our roadheaders as a whole increased by 89.7%, from RMB197.9 million for the six months ended 30 June 2008 to RMB375.4 million over the same period in 2009, mainly due to increased sales volume. The gross profit margin of our roadheaders increased slightly from 48.9% for the six months ended 30 June 2008 to 50.8% over the same period in 2009, primarily due to higher average sale price, partially offset by higher cost of sales.

The gross profit on our EBZ120 or below roadheaders decreased from RMB4.0 million for the six months ended 30 June 2008 to RMB2.1 million over the same period in 2009 due to decreased sales and increased cost of sales. The EBZ120 or below roadheaders had a decrease in gross profit margin from 32.6% for the six months ended 30 June 2008 to 19.1% over the same period in 2009 due to our strategy to increase the competitiveness of these lower-end series by using higher quality and more expensive components and parts.

The gross profit on our EBZ132 series roadheaders increased from RMB28.0 million for the six months ended 30 June 2008 to RMB38.9 million over the same period in 2009 due to increased sales and, to a lesser extent, increased average sale price. Our EBZ132 series roadheaders' gross profit margin increased from 33.9% for the six months ended 30 June 2008 to 37.6% over the same period in 2009 as a result of higher average sale price, partially offset by higher cost of sales.

The gross profit on our EBZ160 series roadheaders increased from RMB95.5 million for the six months ended 30 June 2008 to RMB124.5 million over the same period in 2009 due to increased sales. Our EBZ160 roadheaders' gross profit margin decreased from 51.0% for the six months ended 30 June 2008 to 46.9% over the same period in 2009 because of increased cost of sales, driven by the higher cost of machinery components and other raw materials. The decrease in gross profit margin was also partly due to the fact that we sold more higher profit margin machines among the EBZ 160 series during the first six months of 2008 than in the corresponding period in 2009.

The gross profit on our EBZ200 roadheaders increased from RMB70.4 million for the six months ended 30 June 2008 to RMB188.3 million over the same period in 2009 due to increased sales and an increase in the average sale price. The gross profit margin of our EBZ200 series roadheaders increased slightly from 57.5% for the six months ended 30 June 2008 to 58.5% over the same period in 2009 as a result of higher average sale price partially offset by higher cost of sales.

The gross profit on our EBZ260 series roadheaders was RMB21.7 million for the six months ended 30 June 2009. We launched these products in 2009. The gross profit margin on our EBZ260 series product was 58.0%. We expanded into these products as part of our plan to focus on higher profit margin and more advanced roadheaders.

The gross profit on our continuous mining machines was RMB9.1 million for the six months ended 30 June 2009. The gross margin on our continuous mining machines was 50.6%. We launched these products in 2009 as part of our effort to broaden our product range.

The gross profit on our coal mine concrete pumps increased from RMB0.6 million for the six months ended 30 June 2008 to RMB6.2 million over the same period in 2009 due to increased sales and, to a lesser extent, increasing average sale price. We launched these products along with coal loading machinery in 2008. The gross profit margins on our coal mine concrete pumps were 59.5% and 63.8% for the six month periods ended 30 June 2008 and 2009, respectively. We expanded into these products as they yield a relatively high gross profit margin and as part of our effort to diversify our revenue stream.

Combined Coal Mining Units (Whole Unit)

The gross profit for our combined coal mining units was RMB3.7 million for the six months ended 30 June 2009. We entered into a number of sales contracts for our combined coal mining units in 2008 and 2009. We delivered and recognised revenue for one whole combined coal mining unit in June 2009. The gross profit margin on our combined coal mining unit was 14.8% for the six months ended 30 June 2009. Our combined coal mining unit is generally designed and manufactured according to our customer's specific requirements, including technical specifications and quantitative composition of the coal mining system, structural support system and coal conveying system. As such, the price and gross profit of each combined coal mining unit may vary significantly.

Spare Parts

The gross profit on our spare parts increased from RMB16.3 million for the six months ended 30 June 2008 to RMB33.3 million over the same period in 2009 due to growing demand for our spare parts from expanding our customer base. The gross profit margin on our spare parts decreased over the period, from 55.7% for the six months ended 30 June 2008 to 53.4% for the six months ended 30 June 2009 due to increased cost of sales and increased sales of more spare parts with lower profit margins.

Other Income

Our other income increased 8.9% from RMB12.3 million for the six months ended 30 June 2008 to RMB13.4 million over the same period in 2009, primarily due to (i) an increase of RMB1.3 million derived from sales of scrap materials, which is a direct result of the increase in the size of our manufacturing operations, and (ii) an increase of RMB1.2 million derived from bank interest income.

Selling and Distribution Costs

Our selling and distribution costs increased 31.9% from RMB64.8 million for the six months ended 30 June 2008 to RMB85.5 million over the same period in 2009, mainly reflecting an increase of RMB12.0 million in promotion and advertising and RMB9.9 million in warranties, partially offset by a decrease of RMB2.7 million in transportation expenses. This overall increase was primarily due to an expanded marketing effort and warranties associated with our increased sales, partially offset by decreased transportation costs. Our increased marketing effort primarily related to increased advertisements in coal industry publications, outdoor displays and the internet. We also increased the frequency of our participation in product promotional fairs and improved our product displays at these fairs, which led to greater promotional expenses. Our decreased transportation cost was mainly due to the fact that we began shifting towards a delivery model in which our customers will absorb the transportation cost. Our selling and distribution costs as a percentage of our revenue were 14.8% for the six months ended 30 June 2008 and 9.6% over the same period in 2009. This decrease was a result of improved economies of scale and the change in our delivery model.

Administrative Expenses

Our administrative expenses increased 63.2% from RMB44.3 million for the six months ended 30 June 2008 to RMB72.3 million over the same period in 2009, mainly reflecting an increase of (i) RMB3.9 million in administrative staff salaries and related expenses, (ii) RMB5.3 million in research and development expenses, (iii) RMB0.8 million in travelling expenses and (iv) RMB18.3 million in other administrative expenses. This increase was primarily due to the expansion of our administrative operations to oversee the growth of our Group, increased investments in our research and development and increased taxation and professional fees relating to our Listing. As a percentage of our revenue, our administrative expenses decreased from 10.1% for the six months ended 30 June 2008 to 8.1% over the same period in 2009 due to an improvement in our economies of scale.

Other Expenses

Our other expenses decreased 47.5% from RMB29.5 million for the six months ended 30 June 2008 to RMB15.5 million over the same period in 2009. The decrease was primarily attributable to a decrease of RMB21.7 million in net foreign exchange differences arising from reduced prepayments for raw materials and supplies. The decrease was partially offset by an RMB5.4 million increase in impairment of trade receivables associated with increased sales. As a percentage of our revenue, other expenses were 6.7% and 1.7% for the six months ended 30 June 2008 and 2009, respectively.

Finance Costs

We calculate finance costs as interest on bank loans less interest capitalised. Our finance costs decreased 59.1% from RMB9.3 million for the six months ended 30 June 2008 to RMB3.8 million over the same period in 2009. This decrease was primarily due to a decrease of RMB6.6 million in interest expense on bank loans resulting from decreased borrowings.

Share of Profits and Losses of an Associate

Our interest in Sany Junma resulted in a loss of RMB1.3 million for the six months ended 30 June 2008. We recognised a gain of RMB4.3 million over the same period in 2009. We have entered into an equity transfer agreement to transfer our 51% equity interest in Sany Junma to Sany Group on 31 May 2009. All the requisite procedures in respect of the transfer have been completed and such transfer was completed on 24 August 2009. No profits or losses have been generated from Sany Junma after the completion of the transfer.

Profit for the Period

As a result of the foregoing, our profit increased 222.0% from RMB77.7 million for the six months ended 30 June 2008 to RMB250.2 million over the same period in 2009.

Profit Attributable to Equity Holders of our Company

Our profit attributable to equity holders of our Company was RMB66.5 million for the six months ended 30 June 2008 and RMB250.2 million for the same period in 2009. Other than the significant increase in our revenue, the increase in our profit attributable to our equity holders of our Company resulted from acquiring the remaining equity stake from minority shareholders.

Year Ended 31 December 2008 Compared to the Year Ended 31 December 2007

Revenue

Our revenue increased 148.4% from RMB461.6 million in 2007 to RMB1,146.8 million in 2008. The substantial growth of our revenues in 2008 was primarily attributable to two main trends: (i) increased sales volume, particularly significant sales increases from more advanced, higher profit margin products (EBZ132 series, EBZ160 and EBZ200 series roadheaders) and (ii) to a lesser extent, increasing average sale prices of our machinery.

The sales volume of our roadheaders increased from 151 units in 2007 to 318 units in 2008, which made up the vast majority of our sales and contributed 94.7% and 88.8% of our revenues in 2007 and 2008, respectively. This increase was primarily driven by the increase in market demand from the coal industry in China, our increased marketing efforts and market recognition of our products' quality.

In particular, our EBZ132 series, EBZ160 series and EBZ200 series products helped fuel our growth during the period. Sales of our EBZ132 series roadheaders increased 259.4% to RMB231.7 million, contributing 20.2% of our total revenue in 2008. Our EBZ160 series roadheaders continued to sell well, growing 79.8% to RMB431.6 million and contributing 37.7% of our total revenue in 2008. Sales of our EBZ200 series roadheaders increased 152.9% to RMB327.1 million, contributing 28.5% of our total revenue in 2008.

Increased sales of our spare parts, sales of our new products (coal mine concrete pumps and coal loading machinery) and the trial launch of components of combined coal mining units also contributed to our increased revenue.

The average sale prices of our products generally increased moderately from 2007 to 2008, except for the EBZ120 or below roadheaders. The average sale prices of our EBZ132 series, EBZ160 series and EBZ200 series roadheaders increased by 15.3%, 19.4% and 12.4%, respectively, from 2007 to 2008.

Cost of Sales

Our cost of sales increased 162.5% from RMB233.3 million in 2007 to RMB612.4 million in 2008, mainly reflecting an increase of (i) RMB66.6 million in the cost of steel, (ii) RMB121.8 million in the cost of machinery components and (iii) RMB107.1 million in the cost of other raw materials as compared with 2007. The overall increase in the costs of steel, machinery components and other raw materials was primarily due to an increase in sales volume driven by demand and, to a lesser extent, increases in the purchase prices of steel, machinery components and other raw materials. As a percentage of revenue, our cost of sales increased from 50.5% in 2007 to 53.4% in 2008.

Gross Profit and Gross Profit Margin

Our gross profit increased 134.1% from RMB228.3 million in 2007 to RMB534.4 million in 2008. Primarily as a result of increases in the purchase prices of steel, machinery components and other raw materials, our gross profit margin decreased from 49.5% in 2007 to 46.6% in 2008.

Excavating Machines

The gross profit of our roadheaders as a whole increased by 118.1%, from RMB215.5 million in 2007 to RMB470.1 million in 2008, due to increased sales volume. The gross profit margin of our roadheaders decreased from 49.3% in 2007 to 46.2% in 2008, primarily due to increased cost of sales driven by increased purchase prices for steel, machinery components and other raw materials.

The gross profit on our EBZ120 or below roadheaders increased from RMB0.7 million in 2007 to RMB7.0 million in 2008 due to increased sales. The EBZ120 or below roadheaders had an increase in gross profit margin from 22.0% in 2007 to 25.0% in 2008 due to improved economies of scale resulting from increased sales volume.

The gross profit on our EBZ132 series roadheaders increased from RMB25.4 million in 2007 to RMB73.1 million in 2008 due to increased sales and average selling price. Our EBZ132 series roadheaders' gross profit margin decreased from 39.4% in 2007 to 31.5% in 2008 as a result of increased cost of sales primarily driven by the increased cost of steel.

The gross profit on our EBZ160 series roadheaders increased from RMB116.5 million in 2007 to RMB202.2 million in 2008 due to increased sales. Our EBZ160 roadheaders' gross profit margin decreased from 48.5% in 2007 to 46.9% in 2008 because of increased cost of sales, driven by the increased cost of steel. The increase in cost of sales was partly caused by greater costs of more advanced components.

The gross profit on our EBZ200 series roadheaders increased from RMB72.9 million in 2007 to RMB187.8 million in 2008 due to increased sales and an increase in the average sale price. The gross profit margin of our EBZ200 series roadheaders increased from 56.3% in 2007 to 57.4% in 2008 as a result of a higher average sale price, partially offset by higher cost of sales.

The gross profits on our coal mine concrete pumps and coal loading machinery in 2008 were RMB4.5 million and RMB0.7 million, respectively. We launched these products in 2008. The gross profit margins on our coal mine concrete pumps and coal loading machinery were 73.5% and 72.2%, respectively. We expanded into these products as they yield a relatively high gross profit margin and as part of our effort to diversify our revenue stream. In 2008 we conducted a trial launch of the components of our combined coal mining units. These products did not significantly affect our gross profit in 2008, as they were still at the trial stage.

Spare Parts

The gross profit on our spare parts increased from RMB12.1 million in 2007 to RMB52.8 million in 2008. The gross profit margin on our spare parts also increased over the period, from 52.4% in 2007 to 57.8% in 2008. These increases were driven by the growing demand for our spare parts from our continuously expanding customer base. The growing demand also enabled us to offer our spare parts at higher prices.

Other Income

Our other income increased 85.2% from RMB12.8 million in 2007 to RMB23.7 million in 2008, primarily due to an increase of RMB6.6 million derived from sales of scrap materials, which is a direct result of the increase in the size of our manufacturing operations.

Selling and Distribution Costs

Our selling and distribution costs increased 131.0% from RMB71.7 million in 2007 to RMB165.6 million in 2008, mainly reflecting an increase of (i) RMB16.4 million in sales staff salaries and related expenses, (ii) RMB39.3 million in promotion and advertising, (iii) RMB22.9 million in transportation and (iv) RMB13.8 million in warranties. This increase was primarily due to an increase in the total number of sales staff, an expanded marketing effort, and increased transportation costs and warranties associated with our increased sales. Our sales staff grew from 382 persons as at the end of 2007 to 465 persons as at the end of 2008. Our increased marketing effort primarily related to increased advertisements in coal industry publications, outdoor displays and the internet. We also increased the frequency of our participation in product promotional fairs and improved our product displays at these fairs, which led to greater promotional expenses. Our selling and distribution costs as a percentage of our revenue were 15.5% in 2007 and 14.4% in 2008. This decrease was a result of improved economies of scale.

Administrative Expenses

Our administrative expenses increased 63.0% from RMB69.7 million in 2007 to RMB113.6 million in 2008, mainly reflecting an increase of (i) RMB11.1 million in administrative staff salaries and related expenses, (ii) RMB13.8 million in research and development expenses, (iii) RMB4.8 million in office expenses, (iv) RMB3.0 million in travelling expenses and (v) RMB11.2 million in other administrative expenses. This increase was primarily due to an increase in the total number of staff over the period and an expansion of our administrative operations to oversee the growth of our Group and increased investments in our research and development efforts. As a percentage of our revenue, our administrative expenses decreased from 15.1% in 2007 to 9.9% in 2008 due to an improvement in our economies of scale.

Other Expenses

Our other expenses increased 124.8% from RMB14.9 million in 2007 to RMB33.5 million in 2008. The increase was primarily attributable to an increase of RMB9.4 million in net foreign exchange differences arising from prepayments for raw materials and supplies during a period of appreciation of Renminbi against the relevant foreign currencies. The increase was also due to an RMB7.3 million increase in impairment of trade receivables associated with increased sales. As a percentage of revenue, other expenses were 3.2% and 2.9% in 2007 and 2008, respectively.

Finance Costs

We calculate finance costs as interest on bank loans less interest capitalised. Our finance costs increased 207.2% from RMB6.9 million in 2007 to RMB21.2 million in 2008. This increase was due to an increase of RMB15.9 million in interest expenses resulting from increased borrowings.

Share of Profits and Losses of an Associate

Our interest in Sany Junma resulted in a loss of RMB0.1 million in 2008. We recognised a gain of RMB4.5 million in 2007 due to the negative goodwill arising from the cost of our investment in Sany Junma which was less than the fair value of Sany Junma's net assets. No gain or loss was recognised in our combined financial information prior to 2007. We entered into an equity transfer agreement to transfer our 51% equity interest in Sany Junma to Sany Group on 31 May 2009 and such transfer was completed on 24 August 2009. No profits or losses have been generated from Sany Junma after the completion of the transfer.

Profit for the Year

As a result of the foregoing, our profit increased 49.9% from RMB141.4 million in 2007 to RMB211.9 million in 2008.

Profit Attributable to Equity Holders of our Company

Our profit attributable to equity holders of our Company was RMB106.1 million in 2007 and RMB189.0 million in 2008. Other than the significant increase in our revenue, the increase in our profit attributable to our equity holders of our Company was due to our decision to further increase our equity stake.

Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

Revenue

Our revenue increased 188.7% from RMB159.9 million in 2006 to RMB461.6 million in 2007. The substantial growth of our revenues in 2007 was primarily attributable to two main trends: (i) increased sales volume, particularly significantly increased sales of higher profit margin products (EBZ160 series and EBZ200 series products) and (ii) to a lesser extent, increasing average sale prices of our EBZ200 series products.

The sales volume of our roadheaders increased from 61 units in 2006 to 151 units in 2007, which made up the vast majority of our sales and contributed 97.9% and 94.7% to our revenues in 2006 and 2007, respectively. This increase was primarily driven by the increase in market demand from the coal industry in China and the growing market recognition of our products.

In particular, our EBZ160 series and EBZ200 series roadheaders helped fuel our growth during the period. Sales of our EBZ200 series roadheaders increased from 1 unit to 28 units, or from RMB3.4 million to RMB129.4 million, reflecting an increase of approximately 37 times and contributing 28.0% of our total revenue in 2007. Sales of our EBZ160 series roadheaders more than doubled, growing 113.4% to RMB240.1 million and contributing 52.0% of our total revenue in 2007.

Revenue from our spare parts increased approximately eight times from RMB2.5 million in 2006 to RMB23.1 million in 2007. Our spare parts sales accounted for 1.6% of revenue in 2006 and 5.0% of revenue in 2007, and contributed to an increase of RMB20.6 million in our revenue from 2006 to 2007. The increase in revenue derived from spare parts was driven by our growing customer base.

The average sale prices of our products generally declined somewhat from 2006 to 2007, though the average sale price of our advanced EBZ200 or above series roadheaders increased 35.3% from RMB3.4 million in 2006 to RMB4.6 million in 2007.

Cost of Sales

Our cost of sales increased 199.5% from RMB77.9 million in 2006 to RMB233.3 million in 2007, mainly reflecting an increase of (i) RMB28.7 million in the cost of steel, (ii) RMB52.1 million in the cost of machinery components and (iii) RMB42.8 million in the cost of other raw materials. The increase in the costs of steel, machinery components and other raw materials was primarily due to an increase in sales which was driven by higher demand for our products. The increase in cost of sales was also contributed to, to a lesser extent, by the increase in the purchase prices of steel, machinery components and raw materials. As a percentage of revenue, our cost of sales increased from 48.8% in 2006 to 50.5% in 2007.

Gross Profit and Gross Profit Margin

Our gross profit increased 178.8% from RMB81.9 million in 2006 to RMB228.3 million in 2007. Primarily as a result of the increase in the purchase prices of steel, machinery components and raw materials, our gross profit margin decreased from 51.2% in 2006 to 49.5% in 2007.

Excavating Machines

The gross profit on our roadheaders as a whole increased by 167.7%, from RMB80.5 million in 2006 to RMB215.5 million in 2007 as a result of increased sales. The gross profit margin on our roadheaders fell from 51.5% in 2006 to 49.3% in 2007 as a result of increased cost of sales driven by the increase in the purchase prices of steel, machinery components and raw materials.

The gross profits on our EBZ120 or below roadheaders decreased from RMB1.2 million in 2006 to RMB0.7 million in 2007 as a result of the decrease of sales from three units to two units. The gross profit margin on our EBZ120 or below roadheaders also fell slightly from 24.7% in 2006 to 22.0% in 2007 because of decreased economies of scale.

The gross profits on our EBZ132 series roadheaders increased from RMB15.8 million in 2006 to RMB25.4 million in 2007 due to increased sales. The gross profit margin on our EBZ132 series roadheaders fell from 44.3% in 2006 to 39.4% in 2007 as a result of increased cost of sales which was partly caused by an increased amount of imported high-price components used in the EBZ132 series roadheaders. In addition, we lowered our sales price as a strategy to maintain our market share because some new competitors entered the market.

The gross profits on our EBZ160 series roadheaders increased from RMB61.8 million in 2006 to RMB116.5 million in 2007 as a result of a significant increase in sales. The gross profit margin on our EBZ160 series roadheaders fell from 54.9% in 2006 to 48.5% in 2007 as a result of higher cost of sales, primarily attributable to the increased cost of steel. The lower profit margin was also partly contributed to by greater costs of more advanced components.

The gross profits on our EBZ200 series roadheaders increased from RMB1.7 million in 2006 to RMB72.9 million in 2007 as a result of a significant increase in sales and average selling price. The gross profit margin on our EBZ200 series roadheaders increased from 50.9% in 2006 to 56.3% in 2007 due to improved economies of scale and a significant increase in the sales price resulting from a sharp increase in market demand of our EBZ200 series roadheaders.

Spare Parts

The gross profits on our spare parts increased from RMB1.3 million in 2006 to RMB12.1 million in 2007. The gross profit margin on our spare parts remained relatively stable at 52.6% in 2006 and 52.4% in 2007. These increases were driven by the growing demand for our spare parts from our continuously expanding customer base.

Other Income

Our other income increased 156.0% from RMB5.0 million in 2006 to RMB12.8 million in 2007, primarily due to (i) an increase of RMB5.2 million derived from sales of scrap materials, which is a direct result of the increase in the size of our manufacturing operations, and (ii) an increase of RMB2.1 million in government grants. We received more government grants due to our increased scale of research and development in coal mining equipment.

Selling and Distribution Costs

Our selling and distribution costs increased 132.0% from RMB30.9 million in 2006 to RMB71.7 million in 2007 mainly reflecting an increase of (i) RMB12.9 million in salaries and related expenses, (ii) RMB18.5 million in promotion and advertising, (iii) RMB5.5 million in transportation and (iv) RMB4.0 million in warranties. This increase was mainly due to an increase in the total number of sales staff. Our sales staff grew from 84 persons as at the end of 2006 to 382 persons as at the end of 2007. The increase was also contributed to by our increased marketing efforts and promotional activities and greater warranties and transportation costs incurred as a result of increased sales volume for our excavating machines. In particular, we increased the frequency of our participation in product promotional fairs. We also conducted more promotional and advertising activities in targeted markets to help increase consumer familiarity with our products. As a percentage of our revenue, our selling and distribution costs decreased from 19.4% in 2006 to 15.5% in 2007 due to an increase in our economies of scale.

Administrative Expenses

Our administrative expenses increased 115.1% from RMB32.4 million in 2006 to RMB69.7 million in 2007, mainly reflecting an increase of (i) RMB10.1 million in salaries and related expenses for our administrative employees, (ii) RMB17.0 million in research and development expenses, (iii) RMB5.8 million in office expenses and (iv) RMB3.5 million in other administrative expenses. This increase was primarily due to an increase in the number of administrative employees and office expenses in line with our business growth and our continuous efforts in research and development. As a percentage of our revenue, our administrative expenses decreased from 20.3% in 2006 to 15.1% in 2007 due to an improvement in our economies of scale.

Other Expenses

Our other expenses increased 451.9% from RMB2.7 million in 2006 to RMB14.9 million in 2007. The increase was primarily attributable to an increase of RMB12.9 million in net foreign exchange differences resulting from the appreciation of the Renminbi against relevant foreign currencies and an RMB1.3 million increase in impairment of trade receivables associated with the increase in our sales. As a percentage of revenue, other expenses increased from 1.7% in 2006 to 3.2% in 2007.

Finance Costs

Our finance costs increased 155.6% from RMB2.7 million in 2006 to RMB6.9 million in 2007. This increase was due to an increase of RMB6.0 million in interest expense resulting from increased borrowings.

Profit for the Year

As a result of the foregoing, our profit increased 668.5% from RMB18.4 million in 2006 to RMB141.4 million in 2007.

Profit Attributable to Equity Holders of our Company

Our profit attributable to equity holders of our Company was RMB9.9 million in 2006 and RMB106.1 million in 2007. Other than the significant increase in profit, the increase in profit attributable to equity holders of our Company from 2006 to 2007 was because of our purchase of certain shareholdings from the minority shareholders, which made us entitled to a larger proportion of the profit.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth details of our current assets and current liabilities for the periods indicated:

	Year ended 31 December			Six months ended 30 June	Nine months ended 30 September
	2006	2007	2008	2009	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
CURRENT ASSETS					
Inventories	107,536	242,676	373,842	465,970	565,932
Trade receivables	58,656	139,889	281,723	478,851	503,328
Bills receivable	15,190	56,107	182,058	483,530	377,344
Prepayments, deposits and other receivables	24,007	43,912	230,331	110,078	103,155
Due from a shareholder	198	1,855	4,427	91	434
Due from related parties	305	388,729	841,261	206,764	—
Pledged deposits	15,482	24,890	21,668	35,192	14,370
Cash and bank balances	14,307	31,713	59,789	273,863	402,352
Total current assets	235,681	929,771	1,995,099	2,054,339	1,966,915
CURRENT LIABILITIES					
Trade and bills payables	94,526	208,662	217,940	311,935	334,441
Other payables and accruals	48,337	229,246	289,076	409,157	380,445
Interest-bearing bank borrowings	60,000	190,000	310,000	—	—
Due to related parties	72,195	524,231	359,396	11,744	—
Tax payable	—	—	18,415	46,543	55,939
Provision for warranties	2,646	5,466	16,801	25,821	25,408
Government grants	2,626	3,080	—	—	1,217
Total current liabilities	280,330	1,160,685	1,211,628	805,200	797,450
NET CURRENT ASSETS/ (LIABILITIES)	(44,649)	(230,914)	783,471	1,249,139	1,169,465

Historically we have financed our operations and expansion with cash generated from our operations, bank loans, advances from related parties, and capital contributions by Sany HK. Upon a capital contribution of RMB1,128.4 million by Sany HK during 2008, we have shifted from a net current liability position to a net current asset position. We had net current assets of RMB783.5 million, RMB1,249.1 million and RMB1,169.5 million as at 31 December 2008, 30 June 2009 and 30 September 2009, respectively. Our net current liabilities were RMB44.6 million and RMB230.9 million as at 31 December 2006 and 2007, respectively. In order to finance our expansion and fulfil our capital expenditures for purchases of property and equipment, we have taken out an increasing amount of short-term bank loans and advances from related parties. Our net current liabilities increased from RMB44.6 million in 2006 to RMB230.9 million in 2007, primarily due to increases in trade and bills payables, other payables and accruals, interest-bearing borrowings and related parties' transactions. We used a significant amount of cash generated from our short-term funding arrangements to finance the expansion and construction of our production facilities, to purchase relevant equipment, to make non-current prepayments such as for land use rights and to fund our general working capital. We also used a portion of our short-term funding to acquire our equity interest in our associate, Sany Junma, in 2007, which we subsequently disposed of in May 2009 and such transfer was completed on 24 August 2009. Our production facilities, land use rights and interest in Sany Junma were recorded as long-term assets rather than current assets.

Our net current liability position in 2006 and 2007 reflected our historical practice of using short-term bank financing to finance our operations and expansion, which has been our practice in China. To manage our interest expense, we also used a relatively larger proportion of short-term financing during the Track Record Period, as it bore comparatively lower interest rates than long-term financing. Despite our net current liability positions in 2006 and 2007, we did not default on payment of any of our borrowings, or experience any difficultly in raising funds with our principal banks or deriving funds from our related parties or rolling over the short-term loans borrowed from various banks. With an improved financial position and performance in 2008, we secured an additional long-term loan of RMB50.0 million. As our financial position and performance continued to improve in the six months ended 30 June 2009, we repaid RMB310.0 million of our current interest-bearing bank borrowings and RMB75.0 million of our non-current interest-bearing bank borrowings. As at 30 September 2009, we do not have any bank borrowings.

We plan to improve our liquidity by funding our expansion and operations with the net proceeds from the Global Offering, as well as bank loans and cash flows generated from our operating activities. After Listing, we also intend to increase our proportion of long-term loans to finance our expansion and operations in order to improve our capital structure.

Cash Flow

The following table sets forth a summary of net cash flow for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash inflow (outflow) from operating activities	(674)	(12,630)	(147,989)	(57,790)	47,154
Net cash inflow (outflow) from investing activities	(28,234)	(200,940)	(455,697)	(110,072)	392,153
Net cash inflow (outflow) from financing activities	41,932	230,976	631,762	143,923	(225,233)
Net increase/(decrease) in cash and cash equivalents	13,024	17,406	28,076	(23,939)	214,074
Cash and cash equivalents at beginning of year/period	1,283	14,307	31,713	31,713	59,789
Cash and cash equivalents at end of year/period	14,307	31,713	59,789	7,774	273,863

Net Cash Generated from Operating Activities

The following table summarises our cash flow from operating activities for 2006, 2007 and 2008, and the six months ended 30 June 2008 and 2009.

	For the year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating cash flow before movements in working capital	26,888	89,691	269,582	104,387	304,333
Change in working capital — generated/(used)	(27,675)	(102,879)	(416,211)	(161,769)	(256,872)
Cash generated/used in operations	(787)	(13,188)	(146,629)	(57,382)	47,461
Interest received	113	558	501	248	1,420
PRC tax paid	—	—	(1,861)	(656)	(1,727)
Net cash inflow/(outflow) from operating activities	(674)	(12,630)	(147,989)	(57,790)	47,154

Net Cash Inflow/Outflow from Operating Activities

Over the Track Record Period, we derived our cash inflow from operating activities principally from the receipt of payments for the sale of our products. Our cash outflow from operating activities was principally for the purchase of steel, machinery components and other raw materials, payments for employee compensation, expenses for our research and development and expenses for marketing and distribution of our products.

Our net cash inflow from operating activities was RMB47.2 million for the six months ended 30 June 2009, primarily resulting from profit before tax of RMB278.7 million, as adjusted by income statement items with non-cash effects of RMB25.7 million and an outflow of RMB256.9 million for working capital adjustments. Working capital adjustments generally included:

- an increase in trade receivables of RMB210.0 million and an increase in bills receivable of RMB 301.5 million as a result of increased sales, which was in line with our business expansion and revenue growth.

- an increase in other payables and accruals of RMB115.3 million, primarily due to an increase in the amount of customer deposits derived from increased sales.

- an increase in trade and bills payables of RMB94.0 million, primarily due to the increase of raw materials procurement and key components as a result of increase sales.

- a decrease in prepayments, deposits, and other receivables of RMB126.3 million. This decrease is primarily due to our cancellation of a supplier contract with one of our suppliers.

- an increase in inventories of RMB94.6 million primarily due to the increase in raw materials and work in progress at our production facilities. We increased our production volume to meet the increase in market demand by maintaining a higher level of inventory of key components. In addition, our combined coal mining units, for which we launched in 2008, generally have a lead production time of three to four months and thus require more inventories.

Our net cash outflow from operating activities was RMB148.0 million in 2008, primarily resulting from profit before tax of RMB224.0 million, as adjusted by income statement items with non-cash effects of RMB45.6 million and an outflow of RMB416.2 million for working capital adjustments. Working capital adjustments generally included:

- an increase in prepayments, deposits and other receivables of RMB186.4 million. This increase is primarily a result of increased production and sales volume.

- an increase in inventories of RMB133.9 million primarily due to the increase in finished goods and raw materials at our production facilities as we increased our volume of production to meet the increase in market demand. Therefore we maintained a higher inventory of key components.

- an increase in other payables and accruals of RMB162.3 million, primarily due to an increase in the amount of customer deposits derived from increased sales.

- an increase in trade and bills receivables of RMB276.3 million as a result of increased sales, which was in line with our business expansion and revenue growth.

Our net cash outflow from operating activities was RMB12.6 million in 2007, primarily resulting from profit before tax of RMB82.4 million, as adjusted by income statement items with non-cash effects of RMB7.3 million and an outflow of RMB102.9 million for working capital adjustments. Working capital adjustments generally included:

- an increase in prepayments, deposits and other receivables of RMB19.9 million, resulting from increased production scale and sales volume.

- an increase in inventories of RMB135.7 million. This increase was due to increases in stocks of raw materials, work in progress and finished goods, resulting from our increased production needs and the anticipation of an increase in demand for our products.

- an increase in trade and bills payables of RMB114.1 million primarily due to our purchase of a larger amount of supplies to support the growth of our operations.

- an increase in trade and bills receivables of RMB123.4 million and an increase in other payables and accruals of RMB60.9 million primarily as a result of increased sales and customer deposits which were in line with our business expansion and revenue growth.

Our net cash outflow from operating activities was RMB0.7 million in 2006, primarily resulting from profit before tax of RMB18.1 million, as adjusted by income statement items with non-cash effects of RMB8.8 million and an outflow of RMB27.7 million for working capital adjustments. Working capital adjustments generally included:

- an increase in inventories of RMB80.3 million. This increase is due to increases in raw materials, work in progress and finished goods in anticipation of increased sales.

- an increase in trade and bills payables of RMB73.7 million, primarily due to our purchase of a larger amount of supplies to support the growth of our operations and an increase in other payables and accruals of RMB36.7 million, primarily due to an increase in the amounts of customer deposits derived from increased sales.

- an increase in trade and bills receivables of RMB52.0 million due to increased sales of our products.

Net Cash Inflow/Outflow from Investing Activities

Our net cash inflow from investing activities for the six months ended 30 June 2009 was RMB392.2 million, primarily reflecting RMB35.1 million used for purchases of property, plant and equipment, the receipt from Sany Junma of RMB285.3 million and the proceeds received from disposal of Sany Junma of RMB141.5 million. Cash outflow used for the purchases of property, plant and equipment primarily related to the construction of our new production facilities and the purchase of related plant and machinery. We received RMB285.3 million from Sany Junma due to the cancellation of our non-trade supply contract with Sany Junma when we decided to dispose of Sany Junma. We decided to dispose of Sany Junma in May 2009 and received RMB141.5 million as consideration.

Our net cash outflow from investing activities in 2008 was RMB455.7 million, primarily reflecting an RMB285.3 million advance to an associate, Sany Junma, RMB91.4 million used for purchases of property, plant and equipment and RMB96.0 million used for investment in an associate, Sany Junma. We advanced RMB285.3 million to Sany Junma in 2008, mainly to support Sany Junma's expansion, through signing a non-trade long-term supply contract with Sany Junma. In order to focus on our core business, we decided to dispose of Sany Junma as part of the Reorganisation in preparation for the Listing. In line with this strategic decision, we decided to terminate the contract with Sany Junma. We were able to negotiate with Sany Junma an agreement to cancel this contract. We advanced RMB285.3 million to Sany Junma to support their expansion. This amount was repaid to us in February 2009. Cash outflow used for the purchases of property, plant and equipment primarily related to the construction of our new production facilities and the purchase of related plant and machinery. We made a payment in 2008 for our remaining balance for our investment in Sany Junma.

Our net cash outflow in investing activities in 2007 was RMB200.9 million, primarily reflecting RMB94.5 million used for purchases of property, plant and equipment, RMB306.0 million for an increase in non-current prepayments, RMB36.7 million used for investments in an associate, Sany Junma and offset by RMB236.3 million for receipt of government grants(1) which was related to the development of certain industrial areas in the Shenyang Economic and Technological Development Area, where we will locate our new production facility. Cash outflow used for the purchases of property, plant and equipment primarily related to the construction of our new production facilities and the purchase of related plant and machinery. Cash outflow in connection with the increase in non-current prepayments primarily related to certain prepayments that we have made for our acquisition of land use rights. Cash outflow used for investment in Sany Junma was related to our acquisition of a 51% equity interest in Sany Junma. We acquired 41% of Sany Junma's total equity and made a capital contribution to gain a further 10% equity interest.

Our net cash outflow from investing activities in 2006 was RMB28.2 million, primarily reflecting RMB33.6 million used for the purchases of property, plant and equipment offset in part by receipt of government grants of RMB8.1 million. Cash outflow used for purchases of property, plant and equipment primarily related to the expansion and construction of our new production facilities and the purchase of related machinery. Cash inflow in connection with the government grants primarily relate to our research and development effort in the coal mining machinery technology.

Net Cash Inflow/Outflow from Financing Activities

Our net cash outflow from financing activities for the six months ended 30 June 2009 was RMB225.2 million, primarily including receipt of RMB374.2 million from related parties, partially offset by repayment of bank loans of RMB385.0 million and payment of dividends of RMB197.1 million.

Our net cash generated from financing activities in 2008 was RMB631.8 million, primarily including a capital contribution from Sany HK of RMB1,128.4 million and net new bank loans of RMB140.0 million, partially offset by an advance to related parties of RMB617.4 million. We received a capital contribution from Sany HK which improved our liquidity position. Please refer to section headed "History, Reorganisation and Corporate Structure — History" in this prospectus for more information on our capital contribution by Sany HK in 2008.

Our net cash generated from financing activities in 2007 was RMB231.0 million, primarily representing net new bank loans of RMB185.0 million and a receipt of RMB63.8 million from related parties.

Our net cash generated from financing activities in 2006 was RMB41.9 million, primarily reflecting net new bank loans of RMB20.0 million and the receipt of RMB35.4 million from related parties.

Note:

(1) Government Grants

During the Track Record Period, we mainly received two types of government grants relating to either (i) our research and development effort in the coal mining machinery technology (the **"Technology-related government grant"**) or (ii) the development of certain industrial areas in the Shenyang Economic and Technological Development Area where we will construct our new production facilities (the **"New Development-related government grant"**). We received approximately RMB26.9 million of Technology-related government grant and RMB249.9 million of New Development-related government grant during the Track Record Period, respectively. We received the Technology-related government grant mainly because the PRC Government generally supports research and development in coal mining machinery technology and we aim to provide innovative solutions to enhance (i) the mechanisation rate in the coal mining industry and (ii) the safety standard of the coal-mining machinery in the PRC. The PRC Government typically issues guidelines on the eligibility of the government grant and we apply for the government grants based on these guidelines. For example, we applied for certain Technology-related government grants in 2008 based on the policies set forth in the 2008 Shenyang City Technology Declaration Guidelines (2008年瀋陽市科技申報指南). As of the Latest Practicable Date, we are not aware of any specific circumstances that will trigger the return of the Technology-related government grant. According to our understanding, we believe we will continue to be eligible for certain Technology-related government grants as long as the PRC Government is supportive of development of coal-mining related machinery or heavy machinery in China.

In addition, we also received the New Development-related government grant during the Track Record Period. We received such grant mainly because the Shenyang local government encouraged the development of the Shenyang Economic and Technological Development Area and thereby provided us with a grant to develop infrastructure in connection with the new production facilities that we intend to construct. The Shenyang local government required us to use the entire New Development—related government grant in the development of infrastructure in connection with our new production facilities. The PRC Government may seek the return of the New Development-related government grant if we terminate our plan to develop our new production facilities and the related infrastructure. At present, we have no intention to terminate the development plan as it is one of our most important development strategies. As a result, we are not aware of any specific circumstances that will trigger the return of the New Development-related government grant. According to our understanding, the New Development-related government grant is subject to discretion of the relevant government authorities and we may not receive such grant in the future.

Capital Commitments and Contingent Liabilities

Capital Commitments

We have entered into several contracts to construct buildings, plant and machinery. The table below sets forth the total amount of our commitments as at the balance sheet dates indicated.

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for [(1)]:				
Buildings	32,976	63,925	123,302	118,642
Plant and machinery	11,300	3,080	12,850	8,406
	44,276	67,005	136,152	127,048

Note:

(1) Contracts were signed but the contracted items have not been delivered as at each balance sheet date.

Operating Lease Arrangements

We lease some of our dormitories and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years. The table below sets forth our future minimum lease payments under non-cancellable operating leases as at the balance sheet dates indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	—	610	1,105	668
In the second to third years, inclusive	—	250	482	113
	—	860	1,587	781

Contingent Liabilities

We had contingent liabilities of RMB18.0 million as of 31 December 2008, primarily because we provided guarantees to a bank in connection with the banking facilities granted to and utilised by Sany Junma. The guarantees were fully released in March 2009.

Statement of Indebtedness

The following table sets forth our short-term and long-term borrowings as at the dates indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans repayable:				
Within one year	60,000	190,000	310,000	—
In the second year	—	30,000	75,000	—
In the third year	—	25,000	—	—
	60,000	245,000	385,000	—
Secured	60,000	245,000	385,000	—
				—

As at 31 October 2009, our Group's utilised and unutilised banking facilities were nil and approximately RMB440.0 million, respectively.

The effective floating interest rate of our bank loans was 4.54% to 7.47% per annum throughout our Track Record Period.

Our Directors confirm that there have been no material changes in our indebtedness and contingent liabilities since 31 October 2009.

Except as disclosed above, we do not have any outstanding debt securities authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 31 October 2009.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	—	6,783	4,060	424
Plant and machinery	10,704	63,978	24,602	7,692
Office and other equipment	2,618	3,845	7,494	2,484
Motor vehicles	4,046	7,527	9,356	2,507
Construction in progress	7,148	37,773	40,588	26,731
Total	24,516	119,906	86,100	39,838

We have historically funded our capital expenditures through cash generated from our operations, bank loans, advances from related parties and capital contributions from Sany HK. Our capital expenditures primarily comprised expenditures for buildings, plant and machinery, offices and other equipment, motor vehicles and construction in progress. Our capital expenditures were RMB24.5 million, RMB119.9 million, RMB86.1 million and RMB39.8 million in 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. Our capital expenditures from 2006 to 2008 primarily related to the expansion of our existing production facilities, the construction of our new production facilities in Shenyang, the purchase of related equipment and the expansion of our product offering. Subject to the amount of net proceeds of the Global Offering, we plan to continue our construction of a new production facility and staff dormitory at a second site in Shenyang, enhance our new production facility and research and development capabilities, and purchase equipment related to our expansion. From 1 July 2009 to 31 December 2009, we expect to spend approximately RMB270 million. We may adjust our capital expenditures for any given period according to our development plans and in light of market conditions and other factors we believe to be appropriate.

WORKING CAPITAL

Taking into account the net proceeds from the Global Offering (please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for more information) and other financing sources (including net cash flow from operating activities and cash received from bank borrowings), our Directors believe we will have sufficient cash flow to meet our expected cash requirements, including for working capital and capital expenditure purposes for the period ending 12 months from the date of this prospectus.

Cash Flow and Capital Commitment Management

We seek to effectively manage our cash flow and capital commitments. The objective of our capital management is to ensure that we maintain healthy capital ratios to support our business and maximise our shareholders' value. Our managers monitor our capital structure and make adjustments in response to changes in economic conditions. We monitor our capital mainly using a gearing ratio, which is net debt divided by capital plus net debt. Our policy is to keep the gearing ratio at a reasonable level. Our gearing ratios as at the dates indicated are set forth below.

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	60,000	245,000	385,000	—
Less: Cash and cash equivalents and pledged deposits	(29,789)	(56,603)	(81,457)	(309,055)
Net debt	30,211	188,397	303,543	N/A
Equity attributable to equity holders of the Company	69,684	175,750	1,574,571	1,627,699
Capital and net debt	99,895	364,147	1,878,114	1,318,644
Gearing ratio	30%	52%	16%	N/A

Note: Net debt is calculated as interest-bearing bank loans less cash and cash equivalents and pledged deposits. Capital represents equity attributable to equity holders of our Company.

We use a combined annual budget which is supplemented by quarterly and monthly cash flow rolling projections to control our current cash inflow and outflow. We also use a one to three year budgeting system to monitor our cash flow, which covers production and operational costs, construction costs of production facilities and realisation of our revenue from our sales and financing plans. All disbursements of funds are subject to the approval of appropriate managers.

INVENTORY ANALYSIS

The following table sets forth our inventories as of the balance sheet dates indicated and average inventory turnover days for the periods indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	33,864	86,094	155,359	221,199
Work in progress	31,871	61,222	81,315	111,167
Finished goods	43,799	97,871	142,367	141,318
	109,534	245,187	379,041	473,684
Less: Provision against slow-moving inventories and obsolete inventories(1)	(1,998)	(2,511)	(5,199)	(7,714)
	107,536	242,676	373,842	465,970
Average Inventory Turnover Days(2)	324.8	277.5	186.0	172.0

Notes:

(1) Slow-moving inventories represent inventories that have no incoming or outgoing movement for more than one year.

(2) Average inventory equals inventory (before provision against slow-moving inventories and obsolete inventories) at the beginning of the year/period plus inventory (before provision against slow-moving inventories and obsolete inventories) as at the end of the year/period divided by two. Average inventory turnover days for a given year equal average inventory divided by cost of sales and multiplied by 365. Average inventory turnover days for the six months ended 30 June 2009 equal average inventory divided by cost of sales and multiplied by 183 days.

Our inventory comprises raw materials, work in progress and finished goods less any provisions that we make against slow-moving and obsolete inventories. Our inventory also includes products undergoing research and development, parts and components to be delivered from our overseas suppliers and finished products to be delivered and installed at our customers' sites. While we aim to keep our inventory levels at a minimum, our average inventory turnover days are long primarily due to two reasons: (i) our research and development may take several months to a year and components used for research and development purposes are also treated as part of our inventory and (ii) the time taken for the delivery of parts and components from our overseas suppliers is typically three to six months, which is longer than the delivery time required for our domestic suppliers. As such, in order to ensure the timely delivery of our final products to our customers, we strategically maintain an appropriate level of inventory for these parts and components from overseas suppliers. Our inventory balances as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 amounted to RMB107.5 million, RMB242.7 million, RMB373.8 million and RMB466.0 million, respectively. In determining an impairment loss on inventory, we estimate the amount to be impaired based on the net realisable value of the inventories. We typically record an impairment loss for certain raw materials when they age more than one year and there is no plan to utilise these materials in the foreseeable future due to production modifications.

Our inventory balances increased from RMB107.5 million as of 31 December 2006 to RMB242.7 million as of 31 December 2007, primarily reflecting a larger inventory of raw materials and finished goods that we carried for our increased production needs.

Our inventory balances increased from RMB242.7 million as of 31 December 2007 to RMB373.8 million as of 31 December 2008 and further to RMB466.0 million as of 30 June 2009, primarily reflecting increased purchases of raw materials and finished goods as a result of increased sales and stockpiling of more finished goods in anticipation of greater market demand for our products. We also implemented a supermarket inventory model for certain small key parts and components and purchased more raw materials as a strategy to secure sufficient supplies of raw materials.

Our average inventory turnover days decreased from 324.8 days in 2006 to 277.5 days in 2007, mainly due to rapidly growing market demand for our products and better inventory control of our raw materials and work-in-progress materials. In September 2007, we installed an ERP (enterprise resource planning) system, which provides us with instant information about purchases, production schedules and supplies of our raw materials. By providing us with quick access to various data and easy formulation of operating models, the ERP system substantially improved our inventory controls.

Our average inventory turnover days further decreased from 277.5 days in 2007 to 186.0 days in 2008 and further to 172.0 days by 30 June 2009 as we gained a better understanding of market demand, made better estimates of customer needs for our products and better controlled our inventory of raw materials and work-in-progress materials.

TRADE AND BILLS RECEIVABLES ANALYSIS

The following table sets forth the total amounts of our trade and bills receivables as of the balance sheet dates indicated and our average trade and bills receivables turnover days for the periods indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	58,656	141,160	291,547	501,594
Impairment	—	(1,271)	(9,824)	(22,743)
Bills receivable	15,190	56,107	182,058	483,530
	73,846	195,996	463,781	962,381
Average trade and bills receivables turnover days[(1)]	108.1	107.2	106.8	149.7

Note:

(1) Average trade and bills receivables equal trade and bills receivables (before impairment) at the beginning of the year/period plus trade and bills receivables (before impairment) at the end of the year/period divided by two. Average trade and bills receivables turnover days for a given year equal average trade and bills receivables divided by revenue and multiplied by 365. Average trade and bills receivables turnover days for the six months ended 30 June 2009 equal average trade and bills receivables divided by revenue and multiplied by 183 days.

Our trade and bills receivables represent receivables from the sales of our products. Bills receivable are similar to a letter of credit in that payments made by bills receivable are guaranteed by a bank, whereas our customers are responsible for the payment of trade receivables. Typically, we receive an initial payment of 30% of the total contract price within seven days of entering into a sales contract, 30% of the total contract price within seven days after the delivery of our products, and another 30% of the total contract price within one month after the delivery of our products. The remaining 10% is paid to us within seven days after the warranty period of our products ends, which is typically 12 months after the delivery of our products. The settlement term of bills receivable is no more than six months.

We generally grant an average credit period of around one to two months to customers, which is in line with the practice of our industry, but we have granted longer credit periods to some long-standing customers with good payment histories. The credit period of individual customers is evaluated on a case-by-case basis and set out in the sales contracts, as appropriate. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In determining impairment losses, we conduct regular reviews of aging analyses and evaluate collectibles on an individual basis. Our impairment of trade and bills receivables relates to customers that are in financial difficulties or in default on their payments. Our provision for impairment of trade and bills receivables as at 31 December 2006, 2007 and 2008 and as at 30 June 2009, amounted to nil, RMB1.3 million, RMB9.8 million and RMB22.7 million, representing 0%, 0.6%, 2.1% and 2.4% of our trade and bills receivables (before impairment), respectively. The increase in impairment provision for trade and bill receivables was mainly due to increased sales. We do not hold any collateral or other credit enhancements over these balances. We estimate that certain trade and bills receivables unsettled for over six months may still be recoverable based on individual analyses of relevant customers' credit history and financial condition. However, such estimates involve inherent uncertainties and the actual uncollectible amounts may be higher or lower than the amount estimated.

Our trade and bills receivables as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 amounted to RMB73.8 million, RMB196.0 million, RMB463.8 million and RMB962.4 million, respectively. With respect to the trade and bills receivables of RMB463.8 million as of 31 December 2008, approximately RMB452.1 million has been subsequently settled by 30 June 2009. Our trade and bills receivables increased over the Track Record Period largely due to the increase in our sales and products delivered to our customers, which was in line with our business growth. Between 2007 and 2008, our trade and bills receivables grew by 140.1%, roughly in line with revenue growth of 148.4% over the same period. Between 2006 and 2007, revenue grew somewhat faster than trade and bills receivables, with growth of 188.8% over the period, compared to trade and bills receivables growth of 167.1%.

Our average trade and bills receivables turnover days decreased slightly from 108.1 days in 2006 to 107.2 days in 2007 and further to 106.8 days in 2008 mainly due to increased efforts on customer management and control over outstanding receivables. Our average trade and bills receivable turnover days increased to 149.7 days for the six months ended 30 June 2009 mainly due to the increase in our revenue and the increase in the proportion of bill receivables that generally have a credit period of six months.

Our bills receivable all settled within six months over the Track Record Period. With respect to our Group's trade receivables of approximately RMB478.9 million as of 30 June 2009, approximately RMB164.5 million had been settled by 30 September, 2009. With respect to our Group's bills receivable of approximately RMB483.5 million as of 30 June 2009 which are all bank acceptance bills and generally have a credit period of six months, approximately RMB173.3 million had been settled by 30 September 2009.

As at 30 June 2009, our gross trade receivables were approximately RMB501.6 million (net trade receivables were approximately RMB478.9 million and the impairment was RMB22.7 million), of which RMB164.5 million had been settled by 30 September 2009. As of 30 September 2009, the unsettled trade receivable balance of RMB 337.1 million included (i) receivables derived from sales of machines comprising an amount not past due of approximately RMB193.1 million and an amount past due of approximately RMB75.3 million and (ii) receivables from sales of spare parts and other components comprising an amount not past due of approximately RMB44.0 million and an amount past due of approximately RMB24.7 million. We provide special sales policies to selected customers and allow them to settle (a) their payments within one year from their receipt of goods and (b) 90% of their payments within three months after the issuance of an installation report issued by such customers. The above past due amounts arose mainly for the following reasons: (i) we extended the credit periods of our trade receivables for some of our reputable and long-term customers; and (ii) according to our historical financial records, some of our customers typically do not settle their trade payables until the last one or two months of each year.

The following table sets forth an aging analysis of our total trade receivables, based on credit terms, that are neither individually nor collectively considered to be impaired:

			Past due but not impaired			
	Total	Neither past due nor impaired	< 90 days	91 to 180 days	181 to 360 days	over 1 year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2006 .	58,656	23,119	3,876	15,703	12,156	3,802
31 December 2007 .	139,889	37,709	11,476	48,243	26,112	16,349
31 December 2008 .	281,723	113,088	41,376	63,445	44,811	19,003
30 June 2009	478,851	294,108	36,651	40,562	90,425	17,105

Our trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default. These customers typically have a good track record with us. Our Directors are of the view that no provision for impairment is necessary with respect to these balances as there has been no significant change in credit-worthiness of these customers and therefore these balances are still considered to be fully recoverable. We do not hold any collateral or other credit enhancements over these balances.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES ANALYSIS

The following table sets forth our prepayments, deposits and other receivables as of the balance sheet dates indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current prepayments	4,204	310,230	324,616	23,191
Current assets				
Prepayments	9,587	25,884	40,226	91,705
Deposits and other receivables	14,420	18,028	190,105	18,373
	24,007	43,912	230,331	110,078
Total	28,211	354,142	554,947	133,269

Our prepayments, deposits and other receivables as at 31 December 2006, 2007 and 2008 and 30 June 2009 were RMB28.2 million, RMB354.1 million, RMB554.9 million and RMB133.3 million, respectively. The increase in prepayments, deposits and other receivables from 31 December 2006 to 31 December 2007 was primarily due to the increase of non-current prepayments associated with prepayment for our land use rights and an increase in prepayments to our suppliers as our operations expanded. RMB304.3 million was included in our non-current prepayments as at 31 December 2007 and 2008 as prepayments for acquisitions of land use rights. Pursuant to our agreements with the Shenyang City Development and Planning and National Land Resource Economic and Technological Development Office's Branch Office, we acquired the land use rights for three pieces of land (with a total site area of approximately 629,015.2 m^2) in Shenyang Economic and Technological Development Area for a total consideration of approximately RMB301.9 million. We intend to use these three pieces of land to construct our new production facilities. The acquisitions of these land use rights were completed in March and April of 2009. The increase in prepayments, deposits and other receivables from 31 December 2007 to 31 December 2008 was mainly caused by an amount of approximately RMB176.0 million for the purchase of steel. The steel purchase was cancelled in October 2008 because we found some of the steel to be substandard and the market conditions with respect to the steel price had changed. This amount was refunded in April 2009. The prepayments, deposits and other receivables decreased to RMB133.3 million as at 30 June 2009, mainly due to (i) our cancellation of the steel supply contract and (ii) the decrease in non-current prepayments resulting from the recognition of prepayments as actual payment when the acquisition was completed in March and April 2009.

TRADE AND BILLS PAYABLES

The following table sets forth the total amounts of our trade and bills payables as of the balance sheet dates indicated, our average trade and bills payable turnover days and an aging analysis of the trade and bills payables, based on the invoice date.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	39,132	55,856	60,911	116,683
61 to 90 days	29,412	72,623	81,882	112,519
91 to 180 days	18,207	63,606	59,698	49,793
181 to 360 days	7,775	16,577	15,449	28,020
Over 1 year	—	—	—	4,920
	94,526	208,662	217,940	311,935
Average trade and bills payable turnover days (1)	270.2	237.2	127.1	106.9

Note:

(1) Average trade and bills payables equal trade and bills payables at the beginning of the year/period plus trade and bills payables at the end of the year/period divided by two. Average trade and bills payables turnover days for a given year equal average trade and bills payables divided by cost of sales and multiplied by 365. Average trade and bills payables turnover days for the six months ended 30 June 2009 equal average trade and bills payables divided by cost of sales and multiplied by 183 days.

Our total trade and bills payables as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 amounted to RMB94.5 million, RMB208.7 million, RMB217.9 million and RMB311.9 million, respectively. We use trade and bills payables primarily in connection with purchases of steel, machinery components and other raw materials. Our increase in trade and bills payables from 2006 to 2007 was primarily due to increased purchases of raw materials and machinery components to meet increased sales. In 2008, our trade and bills payables increased at a slower rate than our revenue because we significantly increased the amount of prepayments and deposits to our suppliers. The credit period of trade payables is normally 30 to 90 days while the credit period of bills payables is 180 days. Because of our products' relatively long production cycles and our importance as a key customer to some of our suppliers, we have a strong bargaining position and many of our trade and bills payable are settled beyond the standard credit terms.

Our average trade payables turnover days decreased from 270.2 days in 2006 to 237.2 days in 2007, primarily because we better utilised our cash flow generated from operating activities to settle some of our trade payables earlier and in order to maintain better relationships with our suppliers.

Our average trade payables turnover days further decreased from 237.2 days in 2007 to 127.1 days in 2008 and further to 106.9 days for the six months ended 30 June 2009 as our improved liquidity position in 2008 and the six months ended 30 June 2009 (due to the increased cash flow from our operating activities and the capital contribution from Sany HK) allowed us to settle some of our trade payables earlier and to further strengthen our relationships with our suppliers.

OTHER PAYABLES AND ACCRUALS

The following table sets forth a breakdown of our other payables and accruals as of the balance sheet dates indicated.

	As at 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits received from customers	31,838	72,288	192,008	259,063
Other payables	15,900	155,954	94,549	139,298
Accruals	599	1,004	2,519	10,796
	48,337	229,246	289,076	409,157

Other payables and accruals as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 amounted to RMB48.3 million, RMB229.2 million, RMB289.1 million and RMB409.2 million, respectively.

Other payables and accruals increased from RMB48.3 million as at 31 December 2006 to RMB229.2 million in 2007, mainly reflecting an increase of RMB140.1 million in other payables and an increase of RMB40.5 million in deposits received from customers. The increase in deposits received from customers from 2006 to 2007 was primarily attributable to increased sales. The increase in other payables mainly represented an outstanding payment of RMB96.0 million in relation to our acquisition of our equity interest in Sany Junma and an RMB23.6 million increase in payables related to the expansion of our production facility and purchases of related equipment. We also incurred an increase of RMB18.9 million in salary and welfare payable from 2006 to 2007 due to the increase in the number of our staff.

Other payables and accruals increased from RMB229.2 million as at 31 December 2007 to RMB289.1 million as at 31 December 2008, primarily due to a significant increase in deposits received from customers as a result of increased sales, which was partly offset by the decrease in other payables.

Other payables and accruals increased from RMB289.1 million as at 31 December 2008 to RMB409.2 million as at 30 June 2009, primarily due to an increase in deposits received from customers as a result of increased sales as well as an increase in other payables.

OFF-BALANCE SHEET ARRANGEMENT

We do not have any outstanding derivatives instruments, off-balance sheet guarantees or foreign currency forward contracts. We do not engage in trading activities involving non-exchange trade contracts.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Interest Rate Risk

We are exposed to interest rate risk resulting from our long-term and short-term borrowings. We undertake borrowings for general corporate purposes and for our expansion needs. Our borrowings with floating interest rates and our short-term time deposits with fixed interest rates are subject to the risk of changes in market interest rates. An interest rate hike increases the cost of new borrowings and interest costs of our outstanding borrowings with floating interest rates.

Subject to certain assumptions, we have conducted a sensitivity analysis to determine our exposure to interest rates. If interest rates had been 100 basis points higher/lower and all other variables had been held constant, our profit before tax would have decreased/increased by approximately nil, RMB0.5 million, RMB1.5 million and RMB0.2 million in 2006, 2007 and 2008 and for the six months ended 30 June 2009 respectively.

The range of effective interest rates on our bank loans was 4.54% to 7.47% during the Track Record Period.

Foreign Exchange Risk

Our Group's businesses are located in the PRC and most of the transactions are conducted in Renminbi. Most of our Group's assets and liabilities are denominated in Renminbi, except for the amount due from one of our related parties which was denominated in United States dollar. We have not used any forward contracts, currency borrowings, or other means to hedge our foreign currency exposure, but we monitor our exposure and consider hedging significant currency exposure should the need arise. Please refer to note 34 of the Accountant's Report in Appendix I to this prospectus for more information.

Credit Risk

We are exposed to credit risk in the event that our customers fail to perform their payment obligations. With respect to credit risk in connection with cash and cash equivalents, amounts due from an associate and related parties and other receivables, our maximum risk exposure is equal to the carrying amount of those financial assets. In order to minimise credit risk, we typically trade with recognised and creditworthy third parties and therefore we do not require collateral from our customers. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. There are no significant concentrations of credit risk in terms of our customer bases and our trade receivables are dispersed among a number of customers. Further quantitative data in respect of our credit risk arising from trade and other receivables is disclosed in Notes 19 and 20 of the Accountant's Report in Appendix I to this prospectus.

Liquidity Risk

We are potentially exposed to liquidity risk as we had net current liabilities as at 31 December 2006 and 2007, despite net current assets in 2008 and for the six months ended 30 June 2009. Our policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet our working capital requirements. We systematically and periodically review our risk to a shortage of funds. We evaluate the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The following table sets forth the maturity profile of financial liabilities as at the dates indicated, based on contractual undiscounted payments.

	As at 31 December 2006			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	94,526	—	94,526
Other payables and deposits received	—	47,738	—	47,738
Interest-bearing bank loans	—	61,961	—	61,961
Due to related parties	72,195	—	—	72,195
	72,195	204,225	—	276,420

	As at 31 December 2007			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	208,662	—	208,662
Other payables and deposits received				
- from customer	—	228,242	—	228,242
Interest-bearing bank loans	—	200,951	61,677	262,628
Due to related parties	524,231	—	—	524,231
	524,231	637,855	61,677	1,223,763

	As at 31 December 2008			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	217,940	—	217,940
Other payables and deposits received				
- from customer	—	286,557	—	286,557
Interest-bearing bank loans	—	324,125	80,082	404,207
Due to related parties	359,396	—	—	359,396
	359,396	828,622	80,082	1,268,100

	As at 30 June 2009			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	307,015	4,920	311,935
Other payables and deposits received				
- from customer	—	398,361	—	398,361
Interest-bearing bank loans	—	—	—	—
Due to related parties	11,744	—	—	11,744
	11,744	705,376	4,920	722,040

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further financial information about how the proposed listing might have affected (i) the net tangible assets of our Group after the completion of the Global Offering; and (ii) the forecast earnings per Share of our Group for the year ending 31 December 2009 as if the Global Offering had taken place on 1 January 2009.

The accompanying unaudited pro forma financial information of our Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of our Group does not purport to predict our Group's future financial position.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of our Group's financial position.

Unaudited Pro Forma Adjusted Net Tangible Assets

The unaudited pro forma adjusted net tangible assets of our Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2009. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial position of our Group.

	Audited net tangible assets attributable to equity holders of our Company as at 30 June 2009	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	(HK$ equivalent) (Note 4)
Based on an Offer Price of HK$4.10 per Share	1,627,699	1,707,520	3,335,219	1.67	1.89
Based on an Offer Price of HK$4.80 per Share	1,627,699	2,005,975	3,633,674	1.82	2.06

Notes:

(1) The audited combined net tangible assets of our Group attributable to equity holders of our Company as at 30 June 2009 is based on the combined net assets attributable to equity holders of our Company of RMB1,627,699,000 as at 30 June 2009 extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK$4.10 or HK$4.80 per Share, being the low or high end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by our Company and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.88100, the prevailing rate quoted by the PBOC on 3 November 2009.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 2,000,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.88100, the prevailing rate quoted by the PBOC on 3 November 2009.

(5) Our Group's property interests as at 31 August 2009 have been valued by Jones Lang LaSalle Sallmanns, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation". The above unaudited pro forma adjusted net tangible assets do not take into account the surplus attributable to our Group arising from the revaluation of our Group's property interests amounting to approximately RMB94.5 million. The revaluation surplus will not be incorporated in our Group's financial statements for the year ending 31 December 2009. If the valuation surplus was recorded in our Group's financial statements, additional depreciation/amortisation of approximately RMB1.4 million would be charged against the combined income statement for the year ending 31

Profit forecast for the year ending 31 December 2009

The Directors have prepared the forecast of our Group's combined profit attributable to equity holders of our Company for the year ending 31 December 2009 based on the unaudited combined results of our Group for the two months ended 31 August 2009 and a forecast of the combined results of our Group for the remaining four months ending 31 December 2009. The forecast for the year ending 31 December 2009 has been prepared on bases consistent in all material respects with the accounting policies adopted by our Group and its associates as set out in the Accountants' Report in Appendix I to this prospectus.

Forecast combined net profit attributable to the Shareholders of our Company (1)	Not less than RMB450 million (HK$511 million)
Unaudited forecast earnings per Share (2)	
(a) Pro forma basis (3)	Not less than RMB22.5 cents (HK$25.5 cents)
(b) Weighted average basis (4)	Not less than RMB29.0 cents (HK$32.9 cents)

Notes:

(1) The above profit forecast has been prepared on the bases and assumptions set out in Appendix III to this prospectus.

(2) Solely for your convenience, forecast earnings per Share are converted into Hong Kong dollars at the exchange rate of HK$1.00 to RMB0.88100. You should not construe such conversion as a representation that the Renminbi amounts could actually be converted into HK dollar amounts at the rate indicated or at all.

(3) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast combined profit attributable to Shareholders for the year ending 31 December 2009, assuming that we had been listed since 1 January 2009 and a total of 2,000,000,000 Shares were in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised.

(4) The calculation of the forecast earnings per Shares on a weighted average basis is based on the forecast combined profit attributable to the Shareholders for the year ending 31 December 2009. This calculation assumes that the Over-allotment Option will not be exercised, and 500,000,000 Shares will be issued pursuant to the Global Offering on 25 November 2009.

DIVIDEND POLICY

After the completion of the Global Offering, we may in the future distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the recommendation of our Directors and approval of our Shareholders. Under the Articles, our Directors have the power to pay interim dividends but only if they are justified by the profits of our Company. The decision to pay dividends will be reviewed in light of factors such as the results of our operations, financial condition and position, and other factors deemed relevant.

PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles which differ from generally accepted accounting principles in other jurisdictions, including IFRS. PRC law also requires foreign-invested enterprises such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in Note 32 of the Accountants' Report in Appendix I to this prospectus, our Directors confirm that the transactions were conducted on normal commercial terms and/or terms not less favourable than terms available from independent third-parties, which are considered fair, reasonable and in the interest of the shareholders of our Company as a whole.

Recurring Transactions

We engage in transactions with our SG Group's subsidiary company, Kangfu International, which provides financing for our customers. Revenues from product sales to Kangfu International for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 were nil, RMB5.5 million, RMB159.3 million and RMB97.9 million, respectively.

We also purchase raw materials, parts and components from other subsidiaries of our SG Group. Our purchases of raw materials from Sany Junma (which was our associate during 2007 and 2008) totaled nil, RMB2.7 million, RMB21.8 million and RMB21.6 million for years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. For the years ended 31 December 2006, 2007, 2008 and the six months ended 30 June 2009, our related party transactions with Sany Heavy Industry (including purchase of pumps, raw materials and other materials procured through the SG Group) amounted to RMB0.8 million, RMB13.6 million, RMB41.6 million and RMB22.6 million, respectively.

Non-recurring Transactions

We have in the past engaged in a number of non-recurring transactions with fellow subsidiaries of the SG Group which we do not expect to continue after the Global Offering. Most such transactions were bank loan guarantees or purchases of property and equipment. These guarantees have been released in full or will be released in full upon the listing of our Shares.

We have also sold products to one subsidiary of the SG Group, Sany Heavy Industry, with sales for the year ended 31 December 2008 of RMB4.1 million. For the six months end 30 June 2009, we sold a total of RMB119.4 million of raw materials to Hunan Sany Road Machinery Co., Ltd., Hunan Sany Pump Machinery, Sany Heavy Machinery and Shanghai Sany Technology.

We made a number of purchases from related parties. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, we purchased a total of RMB7.6 million, RMB1.0 million, RMB3.0 million and nil of machinery from our related parties. We also purchased RMB118.0 million of raw materials from Synnium Machinery for the six months ended 30 June 2009, which we then sold to Hunan Sany Road Machinery Co., Ltd., Hunan Sany Pump Machinery, Sany Heavy Machinery and Shanghai Sany Technology.

At the end of 2007, we entered into procurement contracts of a total of RMB387.1 million with Synnium Machinery for future procurement of raw materials from overseas suppliers in order to assist and support the development of the business of Synnium Machinery and transferred the full contract amount to Synnium Machinery as prepayment. However, at that time, we had not yet procured any raw materials through Synnium Machinery as the intention was to obtain raw materials on an as-needed basis through Synnium Machinery. At that time, we were not aware that Hunan Sany Road Machinery and Hunan Sany Pump Machinery (the "**Subsidiaries of Sany Heavy Industry**"), Sany Heavy Machinery and Shanghai Sany Technology would make purchases of raw materials from Synnium Machinery through us. When we commenced preparations for the Listing, we started taking steps to terminate such related party transactions and to clear our related party balances. As a result, Synnium Machinery and we agreed to terminate the procurement contract and Synnium Machinery agreed to refund the prepayment to us. Around the same time, we were aware that the Subsidiaries of Sany Heavy Industry, Sany Heavy Machinery and Shanghai Sany Technology required raw materials from overseas suppliers and at the same time, as a partial settlement of related party balances due from Synnium Machinery, we purchased certain raw materials from Synnium Machinery and resold such materials to the Subsidiaries of Sany Heavy Industry, Sany Heavy Machinery and Shanghai Sany Technology. While the procurement of raw materials is required as part of our business, the provision of such assistance and support to Synnium Machinery was not necessarily in line with our business strategy. Our non-recurring transaction with Synnium Machinery was a one-time purchase and we do not intend to continue such procurement activities with Synnium Machinery in the future. This one-time transaction had an impact of approximately RMB0.6 million on our profit before taxation for the six months ended 30 June 2009 and had no impact on our inventory and all the inventory had been settled within a short period of time after we acquired the raw materials. Please refer to Note 32 of the Accountants' Report in Appendix I to this prospectus for details.

For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the amount of guarantees provided by Sany Group or Sany Heavy Machinery or both for our bank loans was RMB60.0 million, RMB245.0 million, RMB385.0 million and nil, respectively.

For the year ended 31 December 2008, we guaranteed bank loans of RMB18.0 million, for Sany Junma. These guarantees were released in full in March 2009. For the year ended 31 December 2007, we had bills payable of RMB61.8 million, guaranteed by Sany Group. For the year ended 31 December 2006, we had bills payable of RMB4.7 million, jointly and severally guaranteed by Sany Group and Sany Heavy Machinery.

Outstanding Balances with Related Parties

As at 31 December 2006, 2007, 2008 and 30 June 2009, we had RMB0.3 million, RMB388.7 million, RMB841.3 million and RMB206.8 million due from related parties. The increase of the amount due from related parties from as at 31 December 2006 to as at 31 December 2007 was mainly because of an amount of RMB 387.1 million due from Synnium Machinery. At the end of 2007, our Group provided RMB 387.1 million as financial assistance to assist Synnium Machinery in the development of its business by entering into procurement contracts with Synnium Machinery for future procurement of raw materials from overseas suppliers. The increase of the amount due from related parties from as at 31 December 2007 to as at 31 December 2008 was mainly because of an amount of RMB417.5 million due from Sany Automotive Manufacturing Co., Ltd. and an amount of RMB217.4 million due from Hunan Automobile Manufacturing Co., Ltd. Our Group provided certain financial assistance to assist these related parties to expand their businesses and capture the then-existing market opportunities. The balances due from related parties as at 31 December 2006, 2007 and 2008 and 30 June 2009 included aggregated amounts of approximately RMB0.2 million, RMB1.3 million, RMB0.9 million and nil which were trade in nature, unsecured, interest-free and had no fixed terms of repayment. The remaining balances were non-trade in nature, unsecured, interest-free and repayable on demand. For the six months ended 30 June 2009, our Group had an amount of RMB165.8 million due from Sany Group. This amount is primarily due to our Group's prepayment to Sany Group for our Group's acquisition of Sany Transportation. Pursuant to the Reorganisation, Sany Heavy Equipment acquired 100% interest in Sany Transportation from Sany Group in July 2009.

As at 31 December 2006, 2007, 2008 and 30 June 2009, we had RMB72.2 million, RMB524.2 million, RMB359.4 million and RMB11.7 million due to related parties. The increase in the amount due to related parties from as at 31 December 2006 to as at 31 December 2007 was mainly because of an amount of RMB522.1 million due to Sany Group. Sany Group provided this amount to our Group as financial assistance for (i) the acquisitions of certain lands in Shenyang Economic and Technological Development Area for its new facilities and (ii) the acquisitions of a total of 51% equity stake in Sany Junma. The decrease in the amount due to related parties from as at 31 December 2007 to as at 31 December 2008 was mainly because we made a repayment to Sany Group in 2008. The balances due to related parties as at 31 December 2007 and 2008 included aggregated amounts of approximately RMB0.9 million and RMB0.5 million which were trade in nature, unsecured, interest-free and had no fixed terms of repayment. The remaining balances were non-trade in nature, unsecured, interest-free and repayable on demand.

Amount Due From a Shareholder

As at 31 December 2006, 2007, 2008 and the six months ended 30 June 2009, we had outstanding advances receivable due from a shareholder of RMB0.2 million, RMB1.9 million, RMB4.4 million and RMB0.1 million. The amounts due from the shareholder were non-trade in nature, unsecured, interest-free and had no fixed terms of repayment. The carrying amount of the balance approximated to its fair value.

Please refer to Note 32 of the Accountants' Report in Appendix I to this prospectus for more information on related party transactions.

DISTRIBUTABLE RESERVES

As at 30 June 2009, we had RMB1,567.8 million distributable reserves.

PROPERTY INTERESTS AND VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued the property interests of our Group at 31 August 2009. Texts of its letter, summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

The table below sets forth the reconciliation of the net book value of our Group's property interests as at date of last audited accounts with the valuation of such interests as at 31 August 2009 as stated in Appendix IV to this prospectus:

	RMB'000	HK$'000[(1)]
Valuation of properties with certificates as at 31 August as set out in the Valuation Report included in Appendix IV. .	569,134	645,767
Valuation of properties without certificates as at 31 August as set out in the Valuation Report included in Appendix IV	37,144	42,145
Net book value of the following properties as at 30 June 2009 as set out in the Accountants' Report of the Company included in Appendix I		
— Properties	56,054	63,601
— Construction In Process	35,119	39,848
— Prepaid Land Lease Prepayments.	300,547	341,015
Add: Additional cost of properties during the period from 1 July 2009 to 31 August 2009	88,068	99,927
Add: Additional cost of construction in process during the period from 1 July 2009 to 31 August 2009.	5,854	6,642
Add: Additional cost of lease payment during the period from 1 July 2009 to 31 August 2009	28,437	32,266
Less: Depreciation of properties during the period from 1 July 2009 to 31 August 2009.	(1,208)	(1,371)
Less: Amortization of lease payments during the period from 1 July 2009 to 31 August 2009.	(1,114)	(1,264)
Net book value of properties as at 31 August 2009 subject to valuation as set out in the Valuation Report included in Appendix IV	511,757	580,664
Net revaluation surplus	94,521	107,248

Notes:

(1) Amounts in RMB have been translated into Hong Kong dollars for convenience only at rate of RMB0.88133 to HK$1.00, being the PBOC rate prevailing on 31 August 2009.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position since 30 June 2009, being the date of our last audited accounts.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there have been no circumstances that would give rise to the disclosure requirement under Rules 13.13 to Rule 13.19 of the Listing Rules had our Shares been listed on the Stock Exchange.

FUTURE PLANS AND PROSPECTS

Please refer for the section headed “Business — Our Business Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,107.5 million (assuming an Offer Price of HK$4.45 per Share, being the midpoint of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming we receive the estimated net proceeds as described above, we may allocate:

- approximately HK$632.3 million, or 30% of net proceeds, for the construction of our new production facilities and related infrastructure in Shenyang Economic and Technological Development Area from 2009 to 2011;

- approximately HK$843.0 million, or 40% of net proceeds, for the purchase of related equipment for our new production facilities in Shenyang Economic and Technological Development Area from 2009 to 2011;

- approximately HK$421.5 million, or 20% of net proceeds, for expenses related to upgrading and expansion of our existing production facilities in Shenyang Economic and Technological Area from 2009 to 2011 (including production facilities, plant and equipment and electricity capacity expansion); and

- the remaining net proceeds of approximately HK$210.8 million, or 10% of net proceeds, to fund working capital and other general corporate purposes.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. To the extent the net proceeds of the Global Offering are not immediately used for the purposes described above, we intend to invest the proceeds in short term demand deposits and/or money-market instruments.

The additional net proceeds that we would receive if the Over-allotment Option is exercised in full, are currently estimated to be approximately HK$297.6 million, HK$323.0 million and HK$348.4 million (assuming the lowest, middle and highest points of the indicative Offer Price range, respectively), which would be applied in the manner and proportions stated above.

If the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$1,938.2 million and HK$2,276.9 million if the Offer Price is set at the low end and the high end of the indicative Offer Price range, respectively. The reduced or additional net proceeds will be allocated in the manner and proportions stated above.

We plan to construct our new production facilities and related infrastructure in several phases from 2009 to 2010. The first phase will mainly involve constructing several production facilities and related infrastructure at our new site in Shenyang Economic and Technological Development Area from October 2009 to April 2010. The second phase will mainly involve constructing an administrative office building, research and development centre, and comprehensive service centre starting April 2010. The third phase will mainly involve constructing our logistic centre, product testing centre, warehouses and others starting April 2011. During this period, we also plan to upgrade and expand our existing production facilities in Shenyang. The new production facilities and expanded existing production facilities are expected to increase our production capacity. We expect to be able to produce approximately 780 roadheaders, 55 combined coal mining units and 100 coal mine transportation vehicles by the end of 2011.

UNDERWRITERS

Joint Lead Managers

The Hongkong and Shanghai Banking Corporation Limited
Cazenove Asia Limited (A Standard Chartered group company)
(to be renamed Standard Chartered Securities (Hong Kong) Limited
on or around 14 December 2009)

Co-Manager

GF Securities (Hong Kong) Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators, on behalf of the Underwriters, and us agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional in accordance with its terms and not having been terminated in accordance with its terms or otherwise.

Grounds for termination

The Joint Global Coordinators, for each of itself and on behalf of the other Hong Kong Underwriters, may in their absolute discretion, upon giving notice in writing to us and/or our Controlling Shareholders, terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into force:

(a) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, China, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, Canada, the European Union (or any member thereof), Japan, Singapore or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(b) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(c) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, civil commotion, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation Severe Acute Respiratory Syndromes (SARS) and Influenza A (H5N1)), in or affecting any of the Relevant Jurisdictions; or

(d) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(e) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(f) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(g) any imposition of economic sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or

(h) any material adverse change or development or event involving a prospective material adverse change in our assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(i) the commencement by any judicial or regulatory body or organisation of any public action against a Director or an announcement by any judicial or regulatory body or organisation that it intends to take any such action; or

(j) other than with the approval of the Joint Bookrunners, the issue or requirement to issue by us of a supplementary prospectus or offering document pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the joint opinion of the Joint Bookrunners, materially adverse to the marketing for or implementation of the Global Offering; or

(k) a petition is presented for the winding up or liquidation of us or any of our subsidiaries, or we or any of our subsidiaries make any compromise or arrangement with our or its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of us or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of us or of any of our subsidiaries or anything analogous thereto occurs in respect of us or any of our subsidiaries; or

(l) a valid demand by any creditor for repayment or payment of any of the our indebtednesses or those of any of our subsidiaries or in respect of which we or any of our subsidiaries are liable prior to its stated maturity, or any loss or damage sustained by us or any of our subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(m) any material litigation or claim being threatened or instigated against us or any of our subsidiaries or our Controlling Shareholders,

and which, in any such case and in the sole opinion of the Joint Bookrunners (for each of itself and on behalf of the other Hong Kong Underwriters),

(a) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of us or our subsidiaries as a whole; or

(b) has or may have or will have or is likely to have an adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(ii) there has come to the notice of the Joint Bookrunners or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(a) that any statement contained in the Web Proof Information Pack, this prospectus, the Application Forms, the formal notice to be published in connection with the Hong Kong Public Offering or any announcements in agreed form issued by us in connection with the Global Offering (including any supplement or amendment thereto) was or has or may become untrue, incorrect or misleading; or

(b) any matter has arisen or has been discovered which would or might, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(c) any of the representations and warranties given by us or our Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, in accurate or misleading or having been breached; or

(d) any matter, event, act or omission which gives or is likely to give rise to any liability of our Company or our Controlling Shareholders pursuant to the indemnities given by our Company, our Controlling Shareholders or any of them under the Hong Kong Underwriting Agreement; or

(e) any breach of any of the obligations or undertakings of our Company or our Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(f) any material adverse change or prospective material adverse change in the condition, business, assets and liabilities, properties, results of operations, in the financial or trading position or prospects of us and/or our subsidiaries; or

(g) we withdraw this prospectus and the Applications Forms on the Global Offering.

Undertakings

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Hong Kong Underwriters that except pursuant to the Global Offering and the exercise of the Over-allotment Option and save pursuant to any share option scheme of any member of our Group, we will not without the prior consent of the Joint Global Coordinators (on behalf of the International Underwriters) and unless in compliance with the Listing Rules, at any time within six months after the Listing Date (the "**First Six-month Period**"): (A) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any such share capital or other securities of our Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive and such capital or securities or any interest therein; or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (C) enter into any transaction with the same economic effect as any transaction described in (A) or (B) above; or (D) agree or contract to, or publicly announce any intention to enter into, any transaction described in (A) or (B) above; whether any such transaction described in (A) or (B) or (C) above is to be settled by delivery of Shares or other securities, in cash or otherwise.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken that, except pursuant to any stock lending arrangements agreed between Sany HK and the Stabilising Manager, the Sponsor, the Hong Kong Underwriters in connection with the Global Offering, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, during the First Six-month Period:

(1) (i) offer, pledge, charge (other than any pledge or charge of our Company's issued share capital after the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised institution as defined in the Banking Ordinance (Cap.155 of the Laws of Hong Kong) for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i) or (ii) or (iii) above, whether any such transaction is to be settled by delivery of such capital or securities, in cash or otherwise;

(2) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), it will not enter into any of the foregoing transactions in (1)(i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal, our Controlling Shareholders will cease to be controlling shareholders (as defined by the Listing Rules) of our Company; and

(3) until the expiry of the Second Six-month Period, in the event that it enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Subject to the foregoing undertakings, our Controlling Shareholders have further undertaken that if at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months from the Listing Date, they shall (i) immediately inform our Company and the Joint Global Coordinators in writing of any pledge or charge of any of the securities or interests in the securities of our Company, beneficially owned by them, together with the number of securities so pledged or charged; and (ii) if and when they receive such indications, either verbal or written, from any pledge or charge that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications. Our Company is expected to undertake that upon receiving such information in writing from our Controlling Shareholders, it shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information by way of a press announcement.

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to us and to the Stock Exchange that he or it will not, and shall procure that any other registered holder (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) during the First Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Parent Shares**"); or

(b) during the Second Six-month Period, disposes of, or enters into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined in the Listing Rules) of us.

Further, pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to each undertake to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he or it will:

(a) if he or it pledges or charges any of our securities beneficially owned by him or it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if he or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

Undertakings by the 13 individual shareholders

Each of 13 individual shareholders of Sany BVI (namely, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong) have undertaken to the Joint Global Coordinators (for themselves and on behalf of each of the Underwriters) and our Company that he/she will not, and will procure that none of his/her affiliates or companies controlled by him/her or any nominee or trustee holding in trust for him/her will, without the prior written consent of the Joint Global Coordinators at any time during the period commencing on the date on which trading in the Shares commences, including but not limited to Shares that have been issued or will be issued by our Company to the 13 individual shareholders of Sany BVI, and ending on a date which is six months after the date on which trading in the Shares commences on the Hong Kong Stock Exchange, convert, sell, offer to sell, pledge, charge, dispose, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of the share capital, debt capital or other securities of our Company or any interest therein with respect to which he/she has beneficial ownership or which are shown in the attached Hong Kong Prospectus to be held by him/her (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital, debt capital or other securities of our Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital, debt capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Bookrunners, our Controlling Shareholders and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

Sany HK will grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager or its agent (in consultation with the Joint Global Coordinators) on behalf of the International Underwriters on or before 17 December 2009, being the 30th day from the last day for the lodging of applications under the Hong Kong Public Offer, to require Sany HK to sell up to an aggregate of 75,000,000 additional Shares, together representing approximately 15% of the Initial Offer Shares, at the Offer Price, among other things, to cover over-allocations in the International Placing, if any.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive a gross underwriting commission of 2.7% of the aggregate Offer Price payable for the Offer Shares, excluding the incentive fees, out of which they will pay any sub-underwriting commissions.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$4.45, being the mid-point of our offer price range of HK$4.10 to HK$4.80 per Share, the commissions and the maximum amount of incentive fees in connection with the Hong Kong Public Offer and the International Placing, together with the Stock Exchange listing fees, the Stock Exchange transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$117.5 million in aggregate.

We have agreed to indemnify the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements.

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Underwriters' Interests in our Company

Save as disclosed above, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable set out in Rule 3A.07 of the Listing Rules.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$4.80 and is expected to be not less than HK$4.10, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK$4.80 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. This means that, for every board lot of 1,000 Offer Shares, you should pay HK$4,848.43 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK$4.80, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details.

DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us and the Joint Global Coordinators, on behalf of the Underwriters, on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around 18 November 2009 and in any event, no later than 24 November 2009. The Offer Price will not be more than HK$4.80 per Offer Share and is expected to be not less than HK$4.10 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with our consents, reduce the number of Offer Shares and/or the indicative offer price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative offer price range.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Global Coordinators, on behalf of the Underwriters, and us, will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section headed "Financial Information — Working Capital" in this prospectus, the offering statistics as currently disclosed in the section headed "Summary" in this prospectus, the use of proceeds in the section headed "Future Plans and Use of Proceeds" in this prospectus and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post (in English) or the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative offer price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the offer price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by 24 November 2009, the Global Offering will not proceed and will lapse. We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the application results and basis of allotment of the Hong Kong Offer Shares, on 24 November 2009.

THE GLOBAL OFFERING

Our Global Offering consists of the Hong Kong Public Offering and the International Offering. We intend to initially make available up to 500,000,000 Offer Shares under the Global Offering, of which 450,000,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Offering and the remaining 50,000,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering subject, in each case, to reallocation on the basis described under the paragraph headed "— The Hong Kong Public Offering" below.

The 500,000,000 Offer Shares in the Global Offering will represent approximately 25% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option.

You may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but you may not apply in both offerings for the Offer Shares. In other words, you may only apply for and receive either Hong Kong Offer Shares under the Hong Kong Public Offering or International Offer Shares under the International Offering, but not under both offerings. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares to investors under the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. Although we may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilising Manager (in consultation with the Joint Global Coordinators). The Over-allotment Option gives the Stabilising Manager the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 75,000,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. The Stabilising Manager may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Stabilising Manager (in consultation with the Joint Global Coordinators) exercise the Over-allotment Option in full, the additional Offer Shares will represent 3.6% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement.

In order to facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 75,000,000 Shares from Sany HK pursuant to the stock borrowing agreement (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option.

If such stock borrowing agreement with Sany HK is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Offering. The same number of Shares so borrowed must be returned to Sany HK or its nominees on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; or (ii) the day on which the Over-allotment Option is exercised in full. The stock borrowing agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Sany HK by the Stabilising Manager or its agent in relation to such stock.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the conditions described in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus. In particular, we and the Joint Global Coordinators, on behalf of the Underwriters, must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement is expected to enter into on 11 November 2009 and, subject to an agreement on the Offer Price between the Joint Global Coordinators, on behalf of the Hong Kong Underwriters, and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement (including the agreement on the Offer Price between us and the Joint Global Coordinators, on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on the Price Determination Date, which is expected to be on 18 November 2009, and in any event on or before 24 November 2009. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

Conditions of the Global Offering

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of and permission to deal in our Shares in issue and to be issued as described in this prospectus (including any additional Shares issuable pursuant to the exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the Stock Exchange;

- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms described in the sections headed "How to Apply for the Hong Kong Offer Shares — Publication of Results; Refund of Application Monies; and Despatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to despatch share certificates for the Offer Shares on 24 November 2009. However, these share certificates will only become valid certificates of title on 8:00 a.m. on 25 November 2009 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting" in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed "— The Global Offering — Conditions of the Global Offering" above) for the subscription in Hong Kong of, initially, 50,000,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and

- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this sub-section only, the "subscription price" for the Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of the 50,000,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 25,000,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments in the event of over-subscription under the Hong Kong Public Offering:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then International Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 150,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 200,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 250,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

If the Hong Kong Public Offering is not fully subscribed, however, the Joint Global Coordinators may reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such numbers as they deem appropriate.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for sale under the International Offering will be 450,000,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering and 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States (other than China) in offshore transactions meeting the requirements of, and in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

The Joint Global Coordinators, on behalf of the Underwriters, may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.

METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three ways to make an application for the Hong Kong Offer Shares. You may (i) use a **white** or **yellow** Application Form; (ii) apply online through the designated website of the **White Form eIPO** Service Provider, referred to in this prospectus as the **White Form eIPO** service (**www.eipo.com.hk**); or (iii) **electronically instruct** HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **white** or **yellow** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

- You may apply for the Hong Kong Offer Shares available for subscription by the public on a **white** or **yellow** Application Form if you or any person(s) for whose benefit you are applying are an individual and:
  - are 18 years of age or older;
  - have a Hong Kong address; and
  - are outside the United States.
- If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.
- If an application is made by a person duly authorised under a valid power of attorney, the Joint Bookrunners (or their respective agents or nominees) may accept it at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.
- The number of joint applicants may not exceed four.

WHICH APPLICATION METHOD TO USE

- Use a **white** Application Form or **White Form eIPO** service (www.eipo.com.hk) if you want the Hong Kong Offer Shares issued in your own name in physical certificate(s).

  If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (www.eipo.com.hk) you must also:

  - have a valid Hong Kong identity card number; and

  - be willing to provide a valid e-mail address and a contact telephone number.

- Use a **yellow** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account. Instead of using a **yellow** Application Form, you may **electronically instruct** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf via CCASS. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Our Offer Shares are not available to our Directors, chief executive officer or any of their respective associates (as defined in the Listing Rules) or a person who is not outside the United States and will not be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S) or persons who do not have a Hong Kong address.

WHERE TO COLLECT APPLICATION FORMS

You can collect a **white** Application Form and our prospectus during normal business hours from 9:00 a.m. on Thursday, 12 November 2009 till 12:00 noon on Tuesday, 17 November 2009 from:

Any of the following addresses of the Hong Kong Underwriters:

The Hongkong and Shanghai Banking Corporation Limited	HSBC Main Building 1 Queen's Road Central Hong Kong
Cazenove Asia Limited (A Standard Chartered group company)	15th Floor, Two International Finance Centre 8 Finance Street Central, Hong Kong
GF Securities (Hong Kong) Brokerage Limited	Rooms 2301-5 & 2313 COSCO Tower 183 Queen's Road Central Hong Kong

or any of the following branches of the receiving banks for the Hong Kong Public Offering:

The Hongkong and Shanghai Banking Corporation Limited

District	Branch Name	Branch Address
Hong Kong Island	Hong Kong Office	1 Queen's Road Central
	Central Branch	Basement, 29 Queen's Road Central, Central
	Des Voeux Road West Branch	Western Centre, 40-50 Des Voeux Road West
	Causeway Bay Branch	1/F, Causeway Bay Plaza 2, 463-483 Lockhart Road
Kowloon	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Waterloo Road Branch	71 Waterloo Road, Ho Man Tin
	Mong Kok Branch	673 Nathan Road, Mong Kok
	Tsim Sha Tsui Branch	Basement, UG/F & 1/F, 82-84 Nathan Road, Tsim Sha Tsui
New Territories	Shatin Branch	Shop No. 30D, Level 3, Shatin Centre Shopping Arcade, Sha Tin
	Citywalk Branch	Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan

Standard Chartered Bank (Hong Kong) Limited

District	Branch Name	Branch Address
Hong Kong Island	Wanchai Southorn Branch	Shop C2, G/F & 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	Causeway Bay Branch	G/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
Kowloon	Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Lok Fu Shopping Centre Branch	Shop G101, G/F., Lok Fu Shopping Centre
New Territories	Yuen Long	140 Yuen Long Main Road, Yuen Long
	Tai Po Branch	23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po

Bank of Communications Co., Ltd. Hong Kong Branch

District	Branch Name	Branch Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	King's Road Sub-Branch	67-71 King's Road
Kowloon	Tsimshatsui Sub-Branch	Shop 1-3, G/F., 22-28 Mody Road, Tsimshatsui
	Lam Tin Sub-Branch	G/F, 63-65 Kai Tin Tower, Kai Tin Road, Lam Tin
New Territories	Ma On Shan Sub-Branch	Shop Nos. 3038A & 3054-56, Level 3, Sunshine City Plaza, Ma On Shan
	Fanling Sub-Branch	Shop No. 84A-84B, G/F., Flora Plaza, Fanling

You can collect a **yellow** Application Form and our prospectus during normal business hours from 9:00 a.m. on Thursday, 12 November 2009 till 12:00 noon on Tuesday, 17 November 2009 from:

- the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker, who may have such Application Forms and this prospectus available.

HOW TO COMPLETE APPLICATION FORM

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying check or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

(a) Obtain an Application Form as described in the sub-paragraph headed "Where to collect the Application Forms" above.

(b) Complete the Application Form in English in ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the collection boxes by the time and at one of the locations as described in the sub-paragraph headed "Where to collect Application Forms" above.

You should note that by completing and submitting the **WHITE** and **YELLOW** Application Forms, among other things:

(a) you agree with our Company and each of our Shareholders, and our Company agrees with each of our Shareholders, to observe and comply with the Companies Law, the Hong Kong Companies Ordinance, the Memorandum of Association and the Articles;

(b) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(c) you agree that none of our Company, the Sole Sponsor, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(d) you undertake and confirm that you (if the application is made for your benefit) or the person(s) or whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor otherwise participated in the International Offering; and

(e) you agree to, disclose to our Company, and/or our Company's Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Joint Lead Managers, the Underwriters and their respective advisers and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Forms to be valid:

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

i. the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

i. the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

ii. the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

i. the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all joint CCASS Investor Participants; and

ii. the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

i. the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

ii. the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters render the application invalid.

If your application is made through a duly authorised attorney, we and the Joint Global Coordinators will have discretion to accept it, subject to any conditions we think fit, including evidence of authority of your attorney. We and the Joint Global Coordinators, in the capacity as our agent, will have full discretion to reject or accept any application, in full or in parts without assigning any reason.

MINIMUM SUBSCRIPTION AMOUNT AND PERMITTED NUMBERS

You may use the Application Forms to subscribe for a minimum of 1,000 Hong Kong Offer Shares or for one of the numbers set forth in the table in the Application Forms.

You may give, if you are a CCASS Investor Participant, or cause your broker or custodian, who is a CCASS Clearing Participant or a CCASS Custodian Participant, to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms.

HOW MANY APPLICATIONS MAY YOU MAKE

You may make one application for our Offer Shares. You may, however, make more than one application for Hong Kong Offer Shares only if you are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner (or in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit. Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that, by completing and delivering an Application Form or by giving an electronic application instruction, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**); and
- (if you are an agent for another person) warrant that you have made reasonable inquiries of that other person that this is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**), and that you are duly authorised to sign the Application Form as that other person’s agent.

Except where you are a nominee and provide the information required to be provided in your applications, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**);
- both apply (whether individually or jointly) on a **white** Application Form and a **yellow** Application Form or apply on a **white** or **yellow** Application Form and by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**);

- apply (whether individually or jointly) on a **white** or **yellow** Application Form or by giving an **electronic application instruction** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) for more than 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offering; or

- have applied for or taken up, or have indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) any Offer Shares under the International Offering.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit, including any application made by HKSCC Nominees acting on **electronic application instructions**. If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities, and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" in relation to a company means you:

- control the composition of the board of directors of that company;

- control more than half of the voting power of that company; or

- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instruction** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

TIME FOR THE PUBLIC TO APPLY FOR HONG KONG OFFER SHARES

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, 17 November 2009, or, if the application lists are not open on that day due to bad weather, then by 12:00 noon on the next business day when such lists are open as described in the paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" below.

Your completed Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above in the paragraph headed "— Where to Collect Application Forms" at the following times:

Thursday, 12 November 2009 — 9:00 a.m. to 4:30 p.m.
Friday, 13 November 2009 — 9:00 a.m. to 4:30 p.m.
Saturday, 14 November 2009 — 9:00 a.m. to 1:00 p.m.
Monday, 16 November 2009 — 9:00 a.m. to 4:30 p.m.
Tuesday, 17 November 2009 — 9:00 a.m. to 12:00 noon

The application lists will be open between 11:45 a.m. and 12:00 noon on Tuesday, 17 November 2009.

No proceedings will be taken on applications for our Shares and no allotment of any such Shares will be made until the closing of the application lists. No allocation of any of our Hong Kong Offer Shares will be made later than Tuesday, 17 November 2009.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 17 November 2009. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

In the event of the above-mentioned tropical cyclone or rainstorm on Tuesday, 17 November 2009, the latest time for lodging your Application Forms and for inputting your **electronic application instructions** will be postponed accordingly to the next business day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on such day.

PUBLICATION OF RESULTS

We expect to publish the basis of allotment and the results of applications under the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our website at **www.sanyhe.com** and the website of the Stock Exchange at **www.hkexnews.hk** on Tuesday, 24 November 2009.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from our Company's website at **www.sanyhe.com** and the website of the Stock Exchange at **www.hkexnews.hk** on 24 November 2009;

- Results of allocations for the Hong Kong Public Offering will be available from the results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on 24 November 2009 to 12:00 midnight on 30 November 2009. The user of the results of allocations website at **www.iporesults.com.hk** will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their application has been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from 24 November 2009 to 27 November 2009; and

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from 24 November 2009 to 26 November 2009 at the branches of the receiving banks at the addresses set out in the headed "— Where to Collect Application Forms" above.

THE PRICE OF THE HONG KONG OFFER SHARES

You must pay the maximum indicative offer price of HK$4.80 per Share, with 1% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, in full when you apply for the Hong Kong Offer Shares. As such, for every board lot of 1,000 Shares, you must pay HK$4,848.43 at the time of application. The Application Forms contain tables showing the exact amount payable for certain numbers of a board lot of Shares up to 25,000,000 Offer Shares. You must pay the amount payable upon application for the Shares by check or banker's cashier order in accordance with the terms contained in the Application Form.

If your application is successful, the brokerage fee will be paid to participants of the Stock Exchange or the Stock Exchange (as the case may be); the Stock Exchange trading fee will be paid to the Stock Exchange; and the SFC transaction levy will be collected by the Stock Exchange on behalf of the SFC.

REFUND OF APPLICATION MONIES

If:

- the Offer Price, as finally determined, is less than HK$4.80 per Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) that you initially paid upon application;

- if your application is partially unsuccessful;

- if your application is wholly unsuccessful;

- the conditions of the Global Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — The Global Offering — Conditions of the Global Offering" in this prospectus; or

- any application is revoked or any allocation pursuant thereto has become void,

we will, in each case, refund the difference per Offer Share and/or your surplus application monies or your application monies, including the 1% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy that you paid to the extent attributable to the surplus application monies. We will not pay interest on any refunded amount. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

Refund cheques will be crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/ REFUND CHEQUES

No temporary documents of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. Subject to the provisions below relating to personal collection, share certificates and refund cheques will be sent to you in due course by ordinary post, at your own risk, to the address specified in your application:

- for applications on **white** Application Forms: (i) share certificate(s) for the Hong Kong Offer Shares you have applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Offer Shares you have successfully applied for, if the application is partially successful, and/or

- for applications on **white** or **yellow** Application Forms, a refund cheque or refund cheques crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for: (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Share paid on application in the event that the Offer Price is less than the initial price per Share paid on application, in each case including the related 1% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, but without interest.

For wholly successful and partially successful applications on **yellow** Application Forms, share certificates that the applicants have successfully applied for will be deposited into CCASS as described in the paragraph headed "— Despatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques — Personal collection for yellow Application Forms" below.

Subject to personal collection mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful under **white** or **yellow** Application Forms or the difference between the Offer Price and the initial price per Share paid on application, in each case including 1% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, as well as share certificates for wholly and partially successful applications under **white** Application Forms are expected to be posted on or around 24 November 2009 or, for electronic applicants, are expected to be credited to your designated bank account or the designated bank account of your broker or custodian on 24 November 2009. No interest will be paid thereon. We reserve the right to retain any share certificates and any surplus application monies pending clearance of your cheque(s).

Our share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on 25 November 2009 provided that:

- the Global Offering has become unconditional in all respects; and
- the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised.

Personal collection for white Application Forms

If you have (i) applied for 1,000,000 Hong Kong Offer Shares or more on a **white** Application Form, (ii) indicated your intention in your Application Form to collect your refund cheque(s) (if applicable) and/or share certificate(s) (if applicable) for Hong Kong Offer Shares from our Hong Kong Share Registrar, and (iii) provided all information required by your Application Form, you may collect (if applicable) refund cheque(s) and (if applicable) share certificate(s) for Hong Kong Offer Shares from our Hong Kong Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on 24 November 2009 or any other date as notified by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as the date of collection/despatch of share certificates/e-Refund payment instructions/refund cheques. If you are an individual and have elected for personal collection, you may not authorise any other person to make collection on your behalf. If you are a corporate applicant and have elected for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. If you do not collect your refund cheque(s) and share certificate(s) personally within the time specified for collection, they will be promptly sent by ordinary post to the address on your Application Form and at your own risk.

If you have applied for less than 1,000,000 Hong Kong Offer Shares or if you have applied for 1,000,000 Hong Kong Offer Shares or more, but have not indicated in your Application Form that you wish to collect your share certificate(s) (if applicable) and/or refund cheque(s) in person, your share certificate(s) (if applicable) and/or refund cheque(s) will be sent to the address on your Application Form on 24 November 2009 by ordinary post and at your own risk.

Personal collection for yellow Application Forms

If you have (i) applied for 1,000,000 Hong Kong Offer Shares or more on a **yellow** Application Form, (ii) indicated your intention in your Application Form to collect your refund cheque(s) from our Hong Kong Share Registrar, and (iii) provided all information required by your Application Form, you may collect (if applicable) refund cheque(s) from our Hong Kong Share Registrar in the same way as applicants using **white** Application Forms as described above.

If you have applied for less than 1,000,000 Hong Kong Offer Shares or if you have applied for 1,000,000 Hong Kong Offer Shares or more, but have not indicated in your Application Form that you wish to collect your refund cheque(s) in person, your refund cheque(s) will be sent to the address on your Application Form on 24 November 2009 by ordinary post and at your own risk.

If you have applied for Hong Kong Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your share certificate(s) for Hong Kong Offer Shares you have successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on 24 November 2009, or, under contingent situations, on any other date as will be determined by HKSCC or HKSCC Nominees.

If You Have Applied Through a Designated CCASS Participant (Other Than a CCASS Investor Participant)

For Offer Shares credited to the stock account of your designated CCASS Participant (other than CCASS Investor Participant), you can check the number of Offer Shares allotted to you with that CCASS Participant.

If You Have Applied as a CCASS Investor Participant

The results of CCASS Investor Participants' applications together with the results of the public offer is expected to be made available in the manner described in the paragraph headed "How to Apply for the Hong Kong Offer Shares — Publication of Results" above on 24 November 2009. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on 24 November 2009 or any other date HKSCC or HKSCC Nominees Limited chooses. Immediately after the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Offer Shares credited to your stock account.

Applying by giving electronic application instructions to HKSCC via CCASS: If your electronic application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of your CCASS Investor Participant stock account or the stock account of the CCASS Participant that you have instructed to give the **electronic application instruction** on your behalf, at the close of business day on 24 November 2009 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

The application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the beneficial owner, if supplied), your Hong Kong identity card or passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering is expected to be made available in the manner described in the paragraph headed "— Publication of Results" above on 24 November 2009. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on 24 November 2009 or any other date HKSCC or HKSCC Nominees chooses.

If you have applied through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong Offer Shares to be credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you and the amount of refund (if any) payable to you with that CCASS Participant.

If you have applied as a CCASS Investor Participant, you can also check the number of Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System on 24 November 2009. Immediately following the credit of the Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will make available to you an activity statement showing the number of Offer Shares credited to your stock account and the amount of refund money credited to your designated bank account (if any).

If You Have Applied Through White Form eIPO Service

If you have applied for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on 24 November 2009, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you have applied through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to your application payment bank account in the form of e-Refund payment instructions; If you have applied through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the address as specified on your **White Form eIPO** application in the form of refund cheque(s), by ordinary post at your own risk.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you have applied for less than 1,000,000 Hong Kong Offer shares, your share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on 24 November 2009 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in the paragraph headed "— How to Apply Using White Form eIPO — Additional Information for Applicants Applying Through White Form eIPO" below.

HOW TO APPLY USING WHITE FORM eIPO

You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO** the Shares will be issued in your own name.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to us.

The designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated **White Form eIPO** Service Provider to transfer the details of your application to our company and our Hong Kong Share Registrar.

You may submit an application through the **White Form eIPO** service in respect of a minimum of a board lot of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than a board lot of 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

You should give **electronic application instructions** through **White Form eIPO** at the times set out in the paragraph headed "— How to Apply Using White Form eIPO — Time for Applying Through White Form eIPO Service" below. You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on 17 November 2009 or such later time as described under the paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" in this prospectus above for further details, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our company, our Directors, the Joint Global Coordinators, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to us or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 per each "**SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **white** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **white** Application Form. Please refer to the paragraph headed "— How Many Applications You May Make" above for further details.

Time for Applying Through White Form eIPO Service

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, 12 November 2009 until 11:30 a.m. on Tuesday, 17 November 2009 or such later time as described under the paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" above (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 17 November 2009, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "— Effect of Bad Weather on the Opening of the Application Lists" above.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Additional Information for Applicants Applying Through White Form eIPO

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (*https://ip.ccass.com*) in accordance with the procedures contained in HKSCC's "Operating Guide for Investor Participants" in effect from time to time.

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2nd Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Our prospectuses are available for collection at the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to us and our Hong Kong Share Registrar.

Application for Hong Kong Offer Shares by HKSCC Nominees on Your Behalf

When you **electronically instruct** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf via CCASS, HKSCC Nominees will sign and submit a **white** Application Form on your behalf. In so doing,

(i) HKSCC Nominees is only acting as a nominee for you and will not be, and you will be, however, liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;

(ii) HKSCC Nominees, on your behalf:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted the **electronic application instruction** on your behalf;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which you have given the **electronic application instruction** or any lesser number of such Offer Shares;

- undertakes and confirms that you have not applied for or taken up any International Offer Shares under the International Offering nor otherwise participated in the International Offering;

- (if the **electronic application instruction** is given for your own benefit) declares that only one set of **electronic application instruction** has been given for your benefit;

- (if you are an agent for another person) declares that you have only given one set of **electronic application instruction** for the benefit of such other person and that you are duly authorised to give the instruction as such other person's agent;

- understands that the above declaration will be relied upon by us, our Directors and the Joint Global Coordinators when deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instruction** given by you and that you are subject to prosecution for making any false declaration;

- authorises us to place the name of HKSCC Nominees in our register of members as the holder of the Hong Kong Offer Shares allotted in respect of your **electronic application instruction** and to send share certificate(s) and/or refund money in accordance with the arrangements separately agreed between us and HKSCC;

- confirms that you have read the terms and conditions and application procedures described in this prospectus and agrees to be bound by them;

- confirms that you have only relied on the information and representations contained in this prospectus in giving your **electronic application instruction** or instructing your broker or custodian to give the **electronic application instruction** on your behalf;

- agrees that we, the Hong Kong Underwriters and any other parties involved in the Hong Kong Public Offering are liable only for the information and representations contained in this prospectus;

- agrees to disclose your personal data to us and our Hong Kong Share Registrar, the Joint Global Coordinators, the Underwriters, receiving bankers, advisers and agents and any additional information which we or they may require about you;

- agrees (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentations;

- agrees that any application made by HKSCC Nominees on your behalf pursuant to **electronic application instructions** given by you is irrevocable before 17 December 2009, such agreement to take effect as a collateral contract with us and to become binding when you give such instruction. This collateral contract will be in consideration of our agreement not to offer any Hong Kong Offer Shares to any person before 17 December 2009 and our agreement to offer Hong Kong Offer Shares by means of one of the procedures described in this prospectus. However, HKSCC Nominees may revoke such application before the fifth Business Day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section to exclude or limit the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees has been accepted, neither such application nor your **electronic application instruction** can be revoked, and that acceptance of such application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by us;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read together with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares; and

- agrees that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Your Electronic Application Instruction to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian, who is a CCASS Clearing Participant or a CCASS Custodian Participant, to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have taken the following actions. Neither HKSCC nor HKSCC Nominees shall be liable to us or to any other person in connection with the following actions:

- you have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- you have instructed and authorised HKSCC to arrange payment of the maximum indicative offer price, with brokerage fee, transaction levy and trading fee, by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum indicative offer price per Hong Kong Offer Share you initially paid on application, refund of the application money or the relevant portion of it by crediting your designated bank account; and

- you have instructed and authorised HKSCC to cause HKSCC Nominees to take on your behalf the actions it is stated to take on your behalf in the **white** Application Form.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 12 November 2009 — 9:00 a.m. to 8:30 p.m.(1)
Friday, 13 November 2009 — 8:00 a.m. to 8:30 p.m.(1)
Saturday, 14 November 2009 — 8:00 a.m. to 1:00 p.m.(1)
Monday, 16 November 2009 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 17 November 2009 — 8:00 a.m.(1) to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on 12 November 2009 until 12:00 noon on 17 November 2009 (24 hours daily, except the last application day).

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit such instruction is given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Personal Data

The section of the Application Form captioned "Personal Data" applies to any personal data held by us and our Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, the Joint Global Coordinators, the Sole Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for the application, including the procedures and processes of the application, and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised to allow ample time, and not to wait until the last minute, to input their **electronic application instructions** into the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **white** or **yellow** Application Form; or (ii) visit HKSCC's Customer Service Centre to complete an input request form for **electronic application instruction** before 12:00 noon on 17 November 2009.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted Hong Kong Offer Shares are set out in notes attached to the Application Forms and, whether you are making your application by an Application Form or by **electronic application instruction** to HKSCC or the designated **White Form eIPO** Service Provider, you should read them carefully. In particular, you should note the following situations in which Hong Kong Offer Shares will not be allotted to you.

You May Only Revoke Your Application under Limited Circumstances

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider, your application or the application made by HKSCC Nominees or the designated **White Form eIPO** Service Provider on your behalf may not be revoked on or before 17 December 2009. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your

electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our agreement not to offer any Hong Kong Offer Shares to any person before 17 December 2009 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the designated **White Form eIPO** Service Provider on your behalf may only be revoked on or before 17 December 2009 if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under such section to exclude or limit the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedures provided, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented. If your application or the application made by HKSCC Nominees or the designated **White Form eIPO** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications that are not rejected will be constituted by notification in the press of the results of allotment, and where such basis of allotment is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

Your Application May Be Accepted or Rejected at Our Discretion or Our Agent's Discretion

We and our agents (including the Joint Global Coordinators) or the designated **White Form eIPO** Service Provider (where applicable) have full discretion to reject or accept any application, or to accept only part of an application. We, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters, in their capacity as our agents, and our and their respective agents and nominees, do not have to provide any reason for any rejection or acceptance.

Your Application Will Be Rejected if You Do Not Comply with Certain Conditions

Your application will be rejected if:

- you have made multiple applications or are suspected of having made multiple applications, including having indicated an interest for, or being placed (including conditionally and/or provisionally), any Offer Shares under the International Offering;

- your Application Form is not completed in accordance with the instructions as stated on such form;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;

- your payment is not made correctly;

- you pay by check or banker's cashier order and such check or banker's cashier order is dishonoured on its first presentation;

- you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering. By filling in any of the Application Forms or applying by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

- if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public (that is 25,000,000 Offer Shares); and

- your application for Offer Shares is not in one of the numbers set out in the table in the Application Form.

Your Application Will Not Be Accepted under Certain Circumstances

Your application or HKSCC Nominee's application on your behalf will not be accepted if either:

- any Underwriting Agreement does not become unconditional; or

- any Underwriting Agreement is terminated in accordance with its terms.

Your Allotment of Hong Kong Offer Shares Will Be Void under Certain Circumstances

Your allotment of Hong Kong Offer Shares or the allotment of Hong Kong Offer Shares to HKSCC Nominees (if you give **electronic application instructions** or apply by a **yellow** Application Form) will be void if the Listing Committee does not grant permission to list our Shares either:

- within three weeks from the closing of the applications lists; or

- within a longer period of up to six weeks if the Listing Committee notifies us of such longer period within three weeks of the closing of the application lists.

DEALINGS AND SETTLEMENT

Commencement of Dealings in Our Shares on the Stock Exchange

Dealings in our Shares on the Stock Exchange are expected to commence at 9:30 a.m. on 25 November 2009.

Our Shares will be traded on the Stock Exchange in board lots of 1,000 Shares. The stock code of our Shares is 631.

Our Shares Will Be Eligible for Admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

You should seek advice of your stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect your rights and interests.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong. As described in the section headed "Documents Delivered and Available for Inspection" in Appendix VII, a copy of the accountants' report is available for inspection.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

12 November 2009

The Directors
Sany Heavy Equipment International Holdings Company Limited
The Hongkong and Shanghai Banking Corporation Limited

Dear Sirs,

We set out below our report on the financial information of Sany Heavy Equipment International Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively refered to as the "Group"), prepared on the basis set out in note 2 of Section II below, for the three years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009 (the "Relevant Periods") (the "Financial Information") and the financial information for the six months ended 30 June 2008 (the "30 June 2008 Financial Information") for inclusion in the prospectus of the Company dated 12 November 2009 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 23 July 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation") as detailed in note 1.2 of Section II, the Company became the holding company of the subsidiaries set out in note 1.2 of Section II. The Reorganisation became effective on 28 August 2009.

All companies now comprising the Group and the Group's associate have adopted 31 December as their financial year end date. No audited financial statements have been prepared for the Company since its date of incorporation as there are no statutory requirements for the Company to prepare audited financial statements. The statutory audited financial statements or management accounts of the subsidiaries and associate established in the People's Republic of China (the "PRC") were prepared in accordance with the generally accepted accounting principles and the relevant financial regulations of the PRC (the "PRC GAAP accounts"). For the purpose of this report, the directors of the Company have prepared the combined management accounts of the Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "IFRS combined management accounts").

The directors of the Company are responsible for the Financial Information which gives, for the purpose of this report, a true and fair view, and the contents of the Prospectus in which this report is included. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable. It is our responsibility to form an independent opinion, based on our independent audit on the Financial Information for the Relevant Periods and to report our opinion to you.

Procedures performed in respect of the Relevant Periods

The Financial Information has been prepared from the IFRS combined management accounts and in accordance with the basis set out in note 2 of Section II. For the purpose of this report, we have carried out an independent audit on the Financial Information for the Relevant Periods in accordance with the Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were deemed necessary to the IFRS combined management accounts in preparing this accountants' report for inclusion in the Prospectus.

Procedures performed in respect of the 30 June 2008 Financial Information

For the purpose of this report, we have also performed a review of the 30 June 2008 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2008 Financial Information.

Opinion in respect of the Financial Information of the Relevant Periods

In our opinion, the Financial Information for the Relevant Periods prepared on the basis of presentation and preparation set out in Section II "Notes to Financial Information", for the purpose of this report, gives a true and fair view of the combined state of affairs of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the combined results and cash flows of the Group for the Relevant Periods.

Review conclusion in respect of the 30 June 2008 Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30 June 2008 Financial Information does not give a true and fair view of the combined results and cash flows of the Group for the six-month period ended 30 June 2008, in accordance with IFRSs.

(I) FINANCIAL INFORMATION

Combined income statements

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	7	159,857	461,600	1,146,789	438,616	891,583
Cost of sales		(77,947)	(233,312)	(612,414)	(222,026)	(453,570)
Gross profit		81,910	228,288	534,375	216,590	438,013
Other income	7	4,965	12,793	23,676	12,302	13,412
Selling and distribution costs		(30,935)	(71,657)	(165,601)	(64,834)	(85,462)
Administrative expenses		(32,431)	(69,735)	(113,621)	(44,294)	(72,320)
Other expenses		(2,654)	(14,868)	(33,535)	(29,489)	(15,488)
Finance costs	9	(2,740)	(6,908)	(21,247)	(9,347)	(3,825)
Share of profits and losses of an associate	17	—	4,479	(57)	(1,321)	4,325
PROFIT BEFORE TAX	8	18,115	82,392	223,990	79,607	278,655
Tax	12	300	59,030	(12,121)	(1,892)	(28,440)
PROFIT FOR THE YEAR/PERIOD		18,415	141,422	211,869	77,715	250,215
Attributable to:						
Equity holders of the Company		9,947	106,066	189,044	66,478	250,215
Minority interests		8,468	35,356	22,825	11,237	—
		18,415	141,422	211,869	77,715	250,215
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Basic	14	RMB0.01	RMB0.07	RMB0.13	RMB0.04	RMB0.17
Diluted	14	N/A	N/A	N/A	N/A	N/A

Combined statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period	18,415	141,422	211,869	77,715	250,215
Total comprehensive income for the year/period, net of tax	18,415	141,422	211,869	77,715	250,215
Attributable to:					
Equity holders of the Company	9,947	106,066	189,044	66,478	250,215
Minority interests	8,468	35,356	22,825	11,237	—
	18,415	141,422	211,869	77,715	250,215

Combined statements of financial position

	Notes	31 December 2006	31 December 2007	31 December 2008	30 June 2009
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	135,570	246,730	312,669	252,806
Prepaid land lease payments	16	—	—	—	294,508
Interest in an associate	17	—	137,198	422,468	—
Non-current prepayments	20	4,204	310,230	324,616	23,191
Deferred tax assets	27	300	59,330	67,485	68,900
Total non-current assets		140,074	753,488	1,127,238	639,405
CURRENT ASSETS					
Inventories	18	107,536	242,676	373,842	465,970
Trade receivables	19	58,656	139,889	281,723	478,851
Bills receivable	19	15,190	56,107	182,058	483,530
Prepayments, deposits and other receivables	20	24,007	43,912	230,331	110,078
Due from a shareholder	32	198	1,855	4,427	91
Due from related parties	32	305	388,729	841,261	206,764
Pledged deposits	21	15,482	24,890	21,668	35,192
Cash and cash equivalents	21	14,307	31,713	59,789	273,863
Total current assets		235,681	929,771	1,995,099	2,054,339
CURRENT LIABILITIES					
Trade and bills payable	22	94,526	208,662	217,940	311,935
Other payables and accruals	23	48,337	229,246	289,076	409,157
Interest-bearing bank borrowings	24	60,000	190,000	310,000	—
Due to related parties	32	72,195	524,231	359,396	11,744
Tax payable		—	—	18,415	46,543
Provision for warranties	25	2,646	5,466	16,801	25,821
Government grants	26	2,626	3,080	—	—
Total current liabilities		280,330	1,160,685	1,211,628	805,200
NET CURRENT ASSETS/ (LIABILITIES)		(44,649)	(230,914)	783,471	1,249,139
TOTAL ASSETS LESS CURRENT LIABILITIES		95,425	522,574	1,910,709	1,888,544

	Notes	31 December 2006	31 December 2007	31 December 2008	30 June 2009
		RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		95,425	522,574	1,910,709	1,888,544
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	24	—	55,000	75,000	—
Government grants	26	2,513	233,240	261,138	260,845
Total non-current liabilities		2,513	288,240	336,138	260,845
Net assets		92,912	234,334	1,574,571	1,627,699
EQUITY					
Equity attributable to equity holders of the Company		69,684	175,750	1,574,571	1,627,699
Minority interests		23,228	58,584	—	—
Total equity		92,912	234,334	1,574,571	1,627,699

Combined statements of changes in equity

	Attributable to equity holders of the Company			
	Owner's equity**	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	37,110	37,110	37,387	74,497
Profit for the year/total comprehensive income	9,947	9,947	8,468	18,415
Acquisition of minority interests in Sany Heavy Equipment Co., Ltd ("Sany Heavy Equipment") (三一重型裝備有限公司)	22,627	22,627	(22,627)	—
At 31 December 2006 and 1 January 2007	69,684	69,684	23,228	92,912
Profit for the year/total comprehensive income	106,066	106,066	35,356	141,422
At 31 December 2007 and 1 January 2008	175,750	175,750	58,584	234,334
Profit for the year/total comprehensive income	189,044	189,044	22,825	211,869
Capital contribution to Sany Heavy Equipment*	1,178,016	1,178,016	(49,648)	1,128,368
Acquisition of minority interests in Sany Heavy Equipment	31,761	31,761	(31,761)	—
At 31 December 2008 and 1 January 2009	1,574,571	1,574,571	—	1,574,571

	Attributable to equity holders of the Company			
	Owner's equity**	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2008 and 1 January 2009	1,574,571	1,574,571	—	1,574,571
Profit for the period/total comprehensive income	250,215	250,215	—	250,215
Dividends declared (note 13)	(197,087)	(197,087)	—	(197,087)
At 30 June 2009	1,627,699	1,627,699	—	1,627,699
(Unaudited)				
At 1 January 2008	175,750	175,750	58,584	234,334
Profit for the period/total comprehensive income	66,478	66,478	11,237	77,715
Capital contribution to Sany Heavy Equipment	140,962	140,962	(20,711)	120,251
At 30 June 2008	383,190	383,190	49,110	432,300

* In 2008, Sany Hong Kong Group Limited ("Sany HK") made a capital contribution of RMB 1,128,368,000 in cash into Sany Heavy Equipment.

** As further described in note 2 of Section II below, the combined income statements, combined statements of comprehensive income, combined statement of financial position and combined cash flow statements of the Group have been prepared as if the Group has been in existence throughout the Relevant Periods. Pursuant to the sale and purchase agreement dated 30 July 2009 entered into between Sany HK as a vendor and the Company as a purchaser described in note 1.2 (g) of Section II, the historical net carrying amount of the assets and liabilities transferred to the Company will be converted in to the Company's share capital of HK$9.90, equivalent to 99 shares of HK$0.10 each, with all the then existing reserves will be eliminated and the resulting difference will be dealt with in the capital reserve. Accordingly, the capital reserve, being the difference between the amount of share capital issued and the historical net carrying amount of the assets and liabilities will be presented in the reserves of the Group. Separate classes of reserves, including retained profits prior to the incorporation the the Company, were not separately disclosed as all of these reserves will be capitalised and incorporated in the capital reserve of the Group pursuant to the Reorganisation. The amount of owner's equity as of 1 January 2006 represents paid-in capital, capital reserve and accumulated loss.

Combined cash flow statements

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		18,115	82,392	223,990	79,607	278,655
Adjustments for:						
Finance costs	9	2,740	6,908	21,247	9,347	3,825
Share of profits and losses of an associate		—	(4,479)	57	1,321	(4,325)
Bank interest income	7	(113)	(558)	(501)	(248)	(1,420)
Loss on disposal of items of property, plant and equipment	8	656	185	—	—	—
Depreciation	8	6,500	8,533	20,161	9,157	12,017
Amortisation of land lease prepayments	8	—	—	—	—	1,380
Government grants	7	(3,008)	(5,074)	(6,613)	(2,526)	(1,233)
Impairment of trade receivables	8	—	1,271	8,553	7,539	12,919
Provision against slow-moving and obsolete inventories	8	1,998	513	2,688	190	2,515
		26,888	89,691	269,582	104,387	304,333
Increase in inventories		(80,347)	(135,653)	(133,854)	(158,268)	(94,643)
Increase in trade receivables		(37,980)	(82,504)	(150,387)	(73,592)	(210,047)
Increase in bills receivable		(13,990)	(40,917)	(125,951)	(26,538)	(301,472)
(Increase)/decrease in prepayments, deposits and other receivables		(7,936)	(19,905)	(186,419)	(61,076)	126,292
(Increase)/decrease in amount due from a shareholder		(198)	(1,657)	(2,572)	(1,047)	4,336
Decrease/(increase) in amounts due from related parties		1,343	(1,037)	419	593	860
Increase in trade and bills payable		73,665	114,136	9,278	57,353	93,995
Increase in other payables and accruals		36,730	60,948	162,295	96,120	115,322

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Increase in provision for warranties		2,646	2,820	11,335	5,576	9,020
Increase/(decrease) in amounts due to related parties		(1,608)	890	(355)	(890)	(535)
Cash received from/(used in) operations		(787)	(13,188)	(146,629)	(57,382)	47,461
Cash received from/(used in) operations		(787)	(13,188)	(146,629)	(57,382)	47,461
Interest received		113	558	501	248	1,420
PRC tax paid		—	—	(1,861)	(656)	(1,727)
Net cash inflow/(outflow) from operating activities		(674)	(12,630)	(147,989)	(57,790)	47,154
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(33,561)	(94,450)	(91,443)	(27,862)	(35,078)
Proceeds of disposal of items of property, plant and equipment		—	28	—	—	—
Decrease in non-current prepayments		(2,820)	(306,026)	(14,386)	(10,882)	(502)
Investment in an associate		—	(36,747)	(95,972)	(95,972)	—
Receipt from/(advance to) an associate	17	—	—	(285,327)	—	285,327
Proceeds of disposal of an associate		—	—	—	—	141,466
Receipt of government grants	26	8,147	236,255	31,431	24,644	940
Net cash inflow/(outflow) from investing activities		(28,234)	(200,940)	(455,697)	(110,072)	392,153

		Year ended 31 December			Six months ended 30 June	
	Notes	**2006**	**2007**	**2008**	**2008**	**2009**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from a capital contribution		—	—	1,128,368	—	—
New bank loans		80,000	285,000	360,000	250,000	—
Repayment of bank loans		(60,000)	(100,000)	(220,000)	(100,000)	(385,000)
Interest paid		(2,251)	(8,376)	(22,398)	(9,635)	(3,825)
Dividends paid		—	—	—	—	(197,087)
Release of/(addition of) pledged deposits		(11,168)	(9,408)	3,222	1,548	(13,524)
Receipt from/(advance to) related parties		35,351	63,760	(617,430)	2,010	374,203
Net cash inflow/(outflow) from financing activities		41,932	230,976	631,762	143,923	(225,233)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,024	17,406	28,076	(23,939)	214,074
Cash and cash equivalents at beginning of year/period		1,283	14,307	31,713	31,713	59,789
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	14,307	31,713	59,789	7,774	273,863

(II) NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

1.1 Corporate Information

The Company is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The initial authorised share capital of the Company was HK$380,000 divided into 3,800,000 shares of HK$0.10 each. The Company's registered office is located at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands. It became the holding company of the Group as a result of the Reorganisation as described in the paragraph headed "Corporate Reorganisation" in Appendix VI "Statutory and General Information" to the Prospectus.

In the opinion of the directors of the Company (the "Directors"), as at the date of this report, the holding company and ultimate holding company of the Company are Sany HK and Sany Heavy Equipment Investments Company Limited ("Sany BVI"), respectively.

1.2 Reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent the Reorganisation, as a result of which the Company became a holding company of the subsidiaries comprising the Group. The Reorganisation included the following principal steps:

(a) Prior to the Reorganisation, Sany Heavy Equipment held 100% equity interests in Sany Heavy Integrated Coal Mining Equipment Co., Ltd. ("Sany Zongcai") (三一重型綜採成套裝備有限公司) and a 51% equity interest in Ningxia Sany Northwest Junma Motor Manufacture Co., Ltd. ("Sany Junma") (formerly known as Ningxia Northwest Junma Motor Manufacture Co., Ltd.) (寧夏三一西北駿馬電機製造股份有限公司(原寧夏西北駿馬煤礦電機製造有限責任公司)). Sany Heavy Equipment was itself a wholly-owned subsidiary of Sany HK which is in turn a wholly-owned subsidiary of Sany Group Limited ("Sany Group") (三一集團有限公司). Sany Group is owned by 14 individual shareholders (the "Controlling Shareholders").

(b) Pursuant to the Reorganisation, Sany Heavy Equipment transferred its interests in Sany Junma to Sany Group on 31 May 2009 for a consideration of RMB141,466,000. The consideration for such disposal was determined based on equity interest in Sany Junma as at 31 May 2009. Upon the completion of the transfer of interest from Sany Heavy Equipment to Sany Group, Sany Junma ceased to be an associate of the Group.

(c) On 23 June 2009, Sany BVI was incorporated in the British Virgin Islands in order to act as the holding company for the interests of the Controlling Shareholders in the Company. The authorised share capital of Sany BVI is US$50,000 divided into 50,000 shares of US$1.00 each. The Controlling Shareholders held interests in the Sany BVI in the same proportions of their interests in Sany Group.

(d) On 1 July 2009, Sany Group transferred the entire issued share capital of Sany HK to Sany BVI for a consideration of HK$76,000,000. After completion of the acquisition, Sany HK was wholly owned by Sany BVI.

(e) On 27 August 2009, Sany BVI transferred the entire issued share capital of the Company to Sany HK at par. After the completion of the acquisition, the Company was wholly owned by Sany HK.

(f) On 23 July 2009, Sany Group transferred the 100% interest in Sany Group Shenyang Mining Transportation Equipment Co., Ltd. ("Sany Transportation") (三一集團瀋陽煤礦輸送設備有限公司) to Sany Heavy Equipment for a consideration of RMB 166,800,000.

(g) Pursuant to the sale and purchase agreement dated 30 July 2009 entered into between Sany HK as vendor and the Company as a purchaser, Sany HK transferred its 100% interest in Sany Heavy Equipment to the Company for a consideration of RMB1,566,460,700, which was determined with reference to the fair value of net asset of Sany Heavy Equipment as at 31 March 2009, satisfied by the allotment and issue of 99 shares by the Company to Sany HK, credited as fully paid.

Upon the completion of the Reorganisation on 28 August 2009, the Company became the holding company of the companies now comprising the Group.

Particulars of the subsidiaries, which are all private companies, of the Group at the date of this report are set out below:

Company name	Notes	Place and date of registration and operations	Issued and paid-up/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
Subsidiaries:						
Sany Heavy Equipment	(1)	PRC/ Mainland China 13 January 2004	RMB1,227,770,000	100	—	Manufacture and sale of integrated excavation machinery, integrated coal mining equipment and coal mining transportation equipment
Sany Zongcai *	(2)	PRC/ Mainland China 20 May 2008	RMB100,000,000	—	100	Manufacture and sale of integrated excavation machinery, integrated coal mining equipment and coal mining transportation equipment
Sany Transportation *	(3)	PRC/ Mainland China 25 September 2008	RMB166,800,000	—	100	Manufacture and sale of heavy industry equipment

* The companies have not yet commenced operation.

The English names of the Company's subsidiaries represent the translated names of these companies as no English names have been registered.

As at the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation as there are no statutory requirements for the Company to prepare audited financial statements.

Notes:

(1) The statutory audited financial statements for the three years ended 31 December 2006, 2007 and 2008 were prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance on 15 February 2006 and other related regulations (collectively the "PRC GAAP") and were audited by Reanda Certified Public Accountants Co., Ltd. (利安達信隆會計師事務所有限責任公司), certified public accountants registered in the PRC.

(2) The statutory audited financial statements for the year ended 31 December 2008 were prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance on 15 February 2006 and other related regulations (collectively the "PRC GAAP") and were audited by Reanda Certified Public Accountants Co., Ltd. (利安達信隆會計師事務所有限責任公司), certified public accountants registered in the PRC.

(3) The statutory audited financial statements for the year ended 31 December 2008 were prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance on 15 February 2006 and other related regulations (collectively the "PRC GAAP") and were audited by Reanda Certified Public Accountants Co., Ltd. (利安達信隆會計師事務所有限責任公司), certified public accountants registered in the PRC.

2. BASIS OF PRESENTATION AND PREPARATION

Basis of presentation

The Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. The 30 June 2008 Financial Information includes the financial information of the Company and its subsidiaries for the six-month period ended 30 June 2008. The Reorganisation has been accounted for as a combination of businesses under common control in a manner similar to the pooling-of-interests.

The pooling-of-interests method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs in the Relevant Periods as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or any excess of acquirer's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intra-group balances and transactions within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries, and are presented separately in the combined income statement and within equity in the combined statements of financial position, separately from the equity attributable to equity holder of the Company. The Group applies the policy of treating transactions with minority interests as transactions with equity participants of the Group. The acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration paid and the book value or the share of net assets acquired is recorded in equity.

The Financial Information has been prepared under the historical cost convention. The Financial Information is prepared in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. IMPACT OF ISSUED BUT NOT EFFECTIVE IFRSs

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

IAS 27 (amended)	Consolidated and Separate Financial Statements
IFRS 3 (revised)	Business Combinations

IAS 27 (amended) and IFRS 3 (revised) shall be applied for annual periods beginning on or after 1 July 2009. The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. The Group anticipates that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

Apart from the above, the IASB has also issued *Improvements to IFRS 5* which primarily with a view to removing inconsistencies and clarify wording and is effective for the annual periods on or after 1 July 2009.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in arriving at the Financial Information set out in this report, which conform to IFRSs, are set out below:

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associate

An associate is an entity, not being a subsidiary or jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interest in an associate is stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associate is included in the combined income statements and combined reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in an associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and associate (previously referred to as negative goodwill), after reassessment, is recognised immediately in the combined income statements.

The excess relating to an acquisition of an associate is included in the Group's share of the associate's profits and losses in the period in which the investment was acquired.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its holding company;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and residual values used for this purpose are as follows:

	Estimated useful lives	Residual values
Buildings	20 years	3%
Plant and machinery	10 years	3%
Office and other equipment	8.33 years	3%
Motor vehicles	8.33 years	3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate at least, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the combined income statements on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investment and other financial assets

Financial assets in the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, an impairment allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

— the rights to receive cash flows from the asset have expired;

— the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

— the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, amounts due to related parties and interest-bearing bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate portion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined cash flow statements, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associate where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee retirement benefits

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognised as expenses in the income statement in the period in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceased when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5.69% and 6.33% has been applied to the expenditure on the individual assets.

Dividends

Dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The Financial Information is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5. SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for an asset at each reporting date. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Provision for product warranties

The Group provides one-year warranties on the products sold to its customers, under which faulty products are repaired or replaced. The amount of the warranty provision is estimated based on the sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which such estimate has been changed.

6. SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of integrated excavation machinery, integrated coal mining equipment and coal mining transportation equipment. For management purposes, the Group operates in one business unit based on their products, and has one reportable operating segment as follows:

- Heavy equipment segment produces integrated excavation machinery, integrated coal mining equipment and coal mining transportation equipment.

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

Information about products

The revenues of the two major products are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Integrated excavation machinery	156,500	437,144	1,025,368	405,504	766,965
Integrated coal mining equipment	—	—	—	—	24,757
	156,500	437,144	1,025,368	405,504	791,722

Information about geographical areas

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

7. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Note	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue						
Sales of goods		159,857	461,600	1,146,789	438,616	891,583
Other income						
Bank interest income		113	558	501	248	1,420
Profit from sales of scrap material		1,749	6,906	13,513	8,399	9,679
Government grants	26	3,008	5,074	6,613	2,526	1,233
Others		95	255	3,049	1,129	1,080
		4,965	12,793	23,676	12,302	13,412

8. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000	Six months ended 30 June 2008 RMB'000 (Unaudited)	2009 RMB'000
Cost of inventories sold		73,890	227,694	599,066	215,806	446,664
Depreciation	15	6,500	8,533	20,161	9,157	12,017
Amortisation of land lease prepayments	16	—	—	—	—	1,380
Auditors' remuneration		—	7	266	—	3,300
Provision for warranties	25	5,281	9,247	23,081	8,075	17,974
Research and development costs		12,908	29,917	43,707	17,181	22,453
Minimum lease payments under operating leases:						
Dormitories for staff		42	1,243	2,245	841	909
Warehouses		10	10	297	157	194
		52	1,253	2,542	998	1,103
Employee benefit expense (including directors' remuneration (note 10)):						
Wages and salaries		24,934	67,568	108,220	50,704	77,821
Pension scheme contributions		516	2,916	8,513	3,758	5,666
		25,450	70,484	116,733	54,462	83,487
Other expenses:						
Foreign exchange differences, net		—	12,899	22,294	21,760	54
Impairment of trade receivables	19	—	1,271	8,553	7,539	12,919
Provision for slow-moving and obsolete inventories	18	1,998	513	2,688	190	2,515
Loss on disposal of items of property, plant and equipment		656	185	—	—	—
		2,654	14,868	33,535	29,489	15,488
Excess over the cost of acquisition of an associate*		—	(4,479)	—	—	—

* Excess over the cost of acquisition of an associate is included in the Group's "Share of profits and losses of an associate" on the face of the combined income statements.

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank loans	2,787	8,783	24,695	10,381	3,825
Less: Interest capitalised	(47)	(1,875)	(3,448)	(1,034)	—
	2,740	6,908	21,247	9,347	3,825

10. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	621	1,016	1,043	521	287
Pension scheme contributions	42	42	42	21	21
	663	1,058	1,085	542	308
Total	663	1,058	1,085	542	308

The pension scheme contributions represented the Company's statutory contributions to a defined contribution pension scheme organised by the PRC government, and were determined based on certain percentage of the salaries of the directors.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Xu Yaxiong	—	—	—	—	—
Mr. Ngai Wai Fung	—	—	—	—	—
Mr. Ng Yuk Keung	—	—	—	—	—
	—	—	—	—	—

There were no emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2006				
Executive directors:				
Mr. Mao Zhongwu	—	143	14	157
Mr. Liang Jianyi	—	344	14	358
	—	487	28	515
Non-executive directors:				
Mr. Huang Jianlong	—	—	—	—
Mr. Xiang Wenbo	—	134	14	148
	—	134	14	148
Year ended 31 December 2007				
Executive directors:				
Mr. Mao Zhongwu	—	232	14	246
Mr. Liang Jianyi	—	680	14	694
	—	912	28	940
Non-executive directors:				
Mr. Wu Jialiang	—	—	—	—
Mr. Xiang Wenbo	—	104	14	118
	—	104	14	118

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2008				
Executive directors:				
Mr. Mao Zhongwu	—	230	14	244
Mr. Liang Jianyi	—	597	14	611
	—	827	28	855
Non-executive directors:				
Mr. Huang Jianlong	—	—	—	—
Mr. Xiang Wenbo	—	216	14	230
	—	216	14	230
Six months ended 30 June 2008 (Unaudited)				
Executive directors:				
Mr. Mao Zhongwu	—	115	7	122
Mr. Liang Jianyi	—	298	7	305
	—	413	14	427
Non-executive directors:				
Mr. Wu Jialiang	—	—	—	—
Mr. Xiang Wenbo	—	108	7	115
	—	108	7	115
Six months ended 30 June 2009				
Executive directors:				
Mr. Mao Zhongwu	—	14	7	21
Mr. Liang Jianyi	—	230	7	237
	—	244	14	258
Non-executive directors:				
Mr. Xiang Wenbo	—	—	—	—
Mr. Huang Jianlong	—	—	—	—
Mr. Wu Jialiang	—	43	7	50
	—	43	7	50

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors	663	1,058	855	427	—
Non-directors	209	268	811	406	513
	872	1,326	1,666	833	513

Details of the remuneration of the above non-director, highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	182	240	770	385	478
Pension scheme contributions	27	28	41	21	35
	209	268	811	406	513

The number of these non-directors, highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Nil to RMB1,000,000	2	2	3	3	5

During the Relevant Periods and the six months ended 30 June 2008, no remuneration was paid by the Group to the Directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived or agreed to waive any emoluments during the Relevant Periods and the six months ended 30 June 2008.

12. 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 Relevant Periods.

In accordance with the "Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises", Sany Heavy Equipment was subject to Corporate Income Tax ("CIT") at a rate of 15% during the year 2006 and 2007. In accordance with the relevant income tax laws and regulations of the PRC for manufacturing enterprises, Sany Heavy Equipment, as a production enterprise with foreign investment, is entitled to a full exemption from CIT for the first two years and a 50% deduction in CIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. The year ended 31 December 2006 was Sany Heavy Equipment's first profit-making year and was the first year of its tax holiday. Accordingly, Sany Heavy Equipment was exempted from CIT for the two years ended 31 December 2006 and 2007.

During the 5th Session of the 10th National People's Congress which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective from 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the State Council Circular on the Implementation of the Transitional Concession Policies for Corporate Income Tax (Guo Fa 2007 no. 39), enterprises previously entitled to a reduced tax rate shall have a grace period of five years regarding the tax reduction commencing on 1 January 2008; the enterprises entitled to a 15% corporate income tax rate will be subject to tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter.

In this connection, Sany Heavy Equipment was subject to CIT at a rate of 9% in 2008 and is subject to CIT at rates of 10% in 2009 and will be subject to the tax rates of 11% in 2010, 24% in 2011 and 25% 2012.

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Group:					
Current - PRC					
Charge for the year/period	—	—	20,276	8,357	29,855
Deferred (note 27)	(300)	(59,030)	(8,155)	(6,465)	(1,415)
Total tax charge/(credit) for the year/period	(300)	(59,030)	12,121	1,892	28,440

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

	Year ended 31 December						Six months ended 30 June			
	2006		2007		2008		2008		2009	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Profit before tax	18,115		82,392		223,990		79,607		278,655	
Tax at the statutory tax rate	5,978	33	27,189	33	55,998	25	19,902	25	69,664	25
Entities subject to lower statutory income tax rates	(7,694)	(42.5)	(85,735)	(104.1)	(32,019)	(14.3)	(14,858)	(18.7)	(43,807)	(15.7)
Effect on opening deferred tax of changes in rates	—	—	99	0.1	—	—	—	—	—	—
Profits and losses attributable to an associate	—	—	(1,478)	(1.8)	14	—	330	0.4	(1,081)	(0.4)
Expenses not deductible for tax	1,716	9.5	2,964	3.6	6,661	3.0	7,042	8.8	5,812	2.1
Tax effect of change of tax rate when temporary difference realized	(300)	(1.7)	(2,069)	(2.5)	(2,024)	(0.9)	(3,870)	(4.9)	(71)	—
Super-deduction of research and development costs	—	—	—	—	(16,509)	(7.4)	(6,654)	(8.2)	(2,807)	(1.0)
Tax losses not recognised	—	—	—	—	—	—	—	—	730	0.2
Tax charge/(credit) at the Group's effective tax rate	(300)	(1.7)	(59,030)	(71.7)	12,121	5.4	1,892	2.4	28,440	10.2

13. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation. The dividend paid or declared by Sany Heavy Equipment to its then equity holders during the Relevant Periods was as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sany Heavy Equipment.	—	—	—	—	197,087

The dividend for the period ended 30 June 2009 was approved and declared by the equity holders of Sany Heavy Equipment on 13 February 2009, and was settled in March 2009.

14. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the Relevant Periods is based on the profit attributable to equity holders of the Company for the Relevant Periods and on the assumption that 1,500,000,000 shares of HK$0.1 each issued as a result of the Reorganisation had been in issue throughout the Relevant Periods. Further details of the Reorganisation are described in the paragraph headed "Corporate Reorganisation" in Appendix VI "Statutory and General Information" to the Prospectus.

There were no potential dilutive ordinary shares in existence during the Relevant Periods and, therefore, no diluted earnings per share amounts have been presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office and other equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2006						
At 1 January 2006:						
Cost	70,178	20,180	3,667	2,473	24,634	121,132
Accumulated depreciation	(262)	(1,043)	(851)	(766)	—	(2,922)
Net carrying amount	69,916	19,137	2,816	1,707	24,634	118,210
At 1 January 2006, net of accumulated depreciation	69,916	19,137	2,816	1,707	24,634	118,210
Additions	—	10,704	2,618	4,046	7,148	24,516
Disposals	—	—	—	—	(656)	(656)
Depreciation provided during the year	(3,132)	(1,889)	(778)	(701)	—	(6,500)
Transfers	868	2,152	—	—	(3,020)	—
At 31 December 2006, net of accumulated depreciation	67,652	30,104	4,656	5,052	28,106	135,570
At 31 December 2006:						
Cost	71,046	33,036	6,285	6,519	28,106	144,992
Accumulated depreciation	(3,394)	(2,932)	(1,629)	(1,467)	—	(9,422)
Net carrying amount	67,652	30,104	4,656	5,052	28,106	135,570
31 December 2007						
At 31 December 2006 and at 1 January 2007:						
Cost	71,046	33,036	6,285	6,519	28,106	144,992
Accumulated depreciation	(3,394)	(2,932)	(1,629)	(1,467)	—	(9,422)
Net carrying amount	67,652	30,104	4,656	5,052	28,106	135,570
At 1 January 2007, net of accumulated depreciation	67,652	30,104	4,656	5,052	28,106	135,570
Additions	6,783	63,978	3,845	7,527	37,773	119,906
Disposals	—	—	(48)	—	(165)	(213)
Depreciation provided during the year	(3,356)	(3,011)	(994)	(1,172)	—	(8,533)
Transfers	31,736	4,995	—	—	(36,731)	—
At 31 December 2007, net of accumulated depreciation	102,815	96,066	7,459	11,407	28,983	246,730
At 31 December 2007:						
Cost	109,565	102,009	10,082	14,046	28,983	264,685
Accumulated depreciation	(6,750)	(5,943)	(2,623)	(2,639)	—	(17,955)
Net carrying amount	102,815	96,066	7,459	11,407	28,983	246,730

	Buildings	Plant and machinery	Office and other equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2008						
At 31 December 2007 and at 1 January 2008:						
Cost	109,565	102,009	10,082	14,046	28,983	264,685
Accumulated depreciation	(6,750)	(5,943)	(2,623)	(2,639)	—	(17,955)
Net carrying amount	102,815	96,066	7,459	11,407	28,983	246,730
At 1 January 2008, net of accumulated depreciation	102,815	96,066	7,459	11,407	28,983	246,730
Additions	4,060	24,602	7,494	9,356	40,588	86,100
Depreciation provided during the year	(5,421)	(10,835)	(1,665)	(2,240)	—	(20,161)
Transfers	44,772	6,163	—	—	(50,935)	—
At 31 December 2008, net of accumulated depreciation	146,226	115,996	13,288	18,523	18,636	312,669
At 31 December 2008:						
Cost	158,397	132,774	17,576	23,402	18,636	350,785
Accumulated depreciation	(12,171)	(16,778)	(4,288)	(4,879)	—	(38,116)
Net carrying amount	146,226	115,996	13,288	18,523	18,636	312,669
30 June 2009						
At 31 December 2008 and at 1 January 2009:						
Cost	158,397	132,774	17,576	23,402	18,636	350,785
Accumulated depreciation	(12,171)	(16,778)	(4,288)	(4,879)	—	(38,116)
Net carrying amount	146,226	115,996	13,288	18,523	18,636	312,669
At 1 January 2009, net of accumulated depreciation	146,226	115,996	13,288	18,523	18,636	312,669
Additions	424	7,692	2,484	2,507	26,731	39,838
Disposal *	(87,684)	—	—	—	—	(87,684)
Depreciation provided during the period	(2,912)	(6,486)	(1,139)	(1,480)	—	(12,017)
At 30 June 2009, net of accumulated depreciation	56,054	117,202	14,633	19,550	45,367	252,806
At 30 June 2009:						
Cost	59,428	140,466	20,060	25,910	45,367	291,231
Accumulated depreciation	(3,374)	(23,264)	(5,427)	(6,360)	—	(38,425)
Net carrying amount	56,054	117,202	14,633	19,550	45,367	252,806

The Group's buildings are located in Mainland China.

Certificates of ownership in respect of certain buildings of the Group located in Shenyang with net carrying amounts of approximately RMB54,110,000, RMB89,139,000, RMB133,116,000 and RMB 43,273,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, have not yet been issued by the relevant PRC authorities. The Group is in process of obtaining these certificates.

* The buildings were sold to Sany Group at the net carrying amount in May 2009, and subsequent to 30 June 2009, Sany Group injected the buildings to Sany Transportation, which was 100% acquired by the Group on 23 July 2009. Further details of the transaction are set out in note 32.

16. PREPAID LAND LEASE PAYMENTS

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	—	—	—	—
Additions	—	—	—	301,927
Recognised during the year/period	—	—	—	(1,380)
Carrying amount at 31 December/30 June	—	—	—	300,547
Current portion included in prepayments, deposits and other receivables	—	—	—	(6,039)
Non-current portion	—	—	—	294,508

The Group's leasehold land is held under a medium term lease and is situated in Mainland China.

17. INTEREST IN AN ASSOCIATE

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	—	137,198	137,141	—
Due from an associate	—	—	285,327	—
	—	137,198	422,468	—

The outstanding amount due from its associate as at 31 December 2008 were non-trade in nature, unsecured, interest-free and repayable on demand.

The Group's outstanding amounts payable to its associate as at 31 December 2007 and 2008 are disclosed in note 22.

Particulars of the associate are as follows:

Company name	Place and date of registration and operations	Issued and paid-up/ registered capital	Percentage of equity attributable to the Company: Direct	Percentage of equity attributable to the Company: Indirect	Principal activities
Sany Junma. . .	PRC/Mainland China 21 August 2000	RMB216,807,298	—	51*	Manufacture and sale of coal mining machine engines

* Sany Heavy Equipment acquired a 51% equity interest in Sany Junma in 2007. The Group's control over Sany Junma is restricted by its memorandum and articles of association.

On 31 May 2009, Sany Heavy Equipment disposed of the equity interest in Sany Junma to Sany Group for a consideration of RMB141,466,000, being the carrying amount of the investment. No gain or loss was resulted in the disposal.

The following table illustrates the summarised financial information of the Group's associate extracted from its management accounts:

Sany Junma	Assets	Liabilities	Revenue	Profit
	RMB'000	RMB'000	RMB'000	RMB'000
Five months ended 31 May 2009.	501,792	209,467	169,177	8,480
2008	745,192	476,288	292,475	(112)
2007	413,592	144,576	256,686	2,076

18. INVENTORIES

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	33,864	86,094	155,359	221,199
Work in progress.	31,871	61,222	81,315	111,167
Finished goods.	43,799	97,871	142,367	141,318
	109,534	245,187	379,041	473,684
Less: Provision for slow-moving and obsolete inventories.	(1,998)	(2,511)	(5,199)	(7,714)
	107,536	242,676	373,842	465,970

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

		31 December			30 June
	Note	2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
At 1 January		—	1,998	2,511	5,199
Charge for the year/period	8	1,998	513	2,688	2,515
At 31 December/30 June		1,998	2,511	5,199	7,714

19. TRADE AND BILLS RECEIVABLE

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	58,656	141,160	291,547	501,594
Impairment	—	(1,271)	(9,824)	(22,743)
Trade receivables, net	58,656	139,889	281,723	478,851
Bills receivable	15,190	56,107	182,058	483,530

The Group generally requires its customers to make payment at various stages of the sales transaction, however, the Group grants certain credit periods to those long standing customers with good payment history. The credit period of individual customers is considered on a case-by-case basis and 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. Trade receivables are non-interest-bearing.

At 31 December 2006, 2007, 2008 and 30 June 2009, an aging analysis of the trade receivables, based on the invoice date and net of provision for impairment, is as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 60 days	23,119	37,709	113,088	294,108
61 to 90 days	3,876	11,476	41,376	36,651
91 to 180 days	15,703	48,243	63,445	40,562
181 to 360 days	12,156	26,112	44,811	90,425
Over 1 year	3,802	16,349	19,003	17,105
	58,656	139,889	281,723	478,851

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

	Note	31 December 2006	31 December 2007	31 December 2008	30 June 2009
		RMB'000	RMB'000	RMB'000	RMB'000
At 1 January		—	—	1,271	9,824
Charge for the year/period	8	—	1,271	8,553	12,919
At 31 December/30 June		—	1,271	9,824	22,743

Included in the above provisions for impairment of trade receivables as at 31 December 2007, 2008 and 30 June 2009 were the provisions for individually impaired trade receivables of amounts approximate to RMB1,271,000, RMB9,824,000 and RMB22,743,000, which are also their respective carrying amounts. The individually impaired trade receivables related 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.

An aging analysis of the trade receivables, based on the credit term, that are neither individually nor collectively considered to be impaired, is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	< 90 days	91 to 180 days	181 to 360 days	Over 1 year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2006	58,656	23,119	3,876	15,703	12,156	3,802
31 December 2007	139,889	37,709	11,476	48,243	26,112	16,349
31 December 2008	281,723	113,088	41,376	63,445	44,811	19,003
30 June 2009	478,851	294,108	36,651	40,562	90,425	17,105

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

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

The maturity profiles of the bills receivable of the Group as at the balance sheet dates during the Relevant Periods are as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	15,190	56,107	182,058	483,530

Included the balances of bills receivable approximately RMB14,470,000, RMB48,867,000, RMB31,153,000 and RMB93,344,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, were pledged to secure the issurance of bills payable.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current prepayments	4,204	310,230	324,616	23,191
Current assets				
Prepayments	9,587	25,884	40,226	91,705
Deposits and other receivables	14,420	18,028	190,105	18,373
	24,007	43,912	230,331	110,078

Included in the Group's non-current prepayments as at 31 December 2007 and 2008 are prepayments for the acquisition of a land use right for a piece of land of approximately RMB304,310,000.

Included in the Group's deposits and other receivables under current assets as at 31 December 2008 was an amount of approximately RMB176,000,000 relating to amounts paid in advance to a supplier for the purchase of raw materials for the Group. The contract was cancelled in October 2008 and the amount was received from the supplier in April 2009, by way of endorsement to the Group of bank acceptances issued by Sany Group to the supplier, a supplier to Sany Group.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	29,789	56,603	81,457	309,055
Less: Bank deposits pledged for banking facilities	(15,482)	(24,890)	(21,668)	(35,192)
Cash and cash equivalents	14,307	31,713	59,789	273,863

Cash and cash equivalents held by the Group are denominated in RMB.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represented balances pledged to banks for the issuance of the Group's bills payable and letters of credit.

22. TRADE AND BILLS PAYABLE

At 31 December 2006, 2007, 2008 and 30 June 2009, an aging analysis of the trade and bills payable, based on the invoice date, is as follows:

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 30 days	39,132	55,856	60,911	116,683
31 to 90 days	29,412	72,623	81,882	112,519
91 to 180 days	18,207	63,606	59,698	49,793
181 days to 360 days	7,775	16,577	15,449	28,020
Over 1 year	—	—	—	4,920
	94,526	208,662	217,940	311,935

Included in the trade and bills payable are trade payables of RMB1,634,000, RMB3,088,000, RMB14,878,000 and RMB7,893,000 as at 31 December 2006, 2007, 2008 and 30 June 2009 respectively due to related parties which are repayable within 30 days.

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. The carrying amounts of the trade and bills payable approximate to their fair values.

The bills payable are all due to mature within 180 days.

23. OTHER PAYABLES AND ACCRUALS

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Deposits received from customers	31,838	72,288	192,008	259,063
Other payables	15,900	155,954	94,549	139,298
Accruals	599	1,004	2,519	10,796
	48,337	229,246	289,076	409,157

The other payables are non-interest-bearing and are due to mature within one year.

24. INTEREST-BEARING BANK BORROWINGS

	Effective floating interest rate (%)	Maturity	31 December 2006	31 December 2007	31 December 2008	30 June 2009
			RMB'000	RMB'000	RMB'000	RMB'000
Current						
Bank loans - secured	4.54 - 7.47	2007 - 2009	60,000	190,000	280,000	—
Current portion of long term bank loans - secured	7.2	2009	—	—	30,000	—
			60,000	190,000	310,000	—
Non-current						
Bank loans - secured	7.2	2009 - 2010	—	55,000	75,000	—
			60,000	245,000	385,000	—
Analysed into:						
Bank loans repayable:						
Within one year			60,000	190,000	310,000	—
In the second year			—	30,000	75,000	—
In the third year			—	25,000	—	—
			60,000	245,000	385,000	—

The Group's secured bank loans were guaranteed by certain related parties (note 32).

All bank loans are denominated in RMB.

The Group has the following undrawn banking facilities:

	31 December 2006	31 December 2007	31 December 2008	30 June 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Floating rate - expiring within one year	—	—	80,000	450,000

The Group's banking facilities amounting to RMB80,000,000 and RMB450,000,000 as at 31 December 2008 and 30 June 2009 respectively (31 December 2006 and 2007: Nil) were guaranteed by Sany Group.

25. PROVISION FOR WARRANTIES

	Note	31 December			30 June
		2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period		—	2,646	5,466	16,801
Charge for the year/period	8	5,281	9,247	23,081	17,974
Utilised during the year/period		(2,635)	(6,427)	(11,746)	(8,954)
At the end of year/period		2,646	5,466	16,801	25,821

The Group provides one-year warranties for repair and maintenance of the products sold to its customers. The amount of the warranty provision is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised when appropriate.

The warranties for repair and maintenance the Group provides to its products include the products sold to its customer, China Kangfu International Leasing Co., Ltd. ("Kangfu International") (中國康富國際租賃有限公司), a company owned and controlled by the Controlling Shareholders. Kangfu International is a finance company engaging in the business of providing finance leases services. Revenue on sales to Kangfu International is recognised upon the acceptance of installation of the products sold. Further details of the sales to Kangfu International are included in note 32 (1).

26. GOVERNMENT GRANTS

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	—	5,139	236,320	261,138
Grant recognised during the year/period	8,147	236,255	31,431	940
Amortised as income during the year/period (note 7)	(3,008)	(5,074)	(6,613)	(1,233)
Carrying amount at 31 December/30 June	5,139	236,320	261,138	260,845
Current portion	(2,626)	(3,080)	—	—
Non-current portion	2,513	233,240	261,138	260,845

Included in the Group's government grants as at 31 December 2007, 2008 and 30 June 2009 were government grants received for the development of certain industrial areas, of RMB 228,240,000 and RMB 21,623,000 respectively, which are not amortised during the year 2007 and 2008 and the six months ended 30 June 2009 as the relevant construction work had not yet commenced as at 30 June 2009.

27. DEFERRED TAX

Deferred tax assets

	Government grants	Provision against slow-moving and obsolete inventories	Warranty provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	—	—	—	—
Credited to the combined income statement (note 12)	—	300	—	300
At 31 December 2006 and 1 January 2007	—	300	—	300
Credited/(debited) to the combined income statement (note 12)	58,587	(49)	492	59,030
At 31 December 2007 and 1 January 2008	58,587	251	492	59,330
Credited to the combined income statement (note 12)	6,698	269	1,188	8,155
At 31 December 2008 and 1 January 2009	65,285	520	1,680	67,485
Credited/(debited) to the combined income statement (note 12)	(73)	329	1,159	1,415
At 30 June 2009	65,212	849	2,839	68,900

For the six months ended 30 June 2009, the Group has tax losses arising in Mainland China of RMB2,918,000 (Year ended 31 December 2006, 2007 and 2008: Nil) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in a subsidiary that has been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

28. PAID-IN CAPITAL/ISSUED SHARE CAPITAL AND RESERVES

The Company was incorporated in the Cayman Islands on 23 July 2009 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.1 each, and one share of HK$0.1 of the Company was allotted and issued on the same date. As at 30 June 2009, the Company had no distributable reserve.

Save for the aforesaid and the Reorganisation, the Company has not conducted any business since its date of incorporation.

In accordance with the PRC Company Law, the PRC subsidiaries of the Group are required to allocate 10% of their profit after tax to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase paid-up capital/issued capital of the PRC subsidiaries, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The SSR of the PRC subsidiaries are nil, RMB13,442,239, RMB34,629,174 and RMB59,942,406 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively.

29. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its dormitories and warehouse under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2006, 2007 and 2008 and 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	—	610	1,105	668
In the second to third years, inclusive	—	250	482	113
	—	860	1,587	781

30. COMMITMENTS

In addition to the operating lease commitments as set out in note 29 above, the Group had the following capital commitments as at 31 December 2006, 2007 and 2008 and 30 June 2009:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Buildings	32,976	63,925	123,302	118,642
Plant and machinery	11,300	3,080	12,850	8,406
	44,276	67,005	136,152	127,048

31. CONTINGENT LIABILITIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to a bank in connection with banking facilities granted to and utilised by Sany Junma	—	—	18,000	—

The guarantees given to a bank in connection with the banking facilities granted to and utilised by Sany Junma were released in full in March 2009.

32. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

(1) Recurring transactions

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of products to:						
Kangfu International	(i)	—	5,470	159,327	47,144	97,874
Purchases of raw materials from:						
Sany Junma	(ii)	—	2,746	21,751	7,080	21,634
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(iii)	—	—	4,455	969	9,302
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(iii)	807	13,616	41,568	18,543	22,575
		807	16,362	67,774	26,592	53,511

Notes:

(i) The sales to Kangfu International were made with reference to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from the associate were made on prices and conditions as mutually agreed.

(iii) The purchases from companies owned and controlled by the Controlling Shareholders were made on prices and conditions as mutually agreed.

In the opinion of the Directors, the above transactions were carried out in the ordinary course of business of the Group and will continue after the listing of the Company's shares on the Stock Exchange.

(2) Non-recurring transactions

	Notes	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of products to:						
Sany Heavy Industry Co., Ltd.	(i)&(ii)	—	—	4,060	4,060	—
Sales of raw materials to:						
Hunan Sany Road Machinery Co., Ltd. (湖南三一路面機械有限公司)	(i)&(iii)	—	—	—	—	26,787
Hunan Sany Pump Machinery Co., Ltd. (湖南三一泵送機械有限公司)	(i)&(iii)	—	—	—	—	1,377
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(i)&(iii)	—	—	—	—	67,392
Shanghai Sany Technology Co., Ltd. (上海三一科技有限公司)	(i)&(iii)	—	—	—	—	23,811
		—	—	—	—	119,367
Purchases of raw materials from:						
Synnium Machinery Co., Ltd. (新利恒機械有限公司)	(i)&(iv)	—	—	—	—	117,969
Bank loans guaranteed by:						
Sany Group	(i)&(v)	10,000	145,000	345,000	295,000	—
Sany Heavy Machinery Co., Ltd.	(i)&(v)	—	30,000	—	30,000	—
Sany Group & Sany Heavy Machinery Co., Ltd. - jointly and severally	(i)&(v)	50,000	70,000	40,000	70,000	—
		60,000	245,000	385,000	395,000	—
Guarantees provided to:						
Sany Junma	(vi)	—	—	18,000	—	—
Bills payable guaranteed by:						
Sany Group	(i)&(vii)	—	61,844	—	—	—
Sany Group & Sany Heavy Machinery Co., Ltd. - jointly and severally	(i)&(vii)	4,673	—	—	—	—
		4,673	61,844	—	—	—
Purchases of machinery from:						
Sany Heavy Industry Co.,Ltd.	(i)&(viii)	6,982	196	2,471	—	—
Hunan Sany Bus Co., Ltd. (湖南三一客車有限公司)	(i)&(viii)	427	761	—	—	—
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(i)&(viii)	161	—	—	—	—
Sany Automotive Manufacturing Co., Ltd. (三一汽車製造有限公司)	(i)&(viii)	—	—	573	—	—
		7,570	957	3,044	—	—
Disposal of buildings to:						
Sany Group	(i)&(ix)	—	—	—	—	87,684

Notes:

(i) Sany Group, Sany Heavy Industry Co., Ltd., Sany Heavy Machinery Co., Ltd., Shanghai Sany Technology, Synnium Machinery Co., Ltd., Hunan Sany Bus Co., Ltd., Hunan Sany Road Machinery Co., Ltd., Hunan Sany Pump Machinery Co., Ltd. and Sany Automotive Manufacturing Co., Ltd. are companies which are owned and controlled by the Controlling Shareholders.

(ii) The sales to Sany Heavy Industry Co., Ltd. were made with reference to the published prices and conditions offered to the major customers of the Group.

(iii) The sales to Hunan Sany Road Machinery Co., Ltd., Hunan Sany Pump Machinery Co., Ltd., Sany Heavy Machinery Co., Ltd., and Shanghai Sany Technology Co., Ltd. were made on prices and conditions as mutually agreed.

(iv) The purchase from Synnium Machinery Co., Ltd. was made on prices and conditions as mutually agreed.

(v) Certain of the Group's bank loans were guaranteed jointly and severally by Sany Group and Sany Heavy Machinery Co., Ltd.

(vi) As at 31 December 2008, the Group provided corporate guarantees totalling RMB18,000,000 to a bank in connection with banking facilities granted to and utilised by Sany Junma. Such guarantees were released in full in March 2009.

(vii) Certain of the Group's bills payable were guaranteed jointly and severally by Sany Group and Sany Heavy Machinery Co., Ltd.

(viii) The purchases of machineries from the related parties were conducted at prices agreed between the Group and the related parties.

(ix) The disposal of buildings to Sany Group was made at the net carrying amount as at 31 May 2009.

In addition to the above transactions, on 31 May 2009, Sany Heavy Equipment disposed of the equity interest in Sany Junma to Sany Group for a consideration of RMB141,466,000, being the carrying amount of the investment. No gain or loss was resulted in the disposal.

In the opinion of the Directors, the above related party transactions were carried out in the ordinary course of the Group's business during the Relevant Periods and these transactions will not continue after the listing of the Company's shares on the Stock Exchange.

(3) Outstanding balances with related parties

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from companies which are owned by close family members of the Controlling Shareholders				
Synnium Machinery Co., Ltd.	—	387,101	149,892	40,944
Shanghai Synnium Leasing Co., Ltd. (上海新利恒租賃有限公司)	—	—	13,106	—
	—	387,101	162,998	40,944
Amounts due from companies which are owned and controlled by the Controlling Shareholders				
Sany Group	—	—	—	165,820
Sany Automotive Manufacturing Co., Ltd.	—	—	417,473	—
Hunan Automobile Manufacturing Co., Ltd. (湖南汽車製造有限責任公司)	—	—	217,399	—
Sany Heavy Industry Co., Ltd.	—	234	42,756	
Others	305	1,394	635	—
	305	1,628	678,263	165,820
Amounts due to companies which are owned and controlled by the Controlling Shareholders				
Sany Group	66,197	522,091	358,778	—
Sany Heavy Machinery Co., Ltd.	4,825	47	—	—
Hunan Sany Bus Co., Ltd.	1,075	2,068	—	—
Sany Transportation	—	—	—	11,744
Others	98	25	618	—
	72,195	524,231	359,396	11,744

Included in the balances due from related parties as at 31 December 2006, 2007, 2008 and 30 June 2009 are aggregated amounts of approximately RMB242,000, RMB1,279,000, RMB860,000 and nil respectively, which were trade in nature, unsecured, interest-free and repayable on demand. Included in the balances due to related parties as at 31 December 2007 and 2008 were aggregated amounts of approximately RMB890,000 and RMB535,000, respectively, which were trade in nature, unsecured, interest-free and have no fixed terms of repayment. The remaining balances with related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts of the balances with related parties were related to parties for whom there was no recent history of default.

Details of the Group's amount due from an associate as at 31 December 2006, 2007, 2008 and 30 June 2009 are included in note 17 above.

The carrying amounts of the balances with the related parties approximate to their fair values.

(4) Amount due from a shareholder

The Group had an outstanding receivable from a shareholder as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a shareholder	198	1,855	4,427	91

The amount due from the shareholder was non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amount of the balance approximated to its fair value.

(5) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 10 above.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	487	961	1,060	530	356
Pension scheme contributions	68	69	69	35	35
Total compensation paid to key management personnel	555	1,030	1,129	565	391

Further details of directors' emoluments are included in note 10 above.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2006	**Loans and receivables**
Financial assets	**RMB'000**
Trade receivables	58,656
Bills receivable	15,190
Financial assets included in deposits and other receivables	14,420
Due from a shareholder	198
Due from related parties	305
Pledged deposits	15,482
Cash and cash equivalents	14,307
	118,558

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade and bills payable	94,526
Financial liabilities included in other payables and accruals	47,738
Interest-bearing bank borrowings	60,000
Due to related parties	72,195
	274,459

2007	Loans and receivables
Financial assets	RMB'000
Trade receivables	139,889
Bills receivable	56,107
Financial assets included in deposits and other receivables	18,028
Due from a shareholder	1,855
Due from related parties	388,729
Pledged deposits	24,890
Cash and cash equivalents	31,713
	661,211

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade and bills payable	208,662
Financial liabilities included in other payables and accruals	228,242
Interest-bearing bank borrowings	245,000
Due to related parties	524,231
	1,206,135

2008	Loans and receivables
Financial assets	**RMB'000**
Due from an associate	285,327
Trade receivables	281,723
Bills receivable	182,058
Financial assets included deposits and other receivables	190,105
Due from a shareholder	4,427
Due from related parties	841,261
Pledged deposits	21,668
Cash and cash equivalents	59,789
	1,866,358

	Financial liabilities at amortised cost
Financial liabilities	**RMB'000**
Trade and bills payable	217,940
Financial liabilities included in other payables and accruals	286,557
Interest-bearing bank borrowings	385,000
Due to related parties	359,396
	1,248,893

30 June 2009	Loans and receivables
Financial assets	**RMB'000**
Trade receivables	478,851
Bills receivable	483,530
Financial assets included in deposits and other receivables	18,373
Due from a shareholder	91
Due from related parties	206,764
Pledged deposits	35,192
Cash and cash equivalents	273,863
	1,496,664

	Financial liabilities at amortised cost
Financial liabilities	**RMB'000**
Trade and bills payable	311,935
Financial liabilities included in other payables and accruals	398,361
Due to related parties	11,744
	722,040

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, amounts due from/to related parties, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and time deposits with fixed interest rates which are short term.

The effective interest rates and terms of repayment of the interest-bearing bank loans of the Group are set out in note 24 above.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the Relevant Periods.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
31 December 2006		
RMB	100	—
RMB	(100)	—
31 December 2007		
RMB	100	(545)
RMB	(100)	545
31 December 2008		
RMB	100	(1,518)
RMB	(100)	1,518
30 June 2009		
RMB	100	(226)
RMB	(100)	226

Foreign exchange risk

The Group's businesses are located in the PRC and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB except for an amount due from one of the related parties denominated in the United States dollars ("USD"). The Group has not hedged its foreign exchange rate risk based on the consideration that the foreign currency transactions are not significant to the Group.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in USD rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	%	**RMB'000**	**RMB'000**
31 December 2006			
If RMB weakens against USD	5	1,917	—
If RMB strengthens against USD	(5)	(1,917)	—
31 December 2007			
If RMB weakens against USD	5	7,495	—
If RMB strengthens against USD	(5)	(7,495)	—
31 December 2008			
If RMB weakens against USD	5	19,355	—
If RMB strengthens against USD	(5)	(19,355)	—
30 June 2009			
If RMB weakens against USD	5	—	—
If RMB strengthens against USD	(5)	—	—

* Excluding retained earnings

Credit risk

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are dispersed. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 19 and 20 above.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, amounts due from an associate and related parties and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and financial support from related parties and bank borrowings.

The maturity profile of financial liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009, based on the contractual undiscounted payments, was as follows:

	31 December 2006			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payable	—	94,526	—	94,526
Other payables and deposits received from customers	—	47,738	—	47,738
Interest-bearing bank borrowings	—	61,961	—	61,961
Due to related parties	72,195	—	—	72,195
	72,195	204,225	—	276,420

	31 December 2007			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payable	—	208,662	—	208,662
Other payables and deposits received from customers	—	228,242	—	228,242
Interest-bearing bank borrowings	—	200,951	61,677	262,628
Due to related parties	524,231	—	—	524,231
	524,231	637,855	61,677	1,223,763

	31 December 2008			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payable	—	217,940	—	217,940
Other payables and deposits received from customers	—	286,557	—	286,557
Interest-bearing bank borrowings	—	324,125	80,082	404,207
Due to related parties	359,396	—	—	359,396
	359,396	828,622	80,082	1,268,100

	30 June 2009			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payable	—	307,015	4,920	311,935
Other payables and deposits received from customers	—	398,361	—	398,361
Due to related parties	11,744	—	—	11,744
	11,744	705,376	4,920	722,040

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as interest-bearing bank loans less cash and cash equivalents and pledged deposits. Capital represents equity attributable to equity holders of the Company. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the Relevant Periods are as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	60,000	245,000	385,000	—
Less: Cash and cash equivalents and pledged deposits	(29,789)	(56,603)	(81,457)	(309,055)
Net debt	30,211	188,397	303,543	N/A
Equity attributable to equity holders of the Company	69,684	175,750	1,574,571	1,627,699
Capital and net debt	99,895	364,147	1,878,114	1,318,644
Gearing ratio	30%	52%	16%	N/A

35. POST BALANCE SHEET EVENTS

The following significant post balance sheet events took place subsequent to 30 June 2009:

(1) The companies comprising the Group underwent the Reorganization in the preparation for the listing of the company's shares on the Main Board of the Stock Exchange.

(2) An amount of approximately RMB 206,764,000 due from related parties and an amount of approximately RMB 11,744,000 due to related parties as at 30 June 2009 were fully settled subsequent to 30 June 2009.

(3) According to the Reorganization, Sany Heavy Equipment acquired the 100% interest in Sany Transportation from Sany Group in July 2009, at a consideration of RMB166,800,000. Save for the Reorganization, Sany Transportation has not conducted any business since its date of incorporation. The transaction will be accounted for as the acquisition of assets rather than as a business combination.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2009.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further financial information about how the proposed listing might have affected (i) the combined net tangible assets of the Group after the completion of the Global Offering; and (ii) the forecast earnings per share of the Group for the year ending 31 December 2009 as if the Global Offering had taken place on 1 January 2009.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2009. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial position of the Group.

	Audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2009	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	(HK$) (Note 4)
Based on an Offer Price of HK$4.10 per Share......	1,627,699	1,707,520	3,335,219	1.67	1.89
Based on an Offer Price of HK$4.80 per Share......	1,627,699	2,005,975	3,633,674	1.82	2.06

Notes:

(1) The audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2009 is based on the combined net assets attributable to equity holders of the Company of RMB1,627,699,000 as at 30 June 2009 extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK$4.10 or HK$4.80 per Share, being the low or high end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by the Company and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.88100, the prevailing rate quoted by the PBOC on 3 November 2009.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 2,000,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.88100, the prevailing rate quoted by the PBOC on 3 November 2009.

(5) The Group's property interests as at 31 August 2009 have been valued by Jones Lang LaSalle Sallmanns Limited., an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation". The above unaudited combined pro forma adjusted net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB94.5 million. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2009. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation/amortisation of approximately RMB1.4 million would be charged against the combined income statement for the year ending 31 December 2009.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share of the Group for the year ending 31 December 2009 has been prepared in accordance with Rule 4.29 of the Listing Rules, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2009. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial results of the Group.

	Forecast for the year ending 31 December 2009
Forecast consolidated profit attributable to equity holders of the Company [1]	not less than RMB450 million
Unaudited pro forma forecast earnings per Share[2]	RMB22.5 cents (equivalent to HK25.5 cents)

Notes:

(1) The forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is extracted from the paragraph headed "Profit Forecast" in the section headed "Financial Information". The bases and assumptions on which the above Profit Forecast for the year ending 31 December 2009 has been prepared are summarised in "Profit Forecast" on Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 and on the assumptions that the Company had been listed since 1 January 2009, a total of 2,000,000,000 Shares were in issue during year ending 31 December 2009 and the Over-allotment Option would not be exercised. The unaudited pro forma forecast earnings per Share for the year ending 31 December 2009 is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.88100, the prevailing rate quoted by the PBOC on 3 November 2009.

C. LETTER FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for inclusion in this Prospectus, in respect of the Group's unaudited pro forma financial information.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

12 November 2009

The Board of Directors
Sany Heavy Equipment International Holdings Company Limited
The Hongkong and Shanghai Banking Corporation Limited

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets and unaudited pro forma forecast earnings per share (the "Unaudited Pro Forma Financial Information") of Sany Heavy Equipment International Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the global offering of 500,000,000 shares of HK$0.1 each of the Company might have affected the relevant financial information of the Group presented, for inclusion in sections A and B of Appendix II, respectively, to the prospectus dated 12 November 2009 (the "Prospectus") issued by the Company.

Respective Responsibilities of the Directors and the Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with these standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2009 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

This letter is being issued in connection with the filing of the Prospectus regarding the listing of the Company's securities on The Stock Exchange of Hong Kong Limited and is not to be used in connection with the offering pursuant to Rule 144A of the Securities Act of 1933 in the United States of America.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

The forecast of the Group's consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is set out in the paragraph headed "Profit Forecast" in the section headed "Financial Information" in this prospectus.

(A) BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the Group's consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 based on the unaudited consolidated results of the Group for the two months ended 31 August 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2009. The forecast for the year ending 31 December 2009 has been prepared on bases consistent in all material aspects with the accounting policies adopted by the Group and its associates as set out in the Accountants' Report in Appendix I to the Prospectus and is based on the following principal assumptions:

(1) There will be no material changes in the existing political, legal, fiscal or economic conditions in the PRC in which the Group operates;

(2) The inflation rate, exchange rates and interest rates will not differ materially from those currently prevailing;

(3) There will be no material changes in the bases or rates of taxation in the PRC in which the Group operates, except as otherwise disclosed in the Prospectus;

(4) The Group's operations will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents;

(5) There will be no material changes in the Group's fixed operating items;

(6) The PRC government will continue to adopt the macroeconomic and monetary policies similar to those of 2009, in order to maintain a consistent rate of economic growth; and

(7) There are no significant changes in the critical accounting estimates and judgements.

(B) LETTERS

The following is the text of a letter, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for inclusion in this Prospectus, in connection with the forecast of the Group's consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

12 November 2009

The Board of Directors
Sany Heavy Equipment International Holdings Company Limited
The Hongkong and Shanghai Banking Corporation Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of Sany Heavy Equipment International Holdings Company Limited (the "Company") in respect of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2009 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast" in the section headed "Financial Information" in the prospectus of the Company dated 12 November 2009 (the "Prospectus"), for which you as directors of the Company (the "Directors") are solely responsible.

We conducted our work in accordance with the Auditing Guideline 3.341 on "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast has been prepared by the Directors based on the audited combined results of the Group for the six months ended 30 June 2009, the unaudited consolidated results of the Group for the two months ended 31 August 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2009.

In our opinion, the Profit Forecast, so far as calculations and the accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in section A of Appendix III to the Prospectus and is presented on bases consistent in all material respects with the accounting policies currently adopted by the Group as set out in the Accountants' Report dated 12 November 2009 in Appendix I to the Prospectus.

This letter is being issued in connection with the listing of the securities on The Stock Exchange of Hong Kong Limited and is not to be used in connection with the offering pursuant to Rule 144A of the Securities Act of 1933 in the United States of America.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, prepared for inclusion in this Prospectus, we have received from The Hongkong and Shanghai Banking Corporation Limited, the Sole Sponsor, in connection with the forecast of our combined net profits attributable to equity holders of our Company for the year ending 31 December 2009.

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

12 November 2009

The Directors
Sany Heavy Equipment International Holdings Company Limited

Dear Sirs,

We refer to the forecast (the "**Forecast**") of the consolidated profit attributable to shareholders of Sany Heavy Equipment International Holdings Company Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ending 31 December 2009 as set out in the subsection headed "Profit Forecast for the Year Ending 31 December 2009" in the section entitled "Financial Information" in the prospectus issued by the Company dated 12 November 2009 (the "**Prospectus**").

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and the Group for the six months ended 30 June 2009, the unaudited management accounts for the two months ended 31 August 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2009.

We have discussed with you the bases made by the directors of the Company as set out in Appendix III to the Prospectus, to the extent applicable, upon which the Forecast has been made. We have also considered, and relied upon, the letter dated 12 November 2009 addressed to you and us from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been based.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
The Hongkong and Shanghai Banking Corporation Limited
Yang Lei, Bob (楊磊)

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 August 2009 of the property interests of the Group. As described in section "Documents Available for Inspection" in Appendix VII, a copy of the full valuation report will be made available for public inspection.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

12 November 2009

The Board of Directors
Sany Heavy Equipment International Holdings Company Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties in which Sany Heavy Equipment International Holdings Company Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 August 2009 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest of property no. 2 in Group I by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of property no. 1 in Group I and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available, the property interest has been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interest in Group II which was under construction as at the date of valuation, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the costs and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group III, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in our valuation report to this prospectus, of which a summary is included in the Summary of Values and the certificate for leased properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Jingtian & Gongcheng Attorneys at Law, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: *Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.*

SUMMARY OF VALUES

Group I - Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2009
		RMB
1.	A parcel of land, 7 buildings and various structures No. 31 Yansaihu Street Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	267,940,000
2.	20 residential units of Jinsha Yanxiangyuan Nos. 26-1, 28-1, 30-1, 32-2 and 34-1 Yansaihu Street Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	8,108,000
	Sub-total:	276,048,000

Group II - Property interest held under development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2009
		RMB
3.	3 parcels of land, an industrial building and a dormitory building No. 25 Kaifa Road Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	330,230,000
	Sub-total:	330,230,000

Group III - Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2009
		RMB
4.	77 leased properties located in the PRC	No commercial value
	Sub-total:	Nil
	Grand total:	606,278,000

VALUATION CERTIFICATE

Group I - Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009 RMB
1.	A parcel of land, 7 buildings and various structures No. 31 Yansaihu Street Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 215,070.44 sq.m. and 7 buildings and various ancillary structures erected thereon which were completed in various stages between 2004 and 2009. The buildings have a total gross floor area of approximately 87,709.51 sq.m. and comprise 5 industrial buildings, an office building and a dormitory building. The details are set out as follows: **Gross Floor Area (sq.m.)** No. 1 Workshop 30,568.04 No. 2 Workshop 30,568.04 Office building 4,017.04 Complex Workshop 5,025.13 Dormitory building 12,490.57 Repair Workshop 2,323.39 Garage 2,717.30 **Total: 87,709.51** The structures mainly include water pool, pump room and warehouses. The land use rights of the property have been granted for a term expiring on 14 July 2053 for industrial use.	The property is currently occupied by the Group for production, office and staff dormitory purposes except for a portion of an industrial building with a gross floor area of approximately 1,134.42 sq.m. which is rented to a connected party. (Refer to note 4).	267,940,000

Notes:

1. Sany Group Shenyang Mining Transportation Equipment Co., Ltd. ("Sany Transportation") is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate — Shen Kai Guo Yong (2009) Di No. 0145, the land use rights of a parcel of land with a site area of approximately 215,070.44 sq.m. have been granted to Sany Transportation for a term expiring on 14 July 2053 for industrial use.

3. Pursuant to 7 Building Ownership Certificates — Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di Nos. 011566 to 011568 and 011773 to 011776, 7 buildings with a total gross floor area of approximately 87,709.51 sq.m. are owned by Sany Transportation. Details of the said certificates are shown as below:

Building Ownership Certificate No.	Use	Total Number of Storey	Gross Floor Area
			(sq.m.)
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011566. .	Industrial	1	30,568.04
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011567. .	Industrial	1	30,568.04
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011568. .	Office	3	4,017.04
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011773. .	Industrial	1	5,025.13
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011774. .	Ancillary	6	12,490.57
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011775. .	Industrial	1	2,323.39
Shen Fang Quan Zheng Jing Ji Ji Shu Kai Fa Zi Di No. 011776. .	Industrial	2	2,717.30
		Total:	**87,709.51**

4. Pursuant to a Tenancy Agreement, a portion of an industrial building with a gross floor area of approximately 1,134.42 sq.m. is rented to Hunan Sany Repair Service Co., Ltd., a connected party of the Company, for two years commencing from 1 January 2009 and expiring on 31 December 2010 at an annual rent of RMB219,000 for use as repair and maintenance centre.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Building Ownership Certificates and Land Use Rights Certificates are valid and legal.

   b. The land use rights of the property can be legally occupied, used, leased, transferred and mortgaged by Sany Transportation in accordance with the provisions stipulated in the Land Use Rights Grant Contracts and other relevant agreements.

   c. The buildings of the property can be legally occupied, used, leased, transferred and mortgaged by Sany Transportation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009 RMB
2.	20 residential units of Jinsha Yanxiangyuan Nos. 26-1, 28-1, 30-1, 32-2 and 34-1 Yansaihu Street Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	The property comprises 20 residential units with a total gross floor area of approximately 2,488.79 sq.m. in Jinsha Yanxiangyuan, which is a residential development completed in about 2006.	The property is currently occupied by the Group for residential purpose.	8,108,000

Notes:

1. Sany Heavy Equipment Co., Ltd. ("Sany Heavy Equipment") is a wholly-owned subsidiary of the Company.

2. Pursuant to 20 Building Ownership Certificates — Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di Nos. 005914 to 005933, 20 residential units with a total gross floor area of approximately 2,488.79 sq.m. are owned by Sany Heavy Equipment. Details of the said certificates are shown as below:

Building Ownership Certificate No.	Use	Number of Storey	Gross Floor Area (sq.m.)
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005914	Residential	3	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005915	Residential	2	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005916	Residential	6	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005917	Residential	6	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005918	Residential	6	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005919	Residential	4	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005920	Residential	2	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005921	Residential	5	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005922	Residential	6	113.46
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005923	Residential	6	113.06
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005924	Residential	1	117.76

Building Ownership Certificate No.	Use	Number of Storey	Gross Floor Area
			(sq.m.)
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005925	Residential	6	117.76
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005926	Residential	6	141.15
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005927	Residential	6	141.41
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005928	Residential	4	141.41
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005929	Residential	6	141.41
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005930	Residential	6	141.41
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005931	Residential	1	141.15
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005932	Residential	5	141.41
Shen Fang Quan Zheng Shen Yang Jing Ji Ji Shu Kai Fa Qu Zi Di No. 005933	Residential	4	129.72
		Total:	**2,488.79**

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Building Ownership Certificates are valid and legal.

   b. The units of the property are legally owned by Sany Heavy Equipment and can be legally occupied, used, leased, transferred and mortgaged by Sany Heavy Equipment.

VALUATION CERTIFICATE

Group II - Property interest held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009 RMB
3.	3 parcels of land, an industrial building and a dormitory building No. 25 Kaifa Road Shenyang Economic and Technological Development Area Shenyang City Liaoning Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 629,015.20 sq.m. and an industrial building and a dormitory building which were being constructed thereon as at the date of valuation. The property is scheduled to be developed into an industrial zone, of which 2 buildings were being constructed as at the date of valuation (the "CIP") and are scheduled to be completed in May 2010. Upon completion, the 2 buildings will have a total planned gross floor area of approximately 35,159 sq.m. The total construction cost of the CIP is estimated to be approximately RMB65,000,000, of which RMB21,410,478 had been paid up to the date of valuation. The land use rights of the property have been granted for terms expiring on 22 March 2059 and 27 April 2059 for industrial use.	The property is currently under construction.	330,230,000

Notes:

1. Sany Heavy Integrated Coal Mining Equipment Co., Ltd. ("Sany Zongcai") is a wholly-owned subsidiary of the Company.
2. Pursuant to 3 State-owned Land Use Rights Grant Contracts entered into between Shenyang Plan & Resource Bureau Economic and Technological Development Area Branch and Sany Zongcai, the land use rights of 3 parcels of land with a total site area of approximately 629,015.20 sq.m. were contracted to be granted to Sany Zongcai for terms expiring on 22 March 2059 and 27 April 2059 for industrial use. The total land premium was RMB301,927,296.
3. Pursuant to 3 State-owned Land Use Rights Certificates — Shen Kai Guo Yong (2009) Di Nos. 103, 104 and 00079, the land use rights of the property with a total site area of approximately 629,015.20 sq.m. have been granted to Sany Zongcai for terms expiring on 22 March 2059 and 27 April 2059 for industrial use.
4. Pursuant to a Construction Work Planning Permit — Jian Fu Zi No. 210106200910186 in favour of Sany Zongcai, 9 buildings with a total planned gross floor area of approximately 169,022 sq.m. have been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 210116200909250101 and 210116200909250201 in favour of Sany Zongcai, permission by the relevant local authority was given to commence the construction work of 2 buildings with a total gross floor area of approximately 35,159 sq.m.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contracts and State-owned Land Use Rights Certificates are valid and legal.

   b. The land use rights of the property are legally owned by Sany Zongcai and can be legally transferred, use, occupied, leased or mortgaged by Sany Zongcai in accordance with the provisions stipulated in the relevant Land Use Rights Grant Contracts.

   c. Sany Zongcai has obtained the permits from the relevant government authority in respect of the construction work mentioned in note 5.

VALUATION CERTIFICATE

Group III - Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009
				RMB
4.	77 leased properties located in the PRC	The properties comprise 77 buildings or units with a total lettable area of approximately 15,738.48 sq.m. which were completed in various stages between 1991 and 2008. The properties are leased to the Group from various independent third parties (the "Lessors") for various terms.	The properties are currently occupied by the Group for office, storage and residential purposes.	No commercial value

Notes:

1. Pursuant to various Tenancy Agreements entered into between the Group and various independent third parties, 77 buildings or units with a total lettable area of approximately 15,738.48 sq.m. are leased to the Group from various independent third parties for various terms at a total annual rent of RMB2,568,821 for office, storage and residential uses.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the properties issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For one of the 77 leased properties with a lettable area of 2,100 sq.m., the Lessor has obtained the Building Ownership Certificate and the Tenancy Agreement has been registered with the local government authority. The Tenancy Agreement is legal, valid and enforceable. The Group has the rights to occupy and use such property.

   b. For 17 of the 77 leased properties with a total lettable area of 3,190.34 sq.m., the Lessors have obtained the Building Ownership Certificates but the Tenancy Agreements have not been registered with the local government authorities. The Lessors should register the Tenancy Agreements with the local government authorities. The Group has the rights to occupy and use such properties.

   c. For 36 of the 77 leased properties with a total lettable area of 4,829.59 sq.m., the Lessors have not obtained the Building Ownership Certificates and the Tenancy Agreements have not been registered with the local government authorities. The Lessors have provided the confirmation letters and consented that they would pay all the losses to the Group as a result of lack of relevant title certificates.

   d. For 23 of the 77 leased properties with a total lettable area of 5,618.55 sq.m., the Lessors have not obtained the Building Ownership Certificates. The Tenancy Agreements would be required to be terminated at any time before the Building Ownership Certificates are obtained.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 July 2009 under the Companies Law. The Memorandum and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 5 November 2009. The following is a summary of certain provisions of the Articles:

(a) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) **Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) **Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) **Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) **Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purposes of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) **Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalment. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalment payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) **Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) **Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) **Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 4 August 2009.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) **Winding up**

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) **Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 July 2009. We have established a place of business in Hong Kong at Suite 6009, 60th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 22 October 2009. Chen Si Ying, Cynthia who resides at Flat B, 15th Floor, Block 1, Chevalier Garden, Ma On Shan, Shatin, New Territories, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising the Memorandum of Association and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

2. Change in share capital

Our authorised share capital as at the date of our incorporation was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each. Upon incorporation, one share of HK$0.10 were allotted and issued to Sany BVI.

On 30 July 2009, we entered into a sale and purchase agreement with Sany HK pursuant to which we acquired the entire equity interest in Sany Heavy Equipment from Sany HK and as consideration, we allotted and issued 99 Shares of RMB1,566,460,700 each to Sany HK, credited as fully-paid at premium and credited at the one nil-paid share held by Sany HK as fully-paid.

Pursuant to the resolutions in writing of the sole shareholder of our Company passed on 5 November 2009 below, the authorised share capital of our Company was increased from HK$380,000 to HK$300,000,000 by the creation of an additional 2,996,200,000 Shares.

Immediately following completion of the Global Offering and the Capitalisation Issue but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$200,000,000 divided into 2,000,000,000 Shares, all fully paid or credited as fully paid and 1,000,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed "Resolutions in writing of the sole shareholder of our Company passed on 5 November 2009" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the sole shareholder of our Company passed on 5 November 2009

Pursuant to the written resolutions passed by the sole shareholder of our Company on 5 November 2009:

(a) we approved and adopted the Articles of Association;

(b) the authorised share capital of our Company was increased from HK$380,000 to HK$300,000,000 by the creation of an additional 2,996,200,000 Shares;

(c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalisation Issue and the Shares to be issued as mentioned in this prospectus (including any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option); (ii) the entering into of the agreement on the Offer Price between the Joint Global Coordinators and our Company on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved and the Directors were authorised to allot and issue the new Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved and the Directors were authorised to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option; and

(iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, the Directors were authorised to capitalise an amount of HK$149,999,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,499,999,900 Shares, such Shares to be allotted and issued to our shareholders as of 5 November 2009 on a pro rata basis.

(d) a general unconditional mandate was given to the Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or other similar arrangement or pursuant to a specific authority granted by the shareholders of our Company in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and Capitalisation Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first;

(e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first; and

(f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

4. Corporate reorganisation

(A) The companies comprising our Group underwent a reorganisation in preparation for the listing of the Shares on the Stock Exchange. The Reorganisation involved the following:

(a) on 23 June 2009, Sany BVI was incorporated in the BVI to act as the holding company for the interests of the 14 individual shareholders in our Company. Upon its incorporation, 10,000 shares of the Sany BVI were issued to Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong;

(b) on 23 July 2009, our Company was incorporated in the Cayman Islands to be the ultimate holding company of our Group. The initial authorised share capital of the Company was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each;

(c) On 23 July 2009, Sany Group transferred its 100% interest in Sany Transportation to Sany Heavy Equipment for a consideration of RMB166,800,000;

(d) on 27 August 2009, Sany Group transferred the entire issued share capital of Sany HK to Sany BVI for a consideration of HK$76,000,000.00;

(e) On 27 August 2009, Sany BVI transferred the entire issued share capital of our Company to Sany HK at par; and

(f) On 28 August 2009, our Company acquired from Sany HK the 100% equity interest in Sany Heavy Equipment for a consideration of RMB1,566,460,700, which was satisfied by the allotment and issue of 99 shares by our Company to Sany HK, credited as fully paid at premium.

(B) Members of our Group conducted the following acquisitions and disposals during the Track Record Period:

(a) on 27 December 2007, Sany Heavy Equipment entered into a share transfer agreement with Ma Shucheng, an independent third party, pursuant to which it acquired a 41% interest in the registered capital of Sany Junma; and

(b) on 31 May 2009, Sany Heavy Equipment entered into a share purchase agreement with Sany Group, which is supplemented by a supplemental agreement date 18 September 2009, pursuant to which transfer its 51% interest in the registered capital of Sany Junma to Sany Group for a consideration of RMB141,465,904.43.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus. The following sets out the changes to the share capital made by the subsidiaries of our Company during the two years preceding the date of this prospectus:

(a) The registered capital of Sany Heavy Equipment was increased from RMB100,000,000 to RMB1,227,770,000 on 9 December 2008 which was fully paid-up.

(b) The registered capital of Sany Transportation was increased from RMB39,000,000 to RMB166,800,000 on 23 July 2009 which was fully paid-up.

Save for the subsidiaries mentioned in the Accountants' Report in Appendix I to this prospectus, our Company has no other subsidiaries.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Particulars of our subsidiaries in the PRC

Set out below is a summary of the corporate information of our subsidiaries established in the PRC:

(a) ***Sany Heavy Equipment***

Date of Establishment	:	13 January 2004
Place of Establishment	:	PRC
Nature	:	Limited liability company
Registered Capital	:	RMB 1,227,770,000 (fully paid up)
Shareholder(s)	:	Our Company (100%)

(b) ***Sany Zongcai***

Date of Establishment	:	20 May 2008
Place of Establishment	:	PRC
Nature	:	Limited liability company
Registered Capital	:	RMB100,000,000 (fully paid up)
Shareholder(s)	:	Sany Heavy Equipment (100%)

(c) ***Sany Transportation***

Date of Establishment	:	25 September 2008
Place of Establishment	:	PRC
Nature	:	Limited liability company
Registered Capital	:	RMB166,800,000 (fully paid up)
Shareholder(s)	:	Sany Heavy Equipment (100%)

7. Repurchase of our Shares

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to resolution passed by the shareholders of our Company on 5 November 2009, a general unconditional mandate (the "**Buyback Mandate**") was granted to the Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of the shareholders of our Company in general meeting, whichever is the earliest.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) ***Reasons for repurchases***

The Directors believe that it is in the best interests of our Company and its shareholders for the Directors to have a general authority from shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company or the proceeds of a fresh issue of shares made for the purpose of the purchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Companies Law, out of capital.

The Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(d) ***Share capital***

Exercise in full of the Buyback Mandate, on the basis of 2,000,000,000 Shares in issue immediately after the listing of the Shares (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 200,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first.

(e) ***General***

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Code**"). Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. The Directors are not aware of any other consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 200,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.3% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated 27 December 2007 entered into between Sany Heavy Equipment and Ma Shucheng, an independent third party, pursuant to which Sany Heavy Equipment acquired 41% equity interest in Sany Junma from Ma Shucheng at a consideration of RMB95,977,980;

(b) an equity transfer agreement dated 13 October 2008 entered into between China Wealth as transferor and Sany HK as transferee regarding the purchase of the 2.04% equity interest in Sany Heavy Equipment from China Wealth at a consideration of RMB117,642,285.54;

(c) an equity transfer agreement dated 31 May 2009 entered into between Sany Heavy Equipment as vendor and Sany Group as purchaser regarding the purchase of 51% equity interest in Sany Junma at a consideration of RMB148,976,896.51;

(d) a share transfer agreement dated 1 July 2009 entered into between Sany Group as transferor and Sany BVI as transferee regarding the transfer of the entire issued share capital of Sany HK at a consideration of HK$76,000,000;

(e) an equity purchase agreement dated 23 July 2009 entered into between Sany Group as vendor and Sany Heavy Equipment as purchaser pursuant to which Sany Group transferred its 100% interest in Sany Transportation to Sany Heavy Equipment at a consideration of RMB166,800,000;

(f) an equity purchase agreement dated 30 July 2009 entered into between Sany HK as vendor and our Company as purchaser regarding the acquisition of the entire equity interest in Sany Heavy Equipment at a consideration of RMB1,566,460,700;

(g) an instrument of transfer dated 27 August 2009 entered into between Sany BVI as transferor and Sany HK as transferee pursuant to which Sany BVI transferred its 1 share of HK$0.10 each in our Company to Sany HK at a consideration of HK$0.10;

(h) an instrument of transfer dated 27 August 2009 entered into between Sany Group as transferor and Sany BVI as transferee pursuant to which Sany Group transferred 760,000,000 shares of HK$0.10 each in Sany HK to Sany BVI at a consideration of HK$76,000,000 and one bought and sold notes dated 27 August 2009 between Sany Group as transferor and Sany BVI as transferee in relation to 760,000,000 shares of HK$0.10 each in the issued share capital of Sany HK at a consideration of HK$76,000,000;

(i) a supplemental equity transfer agreement dated 18 September 2009, entered into between Sany Heavy Equipment as vendor and Sany Group as purchaser regarding the purchase of 51% equity interest in Sany Junma at a consideration of RMB141,465,904.43;

(j) the deed of indemnity dated 5 November 2009 given by the indemnifiers named therein in favour of our Company (for itself and as trustee for each of its present subsidiaries) in respect of, amongst others, taxation and property matters referred to in the sub-section headed "Tax and other indemnities" in this Appendix;

(k) the deed of non-competition dated 5 November 2009 given by our Controlling Shareholders and Sany Group in favour of our Company as detailed in the paragraph headed "Relationship with the SG Group — Deed of Non-competition" of this prospectus;

(l) a cornerstone placing agreement dated 6 November 2009 entered into between GE Capital Equity Investments Ltd., The Hongkong and Shanghai Banking Corporation Limited as one of the Joint Bookrunners and our company, pursuant to which GE Capital Equity Investments Ltd. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$12.5 million, rounded down to the nearest board lot;

(m) a cornerstone placing agreement dated 6 November 2009 entered into between Government of Singapore Investment Corporation Pte Ltd, The Hongkong and Shanghai Banking Corporation Limited as one of the Joint Bookrunners and our company, pursuant to which Government of Singapore Investment Corporation Pte Ltd has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$25.0 million, rounded down to the nearest board lot; and

(n) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of the Group

(a) *Patents*

As at the Latest Practicable Date, our Group was the registered proprietor of the following patents:

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Inside spray nozzle (內噴霧噴嘴)	200420108538.6	Utility Patent	Sany Heavy Equipment	PRC	28 October 2004	27 October 2014
Dust reducing equipment used on roadheaders (掘進機用除塵器)	200420108537.1	Utility Patent	Sany Heavy Equipment	PRC	28 October 2004	27 October 2014
Scalability Pick (可伸縮性截齒)	200520090359.9	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Slip boots used on coal mining unit (採煤機滑靴)	200520090357.X	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Haulage unit protection device used on coal mining unit (採煤機牽引部保護裝置)	200520090354.6	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Roadheaders cutting intelligent control system (掘進機截割智能控制系統)	200520090353.1	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Rocker arm used on coal mining unit (採煤機搖臂)	200520090352.7	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Gearbox auto-lubrication device used on coal mining unit (採煤機齒輪箱自動潤滑裝置)	200520090355.0	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Gearbox with application of sensor controller used on coal mining unit (應用感測器控制的採煤機齒輪減速箱)	200520090356.5	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Damping system used on coal mining unit (採煤機減振系統)	200520090358.4	Utility Patent	Sany Heavy Equipment	PRC	18 April 2005	17 April 2015
Swing-oriented touchable conducting device (可擺動式面接觸導向裝置)	200520092254.7	Utility Patent	Sany Heavy Equipment	PRC	24 August 2005	23 August 2015
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200520094285.6	Utility Patent	Sany Heavy Equipment	PRC	9 December 2005	8 December 2015
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200620090066.5	Utility Patent	Sany Heavy Equipment	PRC	29 March 2006	28 March 2016
Integrated excavating and drilling roadheaders (掘鑽一體化的掘鑽機)	200620090742.9	Utility Patent	Sany Heavy Equipment	PRC	10 May 2006	9 May 2016
Integrated excavation and self-protection machine (掘護一體化的掘護機)	200620090741.4	Utility Patent	Sany Heavy Equipment	PRC	10 May 2006	9 May 2016
A type of inside spray sealed device used on roadheaders (一種掘進機內噴霧密封裝置)	200620090743.3	Utility Patent	Sany Heavy Equipment	PRC	10 May 2006	9 May 2016
Water-sealed external cutting head used on cutting units of roadheaders (水密封外置的掘進機截割部截割頭)	200620090877.5	Utility Patent	Sany Heavy Equipment	PRC	19 May 2006	18 May 2016
(A type of angle-changeable pick seat (一種可改變角度的截齒座)	200620090955.1	Utility Patent	Sany Heavy Equipment	PRC	24 May 2006	23 May 2016
Trinity cutting unit used on roadheaders (三位一體的掘進機截割部)	200620090952.8	Utility Patent	Sany Heavy Equipment	PRC	24 May 2006	23 May 2016

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
A type of solenoid valve explosion-proof device (一種電磁閥防爆裝置)	200620090954.7	Utility Patent	Sany Heavy Equipment	PRC	24 May 2006	23 May 2016
A type of electromagnetic valve explosion-proof equipment used on bolting machine (一種錨杆機電磁閥防爆裝置)	200620090953.2	Utility Patent	Sany Heavy Equipment	PRC	24 May 2006	23 May 2016
A type of electromechanical control box damping device used on roadheaders (一種掘進機電控箱減振裝置)	200620090951.3	Utility Patent	Sany Heavy Equipment	PRC	24 May 2006	23 May 2016
Excavation machine integrated with bolting and drilling function (掘錨鑽複合機)	200620091466.8	Utility Patent	Sany Heavy Equipment	PRC	9 June 2006	8 June 2016
Hydraulic bolting machine (液壓錨杆機)	200620091467.2	Utility Patent	Sany Heavy Equipment	PRC	9 June 2006	8 June 2016
Constant power hydraulic system used on cutting units of roadheaders (掘進機截割部恒功率液壓系統)	200620092246.7	Utility Patent	Sany Heavy Equipment	PRC	26 July 2006	25 July 2016
Cutting feed rate auto control system used on roadheaders (掘進機截割進給量自動控制系統)	200620092729.7	Utility Patent	Sany Heavy Equipment	PRC	9 August 2006	8 August 2016
A type of travelling hydraulic driving device (一種行走液壓驅動裝置)	200620092730.X	Utility Patent	Sany Heavy Equipment	PRC	9 August 2006	8 August 2016

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
A type of conical pick used on coal mining machine (一種煤礦採掘機械用鎬型截齒)	200620092897.6	Utility Patent	Sany Heavy Equipment	PRC	23 August 2006	23 August 2016
Fully-automated roadheaders (全自動掘進機)	200620093822.X	Utility Patent	Sany Heavy Equipment	PRC	27 October 2006	26 October 2016
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200620094123.7	Utility Patent	Sany Heavy Equipment	PRC	15 November 2006	14 November 2016
Narrow-body roadheaders (窄機身掘進機)	200620094124.1	Utility Patent	Sany Heavy Equipment	PRC	15 November 2006	14 November 2016
Steep slope roadheaders (大坡度掘進機)	200620152753.5	Utility Patent	Sany Heavy Equipment	PRC	29 November 2006	28 November 2016
Crab claw-type shovel board (蟹爪式鏟板)	200720011404.6	Utility Patent	Sany Heavy Equipment	PRC	30 March 2007	29 March 2017
Anti-sideslip back support (防側滑後支承)	200720012232.4	Utility Patent	Sany Heavy Equipment	PRC	23 May 2007	22 May 2017
Excavation and bolting machine (掘錨機)	200720013157.3	Utility Patent	Sany Heavy Equipment	PRC	6 July 2007	5 July 2017
Hard rock roadheaders (硬岩掘進機)	200720013414.3	Utility Patent	Sany Heavy Equipment	PRC	20 July 2007	19 July 2017
Supporting scraper board used on coal conveyor equipments (用於煤礦工作面輸送設備的支撐刮板)	200720013767.3	Utility Patent	Sany Heavy Equipment	PRC	10 August 2007	9 August 2017
Machine carried-type support and protection machine (機載式支護機)	200720013923.6	Utility Patent	Sany Heavy Equipment	PRC	22 August 2007	21 August 2017
Lateral side-support and stability equipment used on roadheaders (掘進機水平側支撐穩定裝置)	200720013951.8	Utility Patent	Sany Heavy Equipment	PRC	24 August 2007	23 August 2017

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Bucket-type loading machine (鏟斗式裝運機)	200720013952.2	Utility Patent	Sany Heavy Equipment	PRC	24 August 2007	23 August 2017
Excavation and bolting machine integrated with self-supporting function (掘錨護一體化的掘錨機)	200720014106.2	Utility Patent	Sany Heavy Equipment	PRC	29 August 2007	28 August 2017
Multi-tub second transportation machine (多礦車式第二運輸機)	200720014107.7	Utility Patent	Sany Heavy Equipment	PRC	29 August 2007	28 August 2017
A type of star-shape wheel-driving device (一種星輪驅動裝置)	200720014591.3	Utility Patent	Sany Heavy Equipment	PRC	19 September 2007	18 September 2017
Support leg used on coal mining unit (用於煤礦工作面採煤機的支腿)	200720014647.5	Utility Patent	Sany Heavy Equipment	PRC	21 September 2007	20 September 2017
A type of travelling unit of roadheaders (一種掘進機行走部)	200720014860.6	Utility Patent	Sany Heavy Equipment	PRC	29 September 2007	28 September 2017
Intelligent first fully-automated combined coal mining system (智能型全自動聯合採煤系統)	200720015506.5	Utility Patent	Sany Heavy Equipment	PRC	26 October 2007	25 October 2017
Buried scraper-type conveyor chain (埋刮板式輸送鏈)	200720015504.6	Utility Patent	Sany Heavy Equipment	PRC	26 October 2007	25 October 2017
Automated cable installation device used on reels (捲筒用自動排線裝置)	200720015582.6	Utility Patent	Sany Heavy Equipment	PRC	31 October 2007	30 October 2017
A type of track sprockets anti-loose mounting screws device used on roadheaders (一種掘進機履帶鏈輪安裝螺釘的防鬆裝置)	200720015871.6	Utility Patent	Sany Heavy Equipment	PRC	14 November 2007	13 November 2017

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
A type of shovel cutting plate anti-arm collision device (一種防截割臂碰撞鏟板裝置)	200720015872.0	Utility Patent	Sany Heavy Equipment	PRC	14 November 2007	13 November 2017
Semi-closed hydraulic system used on roadheaders (應用於掘進機中的半閉式液壓系統)	200720015873.5	Utility Patent	Sany Heavy Equipment	PRC	14 November 2007	13 November 2017
A type of connection structure between main-body and travelling unit used on coal mining unit (一種煤礦採掘機械用的本體與行走部的聯接結構)	200720015944.1	Utility Patent	Sany Heavy Equipment	PRC	16 November 2007	15 November 2017
Flameproof cable reel (隔爆電纜捲筒)	200720016128.2	Utility Patent	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Inverter controller cooling device (變頻控制器冷卻裝置)	200720016129.7	Utility Patent	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Wheel-side driving device (輪邊驅動裝置)	200720016126.3	Utility Patent	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Auto-hauling rope motor used on shuttle vehicle (梭車自動拖纜馬達裝置)	200720016130.X	Utility Patent	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Shuttle vehicle (梭車)	200730012279.6	Design	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Shuttle vehicle cab (梭車駕駛室)	200730012278.1	Design	Sany Heavy Equipment	PRC	23 November 2007	22 November 2017
Truck crane of underground coal mining transportation vehicles (煤礦井下運輸車輛隨車吊)	200720016268.X	Utility Patent	Sany Heavy Equipment	PRC	28 November 2007	27 November 2017
Coal mine transportation vehicle (礦用運輸車)	200730013137.1	Design	Sany Heavy Equipment	PRC	30 November 2007	29 November 2017

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Command vehicle (指揮車)	200730013136.7	Design	Sany Heavy Equipment	PRC	30 November 2007	29 November 2017
Explosion-proof purification water tank used on coal mining vehicles (礦用車輛用防爆淨化水箱)	200720016783.8	Utility Patent	Sany Heavy Equipment	PRC	12 December 2007	11 December 2017
Oil-gas suspension system used on underground coal mine transportation vehicles (煤礦井下運輸車輛油氣懸掛系統)	200720016784.2	Utility Patent	Sany Heavy Equipment	PRC	12 December 2007	11 December 2017
Vehicle structure used on underground coal mine transportation vehicles (煤礦井下運輸車輛車架)	200720016785.7	Utility Patent	Sany Heavy Equipment	PRC	12 December 2007	11 December 2017
Cutting head structure used on roadheaders (掘進機用截割頭結構)	200720016961.7	Utility Patent	Sany Heavy Equipment	PRC	14 December 2007	13 December 2017
Inside spray system used on integrated coal mining unit (用於煤礦綜採工作面採煤機的內噴霧系統)	200720184933.6	Utility Patent	Sany Heavy Equipment	PRC	19 December 2007	18 December 2017
Underground concrete mixing pump (井下用攪拌混凝土泵)	200720185067.2	Utility Patent	Sany Heavy Equipment	PRC	21 December 2007	20 December 2017
Underground concrete pump (井下用混凝土泵)	200720185068.7	Utility Patent	Sany Heavy Equipment	PRC	21 December 2007	20 December 2017
Travelling unit of roadheaders (掘進機行走部)	200720185206.1	Utility Patent	Sany Heavy Equipment	PRC	26 December 2007	25 December 2017
A type of cutting unit of roadheaders (一種掘進機截割部)	200720185207.6	Utility Patent	Sany Heavy Equipment	PRC	26 December 2007	25 December 2017

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
A type of sealed inside spray device used on roadheaders (一種掘進機內噴霧密封裝置)	200720185208.0	Utility Patent	Sany Heavy Equipment	PRC	26 December 2007	25 December 2017
Rotating tube clip (旋轉管夾)	200720185209.5	Utility Patent	Sany Heavy Equipment	PRC	26 December 2007	25 December 2017
A type of hydraulic device for controlling of cutting head of roadheaders (一種控制掘進機截割頭動作的液壓裝置)	200720185330.8	Utility Patent	Sany Heavy Equipment	PRC	28 December 2007	27 December 2017
Semi-motor-driven device (半馬達驅動裝置)	200720185331.2	Utility Patent	Sany Heavy Equipment	PRC	28 December 2007	27 December 2017
External water-sealed rotary sealed device (水密封外置的旋轉密封裝置)	200720185332.7	Utility Patent	Sany Heavy Equipment	PRC	28 December 2007	27 December 2017
A type of scrolling combined structure with ploughing head and sliding shelf used on coal ploughing machine (一種刨煤機用刨頭與滑架的滾動配合結構)	200820010298.4	Utility Patent	Sany Heavy Equipment	PRC	16 January 2008	15 January 2018
A type of connection structure used on coal conveyor (一種煤礦輸送機械用的聯接結構)	200820010299.9	Utility Patent	Sany Heavy Equipment	PRC	16 January 2008	15 January 2018
Fastened anti-loose bolt machinery structure used on coal mining unit (用於煤礦工作面採煤機的漲緊連接的螺栓防鬆機構)	200820010407.2	Utility Patent	Sany Heavy Equipment	PRC	23 January 2008	22 January 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Automatic door machinery structure used on feed tank of transportation vehicles (運輸車輛料箱自開門機構)	200820010408.7	Utility Patent	Sany Heavy Equipment	PRC	23 January 2008	22 January 2018
Smashing machinery structure used on coal mining unit (用於煤礦工作面採煤機的破碎機構)	200820010637.9	Utility Patent	Sany Heavy Equipment	PRC	3 February 2008	2 February 2018
A type of ultrasonic auto-cleaning device with flame arrester barrier (一種阻火器柵欄超聲波自動清洗裝置)	200820011180.3	Utility Patent	Sany Heavy Equipment	PRC	20 February 2008	19 February 2018
Rock cutting pick used on coal mining unit (用於煤礦工作面採煤機的割岩截齒)	200820011270.2	Utility Patent	Sany Heavy Equipment	PRC	22 February 2008	21 February 2018
Vehicle-carried self-righting advanced equipment combined with supporting protection and framework used in tunnels (車載自扶正巷道超前支護支架組合設備)	200820011547.1	Utility Patent	Sany Heavy Equipment	PRC	12 March 2008	11 March 2018
Advanced combination unit with supporting protection and framework used on declining roof of tunnels (傾斜頂板的巷道超前支護支架組)	200820011548.6	Utility Patent	Sany Heavy Equipment	PRC	12 March 2008	11 March 2018
High strength special type bottom bracket used on large coal mining unit (用於大型採煤機的高強度特型底托架)	200820011549.0	Utility Patent	Sany Heavy Equipment	PRC	12 March 2008	11 March 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Multi-function fake rock wall testing device (多功能假岩壁試驗裝置)	200820011595.0	Utility Patent	Sany Heavy Equipment	PRC	14 March 2008	13 March 2018
Overflow balancing components (平衡溢流組件)	200820011688.3	Utility Patent	Sany Heavy Equipment	PRC	21 March 2008	20 March 2018
A type of concrete mixing coal mine transportation vehicle (一種混凝土攪拌運輸礦車)	200820011675.6	Utility Patent	Sany Heavy Equipment	PRC	21 March 2008	20 March 2018
Coal mine transportation vehicle for concrete conveying (混凝土運輸礦車)	200820011676.0	Utility Patent	Sany Heavy Equipment	PRC	21 March 2008	20 March 2018
Concrete mixing coal mine transportation vehicle (混凝土攪拌運輸礦車)	200820011678.X	Utility Patent	Sany Heavy Equipment	PRC	21 March 2008	20 March 2018
External inside spray system with constant water-lubrication (恒有水潤滑外置式內噴霧水系統)	200820011687.9	Utility Patent	Sany Heavy Equipment	PRC	21 March 2008	20 March 2018
Inverted four-link cross-propelled end supporting structure unit (倒四連杆橫走式端頭支架組)	200820011751.3	Utility Patent	Sany Heavy Equipment	PRC	26 March 2008	25 March 2018
Inverted four-link hydraulic supporting structure (倒置四連杆液壓支架)	200820011752.8	Utility Patent	Sany Heavy Equipment	PRC	26 March 2008	25 March 2018
Railed transportation elevator vehicle device with advanced supporting protection and framework (有軌超前支護支架運輸升降車設備)	200820011755.1	Utility Patent	Sany Heavy Equipment	PRC	26 March 2008	25 March 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Radial thrust bearings axial preload valuation assembly structure (徑向推力軸承軸向預緊力定值裝配結構)	200820011790.3	Utility Patent	Sany Heavy Equipment	PRC	28 March 2008	27 March 2018
A type of escaping cabin used in coal mine (一種礦用避難艙)	200820011792.2	Utility Patent	Sany Heavy Equipment	PRC	28 March 2008	27 March 2018
Pneumatic stopping device used on explosion-proof diesel (防爆柴油機氣動停機裝置)	200820012250.7	Utility Patent	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
Automatic protection device used on explosion-proof diesel (防爆柴油機自動保護裝置)	200820012251.1	Utility Patent	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
A type of integrated excavation and self-protection machine (一種掘護一體化的掘護機)	200820012475.2	Utility Patent	Sany Heavy Equipment	PRC	30 April 2008	29 April 2018
A type of high speed shaft sealing of coal mining unit (一種煤礦綜採工作面採煤機的高速軸密封)	200820012476.7	Utility Patent	Sany Heavy Equipment	PRC	30 April 2008	29 April 2018
A type of travelling deceleration device (一種行走減速裝置)	200820012562.8	Utility Patent	Sany Heavy Equipment	PRC	7 May 2008	6 May 2018
Auxiliary roof travelling machinery structure of tunnel roadheaders (巷道掘進機輔助頂行走機構)	200820013542.2	Utility Patent	Sany Heavy Equipment	PRC	18 June 2008	17 June 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Auxiliary thrust device of tunnel roadheaders (巷道掘進機輔助推力裝置)	200820013545.6	Utility Patent	Sany Heavy Equipment	PRC	18 June 2008	17 June 2018
Auxiliary side-travelling machinery structure of tunnel roadheaders (巷道掘進機輔助側行走機構)	200820013544.1	Utility Patent	Sany Heavy Equipment	PRC	18 June 2008	17 June 2018
Bottom board of electro-hydraulic control box with hydraulic support structure (液壓支架電液控制器箱體底板)	200820013546.0	Utility Patent	Sany Heavy Equipment	PRC	18 June 2008	17 June 2018
A type of hydraulic device controlling star-reel running and oil supplement for travelling motor of roadheaders (一種控制掘進機星輪運動和行走馬達補油液壓裝置)	200820013649.7	Utility Patent	Sany Heavy Equipment	PRC	25 June 2008	24 June 2018
Chain road sweeper under the skid of coal ploughing machine (刨煤機滑架下鏈道清掃器)	200820013703.8	Utility Patent	Sany Heavy Equipment	PRC	27 June 2008	26 June 2018
A type of height adjustment device used on ploughing head of coal ploughing machine (一種用於刨煤機刨頭的調高裝置)	200820013704.2	Utility Patent	Sany Heavy Equipment	PRC	27 June 2008	26 June 2018
Machine-carried hydraulic bolting machine (機載液壓錨杆機)	200820013989.X	Utility Patent	Sany Heavy Equipment	PRC	11 July 2008	10 July 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Hydraulic system for electronic motor vehicle braking (用於電機車制動的液壓系統)	200820013991.7	Utility Patent	Sany Heavy Equipment	PRC	11 July 2008	10 July 2018
Manned vehicle (人車)	200730013135.2	Design	Sany Heavy Equipment	PRC	30 November 2007	29 November 2017
Roadheader used in tunnels (巷道掘進機)	200730285323.0	Design	Sany Heavy Equipment	PRC	28 December 2007	27 December 2017
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200610046203.X	Invention	Sany Heavy Equipment	PRC	29 March 2006	28 March 2026
Integrated excavation and drilling roadheaders (掘鑽一體化的掘鑽機)	200610046527.3	Invention	Sany Heavy Equipment	PRC	10 May 2006	9 May 2026
Hard rock roadheaders (硬岩掘進機)	200710012409.5	Invention	Sany Heavy Equipment	PRC	8 August 2007	7 August 2027
Cutting head structure used on roadheaders (掘進機用截割頭結構)	200710158926.3	Invention	Sany Heavy Equipment	PRC	14 December 2007	13 December 2027
Multi-tub second transportation machine (多礦車式第二運輸機)	200710158927.8	Invention	Sany Heavy Equipment	PRC	14 December 2007	13 December 2027
Explosion-proof electrical vehicle (防爆電機車)	200830010432.6	Design	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
Multi-function vehicle (多功能車)	200830010433.0	Design	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
Multi-function vehicle cab (多功能車駕駛室)	200830010434.5	Design	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
Command vehicle (指揮車)	200830010435.X	Design	Sany Heavy Equipment	PRC	18 April 2008	17 April 2018
Rear hinge device (後鉸接部裝置)	200820013226.5	Utility Patent	Sany Heavy Equipment	PRC	30 May 2008	29 May 2018
Support structure transportation vehicle (支架搬運車)	200830010559.8	Design	Sany Heavy Equipment	PRC	30 May 2008	29 May 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Dumbbell assisting connection of skid tank of coal ploughing machine (刨煤機滑架槽幫聯接用啞鈴)	200820013701.9	Utility Patent	Sany Heavy Equipment	PRC	30 May 2008	29 May 2018
Set distance braking system (給定距離制動系統)	200820013993.6	Utility Patent	Sany Heavy Equipment	PRC	11 July 2008	10 July 2018
Overall frame structure of transportation vehicle (運輸車輛整體車架結構)	200820013992.1	Utility Patent	Sany Heavy Equipment	PRC	11 July 2008	10 July 2018
Automatic door machinery structure used on feed tank of concrete mixing transportation vehicles (混凝土攪拌運輸車輛卸料口自開門機構)	200820013990.2	Utility Patent	Sany Heavy Equipment	PRC	11 July 2008	10 July 2018
Excavating construction system used in tunnel (巷道掘進施工系統)	200820015138.9	Utility Patent	Sany Heavy Equipment	PRC	20 August 2008	19 August 2018
Dust reducing device used on tunnel roadheaders (巷道掘進機除塵裝置)	200820015137.4	Utility Patent	Sany Heavy Equipment	PRC	20 August 2008	19 August 2018
Multi-function lying loading machine (多功能臥底裝載機)	200820015329.5	Utility Patent	Sany Heavy Equipment	PRC	30 August 2008	29 August 2018
Cutting arm of continuous coal mining machine (連采機截割臂)	200820015328.0	Utility Patent	Sany Heavy Equipment	PRC	30 August 2008	29 August 2018
Baffle device used on tail of telescopic loading machine (轉載機機尾伸縮擋板裝置)	200820015389.7	Utility Patent	Sany Heavy Equipment	PRC	3 September 2008	2 September 2018
Scraper-type cantilever conveyor (刮板式懸臂輸送機)	200820015566.1	Utility Patent	Sany Heavy Equipment	PRC	12 September 2008	11 September 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Slot pull block used on back and central rear of scraper conveyor (放頂煤刮板輸送機後部中部槽拉移座)	200820218256.X	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Rail press braking device (壓軌制動裝置)	200820218255.5	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Improved crawler travelling-type hydraulic support structure (履帶行走式液壓支架的改進結構)	200820218254.0	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Electrical motor sealing device (電機密封裝置)	200820218253.6	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Friction plate one piece welding base used on crawler travelling-type hydraulic support structure (履帶行走式液壓支架用摩擦板整體焊接底座)	200820218252.1	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Fastened chain of motor controlling system (馬達緊鏈控制系統)	200820218251.7	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
A type of dust reducing device for roadheaders (一種掘進機除塵裝置)	200820218250.2	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
A type of emission ratio of variable displacement pump controlling device (一種用於變數泵的比例排量控制的裝置)	200820218249.X	Utility Patent	Sany Heavy Equipment	PRC	27 September 2008	26 September 2018
Automatic quick hydraulic connector (自動液壓快速接頭)	200820219644.X	Utility Patent	Sany Heavy Equipment	PRC	21 November 2008	20 November 2018

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
A type of travelling hydraulic driving device (一種行走液壓驅動裝置)	200820219643.5	Utility Patent	Sany Heavy Equipment	PRC	21 November 2008	20 November 2018
A type of displacement sensor (一種位移感測器)	200820219642.0	Utility Patent	Sany Heavy Equipment	PRC	21 November 2008	20 November 2018
Advanced supporting protection machine (超前支護機)	200820219641.6	Utility Patent	Sany Heavy Equipment	PRC	21 November 2008	20 November 2018
A type of wash tank with dry protection function (一種具有缺水保護功能的水洗箱)	200820219640.1	Utility Patent	Sany Heavy Equipment	PRC	21 November 2008	20 November 2018

As at the Latest Practicable Date, our Group has applied for registration of the following patents:

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200610046202.5	Invention	Sany Heavy Equipment	PRC	29 March 2006
Integrated excavation and self-protection machine (掘護一體化的掘護機)	200610046528.8	Invention	Sany Heavy Equipment	PRC	10 May 2006
Excavation machine integrated with bolting and drilling function (掘錨鑽複合機)	200610046860.4	Invention	Sany Heavy Equipment	PRC	9 June 2006
Water-sealed external cutting head used on cutting units of roadheaders (水密封外置的掘進機截割部截割頭)	200610046861.9	Invention	Sany Heavy Equipment	PRC	9 June 2006
Automatic roadheaders (全自動掘進機)	200610134080.5	Invention	Sany Heavy Equipment	PRC	27 October 2006
Steep slope roadheaders (大坡度掘進機)	200610135089.8	Invention	Sany Heavy Equipment	PRC	27 December 2006

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Cutting feed rate auto control method used on roadheaders (掘進機截割進給量自動控制方式)	200710010006.7	Invention	Sany Heavy Equipment	PRC	5 January 2007
Narrow-body roadheaders (窄機身掘進機)	200710010040.4	Invention	Sany Heavy Equipment	PRC	12 January 2007
Integrated excavation and bolting machine (掘錨一體化的掘錨機)	200710010159.1	Invention	Sany Heavy Equipment	PRC	24 January 2007
Supporting scraper board used on coal conveyor equipments (用於煤礦工作面輸送設備的支撐刮板)	200710012436.2	Invention	Sany Heavy Equipment	PRC	10 August 2007
Intelligent first fully-automated combined coal mining system (智慧型全自動聯合採煤系統)	200710157712.4	Invention	Sany Heavy Equipment	PRC	26 October 2007
Bucket-type loading machine (鏟鬥式裝運機)	200710158296.X	Invention	Sany Heavy Equipment	PRC	14 November 2007
Inverter controller cooling device (變頻控制器冷卻裝置)	200710158485.7	Invention	Sany Heavy Equipment	PRC	23 November 2007
Flameproof cable reel (隔爆電纜捲筒)	200710158484.2	Invention	Sany Heavy Equipment	PRC	23 November 2007
Automated cable installation device used on reels (捲筒用自動排線裝置)	200710158486.1	Invention	Sany Heavy Equipment	PRC	23 November 2007
A type of connection structure used on coal conveyor (一種煤礦輸送機械用的聯接結構)	200810010119.1	Invention	Sany Heavy Equipment	PRC	16 January 2008
A type of ultrasonic auto-cleaning device with flame arrester barrier (一種阻火器柵欄超聲波自動清洗裝置)	200810010442.9	Invention	Sany Heavy Equipment	PRC	20 February 2008
Rock cutting pick used on coal mining unit (用於煤礦工作面採煤機的割岩截齒)	200810010456.0	Invention	Sany Heavy Equipment	PRC	22 February 2008
A type of escaping cabin used in coal mine (一種礦用避難艙)	200810010796.3	Invention	Sany Heavy Equipment	PRC	28 March 2008
Chain road sweeper under the skid of coal ploughing machine (刨煤機滑架下鏈道清掃器)	200810012056.3	Invention	Sany Heavy Equipment	PRC	27 June 2008

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Dumbbell assisting connection of skid tank of coal ploughing machine (刨煤機滑架槽幫聯接用啞鈴)	200810012055.9	Invention	Sany Heavy Equipment	PRC	27 June 2008
Automatic door machinery structure used on feed tank of concrete mixing transportation vehicles (混凝土攪拌運輸車輛卸料口自開門機構)	200810012278.5	Invention	Sany Heavy Equipment	PRC	11 July 2008
A type of travelling deceleration device (一種行走減速裝置)	200810013034.9	Invention	Sany Heavy Equipment	PRC	30 August 2008
Slot pull block used on back and central rear of scraper conveyor (放頂煤刮板輸送機後部中部槽拉移座)	200810013451.3	Invention	Sany Heavy Equipment	PRC	27 September 2008
Automatic protection device used on explosion-proof diesel (防爆柴油機自動保護裝置)	200810013450.9	Invention	Sany Heavy Equipment	PRC	27 September 2008
Pneumatic stopping device used on explosion-proof diesel (防爆柴油機氣動停機裝置)	200810013449.6	Invention	Sany Heavy Equipment	PRC	27 September 2008
Command vehicle (指揮車)	200830011602.2	Design	Sany Heavy Equipment	PRC	21 November 2008
Scraper-type cantilever conveyor (刮板式懸臂輸送機)	200810229061.X	Invention	Sany Heavy Equipment	PRC	26 November 2008
Auxiliary side-travelling machinery structure of tunnel roadheaders (巷道掘進機輔助側行走機構)	200810229063.9	Invention	Sany Heavy Equipment	PRC	26 November 2008
Auxiliary roof travelling machinery structure of tunnel roadheaders (巷道掘進機輔助頂行走機構)	200810229062.4	Invention	Sany Heavy Equipment	PRC	26 November 2008
Explosion-proof and intrinsically safe inverter motor (隔爆兼本安變頻電機)	200810230398.2	Invention	Sany Heavy Equipment	PRC	30 December 2008
Equipment unit integrated with excavation, self-protection and bolting function (掘護錨一體化成套設備)	200810230397.8	Invention	Sany Heavy Equipment	PRC	30 December 2008
Bolt trolley (錨杆台車)	200820232376.5	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Remote console of roadheader (掘進機遠端操作台)	200820232377.X	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008
Self-moving support structure (邁步自移式支架)	200820232375.0	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008
Equipment unit integrated with excavation, self-protection and bolting function (掘護錨一體化成套設備)	200820232373.1	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008
A type of bi-service ground travelling wheel of roadheader (一種掘進機二運用的地面行走輪)	200820232374.6	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008
Explosion-proof and intrinsically safe inverter motor (隔爆兼本安變頻電機)	200820232372.7	Utility Patent	Sany Heavy Equipment	PRC	30 December 2008
Simply-supported hydraulic support structure (簡支液壓支架)	200910010454.6	Invention	Sany Heavy Equipment	PRC	25 February 2009
Simply-supported hydraulic support structure (簡支液壓支架)	200920010973.8	Utility Patent	Sany Heavy Equipment	PRC	25 February 2009
Crawler travelling-type hydraulic support structure (履帶行走式液壓支架)	200920010974.2	Utility Patent	Sany Heavy Equipment	PRC	25 February 2009
Remoter of crawler travelling-type hydraulic support structure (履帶式行走液壓支架遙控器)	200920013421.2	Utility Patent	Sany Heavy Equipment	PRC	30 April 2009
A type of remoter of crawler travelling-type hydraulic support structure (一種履帶式行走液壓支架遙控器)	200920013422.7	Utility Patent	Sany Heavy Equipment	PRC	30 April 2009
Main controlling machine of crawler travelling-type hydraulic support structure (履帶式行走液壓支架主控制器)	200920013423.1	Utility Patent	Sany Heavy Equipment	PRC	30 April 2009
A type of wearable device used on travelling unit of continuous coal mining machine (一種連采機行走部的耐磨裝置)	200910011411.X	Invention	Sany Heavy Equipment	PRC	6 May 2009
Drilling installation machine (鑽裝機)	200910011413.9	Invention	Sany Heavy Equipment	PRC	6 May 2009
A type of cutting unit of roadheaders (一種掘進機截割部)	200920013452.8	Utility Patent	Sany Heavy Equipment	PRC	6 May 2009

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Split shovel board (分體式鏟板)	200920013453.2	Utility Patent	Sany Heavy Equipment	PRC	6 May 2009
Coal mining vehicles electronical-hydraulic travelling control system (礦用車輛電液行走控制系統)	200920247283.4	Utility Patent	Sany Heavy Equipment	PRC	21 October 2009
Explosion-proof diesel fuel consumption and exhaust gas purification device (防爆柴油機尾氣消燃和淨化裝置)	200920247282.X	Utility Patent	Sany Heavy Equipment	PRC	21 October 2009
A type of hydraulic support column base filling pieces nest (一種液壓支架底座柱窩的充填塊)	200920247509.0	Utility Patent	Sany Heavy Equipment	PRC	26 October 2009
Enhanced braking control system (制動增強控制系統)	200920247641.1	Utility Patent	Sany Heavy Equipment	PRC	28 October 2009
A type of star-wheel sliding shoe type device (一種滑靴式星輪裝置)	200920247642.6	Utility Patent	Sany Heavy Equipment	PRC	28 October 2009
Coal mining scraper-type conveyor (礦用刮板式輸送鏈)	200920247643.0	Utility Patent	Sany Heavy Equipment	PRC	28 October 2009
Cab roof (駕駛室頂蓋)	200930267775.5	Utility Patent	Sany Heavy Equipment	PRC	28 October 2009
Adjustable rotating bearing (旋轉可調式支座)	200920247717.0	Utility Patent	Sany Heavy Equipment	PRC	30 October 2009
Drilling and installing machine (鑽裝機)	200920013455.1	Utility Patent	Sany Heavy Equipment	PRC	6 May 2009
Explosion-proof rubber tire forklift truck cab (防爆膠輪鏟車駕駛室)	200930010740.3	Design	Sany Heavy Equipment	PRC	12 August 2009
Roll-cable body (卷纜機構)	200920016185.X	Utility Patent	Sany Heavy Equipment	PRC	7 August 2009
Height-adjusted fuel tanks used on coal mining machine (採煤機調高油缸)	200920016184.5	Utility Patent	Sany Heavy Equipment	PRC	7 August 2009
Electrical controlled box installation of electrical components structure used on coal mining machine (採煤機電控箱電氣元件的安裝結構)	200920016183.0	Utility Patent	Sany Heavy Equipment	PRC	7 August 2009

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
A type of wear device for traveling section of continuous coal mining machine (一種連采機行走部的耐磨裝置)	200920013454.7	Utility Patent	Sany Heavy Equipment	PRC	6 May 2009
Electrical control box master box installation structure used on coal mining machine (採煤機電控箱中主控箱的安裝結構)	200920016182.6	Utility Patent	Sany Heavy Equipment	PRC	7 August 2009
Integrated excavation, bolting and self-protection machine (掘錨護一體機)	200920016181.1	Utility Patent	Sany Heavy Equipment	PRC	7 August 2009
Alternate mounting hole eccentric anti-back block device (備用安裝孔偏心防退封堵裝置)	200920203652.X	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Intrinsically safe explosion-proof electric control box used on roadheader (掘進機用隔爆兼本質安全型電控箱)	200920203648.3	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
A type of state of the vehicle hydraulic drive system (一種液壓驅動車輛的行駛狀態識別系統)	200920203649.8	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Auto-cutting roadhearder (自動截割的掘進機)	200910187653.4	Invention	Sany Heavy Equipment	PRC	28 September 2009
Auto-cutting roadhearder (自動截割的掘進機)	200920203650.0	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Shipments machine with bucket-type automatic spray device (具有自動噴霧裝置的鏟鬥式裝運機)	200910187652.X	Invention	Sany Heavy Equipment	PRC	28 September 2009
Shipments machine with bucket-type automatic spray device (具有自動噴霧裝置的鏟鬥式裝運機)	200920203647.9	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Vehicle wiper pneumatic control device (車輛氣動控制雨刮裝置)	200920203653.4	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Ministry of the cutting spindle bearing installation of telescopic device (截割主軸伸縮部軸承安裝裝置)	200920203651.5	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
Lift at the end of installation shake blocks (抬底裝置搖塊)	200930204349.7	Design	Sany Heavy Equipment	PRC	28 September 2009

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
A type of wash tank with dry protection function (一種具有缺水保護功能的水洗箱)	200920203644.5	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
A type of Girth Weld automatic welding device (一種環焊縫自動焊裝置)	200920203646.4	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
A type of before and after the chute connected structure (一種前後溜槽的連接結構)	200920203645.X	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
A type of bi-directional output deceleration device (一種雙向輸出減速裝置)	200920203643.0	Utility Patent	Sany Heavy Equipment	PRC	28 September 2009
A type of self-moving type supporting shelf (邁步自移式支架)	200910187651.5	Invention	Sany Heavy Equipment	PRC	28 September 2009
Vehicle wiper pneumatic control devices (車輛氣動控制雨刮裝置)	200910187654.9	Invention	Sany Heavy Equipment	PRC	28 October 2009

(b) ***Copyrights***

As at the Latest Practicable Date, our Group was the registered proprietor of the following copyrights:

Copyright	Registration No.	Name of Registered Proprietor	Place of Registration	Date of First Publication
Hydraulic Support Computer Aided Design Analysis System V1.0 (For Short: Hydraulic Support Computer Software)	2005SR09792	Sany Heavy Equipment	PRC	10 June 2005
Force to Cutting Head of Roadheaders Simulation Software V1.0 (For Short: Cutting Head Simulation Software)	2006SR14745	Sany Heavy Equipment	PRC	1 August 2006

(c) ***Trademarks***

As at the Latest Practicable Date, our Group had applied for the registration of the following trademarks:

Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
三一重裝	7431282	7	Sany Heavy Equipment	PRC	31 May 2009
SANYI	7696231	7	Sany Heavy Equipment	PRC	14 September 2009
SANYI	7696267	12	Sany Heavy Equipment	PRC	14 September 2009
SANYE	7696281	7	Sany Heavy Equipment	PRC	14 September 2009
SANYE	7696295	12	Sany Heavy Equipment	PRC	14 September 2009
SANYE	7697310	9	Sany Heavy Equipment	PRC	14 September 2009
	7697316	9	Sany Heavy Equipment	PRC	14 September 2009
	7696323	12	Sany Heavy Equipment	PRC	14 September 2009
	7696350	7	Sany Heavy Equipment	PRC	14 September 2009
SANYI SANYI	301433475	7, 8, 12	Sany Heavy Equipment	HK	21 September 2009
SANYE SANYE	301433547	7, 8, 12	Sany Heavy Equipment	HK	21 September 2009
三一重裝 三一重裝	301439316	7, 9, 12	Sany Heavy Equipment	HK	28 September 2009

(d) ***Domain names***

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Domain Name	Name of Proprietor	Date of Registration	Expiry Date
www.sanyhe.com.	Sany Heavy Equipment	14 January 2008	14 January 2010

C. FURTHER INFORMATION ABOUT DIRECTORS, AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of interest — interests and short positions of the Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations***

Immediately following completion of the Global Offering and the Capitalisation Issue and assuming that the Over-allotment Option is not exercised, the interest or short position of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were 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 entered in the register referred to therein, or which will be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows.

(i) *Interest in our Company*

Name of Director	Nature of interest	Number of Securities	Approximate percentage of shareholding
Mao Zhongwu[(1)]	Interest of a controlled corporation	1,500,000,000	75%
Xiang Wenbo[(1)]	Interest of a controlled corporation	1,500,000,000	75%
Huang Jianlong[(1)]	Interest of a controlled corporation	1,500,000,000	75%

Note:

(1) Mao Zhongwu, Xiang Wenbo and Huang Jianlong held 8.00%, 8.00% and 0.08% of the issued share capital of Sany BVI, respectively, which in turn holds the entire issued share capital of Sany HK.

(ii) *Interest in associated corporations*

Name of Director	Name of associated corporation	Number of shares	Percentage Shareholding
Mao Zhongwu	Sany BVI	800	8%
	Sany HK[(1)]	760,000,000	100%
Xiang Wenbo	Sany BVI	800	8%
	Sany HK[(1)]	760,000,000	100%
Huang Jianlong	Sany BVI	800	0.08%
	Sany HK[(1)]	760,000,000	100%

Note:

(1) Sany HK is a wholly-owned subsidiary of Sany BVI, and is an associated corporation pursuant to the SFO.

(b) ***Particulars of service contracts***

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) ***Directors' remuneration***

Each of the executive Directors is entitled to a director's fee. Each executive Director shall be paid a remuneration on the basis of twelve months in a year. The current annual director's fees and remuneration of the executive Directors for the year ending 31 December 2009 (excluding any discretionary bonuses which may be paid to our executive Directors) are as follows:

Name	Annual Director's Fee (HK$)
Mao Zhongwu	700,000
Liang Jianyi	700,000

The non-executive Directors have been appointed for a term of three years. No director's fee will be paid to our non-executive Directors.

The independent non-executive Directors have been appointed for a term of three years. We intend to pay a director's fee of HK$240,000, HK$220,000 and HK$220,000 per annum to each of Ngai Wai Fung, Xu Yaxiong and Ng Yuk Keung, our independent non-executive Directors, respectively.

Under the arrangement currently in force, the aggregate amount of emoluments payable by our Group to the Directors for the year ending 31 December 2009 will be approximately HK$700,000.

Further details of the terms of the above service contracts are set out in the paragraph headed "Particulars of service contracts" in the subsection headed "Directors" in this Appendix.

2. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking into account the Shares to be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), the following persons (other than the Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of shareholding
Liang Wengen(1)	Interests of a controlled corporation	1,500,000,000	75%
Sany BVI(2)	Interests of a controlled corporation	1,500,000,000	75%
Sany HK(3)	Beneficial owner	1,500,000,000	75%

Notes:

(1) Liang Wengen is interested in 58.24% of Sany BVI and is deemed to be interested in all the shares of Sany BVI pursuant to the SFO.

(2) Sany BVI is beneficially owned as to 58.24% by Liang Wengen, as to 8.75% by Tang Xiuguo, as to 8.00% by Xiang Wenbo, as to 8.00% by Mao Zhongwu, as to 4.75% by Yuan Jinhua, as to 3.50% by Zhou Fugui, as to 3.00% by Wang Haiyan, as to 3.00% by Yi Xiaogang, as to 1.00% by Wang Zuochun, as to 0.60% by Zhai Xian, as to 0.40% by Zhai Chun, as to 0.38% by Zhao Xiangzhang, as to 0.30% by Duan Dawei and as to 0.08% by Huang Jianlong. Liang Wengen is deemed to be interested in all the shares of Sany BVI pursuant to the SFO.

(3) Sany HK is wholly-owned by Sany BVI.

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

4. Disclaimers

Save as disclosed herein:

(a) none of the Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) none of the Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(f) none of the experts referred to under the heading "Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the Listing Rules) or shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Tax and other indemnities

Sany HK, Sany BVI and Mr. Liang Wengen have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (j) of the sub-section headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option.

4. Preliminary expenses

The estimated preliminary expenses incurred or to be incurred by our Company are approximately HK$1,040,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Taxation of holders of Shares

(a) *Hong Kong*

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) ***Cayman Islands***

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) ***Consultation with professional advisers***

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

7. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
HSBC	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO and is also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Ernst & Young	Certified public accountants
Jingtian & Gongcheng	PRC lawyers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jones Lang LaSalle Sallmanns Limited	Property valuer

8. Consents of experts

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

9. Interests of experts in our Company

None of the persons named in paragraph 7 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

11. Miscellaneous

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(v) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(vi) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2009 (being the date to which the latest audited combined financial statements of our Group were made up);

(vii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(viii) the principal register of members of our Company will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(ix) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(x) the Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **white**, **yellow** and **green** Application Forms; (ii) copies of each of the material contracts referred to in "Appendix VI — Statutory and General Information — A. Further Information about our Company and our Subsidiaries" to this prospectus; and (iii) the written consents referred to in "Appendix VI — Statutory and General Information" to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Sidley Austin, 39th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association of our Company;

(b) the accountant's report prepared by Ernst & Young, the text of which is set out in Appendix I;

(c) the audited financial statements of the companies comprising our Group for the three years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009;

(d) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;

(e) the letters from Ernst & Young and the Sole Sponsor in relation to profit forecast, the texts of which are set out in Appendix III;

(f) the letter, summary of values and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV;

(g) the PRC legal opinions issued by Jingtian & Gongcheng, our legal advisers on PRC law, dated 12 November 2009 in respect of our general matters and property interests of our Group;

(h) the letter prepared by Conyers Dill & Pearman, our legal counsel on Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix V;

(i) the Cayman Islands Companies Law;

(j) the material contracts referred to in the paragraph headed "B. Further Information about the Business — 1. Summary of material contracts" in Appendix VI;

(k) the written consents referred to in paragraph headed “B. Further Information about the Business — 9. Consents of experts” of Appendix VI; and

(l) the service contracts between the Directors and our Company referred to in the section headed “C. Further Information about Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts” in “Appendix VI — Statutory and General Information” to this prospectus.

SANY HEAVY EQUIPMENT
INTERNATIONAL HOLDINGS COMPANY LIMITED
三一重裝國際控股有限公司