



Sany Heavy Industry Co., LTD: SANY Group's Top 10 Events in 2012

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•Chairman Liang Wengen Attends the 18th National Congress of the CPC

Becoming Center of Attention as a Representative from the Private Sector

Liang Wengen, chairman of SANY Heavy Industry, attended the 18th National Congress of the Communist Party of China (CPC) as a representative of the private sector. Chairman Liang said he hoped the government would continue efforts to deepen reforms, open markets to privately owned companies and give more development space for private enterprise. This effort will mean "fine-tuning the relationship between the government and the market, he said. Liang was among more than 2,200 delegates to the CPC, which opened on Nov. 8, 2012.

Liang said the Scientific Outlook on Development ideology of the CPC has provided an important guarantee for China's development over the past 10 years. During those 10 years, SANY's sales, profit and tax have seen a hundredfold rise, also demonstrating the success of the Scientific Outlook on Development. SANY is expected to have a prosperous future, Liang said, with vast potential for development in China and support from SANY's international businesses.

Liang has been elected to the National Congress of the CPC three times. In 2007, he was the first entrepreneur from the private sector in Hunan Province elected to the 17th National Congress. In 2012, he attended the 18th National Congress as one of 34 Party representatives from the private sector. It is widely believed that increased participation of the private sector in the National Congress indicates the non-public economy's status has improved and will have more bearing on China's economic decisions.

•SANY Acquires Putzmeister Holding GmbH

Changing the Competitive Landscape in the Global Market

On January 21, 2012, SANY Heavy Industry and CITIC PE announced the acquisition of the world's best-known concrete machine manufacturer - Putzmeister. SANY now holds a 90-percent share of Putzmeister Holding GmbH, with CITIC PE holding the remaining 10 percent. It was the first time a Chinese enterprise acquired a 100-percent share of a company that was the world's number one brand.

This strategic acquisition was praised as "a showcase transaction between China and Germany. The cooperation between the world's largest concrete-machinery manufacturer and the world's number one concrete-machinery brand has changed the global competitive landscape. The acquisition cements SANY's position as the leader of the global concrete machinery industry. Synergies of this

alliance have begun to bear fruit. Even against the backdrop of a global economic recession, Putzmeister achieved 30 percent year-on-year sales growth in 2012.

•SANY Attends the National Technological Innovation Conference

Is Recognized by the Government as the Leader in the Industry

On July 6, 2012, the National Technological Innovation Conference was held in Beijing. It was the first large, high-profile technical innovation conference since the foundation of new China. Nine entities participated in the conference, including the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance, the Beijing Municipal Committee and Government, and SANY Heavy Industry. All of the participating members gave speeches at the conference. SANY was the only company representative, an indication that the government considers SANY the leader in China's construction machinery industry.

Unlike the traditional manufacturing industry, in which innovation depends on low cost and imported technology, SANY positions itself as a company that produces high-quality products, strives to research and develop core technologies, and manufactures its own core components. Every year, SANY invests 5-7 percent of its sales revenue into research and development.

SANY's products - such as concrete machinery, pile-driving equipment and crawler cranes - have become the brand leaders in China. It also has many other world-class products, such as an 86-meter-boom pump truck, super-pressure concrete pump, the world's largest-tonnage excavator, Asia's first 1,000-ton all-terrain crane, and the 3,600-ton SCC36000 crawler crane, which is hailed as "the World's Number One Crawler Crane. Through these achievements, SANY has become China's largest, and the world's sixth-largest, construction-equipment manufacturer. Through December 2012, SANY has applied for 5,873 patents, 3,303 of which have been approved. SANY ranks first in patent applications in China's construction machinery industry.

Xiang Wenbo, president of SANY Heavy Industry, said innovation enables SANY to generate growth and reduce dependence on external economic conditions. This allows the company to weather economic downturns.

•Fight for Dignity

SANY's Lawsuit against President Obama and CFIUS

SANY-affiliated Ralls Corporation filed suit against U.S. President Barack Obama on October 1, 2012, after the U.S. government blocked Ralls from owning wind farms in Oregon. The Obama administration and the Committee on Foreign Investment in the United States (CFIUS) ruled Ralls ownership of the wind farms was a threat to U.S. national security. The CFIUS is an interagency committee that reviews foreign ownership of U.S. companies for potential threats to national security.

In the face of an aggressive American government agency, Ralls filed a lawsuit in the U.S. District Court in Washington, D.C. According to reports, it's the first time that an American president issued an order to halt acquisition of an American company by a foreign company. It is also the first time a Chinese company resorted to litigation to fight against trade protectionism in the United States. Xiang Wenbo, a director of the board of SANY Group, said in this case, the process is more important than the result. The company's dignity, Xiang said, is more important than money. Fairness and justice are more important than financial benefits and interests, he said.

•Reforming Its Distribution System

Building a Dealership System to Last for Generations

A five-year effort has led to establishment of an upgraded network of 170 SANY dealers across China. The project was largely completed in September 2012. This strong dealership distribution system provides the company with superior marketing channels, which will help SANY build up new core competitiveness. Chairman Liang Wengen said dealers are one of SANY's core assets, so SANY will continue to promote common development with its dealers for generations to come.

•SANY and Palfinger Establish Joint Ventures

Ready to Penetrate the Truck Mounted Crane Market

In March, 2012, SANY Heavy Industry signed a joint-venture agreement with the Austrian company Palfinger, showing SANY is fully ready to enter the truck-mounted crane market. It is SANY's first global joint venture. According to the agreement, SANY-Palfinger Co. Ltd. will build new factories near SANY Heavy Industry's Ningxiang Industrial Park to conduct R&D, manufacturing and sales of special vehicles and equipment such as truck-mounted cranes tailored for both Chinese and global markets. Palfinger-SANY Mobile Crane International Sales Co. Ltd., headquartered in Salzburg, Austria, will distribute mobile cranes produced by SANY in Europe, the Commonwealth of Independent States and America.

Both joint-venture companies have started operation. SANY-Palfinger president Christophe Kalmar said the company aims to acquire the greatest market share in China's truck mounted crane market and change the domestic market landscape within five years. Meanwhile, it will build itself into a leader of the truck-mounted crane industry and a model for all joint ventures.

•Discarding Blind Pursuit of Ranking and Size

Calling for Rational Competition

In October 2012, SANY reaffirmed its position against the blind pursuit of industry rankings and size. Since the end of 2011, vicious competition, such as blindly seeking scale and using radical marketing, became prevalent across the whole industry. SANY reaffirmed its business principles of "Brand First, Profit Second, Scale Last, which can be interpreted as: "Seek profit and the ability to profit. Do not blindly expand the company's scale. Do not blindly seek the company's ranking in the industry. Do not blindly look for the company's market share. SANY's statement calls for "rational competition.

According to experts, over-pursuit of scale, ranking and market share have undermined the health of China's construction machinery industry. SANY's new principle aims to offer a cure to vicious competition. The industry will look to see what effect it has.

•SANY Heavy Industry to Offer Employees 178 Million Shares

A Stimulus for the Company's Development

On December 7th, 2012, SANY Heavy Industry put forward an equity incentive plan to grant 178 million shares to 2,533 employees, including more than 10 senior managers. This plan will provide more benefits and cover more employees. "When a company has achieved a certain level of success, in addition to contributing more to society, it should share the success with its staff, said Xiang Wenbo, president of SANY Heavy Industry. "At present, the incentive plan will certainly inspire our

staff, which will turn into driving force for the company's growth and help to create more benefits for shareholders.

•SANY Ranks 36th in the Top 500 Asian Brands List

More Brand Awareness and Popularity Gained Worldwide

SANY ranked Number 36 on the 2012 list of the Top 500 Asian Brands, released in September 2012 in Hong Kong. SANY's rank on this influential list was up from 48th in 2011. SANY also won "Asia's Top 10 Influential Brand Award. The Top 500 Asian Brands Committee said SANY produces high-quality products through innovation, which improves the image of goods "Made in China.

•Chairman Liang Wengen Granted the CCTV 2012 Economic Person of the Year Award

SANY Heavy Industry's Chairman Liang Wengen was one of 10 business and economic leaders named 2012 "Economic Person of the Year by the Chinese broadcast network CCTV. It was Liang's second Person of the Year Award since 2005. Liang's inclusion on the Economic Person of the Year list was announced on December 12 at a ceremony in Beijing. The theme of the CCTV 2012 Economic Person of the Year Award was "The Mission of Enterprise. According to CCTV, the reasons Liang won the award were: "Having completed the acquisition of Putzmeister, SANY became the world's largest concrete machinery manufacturer. SANY now is seeking to further its internationalization. It aims to increase its overseas business to 40%-50% of the company's overall sales in five years. All the achievement and ambition of the company derive from this entrepreneur's constant pursuit of excellence.