SANYI

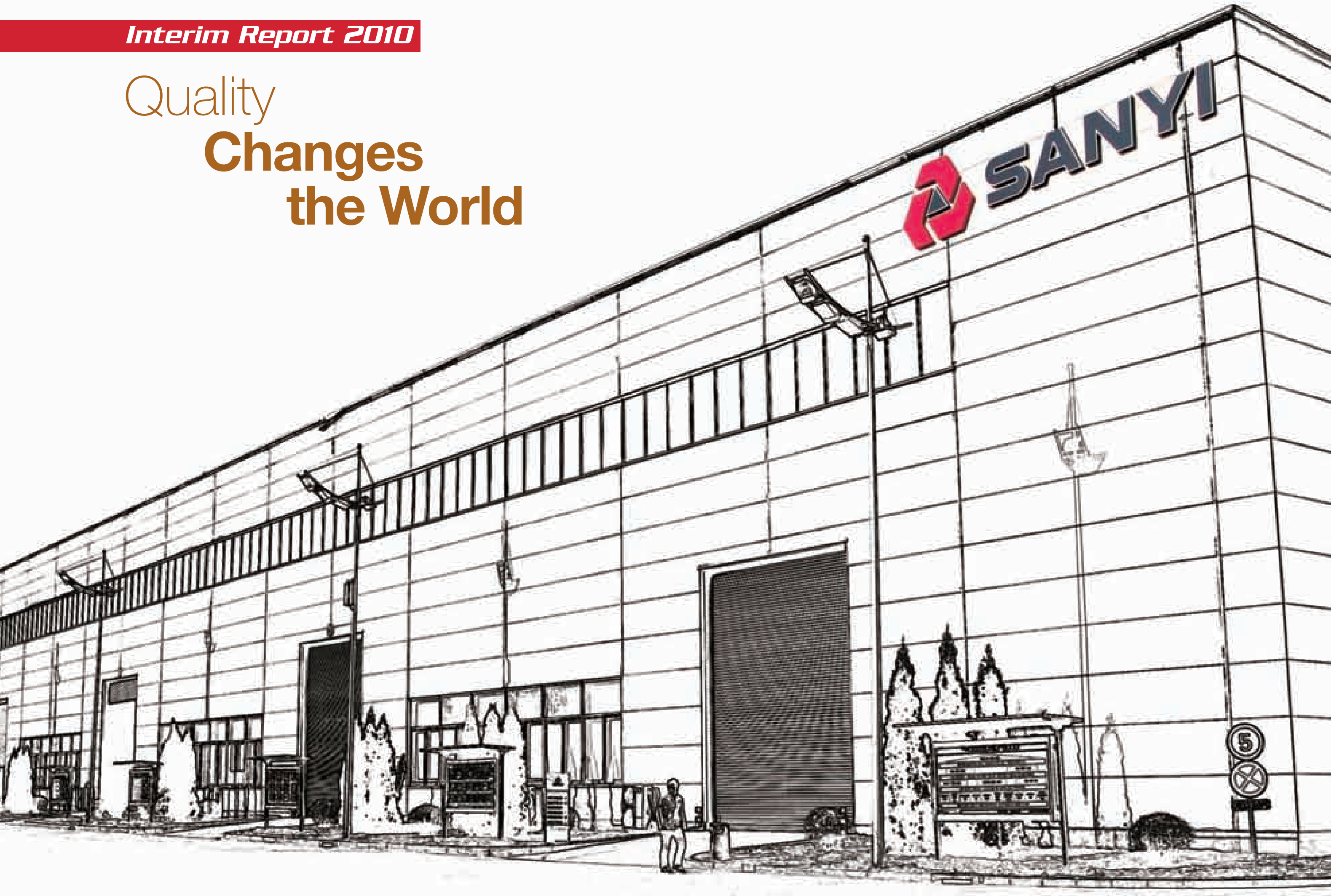
SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

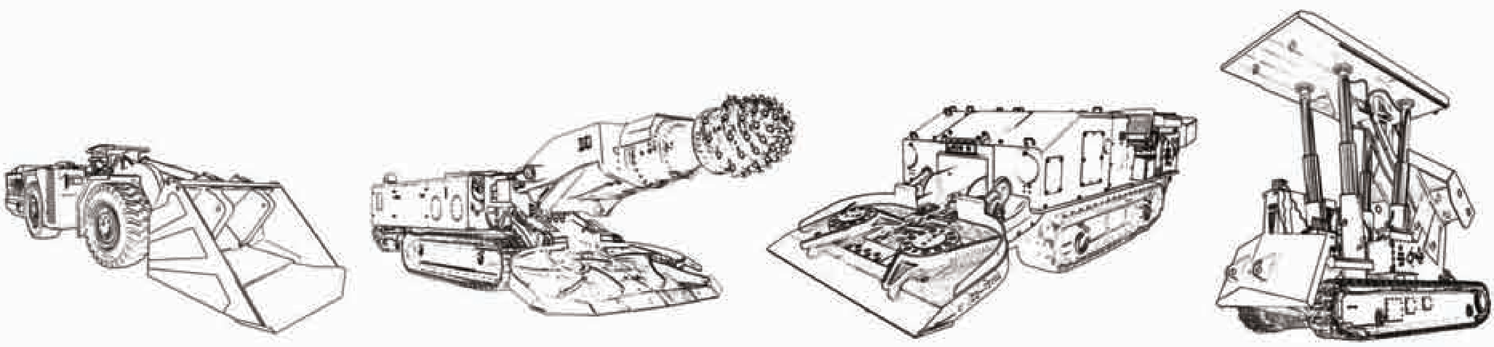
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 631

Interim Report 2010

Quality
Changes
the World





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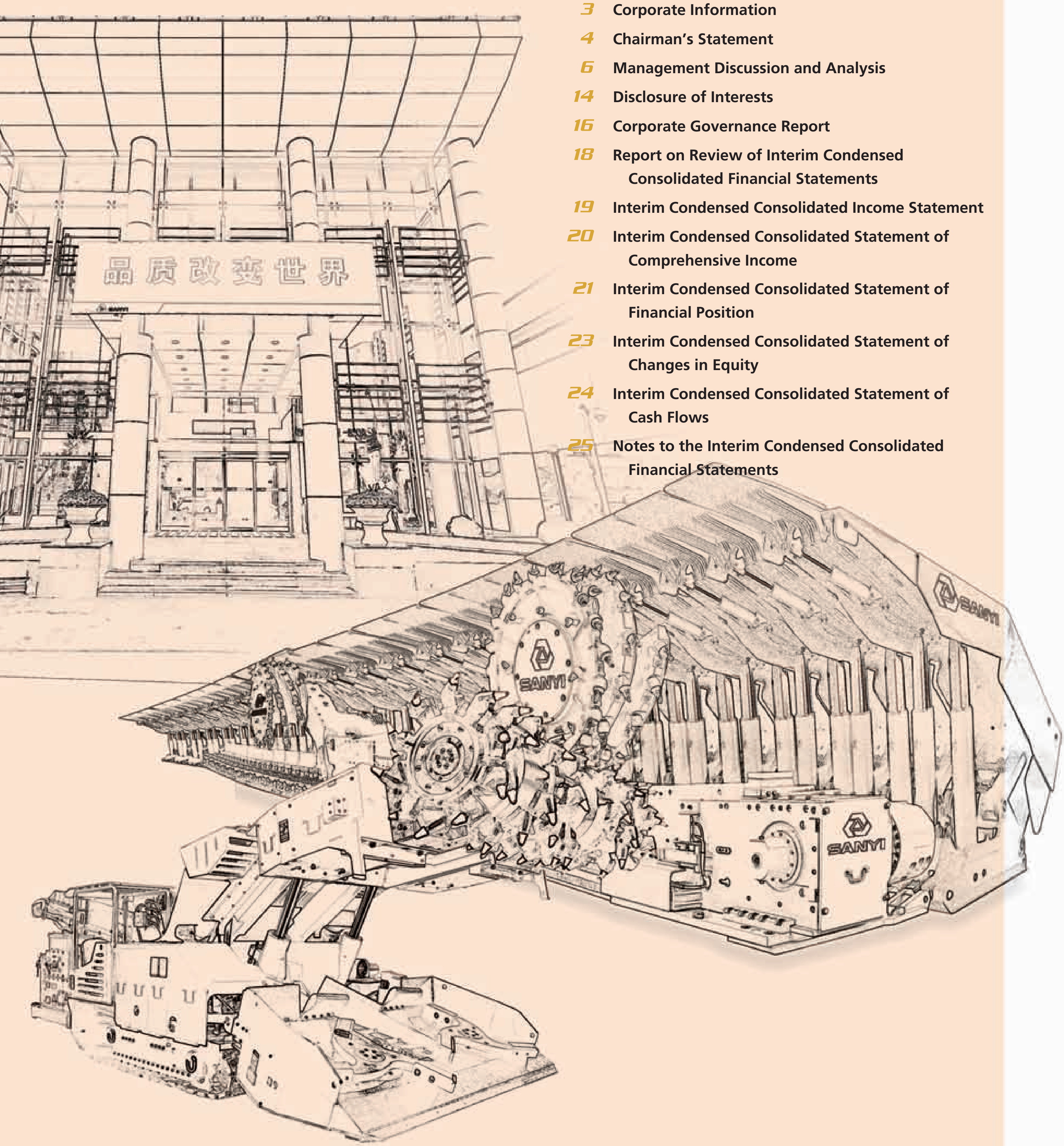

Financial Summary

(RMB'000)	as at 30 June 2010	as at 30 June 2009	Year-on-year Increase (%)
Revenue	**1,309,996**	891,583	46.9%
Gross profit	**590,160**	438,013	34.7%
Profit before tax	**364,549**	278,655	30.8%
Net profit	**341,944**	250,215	36.7%
Profit attributable to shareholders of the Company	**341,944**	250,215	36.7%
Profit attributable to shareholders of the Company (excluding one-off items and revaluation items)[1]	**341,944**	250,215	36.7%
Total assets	**5,557,783**	2,693,744	106.3%
Total equity	**4,436,306**	1,627,699	172.6%
Cash flow from operating activities	**(886,705)**	47,154	N/A
Cash flow from investing activities	**(1,062,135)**	392,153	N/A
Cash flow from financing activities	**3,768**	(225,233)	N/A
Earnings per share[2]			
— Basic (RMB Yuan)	**0.16**	0.17	(5.9%)
— Diluted (RMB Yuan)	**0.16**	0.17	(5.9%)

(Percentage)	as at 30 June 2010	as at 30 June 2009	Increase (%)
Gross profit margin	**45.1%**	49.1%	(4.0%)
Percentage of profit attributable to shareholders of the Company[3]	**26.1%**	28.1%	(2.0%)
Percentage of profit attributable to shareholders of the Company (excluding one-off items and revaluation items)	**26.1%**	28.1%	(2.0%)
Assets turnover	**23.8%**	30.7%	(6.9%)
Asset — Liability ratio	**20.2%**	39.6%	(19.4%)
Average total assets (RMB'000)	**5,508,355**	2,908,040	

1 The Group has no one-off item and revaluation item.

2 For the six months ended 30 June 2010, the weighted average number of ordinary shares was 2,075,000,000; for the six months ended 30 June 2009, the weighted average number of ordinary shares was 1,500,000,000, details of which are set out in note 9 to the Interim Condensed Consolidated Financial Statements.

3 Profit attributable to shareholders of the Company divided by revenues.

Corporate Information

Directors

Executive Directors
Mr. Mao Zhongwu
Mr. Zhou Wanchun
Mr. Liang Jianyi

Non-Executive Directors
Mr. Xiang Wenbo
Mr. Huan Jianlong
Mr. Wu Jialiang

Independent Non-Executive Directors
Mr. Ngai Wai Fung
Mr. Ng Yuk Keung
Mr. Xu Yaxiong

Joint Company Secretaries

Mr. Du Xing
Ms. Kam Mei Ha Wendy

Audit Committee

Mr. Ngai Wai Fung
Mr. Ng Yuk Keung
Mr. Xu Yaxiong

Remuneration Committee

Mr. Mao Zhongwu
Mr. Ngai Wai Fung
Mr. Ng Yuk Keung

Nomination Committee

Mr. Mao Zhongwu
Mr. Ngai Wai Fung
Mr. Xu Yaxiong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Suite 6009, 60th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Principal Bankers

Bank of China
ABN-AMRO Bank N.V.
Bank of Communications
China Merchants Bank
Shanghai Pudong Development Bank
HSBC Bank
Industrial and Commercial Bank of China
Agriculture Bank of China
Guangdong Development Bank

Auditors

Ernst & Young

Hong Kong Legal Advisor

Sidley Austin

PRC Legal Advisor

Jingtian & Gongcheng

Stock Code

00631

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company's Website

http://www.sanyhe.com

Investor Relationship

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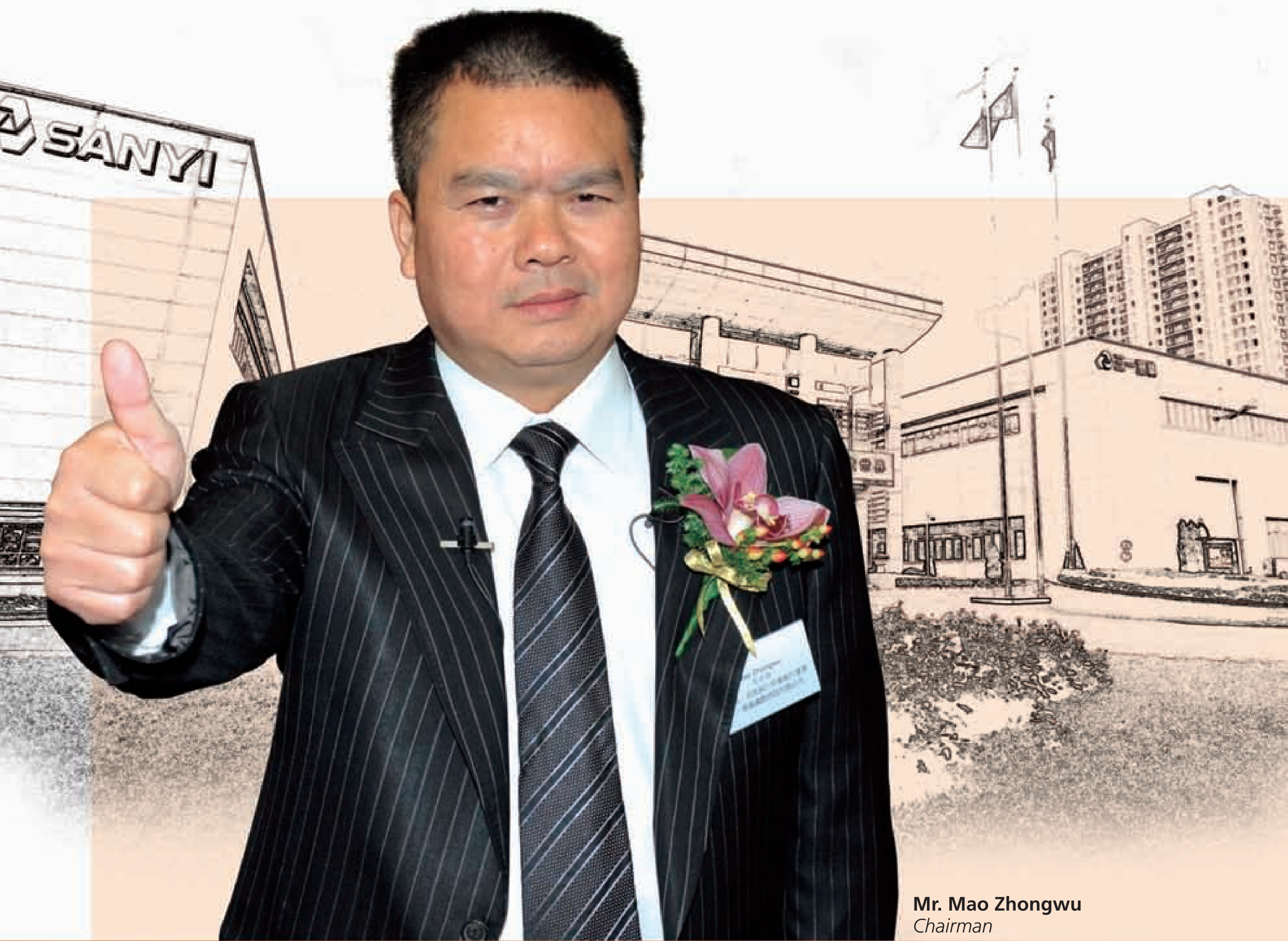


Mr. Mao Zhongwu
Chairman

Chairman's Statement

Dear Shareholders,

The board (the "Board") of directors (the "Directors") of Sany Heavy Equipment International Holdings Company Limited (the "Company") and its subsidiaries (together referred to as the "Group") are pleased to present the Group's interim report for the six months ended 30 June 2010.

The listing of the Company on the main board of The Stock Exchange of Hong Kong Limited on 25 November 2009 marked a major milestone for the Group. The funds raised from the initial public offering of the Company's shares (the "IPO") amounted to HK$2,760.0 million. The IPO has strengthened the capital base of the Group and established a platform for the Group to tap funds for future advancement. It can help the Group to expand its production capacity and enhance its capabilities in R&D, manufacturing and services, making the Group's products more competitive and allowing its business scale new heights.

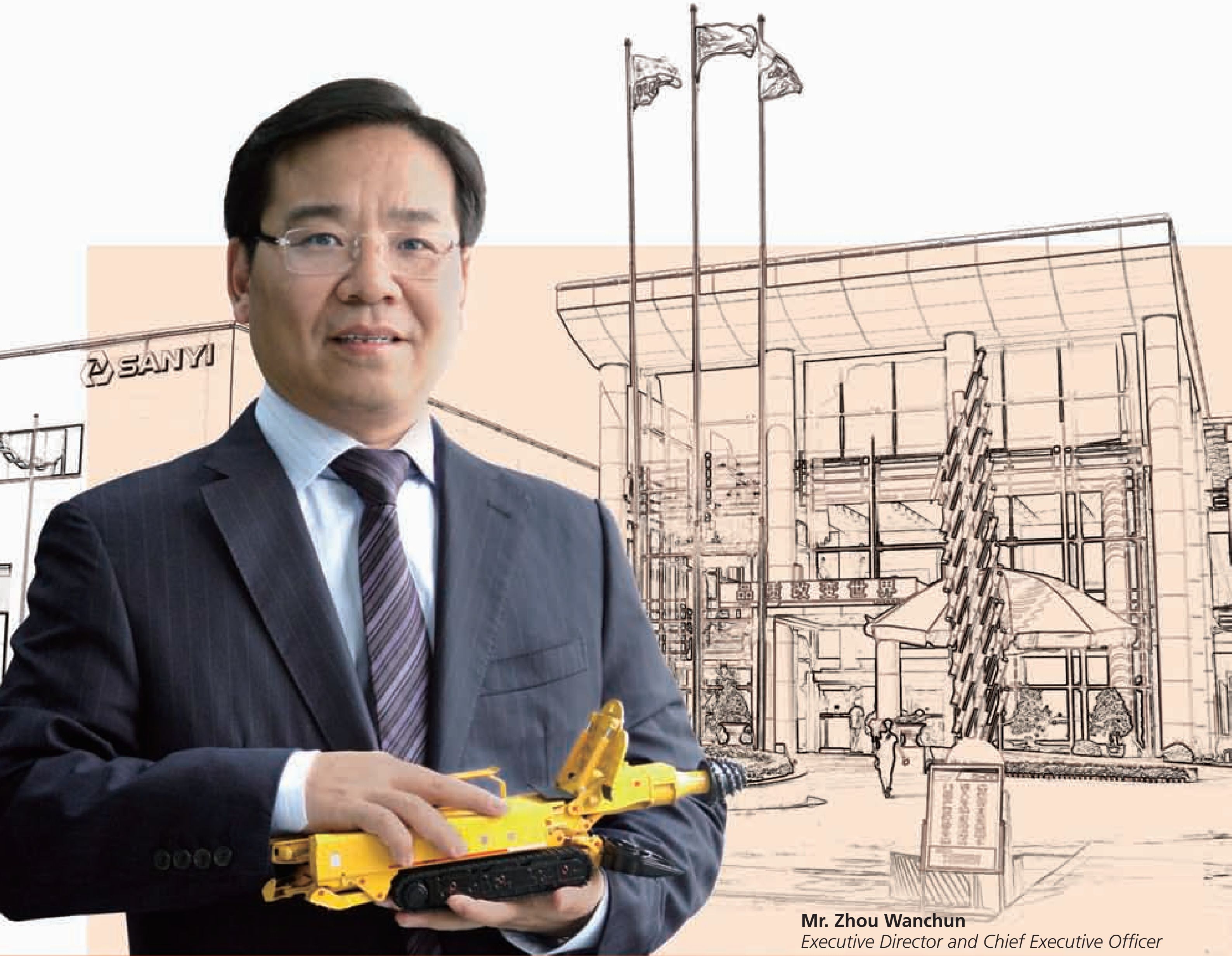
For the six months ended 30 June 2010, the Group achieved encouraging results. During the period under review, as compared with the corresponding period of last year, the Group's revenue increased significantly by approximately 46.9% to approximately RMB1,310.0 million (for the six months ended 30 June 2009: approximately RMB891.6 million); net profit increased by approximately 36.7% to approximately RMB341.9 million (for the six months ended 30 June 2009: approximately RMB250.2 million); earnings per share recorded approximately RMB0.16; and the Group did not have any bank borrowings. The Board does not recommend the payment of any interim dividend.

The Group will fully integrate its existing competitive strengths, continue to improve its R&D and manufacturing capabilities and enhance its technology contents, reliability and safety of its existing products as well as seek to develop new products to enrich its existing product portfolio. Meanwhile, the Group will increase investments in its service network and go closer to and understand its customers so as to fulfill their diversified needs, while at the same time actively expanding its overseas market. In view of its long-term development, the Group also further expands its production capacity to meet the increasing demand from customers in and outside the PRC. The Group believes that its business will continue to grow in the second half of 2010, which will bring satisfactory returns to itself and its shareholders.

I would like to express my gratitude to our shareholders, customers and investors for their trust and support as well as my deep appreciation to our management and staff for their untiring efforts and contribution.

Mao Zhongwu
Chairman

Hong Kong, 18 August 2010



Mr. Zhou Wanchun
Executive Director and Chief Executive Officer

Management Discussion and Analysis

For the six months ended 30 June 2010, the Group recorded revenue of approximately RMB1,310.0 million, representing a significant growth of approximately 46.9% from approximately RMB891.6 million for the six months ended 30 June 2009; net profit was approximately RMB341.9 million, representing a significant growth of approximately 36.7% from approximately RMB250.2 million for the six months ended 30 June 2009.

Business Review and Prospect

Products

As the Group continues to expand its production scale and enrich its product portfolio, the Group has classified its existing products, upgraded products and newly developed products. After the classification, the products of the Group are mainly roadheaders, combined coal mining units (CCMUs) and coal mine transportation vehicles and other products. The roadheaders include all sorts of soft rock and hard rock roadheaders; CCMUs include coal mining machines (shearer), hydraulic support system (hydraulic support), scraper conveyors (Armored-Face Conveyers, AFCs) and centralised control system; coal mine transportation vehicles products include coal mine transportation vehicles such as shuttle car, support and transportation vehicle and multi-purpose vehicle and other products include those which are not the three foregoing major products, such as continuous mining machinery and coal mine concrete pumps.

The ratio of the Group's new products (roadheaders with the highest power, CCMUs, coal mine transportation vehicles, continuous mining machinery and coal mine concrete pumps) launched in 2009 to revenue increased to approximately 21.0% from 10.1% for the whole year of 2009.

Product research and development

The Group has continued to increase its investments in research and development in order to establish a competitive research and development team and offer our customers with products that are with higher quality but reasonable price. The Group has already set up a head research institute, focusing on the overall planning and co-ordination of research and development projects. The Group has also set up five other research institutes responsible for the research and development of roadheaders, coal mining machines, scraper conveyors, hydraulic support system equipment and coal mine transportation vehicles.

In addition, the Group has invested in the establishment of research and development centres for coal-related machines in the United States and Germany respectively, as well as employed foreign experts, in order to attain the distinctive competitive advantages over both domestic and international competitors. As a pioneer in innovative technologies in the industry, the Group had 111 national patent applications, of which 42 were invention patents in the first half of 2010.

As of 30 June 2010, the number of the Group's research and development personnel increased by approximately 30.6% year-on-year to 533. As the Group made substantial investment in research and development, for the six months ended 30 June 2010, research and development expenses increased by approximately RMB22.5 million to approximately RMB43.9 million compared with the corresponding period of last year. The ratio of research and development expenses to revenue increased approximately 0.8% to approximately 3.4%. The Group has carried out extensive cooperation and interaction with external research centres to learn from each other's technology know-how. Currently, the Group has jointly set up mobile work stations for PhDs with several universities and established strategic partnership with various universities and research institutes. The Group has also established strategic partnership with various design institutes. All of those efforts are aimed at developing new technologies and techniques for coal mining. Furthermore, the Group has entered into strategic cooperation agreements with nearly 40 domestic coal companies in order to gain a deeper understanding of its customers and satisfy their diversified needs.

Capacity expansion

The Group will continue to improve and expand its exiting production capacity. The Group has started the construction of the production facility and office building of its new site at No. 25 Development Road, Shenyang Economic And Technology Development Zone, Liaoning Province, PRC. The area of the new site is approximately 629,000 square meters compared with approximately 215,000 square meters of the Group's existing sites. It is expected that upon commencement of operation of the new production facility, it will enhance the production capacity of the Group significantly to meet the increasing demands for the Group's products from its customers. The Group also intends to further expand its capacity in Shanxi Province.

In addition to developing new sites, the Group also seeks to enhance the production capacity in its existing sites through equipment upgrade and optimization of the production process. Currently, the productivity of the Group's various products has been increased significantly compared with that in the first half of 2009.

Work performance of CCMU produced by the Group

The photo was taken at the Qipanjing coal mine of China Shenghua Mengxi Coal-miing Liability Co. Ltd. at 9:38 a.m., 18 April 2010.

Distribution and service network

Under the service principle of "All for Customers", the Group strives for the objective of "the Quickest Arrival, the Quickest Problem-Solving Process and the Quickest Supply of Spare Parts" in order to deliver high quality services to its customers. As of 30 June 2010, the Group has 17 sales branches, 18 service centres and 57 service outlets, covering 19 provinces throughout the PRC and are in proximity to major mining sites where its customers operate. The Group's unique "mines-stationed services" and "nurse-style services" have opened a new chapter for its after-service philosophy under the principle of "All for the Customers".

At the end of 2009, the Group began to increase its efforts in the sales to overseas markets and has set up sales channels in Russia, Ukraine, Mongolia, South East Asia and South Africa. In the first half of 2010, overseas sales orders increased.

Financial review

Revenue

For the six months ended 30 June 2010, the Group recorded revenue of approximately RMB1,310.0 million (six months ended 30 June 2009: approximately RMB891.6 million), representing a significant year-on-year growth of approximately 46.9%. The main reasons for the growth were that: (1) the Group's roadheaders had been widely well-known in the market, leading to a steady growth of the revenue; (2) the Group's CCMUs recorded excellent sales performance and with a sales growth rate of approximately 244.5%; (3) with the rapid growth of its sales volume, the Group also saw notable expansion of its customer base, contributing to the significant growth of the sales of spare parts and after-sales services.

Other income

For the six months ended 30 June 2010, the Group's other income was approximately RMB37.2 million (six months ended 30 June 2009: approximately RMB13.4 million), representing a year-on-year growth of approximately 177.2%. The growth was mainly due to: (1) the significant increase of approximately 219.2% in the Group's bank interest income; and (2) the income arising from the Group's non-recurring sales of raw materials, which was made according to the changes in production plan.

Customer composition and regional analysis

For the six months ended 30 June 2010, most of the Group's customers are large size coal mines with strong capital base.

For the purpose of reducing the number of connected transactions with the parent group, the ratio of the total financing amount obtained by the Group's customers from China Kangfu International Co., Ltd. ("Kangfu International") to the Group's revenue for the six months ended 30 June 2010 was reduced to approximately 18.8% from approximately 19.7% in 2009. Carrying out sales through financing is an internationally common sales model for coal-related machinery. The Group has established partnership with banks which are independent third parties and is now in discussion with several other financial service institutions. The Group will continue to promote this sales model provided that its risks are under stringent control.

For the six months ended 30 June 2010, the main revenue of the Group came from Shanxi, Inner Mongolia Autonomous Region, Shaanxi, Henan and Anhui. The revenue of these five provinces represent approximately 72.5% of the Group's total revenue. In particular, revenue in Shanxi represented approximately 38.8% of the Group's total revenue.

Cost of sales

The Group utilizes various measures to avoid risks caused by price fluctuations of raw materials and critical spare parts. For the six months ended 30 June 2010, the Group's selling costs were approximately RMB719.8 million (six months ended 30 June 2009: approximately RMB453.6 million), representing a year-on-year growth of approximately 58.7%. The increase was mainly attributed to the significant growth of the Group's revenue and mainly due to different costs of its various products and changes in its product sales structure.

Gross profit and gross margin

For the six months ended 30 June 2010, the Group's gross profit was approximately RMB590.2 million (six months ended 30 June 2009: approximately RMB438.0 million), representing a year-on-year growth of approximately 34.7%. This was mainly due to the significant growth of the sales.

The Group's gross margins of various products were rising gradually. The gross margin of combined coal mining units (CCMUs) launched in 2009 was lower than that of the Group's main product roadheaders and sales attributable to combined coal mining units (CCMUs) have grown significantly year-on-year. Therefore, the Group's consolidated gross margin decreased by approximately 4.0% to approximately 45.1% from approximately 49.1% in the first half of 2009, but only decreased by approximately 2.5% from approximately 47.6% in the whole year of 2009. The decrease in consolidated gross margin in the first half of 2010 was within the expected range of the Group's management. The management team of the Company believes that, with the release of production capacity and the expansion of sales scale, the profitability of CCMUs will be enhanced significantly.

Profit before tax margin and net profit margin

Profit before tax margin and net profit margin decreased to approximately 27.8% and approximately 26.1% from approximately 31.3% and approximately 28.1% respectively in the same period of 2009, but increased by approximately 0.2% and approximately 0.3% from approximately 27.6% and approximately 25.8% respectively in the whole year of 2009. The main reason was that with the changes in product structure, the gross margin in the whole year of 2009 decreased by approximately 1.5% to approximately 47.6% as compared with that in the first half of 2009. Meanwhile, the proportion of expanses in the first half of 2010 decreased as compared with the whole year of 2009 due to the economies of scale.

Selling and distribution costs

For the six months ended 30 June 2010, the Group's selling and distribution costs were approximately RMB151.6 million (six months ended 30 June 2009: approximately RMB85.5 million), representing a year-on-year growth of approximately 77.4%. For the six months ended 30 June 2010, the ratio of the Group's selling and distribution costs to revenue increased to approximately 11.6%, representing a year-on-year increase of approximately 2.0% (six months ended 30 June 2009: approximately 9.6%), but decreased by approximately 0.6% from approximately 12.2% in the whole year of 2009. The main reason for the increase was that transportation expenses and warranty expenses rose as the Group expanded its scale of sales.

Administrative expenses

For the six months ended 30 June 2010, the Group's administrative expenses were approximately RMB95.1 million (six months ended 30 June 2009: approximately RMB72.3 million), representing a year-on-year growth of approximately 31.4%. For the six months ended 30 June 2010, the ratio of administrative expenses of the Group to revenue decreased by approximately 0.8% year-on-year to approximately 7.3% (six months ended 30 June 2009: approximately 8.1%). The main reason for the decrease was that the Group tightened its control on expenses.

Finance costs

For the six months ended 30 June 2010, the Group did not have any finance costs (for the six months ended 30 June 2009: approximately RMB3.8 million), mainly because the Group did not have any bank borrowings during this period.

Taxation

Sany Heavy Equipment Co., Ltd., a wholly-owned subsidiary of the Group, is a high new technological enterprise in Liaoning Province and is entitled to enjoy preferential tax treatments. Its enterprise income tax rate in the first half of 2010 was 11% with effective tax rate being approximately 6.2% (six months ended 30 June 2009: effective tax rate being approximately 10.2%). The income tax decreased from approximately RMB28.4 million for the six months ended 30 June 2009 to approximately RMB22.6 million for the six months ended 30 June 2010, of which enterprise income tax was approximately RMB29.3 million (six months ended 30 June 2009: approximately RMB29.9 million) and deferred income tax gain was approximately RMB6.7 million (six months ended 30 June 2009: approximately RMB1.4 million).

Profit attributable to equity holders of the Company

For the six months ended 30 June 2010, the Group's profit attributable to equity holders increased to approximately RMB341.9 million (six months ended 30 June 2009: approximately RMB250.2 million), representing a year-on-year increase of approximately 36.7%.

Liquidity and financial resources

As of 30 June 2010, current assets of the Group were approximately RMB4,440.0 million (as of 31 December 2009: approximately RMB4,618.8 million. As of 30 June 2010, current liabilities of the Group were approximately RMB840.0 million (as of 31 December 2009: approximately RMB984.9 million. As of 30 June 2010, the current ratio of the Group increased to approximately 5.3 times from approximately 2.6 times as of 30 June 2009.

As of 30 June 2010, total assets of the Group were approximately RMB5,557.8 million (as of 31 December 2009: approximately RMB5,458.9 million); total liabilities were approximately RMB1,121.5 million (as of 31 December 2009: approximately RMB1,247.2 million); and the asset to liability ratio was approximately 20.2%.

As of 30 June 2010, the Group did not have any bank borrowing and hence, the gearing ratio was therefore not applicable to the Group.

Cash flow

As compared with the beginning of this year, cash and cash equivalent of the Group decreased by approximately RMB1,952.8 million to approximately RMB912.9 million. The decrease was analysed as below.

For the six months ended 30 June 2010, the net cash from operating activities were approximately negative RMB886.7 million (for six months ended 30 June 2009, the net cash from operating activities were approximately positive RMB47.2 million). The main reasons for the outflow were that (1) approximately RMB475.3 million of the cash outflow of the operating activities were used to prepay the raw materials and core spare parts in order to lock in prices to reduce the impact of price fluctuations on cost of sales; (2) in order to enhance the long term cooperation with suppliers, the Group took the initiative in shortening the payment period with suppliers, the range of which has been under the Group's control; and (3) the Group's trade and bills receivable rose significantly year-on-year as sales increased significantly and such increase was largely consistent with the growth of sales.

For the six months ended 30 June 2010, the net cash from investing activities were approximately negative RMB1,062.1 million (for six months ended 30 June 2009, the net cash from investing activities were approximately positive RMB392.2 million). The main reasons for the outflow were that (1) approximately RMB563.9 million was treated as term deposits at banks with three-month and over three-month periods; (2) the Group invested in the establishment of its new site in the first half of 2010; and (3) the increase of approximately RMB286.0 million in the investment in principal guaranteed deposits.

For the six months ended 30 June 2010, the net cash from financing activities were approximately positive RMB3.8 million (for six months ended 30 June 2009, the net cash from financing activities were approximately negative RMB225.2 million), mainly due to the payment of listing fees and the decrease of pledged deposits.

Turnover days

During the period under review, the average turnover days of inventory decreased from approximately 172.0 as of 30 June 2009 to approximately 149.0 as of 30 June 2010, mainly because the Group's management optimized its inventory management model.

Due to the stringent approval process of the customers' credit standings, the Group was able to maintain a near-zero level of bad debt loss. Turnover days of trade and bills receivable slightly decreased from approximately 149.7 as of 30 June 2009 to 148.7 as of 30 June 2010. The main reason was that the Group had set up a risk control department to monitor outstanding loans and had also set up accountability systems for tackling overdue loans and to follow up on the debt collection.

As of 30 June 2010, the Group had sufficient cash flow and a large amount of credit facility at banks that had not been utilized. Turnover days of trade and bills payable decreased from approximately 106.9 as of 30 June 2009 to approximately 85.7 as of 30 June 2010, mainly because the Group had sufficient working capital and it sought to enhance the long term cooperation with suppliers.

Contingent liabilities

As of 30 June 2010, the Group had no significant contingent liabilities.

Capital commitment

As of 30 June 2010, the contracted capital commitments of the Group which are not provided in the financial statements were approximately RMB263.5 million (as of 31 December 2009: approximately RMB253.0 million). Such capital commitments were mainly for the purchase of property, plant and equipment.

Employees and remuneration policy

As of 30 June 2010, the Group had 3,408 employees (as of 30 June 2009: 2,725 employees). During the period under review, the total employee costs increased by approximately 4.9% to approximately RMB87.6 million (six months ended 30 June 2009: approximately RMB83.5 million).

	As of 30 June 2010		As of 30 June 2009	
	Number of employees	**Percentage to total employees**	Number of employees	Percentage to total employees
Manufacturing	**1,508**	**44.2%**	1,361	49.9%
Product Research and development	**533**	**15.6%**	408	15.0%
Sales and services	**521**	**15.3%**	330	12.1%
Management	**846**	**24.8%**	626	23.0%
Total employees	**3,408**	**100.0%**	2,725	100.0%

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

Material acquisition and disposal

For the six months ended 30 June 2010, the Company's subsidiaries and associates had no material acquisitions or disposals.

Pledge of assets

As of 30 June 2010, bills receivable of the Group under pledged was approximately RMB71.9 million (as of 30 June 2009: approximately RMB93.3 million), pledged deposits was amounted to approximately RMB59.8 million (as of 30 June 2009: approximately RMB35.2 million), which were for the purpose of obtaining the banking facility granted to the Group.

Foreign exchange risk

As of 30 June 2010, the Group's foreign currencies were approximately HK$393.7 million and approximately US$748.5 million. The Group has utilized forwards to mitigate its exchange fluctuation risk. The Group will monitor the risk exposures and may consider hedging against material currency risk if required.

Charitable Donation

The Group always bears its social responsibility in mind. In the first half of 2010, the Group donated to the quake-stricken Yushu County and immediately dispatched staff to aid in the relief works. In the future, the Group will continue to assume its social responsibility.

Disclosure of Interests

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, the interests or short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in shares of the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Mao Zhongwu *(Note)*	Interest of a controlled corporation	1,500,000,000	72.29%
Mr. Xiang Wenbo *(Note)*	Interest of a controlled corporation	1,500,000,000	72.29%
Mr. Huang Jianlong *(Note)*	Interest of a controlled corporation	1,500,000,000	72.29%

Note: Each of Mr. Mao Zhongwu, Mr. Xiang Wenbo and Mr. Huang Jianlong holds 8.00%, 8.00% and 0.08% of the interests of Sany Heavy Equipment Investments Company Limited ("Sany Investments"), respectively, which in turn holds the entire issued share capital of Sany Hong Kong Group Limited ("Sany HK"). Therefore, Mr. Mao Zhongwu, Mr. Xiang Wenbo and Mr. Huang Jianlong are deemed to be interested in 1,500,000,000 shares in the Company through their respective interest in Sany HK.

Save as disclosed above, as at 30 June 2010, none of the Directors and chief executives of the Company or any of their spouses or children under the age of eighteen were interested, or were deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its holding company, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the Directors or chief executives (including their spouses and children under the age of eighteen) of the Company to acquire any interests or short positions of shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Interests and Short Positions of Substantial Shareholders and Other Parties in the Shares and Underlying Shares

As of 30 June 2010, the following persons (other than Directors or chief executives of the Company as stated in "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures") had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of issued share capital
Mr. Liang Wengen *(Note 1)*	Interest of a controlled corporation	1,500,000,000	72.29%
Sany Investments *(Note 2)*	Interest of a controlled corporation	1,500,000,000	72.29%
Sany HK *(Note 3)*	Beneficial owner	1,500,000,000	72.29%

Notes:

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

2. Sany Investments is 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 0.40% by Zhai Xian, 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 Investments pursuant to the SFO.

3. Sany HK is wholly-owned by Sany Investments.

Save as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2010.

Sufficiency of Public Float

Based on information available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the period ended 30 June 2010.

Share Option Scheme

During the period ended 30 June 2010, the Company did not have any share option scheme or outstanding share option.

Corporate Governance Report

Corporate Governance

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010, except for the following deviation:

Code Provision A.2.1

Under CG Code Provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Prior to 26 April 2010, the Company did not separate the roles of chairman and chief executive officer. Mr. Mao Zhongwu is the chairman and was the chief executive officer of the Company responsible for overseeing the operations of the Group. Although the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, however, in order to comply with CG Code Provision A.2.1, the Company appointed Mr. Zhou Wanchun to take up the role of chief executive officer in place of Mr. Mao Zhongwu on 26 April 2010.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the period under review, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code for the six months ended 30 June 2010.

Audit Committee

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three members, namely Mr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung, all of whom are independent non-executive Directors. Mr. Ngai Wai Fung, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee has held meetings to discuss the auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2010.

Remuneration Committee

The Remuneration Committee was established on 5 November 2009 with written terms of reference in compliance with the CG Code. The Remuneration Committee is chaired by Mr. Mao Zhongwu with two independent non-executive Directors, namely Mr. Ngai Wai Fung and Mr. Ng Yuk Keung, as members. The principal responsibilities of the Remuneration Committee are to formulate and recommend remuneration policy to the Board, to determine the remuneration of executive directors and members of senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and to make recommendation on other remuneration related issues. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

Nomination Committee

The Nomination Committee was established on 5 November 2009. The chairman is Mr. Mao Zhongwu, an executive Director, and the two other members are Mr. Xu Yaxiong and Mr. Ngai Wai Fung, both of them are independent non-executive Directors. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment and reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2010.

Purchase, Sale or Redemption of the Company's Shares

The Company did not redeem any of its shares during the six months ended 30 June 2010. Neither the Company nor any of its subsidiaries purchased, sold or repurchased any of the shares of the Company during the six months ended 30 June 2010.

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Sany Heavy Equipment International Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 19 to 46, which comprise the interim condensed consolidated statement of financial position of Sany Heavy Equipment International Holdings Company Limited and its subsidiaries as at 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 Hong Kong Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central, Hong Kong
18 August 2010

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2010

		Six months ended 30 June	
	Notes	**2010 RMB'000 (Unaudited)**	2009 RMB'000 (Audited)
REVENUE	4	**1,309,996**	891,583
Cost of sales		**(719,836)**	(453,570)
Gross profit		**590,160**	438,013
Other income and gains	4	**37,173**	13,412
Selling and distribution costs		**(151,621)**	(85,462)
Administrative expenses		**(95,060)**	(72,320)
Other expenses		**(16,103)**	(15,488)
Finance costs	6	**—**	(3,825)
Share of profits and losses of an associate		**—**	4,325
PROFIT BEFORE TAX	5	**364,549**	278,655
Income tax expense	7	**(22,605)**	(28,440)
PROFIT FOR THE PERIOD		**341,944**	250,215
Attributable to:			
Owners of the parent		**341,944**	250,215
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	**16.5 cents**	16.7 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	**341,944**	250,215
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(7,767)**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(7,767)**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**334,177**	250,215
Attributable to:		
Owners of the parent	**334,177**	250,215

Interim Condensed Consolidated Statement of Financial Position

30 June 2010

	Notes	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**471,393**	402,271
Prepaid land lease payments	11	**329,620**	333,084
Non-current prepayments	14	**239,111**	34,602
Deferred tax assets		**77,622**	70,177
Total non-current assets		**1,117,746**	840,134
CURRENT ASSETS			
Inventories	12	**588,585**	558,162
Trade receivables	13	**818,217**	565,641
Bills receivable	13	**423,011**	251,742
Prepayments, deposits and other receivables	14	**553,783**	78,438
Derivative financial instruments	15	**3,713**	—
Investments in principal guaranteed deposits	16	**286,032**	—
Pledged deposits	17	**59,823**	69,043
Cash and cash equivalents	17	**1,706,873**	3,095,767
Total current assets		**4,440,037**	4,618,793
CURRENT LIABILITIES			
Trade and bills payable	18	**294,730**	379,549
Other payables and accruals	19	**341,226**	520,773
Dividend payable		**109,614**	—
Tax payable		**60,677**	54,530
Provision for warranties	21	**33,519**	28,994
Government grants	22	**255**	1,021
Total current liabilities		**840,021**	984,867
NET CURRENT ASSETS		**3,600,016**	3,633,926
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,717,762**	4,474,060

	Notes	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**737**	—
Government grants	22	**280,719**	262,317
Total non-current liabilities		**281,456**	262,317
Net assets		**4,436,306**	4,211,743
EQUITY			
Equity attributable to owners of the parent			
Issued capital	23	**182,801**	182,801
Reserves		**4,253,505**	3,919,328
Proposed final dividend		**—**	109,614
Total equity		**4,436,306**	4,211,743

Mao Zhongwu
Director

Liang Jianyi
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to owners of the parent							
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total equity RMB'000
	(Unaudited)							
At 1 January 2010	182,801	2,052,643	1,332,316	87,018	(1,231)	448,582	109,614	4,211,743
Total comprehensive income for the period	—	—	—	—	(7,767)	341,944	—	334,177
Transfer from retained profits	—	—	—	35,227	—	(35,227)	—	—
Final 2009 dividend declared	—	—	—	—	—	—	(109,614)	(109,614)
At 30 June 2010	182,801	2,052,643#	1,332,316#	122,245#	(8,998)#	755,299#	—	4,436,306

These reserve accounts comprise the consolidated reserves of RMB4,253,505,000 (31 December 2009: RMB3,919,328,000) in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent						
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
	(Audited)						
At 1 January 2009	—	—	1,332,316	34,629	—	207,626	1,574,571
Total comprehensive income for the period	—	—	—	—	—	250,215	250,215
Transfer from retained profits	—	—	—	25,313	—	(25,313)	—
Dividends paid by the Company and its subsidiaries to their then shareholders (note 8)	—	—	—	—	—	(197,087)	(197,087)
At 30 June 2009	—	—	1,332,316	59,942	—	235,441	1,627,699

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net cash flows (used in)/from operating activities	**(886,705)**	47,154
Net cash flows (used in)/from investing activities	**(1,062,135)**	392,153
Net cash flows from/(used in) financing activities	**3,768**	(225,233)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,945,072)**	214,074
Effect of foreign exchange rate changes, net	**(7,767)**	—
Cash and cash equivalents at beginning of period	**2,865,767**	59,789
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**912,928**	273,863
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**911,928**	273,863
Non-pledged time deposits with original maturity of less than three months when acquired	**1,000**	—
	912,928	273,863

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2010

1. Corporate Information

Sany Heavy Equipment International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The 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 address is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 31 Yansaihu Street, Economic and Technological Development Area, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of integrated excavation machinery, integrated coal mining equipment and coal mining transportation equipment in Mainland China.

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 were Sany Hongkong Group Limited and Sany Heavy Equipment Investments Company Limited ("Sany BVI"), respectively.

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

2.2 Impact of New and Revised International Financial Reporting Standards

The IASB has issued a number of new IFRSs, IASs and Interpretations, which are generally effective for accounting periods beginning on or after 1 January 2010. The Group has adopted the following IFRSs and IASs issued up to 30 June 2010 which are pertinent to its operations and relevant to these interim financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Additional Exemptions for First-time Adopters*
IFRS 1 (Revised)	*First Time Adoption of International Financial Reporting Standards*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*

In May 2008, the IASB issued its first Improvements to IFRSs which sets out amendments to a number of IFRSs. Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary* is effective for annual periods beginning on or after 1 July 2009. The adoption of the amendments has no financial impact to the Group.

2.2 Impact of New and Revised International Financial Reporting Standards (continued)

Apart from the above, the IASB has also issued Improvements to IFRSs 2009* which set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Amendments are effective for annual periods beginning on or after 1 January 2010 although there is separate transitional provision for each standard.

* Improvements to IFRSs 2009 contains amendments to IFRS 2, IFRS 5, IFRS 8, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9.

IFRS 1 Amendments address the retrospective application of IFRSs to particular situations (such as exempt entities using full cost method from retrospective application of IFRSs for oil and gas assets or existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 Determining whether an Arrangement contains a Lease when the application of their other accounting requirement produced the same result) and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. The amendments are unlikely to have any financial impact on the Group.

IFRS 1 (Revised) was issued with an aim to improve the structure of the standard. The revised version of the standard does not make any changes to the substance of accounting by first-time adopters. As the Group is not a first-time adopter of IFRS, the revisions are unlikely to have any financial impact on the Group.

IFRS 2 Amendments clarify its scope and the accounting for group companies' cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transactions. The amendments are unlikely to have any financial impact on the Group.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. These changes, include, but are not limited to (i) introducing an option to measure non-controlling interests (currently the minority interests) at fair value; (ii) recognising gains or losses from remeasuring to the fair value the interest in the acquiree held by the entity immediately before the business combination, in a step acquisition; (iii) expensing acquisition costs as incurred; (iv) recognising the fair value of contingent considerations at the acquisition date with subsequent changes generally reflected in the income statement; and (v) separately accounting for pre-existing relationships between the acquirer and acquiree. The revised standard is unlikely to have any financial impact on the Group.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments are made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rate, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The revised standard is unlikely to have any financial impact on the Group.

Amendment to IAS 32 addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendments contained in this update require that, provided that certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendments are unlikely to have any financial impact on the Group.

2.2 Impact of New and Revised International Financial Reporting Standards (continued)

The amendment to IAS 39 addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment will have no financial impact on the Group.

IFRIC 17 standardises practice in the accounting for all non-reciprocal distributions of non-cash assets to owners. This new interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments are made to IAS 10 Events after the Reporting Period and IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. While the adoption of the Interpretation may result in changes in accounting policy, the Interpretation is unlikely to have any material financial impact on the Group.

In May 2009, the IASB issued Improvements to IFRSs 2009 which set out amendments to IFRSs, primarily with a view to removing inconsistencies and clarifying wording. There is separate transitional provision for each standard. While the adoption of some of them may result in changes in accounting policy, none of these amendments are expected to have a material financial impact on the Group.

IFRS 2 Share-based Payment: It revises the scope that transaction in which an entity acquires goods as part of the net assets acquired in a business combination, in a combination of entities or business under common controls, or the contribution of a business on the formation of a joint venture does not fall under the scope of this IFRS.

IFRS 5 Amendments: It clarifies that an entity that is committed to a sale plan involving loss of control of a subsidiary shall have relevant disclosures when the subsidiary is a disposal group that meets the definition of a discontinued operation.

IFRS 8 Operating Segments: It clarifies that a measure of total assets for each reportable segment should be reported only if such information is regularly provided to the chief operating decision maker.

IAS 7 Statement of Cash Flows: It specifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.

IAS 17 Lease: It removes the previous classification on leases with both land and building elements and requires separate assessment of each element as a finance or an operating lease accordingly.

IAS 36 Impairment of Assets: It clarifies that each unit or group of units to which the goodwill is so allocated should not be larger than an operating segment before aggregation.

IAS 38 Intangible Assets: It introduces amendments to measurement of fair value of an intangible asset acquired in a business combination. Intangible asset acquired in business combination may be separable, but only together with a related contract and identifiable liability in addition to identifiable asset. Additional consequential amendments to this IAS arising from the revised IFRS 3 are also incorporated.

2.2 Impact of New and Revised International Financial Reporting Standards (continued)

Amendment to IAS 39 Financial Instruments: Recognition and Measurement: It i) clarifies that prepayment option is considered closely related to the host contract when the exercise price of prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract; ii) clarifies that this IAS is not applicable to forward contract between acquirer and selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date; and iii) also replaces the term "assets acquired or liability assumed" under cash flow hedges with "hedged forecast cash flows".

IFRIC 9 Reassessment of Embedded Derivatives: It revises the scope that this Interpretation does not apply to embedded derivatives in contracts acquired in a business combination, a combination of entities or businesses under common control, or the formation of a joint venture.

The adoption of these new and revised IFRSs has had no significant impact on the financial position or performance of the Group.

2.3 Impact of Issued but not yet Effective IFRSs and IASs

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

IFRS 9	*Financial Instruments*[3]
IAS 24 (Revised)	*Related Party Disclosure*[2]
IFRIC 14 Amendments	*Amendments to IFRIC 14 Prepayment of a Minimum Funding Requirement*[2]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

Apart from the above, the IASB has also issued Improvements to IFRSs 2010* which set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to IFRS 3 and IAS 27 which are effective for the annual periods beginning on or after 1 July 2010, other amendments are effective for annual periods beginning on or after 1 January 2011 although there is separate transitional provision for each standard or interpretation.

1 effective for annual periods beginning on or after 1 July 2010
2 effective for annual periods beginning on or after 1 January 2011
3 effective for annual periods beginning on or after 1 January 2013
* Improvements to IFRSs 2010 contains amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

IFRS 9 represents the completion of the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four category classification in IAS 39. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The Group expects to adopt IFRS 9 from 1 January 2011.

2.3 Impact of Issued but not yet Effective IFRSs and IASs (continued)

IAS 24 (Revised) simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Government-related entities are now defined as entities that are controlled, jointly controlled or significantly influenced by the government. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are significant. The revised standard is unlikely to have any financial impact on the Group.

The amendments to IFRIC 14 requires entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are re-negotiated and resulted in the entity issuing equity instruments to a creditor of the entity to extinguish whole or part of the financial liability. The Group expects to adopt the Interpretation from 1 January 2011. As the Group has not re-negotiated the terms of a financial liability and issued equity instruments to settle the financial liability, the Interpretation is unlikely to have any material financial impact on the Group.

In May 2010, the IASB issued Improvements to IFRSs 2010 which sets out amendments to IFRSs, primarily with a view to removing inconsistencies and clarifying wording. The Group expects to adopt the amendments to IFRSs from 1 January 2011. There is separate transitional provision for each standard. While the adoption of some of them may result changes in accounting policy, none of these amendments are expected to have a material financial impact on the Group.

(a) IFRS 1 Amendments: They address the presentation and disclosure requirements for entity which changes its accounting policies or its uses of the exemptions contained in this IFRS. They also introduce the use of revaluation basis as deemed cost and extends the use of the deemed cost exemption to entities with operations subject to rate regulation.

(b) IFRS 3 Amendment: They states the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. They explain the measurement principle for non-controlling interests in the acquiree for business combination. They also provides guidance on the accounting of share-based payment transactions of the acquiree or replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer in accordance with IFRS 2 at the acquisition date.

(c) IFRS 7 Amendment: It clarifies quantitative disclosure requirements for risks arising from financial instruments, and encourages accompanying narrative disclosures if the concentration of risk is not apparent from the quantitative disclosures. The requirements for disclosures of credit risk are clarified and reduced, which disclosures on carrying amount of assets that will have been past due or impaired unless they have been renegotiated, as well as description of collateral held by the entity as security and other credit enhancements and estimate of their fair value, are no longer required.

(d) IAS 1 (Revised): It clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

(e) Transition requirements for amendments to IAS 21, IAS 28 and IAS 31 arising as a result of IAS27 Consolidated and Separate Financial Statements: They are to be applied prospectively for annual period beginning on or after 1 July 2010.

2.3 Impact of Issued but not yet Effective IFRSs and IASs (continued)

(f) IAS 34 Amendments: They require the update of relevant information related to significant events and transactions in the most recent annual financial report. IAS 34 now specifies events and transactions for which disclosures are required, and guidance has been added covering the application of the requirements for financial instruments.

(g) IFRIC 13: It clarifies that fair value of award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.

3. Operating Segment Information

For management purposes, the Group operates in one business unit based on their products, and has one reportable operating segment as follows:

The 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:

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Integrated excavation machinery	**955,866**	748,930
Integrated coal mining equipment	**243,866**	70,786
	1,199,732	819,716

Geographical information

As over 90% of the Group's revenue is derived from customers based in Mainland China and all the Group's identifiable assets and liabilities are located in Mainland China, no geographical information is presented in accordance with IFRS 8 Operating Segments.

4. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services provided, after allowances for returns and trade discounts.

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

		Six months ended 30 June	
		2010	2009
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Audited)
Revenue			
Sales of goods		**1,305,353**	887,778
Rendering of services		**4,643**	3,805
		1,309,996	891,583
Other income			
Bank interest income		**4,533**	1,420
Profit from sales of scrap materials		**22,584**	9,679
Government grants	22	**5,162**	1,233
Others		**1,181**	1,080
		33,460	13,412
Gains			
Fair value gains on derivative financial instruments	15	**3,713**	—

5. Profit before Tax

The Group's profit before tax is arrived at after charging:

		Six months ended 30 June	
	Notes	**2010 RMB'000 (Unaudited)**	2009 RMB'000 (Audited)
Cost of inventories sold		**717,566**	449,847
Cost of services provided		**2,270**	3,723
Depreciation	10	**15,248**	12,017
Amortisation of land lease prepayments	11	**3,464**	1,380
Auditors' remuneration		**1,000**	3,300
Provision for warranties	21	**41,008**	17,974
Research and development costs		**43,916**	22,453
Minimum lease payments under operating leases:			
Dormitories for staff		**1,060**	909
Warehouses		**881**	194
		1,941	1,103
Employee benefit expenses:			
Wages and salaries		**78,526**	77,821
Pension scheme contributions		**9,075**	5,666
		87,601	83,487
Other expenses:			
Foreign exchange differences, net		**5,014**	54
Impairment of trade receivables		**8,966**	12,919
Provision against slow-moving and obsolete inventories		**2,123**	2,515
		16,103	15,488

6. Finance Costs

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest on bank loans	**—**	3,825

7. Income Tax

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

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

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 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter.

In this connection, the Group's principal operating company Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司) is subject to Corporate Income Tax ("CIT") at a rate of 11% in 2010, and will be subject to tax rates of 24% in 2011 and 25% in 2012.

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Group:		
Current — Mainland China		
Charge for the period	**29,313**	29,855
Deferred	**(6,708)**	(1,415)
Total tax charge for the period	**22,605**	28,440

8. Dividends

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Special dividends	**—**	197,087

9. Earnings per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2010 attributable to equity holders of the parent of approximately RMB341,944,000 (six months ended 30 June 2009: approximately RMB250,215,000) and the 2,075,000,000 ordinary shares in issue during the period (six months ended 30 June 2009: the weighted average of 1,500,000,000, ordinary shares deemed to have been in issue).

There was no potential dilutive ordinary share in existence for the six months ended 30 June 2010 and 2009.

10. Property, Plant and Equipment

	30 June 2010	31 December 2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount at 1 January	**402,271**	312,669
Additions	**84,370**	203,776
Disposals	**—**	(87,684)
Depreciation charge for the period/year	**(15,248)**	(26,490)
Carrying amount at 30 June/31 December	**471,393**	402,271

Included in the carrying amount of the property, plant and equipment as at 30 June 2010 was the capitalised interest of RMB6,714,000 (31 December 2009: RMB6,714,000).

The Group's buildings are located in Mainland China.

11. Prepaid Land Lease Payments

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Carrying amount at 1 January	**340,010**	304,310
Additions	**—**	40,524
Recognised during the period/year	**(3,464)**	(4,824)
Carrying amount at 30 June/31 December	**336,546**	340,010
Current portion included in prepayments, deposits and other receivables	**(6,926)**	(6,926)
Non-current portion	**329,620**	333,084

Certificates of ownership of the Group with an aggregate net book value of RMB2,393,000 have not been issued by the relevant PRC authorities as at 30 June 2010 (31 December 2009: RMB2,393,000). The Group is in the process of obtaining the relevant certificates of ownership.

The Group's leasehold land is held under a medium term lease and is situated in Mainland China.

12. Inventories

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Raw materials	**278,299**	177,863
Work in progress	**130,150**	132,233
Finished goods	**194,065**	259,872
	602,514	569,968
Less: Provision against slow-moving and obsolete inventories	**(13,929)**	(11,806)
	588,585	558,162

13. Trade and Bills Receivable

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade receivables	**857,515**	595,973
Impairment	**(39,298)**	(30,332)
Trade receivables, net	**818,217**	565,641
Bills receivable	**423,011**	251,742

The Group generally requires its customers to make payments at various stages of the sales transaction, however, the Group grants certain credit periods to old customers with good payment history. The credit periods of individual customers are considered on a case-by-case basis and are set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

At 30 June 2010 and 31 December 2009, an aged analysis of the trade receivables, based on the invoice date and net of provision for impairment, is as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 60 days	**425,486**	376,308
61 to 90 days	**145,031**	46,735
91 to 180 days	**119,331**	30,944
181 to 360 days	**110,881**	95,787
Over 1 year	**17,488**	15,867
	818,217	565,641

13. Trade and Bills Receivable (continued)

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			Within 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
30 June 2010	818,217	425,486	145,031	119,331	110,881	17,488
31 December 2009	565,641	376,308	46,735	30,944	95,787	15,867

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

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 6 months	**423,011**	251,742

Included in the balances of bills receivable is an amount of approximately RMB71,928,000 as at 30 June 2010 (31 December 2009: RMB81,649,000), which was pledged to secure the issuance of bills payable.

Included in the account receivables was an amount of RMB8,152,000 as at 30 June 2010 (31 December 2009: Nil) due from a related party for sales of products (note 27(1)).

14. Prepayments, Deposits and Other Receivables

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Non-current prepayments	**239,111**	34,602
Current assets		
Prepayments	**430,109**	61,723
Deposits and other receivables	**123,674**	16,715
	553,783	78,438

15. Derivative Financial Instruments

	30 June 2010		31 December 2009	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000	Liabilities RMB'000
Forward currency contracts	**3,713**	**—**	—	—

The carrying amounts of forward currency contracts are the same as their fair values. The above transactions involving derivative financial instruments are with certain well known banks in Mainland China with Ba1/stable or above credit ratings in Moody's Investors Service Inc..

The Group has entered into these contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Net changes in the fair value amounting to RMB3,713,000 (31 December 2009: nil) were recognised in the income statement during the period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 30 June 2010, the financial instruments held by the Group were measured at Level 2.

16. Investments in Principal Guaranteed Deposits

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Investments in principal guaranteed deposits, at amortised cost	**286,032**	—

These investments in principal guaranteed deposits have terms of no more than one year. Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

17. Cash and Cash Equivalents and Pledged Deposits

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Cash and bank balances	**1,766,696**	3,164,810
Less: Bank deposits pledged for banking facilities	**(59,823)**	(69,043)
Cash and cash equivalents	**1,706,873**	3,095,767
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(793,945)**	(230,000)
Cash and cash equivalents in the consolidated statement of cash flows	**912,928**	2,865,767
Cash and bank balances and time deposits denominated in		
— RMB	**624,569**	835,728
— Hong Kong dollars ("HK$")	**393,658**	2,329,082
— United States dollars ("US$")	**748,469**	—
	1,766,696	3,164,810

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$ and US$. 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. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

18. Trade and Bills Payable

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

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 30 days	**88,214**	128,996
31 to 90 days	**131,603**	160,645
91 to 180 days	**56,255**	79,561
181 days to 360 days	**13,259**	5,443
Over 1 year	**5,399**	4,904
	294,730	379,549

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.

19. Other Payables and Accruals

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Deposits received from customers	**77,630**	285,640
Other payables	**256,549**	227,556
Accruals	**7,047**	7,577
	341,226	520,773

The other payables are non-interest-bearing and are due to mature within one year.

20. Interest-bearing Bank Borrowings

As at 30 June 2010, the Group had undrawn banking facilities amounting to RMB1,015,859,000 (31 December 2009: RMB440,000,000).

21. Provision for Warranties

	Note	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
At 1 January		**28,994**	16,801
Additional provision	5	**41,008**	36,126
Amounts utilised during the period/year		**(36,483)**	(23,933)
At 30 June/31 December		**33,519**	28,994

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 for 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* ("Controlling Shareholders"). Kangfu International is a finance company engaging in the business of providing finance lease 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 27(1).

* The Controlling Shareholders refer to the 14 individual shareholders: Liang Wengeng, 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 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 equity interests in Sany BVI, respectively.

22. Government Grants

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
At 1 January	**263,338**	261,138
Grants recognised during the period	**22,798**	17,292
Amortised as income during the period/year (note 4)	**(5,162)**	(15,092)
At 30 June/31 December	**280,974**	263,338
Current portion	**(255)**	(1,021)
Non-current portion	**280,719**	262,317

Included in the Group's government grant balances as at 30 June 2010 were government grants received for the development of certain industrial areas, of RMB268,393,000, which were not amortised during the six months ended 30 June 2010 as the relevant construction work had not yet been completed as at 30 June 2010 (31 December 2009: RMB249,863,000).

23. Share Capital

	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
Authorised:		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000,000**	300,000,000
Issued and fully paid:		
2,075,000,000 ordinary shares of HK$0.10 each	**207,500,000**	207,500,000
Equivalent to RMB'000	**182,800,850**	182,800,850

24. Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2010.

25. Operating Lease Arrangements

(a) As lessor

The Group leases its plant under operating lease arrangements, with leases negotiated for terms of two years.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within one year	**110**	219

(b) As lessee

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.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within one year	**3,266**	1,767
In the second to third years, inclusive	**2,460**	1,477
	5,726	3,244

26. Commitments

In addition to the operating lease commitments as set out in note 25(b) above, the Group had the following capital commitments as at the end of the reporting period:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	**188,012**	100,558
Plant and machinery	**75,455**	152,414
	263,467	252,972

27. Related Party Transactions and Balances

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

(1) Recurring transactions

	Notes	Six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Audited)
Sales of products to:			
Kangfu International	(i)&(v)	**245,642**	97,874
Purchases of raw materials from:			
Ningxia Sany Northwest Junma Motor Manufacture Co., Ltd. ("Sany Junma") (寧夏三一西北駿馬電機製造股份有限公司)	(ii)	**—**	21,634
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(iii)&(v)	**7,695**	9,302
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(iii)&(v)	**12,321**	22,575
Shanghai Sany Technology Co., Ltd. (上海三一科技有限公司)	(iii)&(v)	**1,915**	—
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(iii)&(v)	**3,583**	—
Hunan Sany Pump Machinery Co., Ltd. (湖南三一泵送機械有限公司)	(iii)&(v)	**1,525**	—
Sany Intelligent Control Equipment Co., Ltd. (三一智能控制設備有限公司)	(iii)&(v)	**348**	—
		27,387	53,511
Operating rental received from:			
Hunan Sany Repair Services Co., Ltd. (湖南三一維修有限公司)	(iv)&(v)	**110**	—

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, Sany Junma, were made on prices and conditions as mutually agreed.

(iii) The sales to and purchases from companies owned and controlled by the Controlling Shareholders were made at prices and conditions as mutually agreed.

(iv) The rental was made according to the prevailing market rent.

(v) Kangfu International, Shanghai Sany Technology Co., Ltd., Loudi Zhongxing Hydraulic Parts Co., Ltd., Sany Heavy Industry Co., Ltd., Suote Transmission Equipment Co., Ltd., Hunan Sany Pump Machinery Co., Ltd., Hunan Sany Repair Services Co., Ltd. and Sany Intelligent Control Equipment Co., Ltd. are companies which are owned and controlled by the Controlling Shareholders.

In the opinion of the Directors, the above transactions were carried out in the ordinary course of business of the Group and will continue in future.

27. Related Party Transactions and Balances (continued)

(2) Non-recurring transactions

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Sales of raw materials to:		
Hunan Sany Road Machinery Co., Ltd.	**—**	26,787
Hunan Sany Pump Machinery Co., Ltd.	**—**	1,377
Sany Heavy Machinery Co., Ltd.	**—**	67,392
Shanghai Sany Technology Co., Ltd.	**—**	23,811
	—	119,367
Purchases of raw materials from:		
Synnium Machinery Co., Ltd. (新利恒機械有限公司)	**—**	117,969
Disposal of buildings to:		
Sany Group Limited ("Sany Group") (三一集團有限公司)	**—**	87,684

(3) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Salaries, allowances and benefits in kind	**371**	356
Pension scheme contributions	**35**	35
Total compensation paid to key management personnel	**406**	391

28. Events after the Reporting Period

There are no significant events subsequent to 30 June 2010 which would materially affect the Group's and the Company's operating and financial performance as of the date of this interim condensed consolidated financial statements.

29. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of Directors on 18 August 2010.