SANYI

SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00631

2011 Interim Report

QUALITY CHANGES THE WORLD

CONTENTS

Financial Summary

(RMB'000)	Six months ended 30 June **2011**	2010	Increase (%)
Revenue	**1,781,846**	1,309,996	36.0%
Gross profit	**809,773**	590,160	37.2%
Profit before tax	**474,371**	364,549	30.1%
Net profit	**415,580**	341,944	21.5%
Profit attributable to shareholders of the Company	**415,580**	341,944	21.5%
Profit attributable to shareholders of the Company (excluding one-off items and revaluation items)[1]	**415,580**	341,944	21.5%
Total assets	**6,593,922**	5,557,783	18.6%
Total equity	**5,024,585**	4,436,306	13.3%
Net cash flows used in operating activities	**(364,360)**	(886,705)	(58.9%)
Net cash flows from/(used in) investing activities	**498,891**	(1,062,135)	(147.0%)
Net cash flows from/(used in) financing activities	**(126,884)**	3,768	(3,467.4%)
Earnings per share[2]		(Restated)	
– Basic (RMB Yuan)	**RMB0.13**	RMB0.11	18.2%
– Diluted (RMB Yuan)	**RMB0.13**	RMB0.11	18.2%

(Percentage)	Six months ended 30 June **2011**	2010	Increase (points)
Gross profit margin	**45.4%**	45.1%	0.3
Percentage of profit attributable to shareholders of the Company[3]	**23.3%**	26.1%	(2.8)
Percentage of profit attributable to shareholders of the Company (excluding one-off items and revaluation items)	**23.3%**	26.1%	(2.8)
Assets turnover	**27.0%**	23.8%	3.2
Asset – Liability ratio	**23.8%**	20.2%	3.6
Average total assets (RMB'000)	**6,238,692**	5,508,355	

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

2 The weighted average number of ordinary shares for the six months ended 30 June 2011 was 3,112,500,000, the weighted average number of issued ordinary shares for the six months ended 30 June 2010 has been restated retrospectively as 3,112,500,000 ordinary shares (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.

Directors

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

Non-executive Directors
Mr. Xiang Wenbo
Mr. Huang Jianlong
Mr. Wu Jialiang

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

Joint Company Secretaries
Mr. Du Xing
Ms. Kam Mei Ha, Wendy

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

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

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Principal Bankers
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Bank of Communications
China Merchants Bank
Shanghai Pudong Development Bank
The Hongkong and Shanghai Bank
Industrial and Commercial Bank of China
Agricultural Bank of China
China Guangfa Bank
China Construction Bank
China Everbright Bank
Industrial Bank
Hua Xia Bank
China CITIC Bank
Bank of Yingkou

Auditors
Ernst & Young

Legal Advisers
Orrick, Herrington & Sutcliffe (as to Hong Kong law)
Jingtian & Gongcheng (as to PRC law)

Stock Code
00631

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Investor Relations
Mr. Hu Tao
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Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors of Sany Heavy Equipment International Holdings Company Limited (hereinafter "Sany International" or the "Company"), I am pleased to present the interim report of the Company and its subsidiaries (hereinafter the "Group") for the six months ended 30 June 2011.

Performance Review

For the six months ended 30 June 2011, the Group's results continued to maintain rapid growth. During the period under review, sales revenue recorded a significant growth of approximately 36.0% over the same period last year to approximately RMB1,781.8 million (for the six months ended 30 June 2010: approximately RMB1,310.0 million); the Group's net profit for the period increased by approximately 21.5% to approximately RMB415.6 million (for the six months ended 30 June 2010: approximately RMB341.9 million); the Group's earnings per share for the period amounted to approximately RMB0.13; and the Group did not have any bank borrowings. The Board does not recommend the payment of any interim dividend.

On the eve of the Labour Day of 2011, Sany Heavy Equipment received the National Labour Award. As the only private equipment enterprise of Liaoning Province, the PRC and the only private enterprise from the coal equipment sector obtaining the award, Sany Heavy Equipment appeared once again on the stage to receive the honour of national significance bestowed by the All China Federation of Trade Unions.

The Group continued to increase investment in research and development ("R&D") in order to establish a competitive R&D team and provide customers with more cost-effective products. The Group's research institute is one of the largest research institutions in the coal mining machinery industry with a large number of the coal mining machinery industry's best engineers that has formed an integrated system of mining, excavation and maintenance. During the first half of 2011, the Group applied for 100 national patents, of which 43 items were patented inventions. In order to further enhance its R&D capabilities, the Group has made the best of overseas intellectual resources that, in addition to the established American Research Institute, leading experts from Germany officially joined the Research Institution for Coal Mining Machinery, leading the Group's coal mining machineries to a new level.

The Group continues to launch new products. During the period under review, the Group successfully produced its self-developed drilling machine used in narrow tunnels, which plays an important role to facilitate the mechanization process of hard rock tunnels excavation while providing a new direction for the development of excavation and mining equipment. Sales have achieved from the first domestic slide-way type advanced equipment combined with supporting protection, which represents China's current advanced technological level of roadheader-carried advanced equipment combined with supporting protection and fills the technology gap in the industry; following the rollout of the second generation of the related flagship products in 2010, we also launched the advanced "world leading roadheader", a roadheader with 418KW cutting power, which is the most efficient roadheader model with the highest cutting power currently in the market. This represents another large-size roadheader launched by Sany International after our roadheader with 318KW cutting power that leads the market technology trends. The first domestic fully-automated plough coal units developed by Sany Heavy Equipment Co., Ltd. ("Sany Heavy Equipment"), a wholly-owned subsidiary of the Company, has successfully completed the industrial trials and achieved sales, which indicates that China's R&D of coal mining machinery for thin coal seams has reached the world's advanced technology level.

During the first half of the year, the Group participated in various large-scale exhibitions of coal mining machinery in Vietnam, North Korea and Russia, etc. The Group's products have become the most attention-getting "hot products" in those exhibitions with proposed sales contracts being reached with a number of coal mining enterprises, thus facilitating communications with our customers while enhancing our brand awareness.

Outlook

As a result of the sovereign debt crisis in the United States and Europe in 2011, global economic recovery still faces lots of twists and turns ahead whereas the United States sovereign credit rating downgrades have caused severe turbulence in the international financial markets. China's economic growth now faces the dual pressures of a sluggish global economic environment and a tightening domestic policy environment. Many domestic industries are subject to different degrees of impact. However, the coal-mining machinery industry is one of the few industries which are relatively less affected by economic cycles. As economic development will bring coal demand, the coal industry is not seriously affected by the overall economic environment. In the next five years, China's mechanization rate of coal mining will be lifted to 75% according to the state's plan. By virtue of the requirement to adopt mechanized mining processes in the coal industry as well as the increasingly urgent issue of coal mine safety, China will accelerate the mechanization process and encourage improvement of the mechanization rate of coal mining. While the coal industry will develop in the directions of large-scale enterprises, mechanized production, high efficiency and high security, growth in demand for coal machinery will far exceed the growth rate of coal production.

In the future, the Group will adopt the product strategy of maintaining the leading position of its roadheader series in the industry while taking vigorous measures to promote combined coal mining units ("CCMUs"). To secure the industry leadership of our roadheader series, we will continuously improve and upgrade our existing products in pursuit of excellent quality and enhance the leading edge in the industry. As the domestic coal industry entered a stage of stable growth, integratization of coal mining equipment will definitely lead the industry development trends. Therefore, CCMUs designed and manufactured based on an integrated concept pioneered by the Group has been widely recognized and respected with broad market prospects and is significant to the Group's profit growth in the future.

As of 30 June 2011, three plants have been completed and commenced operation in the new industrial park. Construction of the new plants is expected to be fully completed by next year such that our production facilities for CCMUs could be operating at full capacity. The Group will continue to increase investment in R&D. The successive completion of the German and American Research Institute will enable the Group to make the best of overseas specialists and resources by enhancing R&D capabilities to realize complete replacement of imported products by the domestic ones, thereby achieving localization of high-end coal machinery equipment. At present, the Group is exporting its products to many countries such as Russia, Vietnam, Ukraine and Australia, etc., with marketing networks planning to be built in other countries, laying a solid foundation for expansion into the overseas markets which will lead the Group to move forward aggressively to become world's top manufacturer of integrated coal mining machinery equipment.

During the first half of 2011, with the progressive realization of the Group's strategic development objectives, the Group's performance has been showing continued momentum of rapid development with its strengths being further expanded and enhanced. The Group demonstrated its extraordinary anti-risk capability in the rapid changing economic situation and achieved stable growth in operating results while the shareholders' wealth was strongly protected to keep growing and accumulating. The Group will strive to maximize the interests of shareholders by proclaiming our vision of "to build first-class enterprise, to foster first-class employees, and to make first-class contributions to society".

Lastly, on behalf of the board of Directors of the Company, I would like to express my gratitude to our shareholders and customers 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, 29 August 2011

For the six months ended 30 June 2011, the Group recorded revenue of approximately RMB1,781.8 million, representing a significant growth of approximately 36.0% from approximately RMB1,310.0 million for the six months ended 30 June 2010; net profit was approximately RMB415.6 million, representing a significant growth of approximately 21.5% from approximately RMB341.9 million for the six months ended 30 June 2010.

Business Review and Prospects

Major products

The products of the Group may be broadly categorised into roadheaders, CCMUs, spare parts and services 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) and centralised control system; and other products include shuttle car, continuous mining machinery and coal mine concrete pumps which are not the three foregoing major products.

New products

On 30 May 2011, the production of the prototype horizontal shaft roadheader with 418KW cutting power was completed, which is specially researched and developed for drilling wide tunnels in coal mines. Currently, rock excavator for drilling wide tunnels is still at the beginning stage in China, and its demand will increase gradually. This roadheader with 418KW cutting power will contribute to the enhancement of the Group's profitability and competitiveness.

Research and development capability

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. In addition to the existing head research institute and five other research institutes, the Group has also invested in the establishment of research and development centers for coal-related machines in the United States and Germany respectively. On 3 January 2011, top tier technical expert in the industry from Germany formally joined the coal mining machine institute, leading the group to a new level of technology development. The Group fully develops and utilizes state of the art international technological resources to in order to attain distinctive competitive advantages over both domestic and international competitors. As a pioneer in innovative technologies in the industry, the Group had 100 national patent applications, of which 43 were patented inventions in the first half of 2011.

As of 30 June 2011, the number of the Group's research and development personnel increased by approximately 38.8% to 740 personnel, representing approximately 17.3% of the Group's employees. As the Group made substantial investment in research and development, for the six months ended 30 June 2011, research and development expenses increased by approximately RMB36.0 million to approximately RMB79.9 million compared with the corresponding period of last year. The ratio of research and development expenses to revenue increased by approximately 1.1 points to approximately 4.5%.

Capacity expansion

In order to ensure the increase in capacity to be in line with the rapid business development, the Group will further invest in the construction of production sites to strengthen production ability and expedite the full utilization of capacity. In addition to the nearly completed new production facility in the Shenyang Economic and Technology Development Zone with a total area of approximately 630,000 square meters, which compares to approximately 215,000 square meters of existing sites, the Taiyuan industrial park of the Group has formally commenced construction on 11 August 2011 and is expected to be completed in two years. After the completion and operation of the industrial parks in Shenyang and Taiyuan, the Group's total production sales value is expected to exceed RMB10 billion.

As of 30 June 2011, 3 new buildings have been completed in the new production site. It is expected that the construction work of the new site will be fully completed by next year, and by then abundant capacity for CCMUs will be materialized. In addition to developing new sites, the Group also seeks to enhance the production capacity significantly 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 the same period last year.

Distribution and service

The Group optimised its management system in accordance with the market condition in China to realise the strategic targets such as removing risks and reducing labor cost. A distributor model has been introduced since August 2010. During the period under review, the revenue derived from the main equipments sold by four distributors amounted to approximately RMB199.1 million, representing approximately 12.9% of the Group's sales revenue of main equipments.

The Group actively develops its international distribution, strengthens its global distribution channels and increase development effort on the base of its existing international distribution network. Currently, the Group has successfully entered into the Australia market, which represents the high-end standard of coal-mining machineries worldwide, signifying the advance to a new level in the establishment of the Group's international distribution network.

1	Liaoning	**12**	Northern Shandong
2	Heilongjiang and Jilin (“Longji”)	**13**	Southern Shandong
3	Inner Mongolia	**14**	Henan
4	Beijing	**15**	Shaanxi
5	Jinbei	**16**	Eastern China
6	Hebei	**17**	Chongqing
7	Taiyuan	**18**	Gansu and Ningxia ("Ganning")
8	Yulin	**19**	Sichuan
9	Xinjiang	**20**	Jiangxi
10	Ningwu	**21**	Xianggui
11	Jinnan	**22**	Xinan

The Group will adhere to its service philosophy of "All for Customers" and strive for the objective of "the Quickest Arrival, the Quickest Supply of Spare Parts and the Quickest Problem-Solving Process" in order to deliver high quality services to its customers. For enhancing the satisfaction of our customers and providing even better services to them, the Group unremittingly innovates its services. During the period under review, the Group introduced the unique service concepts of "one stop service" and "one policy for one situation, and one policy for one district". Pursuant to such concepts, the point to point service model customised to suit particular districts and customers was introduced, ushering our after sale services in a new chapter. As of June 2011, the Group has 84 warehouses, 19 maintenance centers, 105 service offices and 66 mine-stationed service outlets, covering throughout the main coal production regions in 19 provinces of China and located in the neighbourhood of its customers, which effectively ensured our commitment of "dispatching spare parts within 1 hour and arranging them to reach the site within 8 hours".

Financial review

Revenue

For the six months ended 30 June 2011, the Group recorded revenue of approximately RMB1,781.8 million (six months ended 30 June 2010: approximately RMB1,310.0 million), representing a significant growth of approximately 36.0%. The main reasons for the growth were that: the Group's roadheaders stood firm in a leading position in the market, contributing to a strong revenue growth from approximately RMB929.6 million for the period ended 30 June 2010 to approximately RMB1,338.7 million, representing an increase of approximately 44.0% compared with the same period last year, with the rapid growth of its product sales and the aggregate products sold, the corresponding sale of spare parts and services also increased remarkably. Moreover, due to the limitation on the production capacity in the first half of the year, revenue from CCMUs was consistent with the same period of 2010. As the additional capacity from the new site in Shenyang materializes, it is expected that the revenue of CCMUs will increase significantly.

Other income and gains

For the six months ended 30 June 2011, the Group's other income was approximately RMB60.4 million (six months ended 30 June 2010: approximately RMB37.2 million), representing a growth of approximately 62.4%. The growth was mainly due to: (1) an increase of approximately 262.5% or RMB11.9 million in bank interest income due to its strong liquidity; and (2) gains of approximately RMB6.9 million from structured financial products.

Trade receivables and bills receivable

For the six months ended 30 June 2011, the Group's trade receivables and bills receivable was approximately RMB1,998.2 million, representing a significant increase of approximately 61.0% from approximately RMB1,241.2 million of the same period last year. This was mainly due to (1) the impact of the significant growth of sales in the first half of the year and the seasonal factors affecting the collection of receivables; (2) the proportion of financing sales decreased from approximately 18.8% to approximately 3.9% in the process of changing the independent third party since the connected transactions with China Kangfu International Leasing Co., Ltd. ("Kangfu International") were discontinued; (3) the proportion of sales to main customers increased.

Customer composition and regional analysis

The main revenue of the Group came from Shanxi, Anhui, Shaanxi, Hebei and Henan. The revenue of these five provinces represented approximately 70.9% of the Group's total revenue, which increased approximately 8.7 points compared to the same period last year. In particular, revenue from Shanxi represented approximately 38.8% of the Group's total revenue, mainly due to the consolidation of coal mines in Shanxi. For the six months ended 30 June 2011, the proportion of sales to large-size state-owned coal enterprises further increased.

Cost of sales

For the six months ended 30 June 2011, the Group's cost of sales were approximately RMB972.1 million (six months ended 30 June 2010: approximately RMB719.8 million), representing an increase of approximately 35.0%. The increase was mainly due to the significant increase in the Group's sales revenue while the ratio of cost of sales to the Group's total revenue was nearly the same as last year. The Group utilizes various measures to avoid risks caused by price fluctuations of raw materials and core components.

Gross profit and gross margin

For the six months ended 30 June 2011, the Group's gross profit was approximately RMB809.8 million (six months ended 30 June 2010: approximately RMB590.2 million), representing a growth of approximately 37.2%. The gross margin amounted to approximately 45.4% (six months ended 30 June 2010: approximately 45.1%), up by approximately 0.3 point compared to the same period last year. This was mainly due to the significant sales growth of the large and medium size roadhearders.

Profit margin before tax

For the six months ended 30 June 2011, profit margin before tax was approximately 26.6%, representing a decrease of approximately 1.2 points as compared to the corresponding period of 2010. This was mainly due to the increase in research and development as well as marketing expenses.

Selling and distribution costs

For the six months ended 30 June 2011, the Group's selling and distribution costs were approximately RMB215.1 million (six months ended 30 June 2010: approximately RMB151.6 million), representing a growth of approximately 41.9%. For the six months ended 30 June 2011, the ratio of the Group's selling and distribution costs to revenue increased to approximately 12.1%, representing an increase of approximately 0.5 point (six months ended 30 June 2010: approximately 11.6%), but decreased by approximately 0.4 point from approximately 12.5% in the whole year of 2010. The main reasons for the increase were that the Group (1) put more efforts in promoting its new products; (2) introduced the service policy of "Three Quick and One Supply" to create higher value for our customers; (3) proactively developed overseas markets.

Research and development expenses

For the six months ended 30 June 2011, the ratio of research and development expenses to revenue was approximately 4.5%, representing an increase of approximately 1.1 points from approximately 3.4% for the period ended 30 June 2010.

Other administrative expenses

Other administrative expenses were approximately RMB91.9 million and its ratio to sales revenue was approximately 5.2%, representing an increase of approximately 1.3 points from approximately 3.9% of 2010. This increase was mainly due to the change in national tax law and foreign enterprises cease to enjoy reduction or relief of urban construction tax and education surcharge.

Finance costs

For the six months ended 30 June 2011, the Group's finance costs was approximately RMB3.1 million (for the six months ended 30 June 2010: nil), mainly represented bank charges for discounting bills receivable during the period.

Taxation

The effective tax rate for the six months ended 30 June 2011 was approximately 12.4% (six months ended 30 June 2010: effective tax rate was approximately 6.2%). The income tax increased from approximately RMB22.6 million for the six months ended 30 June 2010 to approximately RMB58.8 million for the six months ended 30 June 2011, of which enterprise income tax was approximately RMB60.7 million (six months ended 30 June 2010: approximately RMB29.3 million) and deferred income tax gain was approximately RMB1.9 million (six months ended 30 June 2010: approximately RMB6.7 million).

Profit attributable to equity holders of the parent

For the six months ended 30 June 2011, the Group's profit attributable to equity holders of the parent increased to approximately RMB405.6 million (six months ended 30 June 2010: approximately RMB334.2 million), representing an increase of approximately 21.4%.

Liquidity and financial resources

As of 30 June 2011, current assets of the Group were approximately RMB4,685.1 million. As of 30 June 2011, current liabilities of the Group were approximately RMB1,293.4 million.

As of 30 June 2011, total assets of the Group were approximately RMB6,593.9 million (as of 31 December 2010: approximately RMB5,883.5 million); total liabilities were approximately RMB1,569.3 million (as of 31 December 2010: approximately RMB1,131.7 million); and the asset to liability ratio was approximately 23.8% as of 30 June 2011.

As of 30 June 2011, the Group did not have any bank borrowing.

Cash flow

As compared with the beginning of this year, cash and cash equivalent of the Group decreased by approximately RMB2.3 million to approximately RMB760.2 million. The cash and cash equivalents of the Group and time deposits with maturity of three months or more were approximately RMB1,543.2 million.

The net cash from operating activities were approximately negative RMB364.4 million (for six months ended 30 June 2010, the net cash from operating activities were approximately negative RMB886.7 million). The improvement in the cash flow of operating activities was mainly due to the enhanced management of cash flow from operating activities by the Group.

For the six months ended 30 June 2011, the net cash from investing activities were approximately positive RMB498.9 million (for six months ended 30 June 2010, the net cash from investing activities were approximately negative RMB1,062.1 million). The increase in the cash flow of investing activities was mainly due to the investment deposits and time deposits acquired by the bank matured.

For the six months ended 30 June 2011, the net cash from financing activities were approximately negative RMB126.9 million (for six months ended 30 June 2010, the net cash from financing activities were approximately positive RMB3.8 million), and the fund was used for the payment of dividend in 2010.

Turnover days

During the period under review, the operation efficiency of the Group achieved apparent improvement, the turnover days decreased from approximately 212.0 days as of 30 June 2010 to approximately 179.0 days as of 30 June 2011.

During the period under review, the average turnover days of inventory decreased substantially from approximately 149.0 days as of 30 June 2010 to approximately 99.0 days as of 30 June 2011, mainly because the demand for major products outstripped the supply during the period under review.

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 increased from approximately 148.7 days as of 30 June 2010 to approximately 165.5 days as of 30 June 2011 which was mainly due to (1) the impact of the significant growth of sales in the first half of the year and the seasonal factors affecting the collection of receivables; (2) the drop in the proportion of the changing the independent third party since the connected transactions with Kangfu International were discontinued; (3) the increased proportion of sales to main customers.

As of 30 June 2011, the Group had sufficient cash and a large amount of credit facility at banks that had not been utilized. Turnover days of trade and bills payable slightly decreased from approximately 85.7 days as of 30 June 2010 to approximately 85.5 days as of 30 June 2011.

Contingent liabilities

As of 30 June 2011, the Group had no significant contingent liabilities.

Capital commitment

As of 30 June 2011, the contracted capital commitments of the Group which are not provided in the financial statements were approximately RMB745.5 million (as of 31 December 2010: approximately RMB500.7 million), mainly used in the construction of new production regions.

Employees and remuneration policy

As of 30 June 2011, the Group had 4,278 employees (as of 30 June 2010: 3,408 employees).

	As of 30 June 2011		As of 30 June 2010		
	Number of employees	Percentage to total employees	Number of employees	Percentage to total employees	Change in percentage
Manufacturing	2,183	51.0%	1,508	44.3%	6.7%
Product Research and development	740	17.3%	533	15.6%	1.7%
Sales and services	347	8.1%	521	15.3%	-7.2%
Management	1,008	23.6%	846	24.8%	-1.2%
Total employees	4,278	100%	3,408	100%	

To match the expansion of capacity, the Group actively built up its pool of technical talents in manufacturing during the period under review. As an innovative enterprise, the Group emphasizes on the introduction of high-caliber research and development talents to expand its existing R&D team, ensuring the standard and innovation pace of core products and leading the industry's development. Meanwhile, the Group continually improves its management standard, adjusts distribution model and optimizes staff structure.

The Group persists in training and developing talents. Accordingly, it provides internal training, external training and correspondence courses for its staff according to their ranking and at different times with an aim to self-improving and enhancing their skills relevant to work as well as strengthening their stability and loyalty. 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. Employees are the core of the society as well as the foundation of corporations, and the harmony in the society cannot be separated from the effort made by corporations. The Group strives to provide our staff an opportunity to experience the benefits brought by the rapid development of the Company, that is, to live a wealthy life with dignity, while consolidate our cohesion in the corporate. We pay a close attention to the growth of every individual staff by encouraging them to derive their self-fulfillment, in a bid to promote the development of the corporation through enhancing the quality of our staff.

Material acquisition and disposal

For the six months ended 30 June 2011, the Company's subsidiaries and associates had no material acquisitions or disposals.

Pledge of assets

As of 30 June 2011, pledged deposits amounted to approximately RMB26.4 million (as of 30 June 2010: approximately RMB59.8 million), which were for the purpose of obtaining the banking facility granted to the Group. During the period under review, no bills receivable of the Group was pledged to secure any banking facility.

Foreign exchange risk

As of 30 June 2011, the Group's foreign currencies were exchanged to RMB amounting to approximately RMB0.8 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.

Social responsibility

The Group never forget to take upon itself the corporate social responsibility. On 11 March 2011, an earthquake and tsunami rarely seen in history stroked Japan, and the subsequent nuclear crisis impounded people's nerve globally. The Group and its affiliate Sany Group Limited ("Sany Group") took action immediately and donated rescue equipment to the nuclear power plant at Fukushima and sent rescue personnel to assist the rescue work, which was generally recognized and praised by Japan and the international community. On 18 July 2011, the eastern section of Shengli Road, the north line of Nanshan tunnel in Dalian collapsed and trapped 12 construction workers. Once the Group received the phone call from the Dalian municipal government, the EBZ200H roadheader, which was participating in the construction of the subway tunnel in Dalian, was promptly mobilized to the spot to provide assistance to the rescue campaign. The Group's prompt action and our whole-hearted support to the campaign had been highly recognized and appreciated by the Dalian municipal government and a thanking letter was sent to the Group to express its faithful gratitude. The Group has involved in several rescue campaigns in both local and international disasters, displaying the spirit of humanitarianism in the capacity of a corporate. The Group will persist in dedicating all its effort to the society in the coming future.

Disclosure of Interests

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

As at 30 June 2011, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or 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 for Securities Transactions by Directors of the Company (the "Model Code") as set out in the Rules Governing the listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange

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	2,250,000,000	72.29%
Mr. Xiang Wenbo *(Note)*	Interest of a controlled corporation	2,250,000,000	72.29%
Mr. Huang Jianlong *(Note)*	Interest of a controlled corporation	2,250,000,000	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 BVI"), 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 2,250,000,000 shares in the Company through their respective interest in Sany HK.

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive of the Company or any of their spouses or children under the age of eighteen were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its holding company, subsidiaries or other associated corporation(within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the directors or chief executive (including their spouses or children under the age of eighteen) of the Company to acquire any interests and short positions of shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

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

As of 30 June 2011, 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	2,250,000,000	72.29%
Sany BVI *(Note 2)*	Interest of a controlled corporation	2,250,000,000	72.29%
Sany HK *(Note 3)*	Beneficial owner	2,250,000,000	72.29%

Notes:

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

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

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

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 2011.

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 2011.

Share Option Scheme

During the period ended 30 June 2011, the Company did not have any share option scheme or outstanding share option.

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 2011.

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 2011.

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 experiences in the field of accounting, and 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 2011.

Remuneration Committee

The Remuneration Committee was established 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 determine the policies in relation to human resources management, to review the compensation strategies, to determine the remuneration packages of the senior executives and managers, to approve the term of the service contract of the executive Directors, to assess the performance of the executive Directors, to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans. 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.

Directors and Senior Management

Executive Directors

Mr. Mao Zhongwu (毛中吾), aged 50, was appointed as the chairman of the Company on 23 July 2009. From July 2009 to April 2010, he was also the Chief Executive Officer of the Company. Mr. Mao has been the managing director and general manager of Sany Heavy Equipment since July 2006, and has been an executive director of Sany Heavy Integrated Coal Mining Equipment Co., Ltd. ("Sany Zongcai") and Sany Group Shenyang Mining Transportation Equipment Co., Ltd. ("Sany Transportation") since their respective establishments in May 2008 and September 2009. He is mainly responsible for the overall strategic planning and investment decisions of the Group. Mr. Mao has over 25 years of experience in the machinery industry.

Mr. Mao is a non-executive Director of Sany Group and has held no executive position in the Sany Group. He founded the Sany Group in 1989 and was mainly responsible for its business development. Since then, he held various posts in the subsidiaries of the Sany Group, and he has been a director of the group since 2000. He was appointed as the vice president of the Sany Group from June 2005 to June 2006. During his tenure with the Sany Group, Mr. Mao was awarded the honor of "Pioneering Star (創業之星)" by the Research & Development Centre of the State Council (國務院發展研究中心). Mr. Mao was also elected as the vice president of the Loudi Industrial and Commercial Union, Hunan Province (湖南省婁底工商聯) in 2000.

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

Mr. Zhou Wanchun (周萬春), aged 44, member of Zhigong Party. He was appointed as the Chief Executive Officer of the Company on 26 April 2010, and was further appointed as an executive Director of the Company on 31 July 2010. Mr. Zhou joined the Sany Group in 1991 and worked at Sany Group Materials Industry Co., Ltd. (三一集團材料工業有限公司), Hunan Zhongfa Asset Management Co., Ltd. (湖南中發資產管理有限公司) and Sany Heavy Industry Co. Ltd. ("Sany Heavy Industry") and held the positions of assistant to the plant manager, officer of the general manager's office, department head of legislative affairs, general manager of Hunan Zhongfa Asset Management Company Limited and deputy general manager of Sany Heavy Industry respectively. In October 2007, he was transferred to the largest operations department in terms of scale of sales of Sany Group — sales of pumping products as the standing deputy general manager and general manager of the sales and marketing division in full engagement of the pumping products operation. In February 2009, he was posted as the vice president of Sany Heavy Industry and standing deputy general of the pumping products operations and is responsible for the day-to-day sales, service and blending equipments. Mr. Zhou has over 20 years of experience in the machinery industry.

From 2003 to 2006, Mr. Zhou studied at the Macau University of Science and Technology and obtained a master's degree in Law. He also graduated with a degree of Executive Master of Business Administration (EMBA) from Wuhan University (武漢大學) in the same year. He is currently pursuing an EMBA in Guanghua School of Management, Peking University.

During his tenure with Sany Heavy Industry, Mr. Zhou was awarded the "Sany Figures" (三一人物) for Year 2004; by virtue of his outstanding management capability, he was presented the title of "Excellent Manager" by the Changsha Economic and Technological Development Zone Administration Committee of the Communist Party of China (中共長沙經濟技術開發區管委會) in May 2008; he has also received the "Outstanding Contribution Prize" for Year 2009 presented by Sany Group in March 2010. After joining Sany International, Mr. Zhou was awarded honors such as the "Model Worker in Shenyang" and the "Excellent Corporate Culture Contribution Prize of Shenyang" for Year 2010. Mr. Zhou played an active role in social development and promotion of the industry. In 2010, he was appointed as the deputy director of Shenyang Market Economy Association (瀋陽市市場經濟協會), deputy director of National Safety Management Association (國家安全管理協會) and deputy director of the China Coal Machinery Industry Association (中國煤炭機械工業協會). At the same time, Mr. Zhou is in active participation in academic education and academic research. In July 2010, he was engaged as a visiting professor of Shenyang Industrial University (瀋陽工業大學). In September 2010, he was engaged as a supervisor for master's degree candidates of Design Art Faculty of Hunan University (湖南大學設計藝術學院). Also, Mr. Zhou published a number of articles in provincial level magazines such as the "World of Entrepreneurs" and took part in the editorship of the book "Guidance by Top Masters on Administration and Administrative Legal Proceedings of the Judicial Examination (行政法與行政訴訟法2003年度司法考試名師指導) in 2003. Mr. Zhou has achieved remarkable accomplishments in mechanical manufacturing, law and finance.

Mr. Liang Jianyi (梁堅毅), aged 55, was appointed as an executive Director of the Company on 23 July 2009. Mr. Liang has been the deputy general manager and chief engineer of Sany Heavy Equipment since June 2009. He has also been an executive director of Sany Heavy Equipment and Sany Zongcai since July 2008 and May 2008 respectively. Mr. Liang currently does not have any interest in, nor does he hold any position nor have any roles in the Sany Group. Mr. Liang has over 25 years of experience in the machinery industry.

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

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

During his tenure at Sany Heavy Equipment, Mr. Liang was awarded numerous prizes. By virtue of his introduction of an innovative corporate management system in Shenyang City, he was accorded the title of "Outstanding Corporate Management Worker" (優秀企業管理工作者) in 2008 by Shenyang Federation of Industrial Economics (瀋陽市工業經濟聯合會), Shenyang Enterprise Confederation (瀋陽市企業聯合會) and Shenyang Entrepreneurs Association (瀋陽市企業家協會). In 2009, Mr. Liang also received the honor of "Labour Model" by the Shenyang Tiexi Area Committee of the Shenyang Tiexi Area People's Government (瀋陽市鐵西區人民政府中共瀋陽市鐵西區委員會).

Non-executive Directors

Mr. Xiang Wenbo (向文波), aged 50, was appointed as a non-executive Director of the Company on 23 July 2009. He has also been a non-executive director of Sany Heavy Equipment since January 2004. Mr. Xiang has over 20 years of experience in the machinery industry. Mr. Xiang is currently the president and vice-chairman of Sany Heavy Equipment and is responsible for its overall business operations and strategic planning.

Mr. Xiang joined the Sany Group in 1991 and was mainly responsible for production business and marketing. Mr. Xiang held various positions in the Sany Group, such as the standing director and general manager of the marketing department, general manager of Sany Heavy Industry and executive president of the Sany Group. Mr. Xiang has also held a number of social positions such as a representative of the 11th National People's Congress (第十一屆全國人大代表), a council member of China Machinery Industry Confederation (中國機械工業聯合會), vice chairman of China Construction Machinery Industry Association (中國工程機械工業協會) and Industrial and Commercial Union in Hunan Province (湖南省工商聯合會). Mr. Xiang graduated from Dalian University of Technology (大連理工大學) with a master's degree in Moulding from the Materials department in October 1988.

Mr. Huang Jianlong (黃建龍), aged 49, was appointed as a non-executive Director of the Company on 23 July 2009. He has also been an non-executive Director of Sany Heavy Equipment since January 2004. Mr. Huang has over 20 years of experience in the machinery industry. Mr. Huang is currently a director and vice-president of Sany Heavy Industry. Mr. Huang joined the Sany Group in 1992 and was mainly responsible for the financial, production and overseas business. Mr. Huang has served in various positions in the Sany Group, such as manager of the machine plant, manager of the super-hard materials plant, finance manager, assistant to the general manager, deputy general manager and general manager of Sany Heavy Industry. Mr. Huang was the general manager of Sany Development, Middle East branch, in 2007. Prior to joining the Sany Group, Mr. Huang worked in Hunan Ferroalloy Factory (湖南鐵合金廠) between 1983 and 1991 as an assistant engineer and subsequently worked as an engineer. Mr. Huang graduated from Wuhan University (武漢大學) in June 2008 with a master's degree in Business Administration.

Mr. Wu Jialiang (吳佳梁), aged 50, was appointed a non-executive Director of the Company on 23 July 2009. He has been a director of Sany Heavy Equipment since January 2004. Mr. Wu joined the Group in 2003 and was the general manager of Sany Heavy Equipment from January 2004 to August 2007. Mr. Wu is currently the vice president of Sany Group and the general manager of Sany Electric Co., Ltd. (三一電氣有限責任公司), a subsidiary of the Sany Group. Mr. Wu has over 10 years of experience in the machinery industry.

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

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

Independent non-executive Directors

Dr. Ngai Wai Fung (魏偉峰), aged 49, was appointed as an independent non-executive Director of the Company on 5 November 2009. Mr. Ngai is currently the managing director of MNCOR Consulting Limited, the managing director of SW Corporate Services Group Limited and the vice president of the Hong Kong Institute of Chartered Secretaries.

From 2006 to 2009, Dr. Ngai was an independent non-executive director and a member of the audit committee of China Life Insurance Company Ltd. (中國人壽保險股份有限公司) which is listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange. From 2007 to 2011, Dr. Ngai was also an independent non-executive director and a member of audit committee of Franshion Properties (China) Limited (方興地產（中國）有限公司) which is listed on the Stock Exchange. Dr. Ngai is currently an independent non-executive Director and member or chairman of the audit committee of Bosideng International Holding Limited (波司登國際控股有限公司), China Railway Construction Corporation Limited (中國鐵建股份有限公司), China Coal Energy Company Limited (中國中煤能源股份有限公司), BaWang International (Group) Holdings Limited (霸王國際（集團）控股有限公司), SITC International Holdings Company Limited (海豐國際控股有限公司), Biostime International Holdings Limited (合生元國際控股有限公司) and Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), which are companies listed on the Stock Exchange. Dr. Ngai is currently also an independent non-executive director and a member of audit committee of LDK Solar Co., Ltd which is listed on the New York Stock Exchange.

From 2007 to 2010, Mr. Ngai was a director and head of listing services of KCS Hong Kong Limited (formerly the corporate and commercial divisions of KPMG and Grant Thornton, respectively) and was the chief officer from 2005 to 2007. Prior to this, Mr. Ngai served in various senior management positions, including executive director, company secretary and chief financial officer, of a number of listed companies (including Industrial and Commercial Bank of China (Asia) Ltd. (中國工商銀行(亞洲)有限公司), China Unicom (Hong Kong) Limited (中國聯通) and China COSCO Holdings Co. Ltd. (中遠集團).

Mr. Ngai has led or participated in major financing projects such as listing, mergers and acquisitions as well as issuance of debt securities, and the provision of professional services and support to many State-owned enterprises and red-chip companies in the areas of regulatory compliance, corporate governance and secretarial services.

Mr. Ngai obtained a master's degree in Business Administration from Andrews University of Michigan in 1992 and a master's degree in Corporate Finance from the Hong Kong Polytechnic University in 2002. He obtained his PhD in Finance at Shanghai University of Finance and Economics in 2011. Mr. Ngai is a member of the Association of Chartered Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Company Secretaries, a fellow of the Hong Kong Institute of Directors and a member of the Hong Kong Securities Institute.

Mr. Xu Yaxiong (許亞雄), aged 65, a professor-level senior engineer, was appointed as an independent non-executive Director of the Company on 5 November 2009. Mr. Xu is currently the President of the China National Coal Machinery Industry Association (中國煤炭機械工業協會).

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

Mr. Ng Yuk Keung (吳育強), aged 47, was appointed as an independent non-executive Director of the Company on 5 November 2009. Mr. Ng is currently the executive director and chief financial officer of China NT Pharma Group and the honorary adviser of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司).

Mr. Ng worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From 2001 to 2003, he was the chief financial officer of Beijing International School, and was the accounting adviser of Australian Commercial Lawyers Agency in 2004. From November 2004 to August 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (彩虹集團電子股份有限公司). He is also the independent non-executive director of Xinjiang Xinxin Mining Industry Company Limited (新疆新鑫礦業股份有限公司), Beijing Capital Land Limited (首創置業股份有限公司), Zhongsheng Group Holdings Limited (中升集團控股有限公司) and Winsway Coking Coal Holdings Limited (永暉焦煤股份有限公司) and the honourable adviser of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司).

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

Senior Management

Mr. Liu Weili (劉偉立), aged 49, is the general manager of the sales department of the Company. He has been a director of Sany Transportation since September 2009. Mr. Liu has over 10 years of experience in the machinery industry. Mr. Liu has been the general manager of the sales department and the vice-president in Sany Heavy Equipment since 2006. From 1996 to 2006, Mr. Liu worked in the Sany Group and held the positions of operator, department head and assistant to the president. Prior to joining the Sany group, Mr. Liu worked in Changsha Clothing Industry Company (長沙市服裝工業公司) as a manager between 1991 and 1995 and in Changsha No. 2 Textile Printing and Dyeing Factory (長沙第二紡織印染廠) between 1978 and 1991.

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

Mr. Du Xing (杜興), aged 42, is the chief financial officer of Sany Heavy Equipment and has held this position since 2006. Mr. Du has over 10 years of experience in the machinery industry. From 2001 to 2006, Mr. Du held the position of financial manager of the Sany Group. Prior to joining the Sany Group, Mr. Du was the financial manager of Guangzhou branch of Shenzhen Konka Telecommunication Technology Co., Ltd. (深圳康佳通信科技有限公司) from 1999 to 2001 and was the chief financial and auditing officer of Yueyang Engineering Company (岳陽工程公司) from 1993 to 1999.

Mr. Du graduated from Shanghai University of Finance and Economics (上海財經大學) in June 1993 with a bachelor's degree in Economics and has also received MBA training for financial executives from Shanghai National Accounting Institute. He received an Executive Master of Business Administration degree awarded by Arizona State University WP Carey School of Business (美國亞利桑那州凱瑞商學院).

Mr. Huang Xiangyang (黃向陽), aged 50, deputy general manager and head of our research institute. He has work experience in the electrical and mechanical industry.

From 2001 to June 2010, Mr. Huang was posted at various departments of Sany Heavy Industry (computer room officer, director of automation office and head of research institute). He joined Sany Heavy Equipment in June 2010 as the deputy general manager of the coal mining operation division. Since October 2010, Mr. Huang Xiangyang has been posted as the deputy general manager and head of our research institute.

Joint Company Secretaries

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

Ms. Kam Mei Ha Wendy (甘美霞), aged 44, was appointed as one of the joint company secretaries of our Company. Ms. Kam is a senior manager of corporate services at Tricor Services Limited ("Tricor"). Tricor is a global professional services provider specializing in integrated business, corporate and investor services. Ms. Kam is a Chartered Secretary and an Associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom. She has extensive experience in a diversified range of corporate services and has been providing professional secretarial services for over 18 years. Other than our company, Ms. Kam had been appointed as company secretary of three other listed companies in Hong Kong.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2011.

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 2011. 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 2011.

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 26 to 48, 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 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and 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 these 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 Accountant. A review of interim financial information consists of making inquiries, 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. Consequently, it 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

29 August 2011

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
REVENUE	4	**1,781,846**	1,309,996
Cost of sales		**(972,073)**	(719,836)
Gross profit		**809,773**	590,160
Other income and gains	4	**60,356**	37,173
Selling and distribution costs		**(215,148)**	(151,621)
Administrative expenses		**(171,790)**	(95,060)
Other expenses		**(5,715)**	(16,103)
Finance costs	6	**(3,105)**	–
PROFIT BEFORE TAX	5	**474,371**	364,549
Income tax expense	7	**(58,791)**	(22,605)
PROFIT FOR THE PERIOD		**415,580**	341,944
Attributable to:			
Owners of the parent		**415,580**	341,944
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
			(Restated)
Basic and diluted (RMB Yuan)	9	**0.13**	0.11

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**415,580**	341,944
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(10,029)**	(7,767)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(10,029)**	(7,767)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**405,551**	334,177
Attributable to:		
Owners of the parent	**405,551**	334,177

30 June 2011

	Notes	**30 June 2011 RMB'000 (Unaudited)**	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,141,964**	837,707
Prepaid land lease payments	11	**322,778**	326,158
Non-current prepayments	14	**357,906**	110,659
Deferred tax assets		**86,156**	82,435
Total non-current assets		**1,908,804**	1,356,959
CURRENT ASSETS			
Inventories	12	**645,101**	384,297
Trade receivables	13	**1,630,184**	874,417
Bills receivable	13	**368,052**	281,785
Prepayments, deposits and other receivables	14	**372,279**	227,708
Derivative financial instruments		**–**	12,233
Investment deposits	15	**100,000**	768,560
Time deposits	16	**783,000**	1,177,250
Pledged deposits	16	**26,350**	37,718
Cash and cash equivalents	16	**760,152**	762,534
Total current assets		**4,685,118**	4,526,502
CURRENT LIABILITIES			
Trade and bills payable	17	**629,868**	277,973
Other payables and accruals	18	**512,056**	446,906
Tax payable		**91,506**	86,934
Provision for warranties	19	**53,124**	31,934
Government grants	20	**6,844**	6,655
Total current liabilities		**1,293,398**	850,402
NET CURRENT ASSETS		**3,391,720**	3,676,100
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,300,524**	5,033,059
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**–**	1,835
Government grants	20	**275,939**	279,481
Total non-current liabilities		**275,939**	281,316
Net assets		**5,024,585**	4,751,743

Interim Condensed Consolidated Statement of Financial Position

30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	21	**270,110**	182,801
Reserves		**4,754,475**	4,436,233
Proposed final dividend	8	**–**	132,709
Total equity		**5,024,585**	4,751,743

Director: Mao Zhongwu

Director: Zhou Wanchun

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2011

	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
At 1 January 2011	182,801	1,919,934#	1,332,316#	154,922#	(22,129) #	1,051,190#	132,709	4,751,743
Total comprehensive income for the period	–	–	–	–	(10,029)	415,580	–	405,551
Issue of bonus shares (note 21)	87,309	(87,309)	–	–	–	–	–	–
Transfer from retained profits	–	–	–	40,490	–	(40,490)	–	–
Final 2010 dividend declared	–	–	–	–	–	–	(132,709)	(132,709)
At 30 June 2011(Unaudited)	270,110	1,832,625#	1,332,316#	195,412#	(32,158)#	1,426,280#	–	5,024,585

\# These reserve accounts comprise the consolidated reserves of RMB4,754,475,000 (31 December 2010: RMB4,436,233,000) 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	Proposed final dividend RMB'000	Total equity RMB'000
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 (Unaudited)	182,801	2,052,643	1,332,316	122,245	(8,998)	755,299	–	4,436,306

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(364,360)**	(886,705)
Net cash flows from/(used in) investing activities	**498,891**	(1,062,135)
Net cash flows from/(used in) financing activities	**(126,884)**	3,768
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**7,647**	(1,945,072)
Effect of foreign exchange rate changes, net	**(10,029)**	(7,767)
Cash and cash equivalents at beginning of period	**762,534**	2,865,767
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**760,152**	912,928
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**760,152**	911,928
Non-pledged time deposits with original maturity of less than three months when acquired	**–**	1,000
	760,152	912,928

1. Corporate Information

Sany Heavy Equipment International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 23 July 2009. The Company's registered office address is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 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 roadheaders, CCMUs and coal mine transportation vehicles in Mainland China.

In the opinion of the directors of the Company (the "Directors"), as at the date of these interim condensed consolidated financial statements, the holding company and ultimate holding company of the Company are Sany Hongkong Group Limited ("Sany HK") 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 2011 have been prepared in accordance with IAS 34. 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 annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

2.2 Impact of New and Revised International Financial Reporting Standards

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are the same as those used in the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations that the Group has adopted for the first time for the current period as disclosed below.

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards-Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation-Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
IFRSs Amendments	*Improvements to IFRSs* 2010

The adoption of these new and revised IFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.3 Issued but Not Yet Effective International Financial Reporting Standards

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 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures –Transfers of Financial Assets* [1]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements* [4]
IFRS 11	*Joint Arrangements* [4]
IFRS 12	*Disclosure of Interests in Other Entities* [4]
IFRS 13	*Fair Value Measurement* [4]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [2]
IAS 1 (Revised)	*Presentation of Financial Statements on the Presentation of Other Comprehensive Income* [3]

1 effective for annual periods beginning on or after 1 July 2011
2 effective for annual periods beginning on or after 1 January 2012
3 effective for annual periods beginning on or after 1 July 2012
4 effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application, but is not in a position to state whether these new and revised IFRSs will have a significant impact on the Group's results of operations and financial position.

3. Operating Segment Information

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

The heavy equipment segment principally produces roadheaders, CCMUs and coal mine transportation vehicles.

No operating segments have been aggregated to form the above reportable operating segment.

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.

Information about a major customer

Revenue of approximately RMB395,900,000 (six months ended 30 June 2010: nil) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control by that customer.

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	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**1,757,568**	1,305,353
Rendering of services	**24,278**	4,643
	1,781,846	1,309,996
Other income		
Bank interest income	**16,430**	4,533
Profit from sale of scrap materials	**24,145**	22,584
Government grants (note 20)	**3,503**	5,162
Others	**606**	1,181
	44,684	33,460
Gains		
Gains from investment deposits	**6,895**	–
Exchange gains	**8,777**	–
Fair value gains on derivative financial instruments		3,713
	15,672	3,713

5. Profit Before Tax

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

	Notes	Six months ended 30 June **2011** **RMB'000** **(Unaudited)**	 2010 RMB'000 (Unaudited)
Cost of inventories sold		**957,974**	717,566
Cost of services provided		**14,099**	2,270
Depreciation	10	**24,178**	15,248
Amortisation of land lease prepayments	11	**3,380**	3,464
Auditors' remuneration		**1,200**	1,000
Provision for warranties	19	**36,538**	41,008
Research and development costs		**79,917**	43,916
Minimum lease payments under operating leases:			
Dormitories for staff		**1,555**	1,060
Warehouses		**534**	881
		2,089	1,941
Employee benefit expenses:			
Wages and salaries		**126,972**	78,526
Pension scheme contributions		**19,017**	9,075
		145,989	87,601
Other expenses:			
Foreign exchange differences, net		**–**	5,014
Impairment of trade receivables		**3,129**	8,966
Provision against slow-moving and obsolete inventories		**2,557**	2,123
Loss on disposal of items of property, plant and equipment		**29**	–
		5,715	16,103

6. Finance Costs

	Six months ended 30 June **2011** **RMB'000** **(Unaudited)**	 2010 RMB'000 (Unaudited)
Interest on discounted bills	**3,105**	–

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 period.

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatment available to certain subsidiaries operating in Mainland China, the companies of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the period ended 30 June 2011.

The Group's principal operating company Sany Heavy Equipment Co., Ltd. (三一重型裝備有限公司) obtained the high technology enterprise accreditation and hence was subject to CIT at a rate of 15% in 2011.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**60,677**	29,313
Deferred	**(1,886)**	(6,708)
Total tax charge for the period	**58,791**	22,605

8. Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

9. Earnings Per Share Attributable To Ordinary Equity Holders Of The Parent

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2011 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,112,500,000 in issue during the period, as adjusted to reflect the issue of bonus shares on 26 May 2011. The weighted average number of ordinary shares in issue during the six months ended 30 June 2010 has been retrospectively restated to 3,112,500,000 ordinary shares to reflect the issue of bonus shares.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. Property, Plant and Equipment

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Carrying amount at 1 January	837,707	402,271
Additions	328,569	470,234
Disposals	(134)	(855)
Depreciation charge for the period/year	(24,178)	(33,943)
Carrying amount at 30 June/31 December	1,141,964	837,707

Included in the carrying amount of the property, plant and equipment as at 30 June 2011 was the capitalised interest of RMB6,714,000 (31 December 2010: RMB6,714,000).

Certificates of ownership in respect of newly-built buildings of the Group located in Shenyang with a net carrying amount of approximately RMB82,628,000 as at 30 June 2011 (31 December 2010: RMB83,547,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

The Group's buildings are located in Mainland China.

11. Prepaid Land Lease Payments

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Carrying amount at 1 January	333,084	340,010
Recognised during the period/year	(3,380)	(6,926)
Carrying amount at 30 June/31 December	329,704	333,084
Current portion included in prepayments, deposits and other receivables	(6,926)	(6,926)
Non-current portion	322,778	326,158

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

12. Inventories

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Raw materials	321,093	123,706
Work in progress	180,235	120,613
Finished goods	155,518	150,898
	656,846	395,217
Less: Provision	(11,745)	(10,920)
	645,101	384,297

13. Trade and Bills Receivable

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade receivables	1,664,760	907,346
Less: Impairment	(34,576)	(32,929)
Trade receivables, net	1,630,184	874,417
Bills receivable	368,052	281,785

The Group generally requires its customers to make payments at various stages of the sales transactions, however, the Group grants certain credit periods to old customers with 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.

13. Trade and Bills Receivable (continued)

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 60 days	**711,649**	528,159
61 to 90 days	**264,722**	86,431
91 to 180 days	**317,239**	119,464
181 to 365 days	**233,191**	103,950
Over 1 year	**103,383**	36,413
	1,630,184	874,417

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
At 1 January 2011/1 January 2010	**32,929**	30,332
Impairment losses recognised	**3,129**	2,748
Write-off	**(1,482)**	(151)
At 30 June 2011/31 December 2010	**34,576**	32,929

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Neither past due nor impaired	**1,497,392**	801,700
Past due but not impaired:		
Within 180 days past due	**107,228**	53,654
181 to 365 days past due	**12,939**	14,384
Over 1 year past due	**12,625**	4,679
Total	**1,630,184**	874,417

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.

13. Trade and Bills Receivable (continued)

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 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 60 days	**361,063**	260,233
61 to 90 days	**1,244**	6,900
91 to 180 days	**5,745**	14,652
	368,052	281,785

14. Prepayments, Deposits and Other Receivables

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Non-current prepayments	**357,906**	110,659
Current assets:		
Prepayments	**241,714**	151,471
Deposits and other receivables	**130,565**	76,237
	372,279	227,708

15. Investment Deposits

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Investment deposits, in licensed banks in Mainland China, at amortised cost	**100,000**	768,560

The investment deposits were repaid to the Group subsequent to the end of the reporting period.

16. Cash and Cash Equivalents, Time Deposits and Pledged Deposits

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Cash and bank balances	**760,152**	762,534
Time deposits	**809,350**	1,214,968
	1,569,502	1,977,502
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(783,000)**	(1,177,250)
Pledged time deposits for issuing bills payable	**(26,350)**	(37,718)
Cash and cash equivalents	**760,152**	762,534
Cash and bank balances and time deposits denominated in		
– RMB	**1,568,676**	1,664,213
– Hong Kong dollars ("HK$")	**709**	899
– Euro ("EUR")	**117**	–
– United States dollars ("US$")	**–**	312,390
	1,569,502	1,977,502

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$ and EUR. 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 represent balances pledged to banks for the issuance of the Group's bills payable.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

17. 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 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 30 days	**237,663**	88,470
31 to 90 days	**178,995**	109,358
91 to 180 days	**198,501**	60,289
181 days to 365 days	**14,709**	10,056
Over 1 year	**–**	9,800
	629,868	277,973

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 within 180 days.

18. Other Payables and Accruals

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Deposits received from customers	**154,270**	91,536
Other payables	**346,515**	340,450
Accruals	**11,271**	14,920
	512,056	446,906

The other payables are non-interest-bearing and have no fixed terms of repayment.

19. Provision for Warranties

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
At 1 January	**31,934**	28,994
Additional provision	**36,538**	68,429
Amounts utilised during the period/year	**(15,348)**	(65,489)
At 30 June/31 December	**53,124**	31,934

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.

20. Government Grants

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
At 1 January	**286,136**	263,338
Grants recognised during the period/year	**150**	35,560
Amortised as income during the period/year	**(3,503)**	(12,762)
At 30 June/31 December	**282,783**	286,136
Current portion	**(6,844)**	(6,655)
Non-current portion	**275,939**	279,481

21. Share Capital

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Authorised: 5,000,000,000 ordinary shares (31 December 2010: 3,000,000,000 ordinary shares) of HK$0.10 each	**500,000**	300,000
Issued and fully paid: 3,112,500,000 ordinary shares (31 December 2010: 2,075,000,000 ordinary shares) of HK$0.10 each	**311,250**	207,500
Equivalent to RMB'000	**270,110**	182,801

Pursuant to the resolution on the issue of bonus shares and the increase in the Company's share capital at the annual general meeting held on 13 May 2011, the authorised share capital of the Company was increased to HK$500,000,000 divided into 5,000,000,000 ordinary shares of HK$0.10 each, and the Company's issued share capital was increased to HK$311,250,000 divided into 3,112,500,000 ordinary shares of HK$0.10 each by capitalising the share premium of the Company, pursuant to which 1,037,500,000 bonus shares have been allotted and issued.

22. Operating Lease Arrangements

(a) As lessor

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

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**227**	227
In the second to third years, inclusive	**340**	453
	567	680

22. Operating Lease Arrangements (continued)

(b) As lessee

The Group leases certain of its dormitories and warehouses 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 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**1,860**	3,998
In the second to third years, inclusive	**736**	1,379
	2,596	5,377

23. Commitments

In addition to the operating lease commitments as set out in note 22(b) above, the Group had the following capital commitments as at the end of the reporting period:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Contracted, but not provided for:		
Prepaid land lease payments	**10,814**	133,602
Buildings	**471,612**	195,245
Plant and machinery	**263,067**	171,853
	745,493	500,700

24. Related Party Transactions and Balances

(1) Transactions with related parties

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

	Notes	Six months ended 30 June **2011** **RMB'000** **(Unaudited)**	 2010 RMB'000 (Unaudited)
Sales of products to:			
China Kangfu International Leasing Co., Ltd. ("Kangfu International") (中國康富國際租賃有限公司)	(i)&(v)	**–**	245,642
Purchases of raw materials from:			
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(ii)&(v)	**30,283**	7,695
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(ii)&(v)	**225**	12,321
Shanghai Sany Technology Co., Ltd. (上海三一科技有限公司)	(ii)&(v)	**436**	1,915
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(ii)&(v)	**17,101**	3,583
Hunan Sany Pump Machinery Co., Ltd. (湖南三一泵送機械有限公司)	(ii)&(v)	**1,517**	1,525
Sany Intelligent Control Equipment Co., Ltd. (三一智能控制設備有限公司)	(ii)&(v)	**547**	348
Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(ii)&(v)	**3**	–
		50,112	27,387
Operating rental received from:			
Hunan Sany Repair Services Co., Ltd. (湖南三一維修有限公司)	(iii)&(v)	**113**	110
Service fee paid to:			
Hunan Xinxiang Construction Consultation Co., Ltd. (湖南興湘建設監理諮詢有限公司)	(iv)&(v)	**546**	–

24. Related Party Transactions and Balances (continued)

(1) Transactions with related parties (continued)

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 companies owned and controlled by the controlling shareholders* (the "Controlling Shareholders") were made at prices and conditions as mutually agreed.

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

(iv) The service fee was paid according to the prevailing market service fee.

(v) Kangfu International, Loudi Zhongxing Hydraulic Parts Co., Ltd., Sany Heavy Industry Co., Ltd., Shanghai Sany Technology Co., Ltd., Suote Transmission Equipment Co., Ltd., Hunan Sany Pump Machinery Co., Ltd., Sany Intelligent Control Equipment Co., Ltd., Sany Automobile Lifting Machinery Co., Ltd.; Hunan Sany Repair Services Co., Ltd. and Hunan Xinxiang Construction Consultation 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.

* The Controlling Shareholders refer to the fourteen 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.

(2) Compensation of key management personnel of the Group

	Six months ended 30 June	
	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	**386**	371
Pension scheme contributions	**80**	35
Total compensation paid to key management personnel	**466**	406

25. Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2011.