SANYI

SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00631

2012 INTERIM REPORT 中期報告

QUALITY CHANGES THE WORLD

Contents

Financial Summary

(RMB: '000)	2012	2011	Increase/ decrease (%)
	For the six months ended 30 June		
Revenue	**2,345,145**	1,781,846	31.6
Gross profit	**951,820**	809,773	17.5
Profit before tax	**568,117**	474,371	19.8
Net profit before withholding tax on dividend[1]	**493,692**	415,580/ 387,178[2]	18.8/27.5
Net profit	**485,039**	415,580	16.7
Profit attributable to owners of the parent of the Company	**484,121**	415,580	16.5
Total asset	**7,919,354**	6,593,922	20.1
Total equity	**5,659,268**	5,024,585	12.6
Cash flow from operating activities	**(147,027)**	(364,360)	(59.6)
Cash flow from investment activities	**228,151**	498,891	(54.3)
Cash flow from financing activities	**(139,742)**	(126,884)	10.1
Earnings per share			
– Basic	**RMB0.16**	RMB0.13	23.1
– Diluted	**RMB0.16**	RMB0.13	23.1

(%)	**For the six months ended 30 June 2012**	For the twelve months ended 31 December 2011	Increase/ decrease (%)
Profit margin	**40.6%**	40.4%	0.2
Net profit margin[3]	**20.7%**	20.5%	0.2
Profit margin attributable to owners of the parent of the Company	**20.6%**	20.5%	0.1
Asset turnover	**30.5%**	56.6%	(26.1)
Gearing ratio	**28.5%**	28.0%	0.5
Average total asset (RMB '000)	**7,692,753**	6,674,806	

1 The basis is the same as that adopted in 2011 for the calculation of net profit, net of withholding tax on dividend.

2 Average net profit for the half-year of 2011.

3 Divide the net profit by sales revenue.

Directors

Executive Directors
Mr. Mao Zhongwu
Mr. Zhou Wanchun
Mr. Huang Xiangyang
Mr. Liu Weili

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

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

Joint Company Secretaries
Mr. Hu Tao (William Hu)
Ms. Kam Mei Ha, Wendy

Audit Committee
Mr. Ngai Wai Fung *(Chairman)*
Mr. Xu Yaxiong
Mr. Ng Yuk Keung

Remuneration Committee
Mr. Xu Yaxiong *(Chairman)*
Mr. Ngai Wai Fung
Mr. Ng Yuk Keung

Nomination Committee
Mr. Mao Zhongwu *(Chairman)*
Mr. Ngai Wai Fung
Mr. Xu Yaxiong

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong
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Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Principal Bankers
Bank of China
Bank of Communications
Shanghai Pudong Development 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
Bank of Yingkou

Auditors
Ernst & Young
Certified Public Accountants

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

Stock Code
00631

Hong Kong Share Registrar
Computershare Hong Kong Investor
Services Limited
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Investor Relations
Mr. Hu Tao (William Hu)

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Postal code	:	110027

Chief Executive Officer's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") 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 (the "Group") for the six months ended 30 June 2012.

Performance Review

For the six months ended 30 June 2012, the Group achieved a sales of approximately RMB2,345.1 million, representing an increase of approximately 31.6% and maintained a rapid growth in sales (corresponding period of last year: approximately RMB1,781.8 million). Net profit was RMB493.7 million, representing an increase of approximately 27.5% compared with the average net profit in the half of 2011 (using the same calculation method as 2011, which excluded the effect of withholding tax on dividend). Earnings per share amounted to approximately RMB0.16 and the Group did not have any bank borrowings. The Board does not recommend the payment of any interim dividend.

The year of 2011 was an important year for the Group. By virtue of its outstanding integrated strength, the Group achieved a rapid growth under a challenging environment with certain issues to be resolved. Firstly, the Group's profit growing factor was not of a great variety as most of the profit was attributable to the roadheader-carried advanced equipment; second, the high manufacturing cost of combined coal mining unit ("CCMU") remained, resulting in a low gross profit margin; and the low gross profit margin of the CCMU further lowered the overall gross profit margin of the Group as the sales of the CCMU increased; third, the Group was not able to achieve the expected profit margin because of inefficient cost controls. To deal with the above issues, the Group has adopted a series of measures, impact of which will gradually arise.

The Group has sought to develop a new profit driving force. It acquired all assets related to the off-highway mining truck business to develop the new business of manufacturing surface mining equipment, which is complementary to and create synergy with our existing underground mining equipment business. As a result, 30 units of off-highway mining trucks were sold during the first half of 2012. The Group also promoted the advantages of improved exploration level of mining area, prolonged term of mining services and higher utilization rate of coal resources. Given the increasing market share in overseas market, the Group was able to further establish its marketing network and the reputation of its brand. As a result, the sales revenue from the overseas market amounted to approximately RMB100.6 million. The revenue generated from the sales of spare parts amounted to approximately RMB347.1 million, representing an increase of approximately 58.1%, which was attributable to the stably improved after-sale services as well as the strong cooperative relationship with new and existing customers.

The Group has sought to reduce the manufacturing cost of CCMU and to increase the gross profit margin of CCMU. The Group improved the manufacturing technology and procedure of CCMU such as introducing new technology for new thin coal seams mining machine and an innovative model of hydraulic roof support to reduce the manufacturing cost fundamentally. As the construction of factories in new industrial zone will soon be completed, the production of CCMU will be improved and will become more efficient gradually. As a result, there will be significant improvement in gross profit margin.

The Group has sought to optimize the cost management system by fully utilizing the advantages of being a privately-owned enterprise through establishing and strictly complying with a series of systems to reduce unnecessary costs; and the Group achieved certain results in such aspect. The ratios of administrative expenses and finance costs to sale revenue decreased from 9.6% and 0.2% for the corresponding period in 2011 to 7.1% and 0.03%, respectively, and the cost control method has been proven to be effective. Cost control is a long-term measure and the Group will continue to optimize the control measure on each cost to achieve more apparent results.

Prospect

Coal mining machines manufacturing industry will experience rapid growing opportunities for the coming years, but it is foreseeable that the Group will face intense competition under such challenging environment to capture market share. Given the 75% annual mechanization rate of the coal mining industry required by the state, the compelling safety issue of the coal mine industry and the growing demand of coal, the coal mining machine manufacturing industry will experience a rapid growth and it is expected that the industrial outlook will turn bright in the second half of 2012 and achieve a more rapid and significant growth in 2013. Under such rapid development, there will be a competition among several coal mining machine manufacturers to capture the market share. The Group will further improve its own development to capitalize the market opportunity and obtain a more encouraging result during the period with both opportunities and challenges.

The Group will further stabilize and optimize current product structure to capitalize on its strong advantage on research and development by actively developing new products meeting the market and customers' needs for the purpose of boosting sales revenue and net profit. The Company will launch a new model of coal mining machinery for thin coal seam, 400B which is jointly developed by China and Germany. Such model is the smallest coal mining machinery in the world and it is highly flexible and safe. Its actual mining height lower limit is 0.7m, which is a world record of integrated coal mining industry. Besides, we will launch a new model of hydraulic support applicable to thin coal seam, which solves the problems in resistance, low mining height and lack of affiliated equipment. All of these offer a set of brand new affiliated equipment for domestic integrated coal mining industry. The Company is developing a coal mining machinery of 3000 series, which is highly reliable, easy to repair and advanced. It can satisfy the demand of affluent mining company towards AC coal mining machinery with high mining height and high power and to satisfy the need of construction of productive, efficient and modern coal mine, and can fulfill the demand of domestic and overseas markets. The successful trail operation of a self-developed set of fully-automated plough coal units symbolizes that the domestic mining technology for thin coal seam has reached a world-leading standard and that the age of safe, efficient and automatic mining for thin coal seam is coming to China. ML400, a self-developed remote-controlled continuous mining machinery of the Group, has competitive advantages over those products manufactured by overseas companies, in terms of overall power output, cutting power and production efficiency, which challenges the technological dominance of overseas companies. The Group has become a role model for domestic coal mining machine manufacturers.

Given the large customer base and marketing network, the Group plans to extend and seek a closer cooperation with downstream coal mining companies in product sales to form a relationship that is beneficial to both the Company and the downstream coal mining companies. Besides, the Group will also communicate with the industrial players to enhance cooperation for mutual benefits. By adhering to the principle of facilitating the healthy development of the entire coal mining machine manufacturing industry, the Group actively responds to the "Twelfth-Five-Year-Plan" of the PRC to further enhance its technological level in products and consolidate its international status with an aim to replace its foreign competitors and take their dominance position for importing high-end equipment as soon as possible.

The Group will continue with its strict cost control measures and budget control to improve its cost-efficiency.

The Group adheres to the business philosophy of "All for Customers, All from Innovation" to develop its strength in research and development, manufacturing and services, which gives the Group the competitive edge over other competitors. By virtue of its strong competiveness, the Group maintains its leading position within the industry and its growth rate of sales revenue is higher than the average growth rate in the industry.

Social Responsibility

The Group promotes that "Contribution to the country is more important than the profit of an enterprise" and fulfills its social responsibility by making notable contribution to economic and social development. Meanwhile, the Group treats the development of teenagers and children with utmost importance. On the Children's Day on 1 June 2012, the Group's staff volunteer team paid a visit to a children's asylum and donated necessities such as clothes, toys and books to the children.

In 2012, the Group will actively rely on national policies and market conditions, overcome every problem and conquer challenges so as to improve operation efficiency, profitability and brand competitiveness, which lay a foundation for better and faster future development and create better value for the shareholders of the Company (the "Shareholders").

Lastly, on behalf of the Board, I would like to express my gratitude to the Shareholders and customers for their trust and support as well as my deep appreciation to our management and staffs for their endless efforts and contribution.

Zhou Wanchun
Chief Executive Officer

Hong Kong, 14 August 2012

As compared to the six months ended 30 June 2011, the sales revenue for the six months ended 30 June 2012 increased approximately 31.6% to approximately RMB2,345.1 million. Net profit amounted to approximately RMB493.7 million, representing an increase of approximately 27.5% as compared with the average net profit of the half of 2011 (same basis as that adopted in 2011 for the calculation of net profit, net of the withholding tax on dividend).

Business Review and Prospects

Major products

The products of the Group are majorly categorized into roadheader, CCMU, mining transport equipment (including underground and surface), spare parts and services and other new products. The roadheader includes all sorts of soft rock, hard rock roadheader and drilling machinery; CCMU includes coal mining machine (shearer), hydraulic support system (hydraulic support), scraper conveyor (Armored-Face Conveyer) and centralised control system; mining transport equipment includes mechanical drive off-highway dump truck, electric drive off-highway dump truck, articulated truck and underground coal mining vehicle; and other new products include continuous mining machinery and washing equipment.

Research and development capability

The Group considered research and development as one of its most important strength and it is committed to establish a competitive research and development team so as to offer customers with products that are of higher quality at a reasonable price. While the Group continuously improves its research and development capability, it has also invested in the establishment of research and development centers in the United States and Germany. The Group has employed experienced foreign experts to establish a research and development team with members from China and other countries and to fully develop and utilize the top-tier technical resources so as to attain distinctive competitive advantages over both domestic and international competitors.

During the first half of 2012, the Group applied for 141 national patents (increased by approximately 41.0% compared to the same period of 2011), of which 58 items were patented inventions (increased by approximately 34.9% compared to the same period of 2011).

New business – Surface mining equipment

After the successful acquisition of all the assets related to the off-highway mining truck business at the end of 2011, the Group achieved sales of 30 units of off-highway mining trucks during the first half of 2012. The revenue reached approximately RMB118.6 million, offering the Group a new profit driving force. The Group has been equipped with the capabilities to manufacture surface mining equipment, which are complementary to and create synergy with our existing underground mining equipment business and help promoting the business of the Company to a broader platform.

Capacity expansion

The substantial capital raised through listing of the Group on 25 November 2009 was mainly used for improving the business environment and expanding the production scale. Currently, the construction of the new industrial parks in Shenyang Economic and Technology Development Zone is in progress, and expected to be fully completed and the industrial parks will commence operation by the end of October 2012. The production capacity for CCMU will be enhanced. The Group will gradually benefit from the economies of scale and the gross profit margin for CCMU will be significantly improved.

Distribution and service in China

The Group forms an important strategic partnership with a number of large coal mine enterprises and enhances the communication and understanding with clients through field visits; which played a positive role in promoting the Group's cooperation with other corporations.

The Group will adhere to its service philosophy of "All For Customers, All From Innovations", by providing first-class service and highly efficient response to meet customers' needs and raise customers' satisfaction, to free customers away from worries. The Group believes that excellent product quality, attentive after-sales service and efficient response differentiate the Group from the rest in the fierce market competition.

Overseas sale

After development in recent years, the fine quality of the Group's products has now been widely recognized by the global market and the influence of the Company's brand in the world has grown significantly. Our products were successfully sold to Ukraine, Australia, Russia, Vietnam and South Africa etc. Sales income generated from sales oversea in the first half of 2012 amounted to approximately RMB100.6 million, which marked the milestone for the Group's recognition in the international market. The Group has partnered with DTEK group, the largest private coal energy company in Ukraine.

Financial Review

Revenue

For the six months ended 30 June 2012, the Group recorded revenue of approximately RMB2,345.1 million (six months ended 30 June 2011: approximately RMB1,781.8 million), representing a growth of approximately 31.6% over the same period in 2011. The main reasons for the growth were that: (1) the revenue of the Group's roadheader maintained a steady growth and leading position in the industry; (2) the CCMU was widely recognized in the market with a strong revenue growth of approximately 78.6%; (3) the revenue performance of the Group's off-highway mining truck was outstanding and the sales of off-highway mining truck in the first half of 2012 reached 30 units and the revenue reached approximately RMB118.6 million, which offered the new profit driving force to the Group; and (4) the Group's customer base gradually expanded with a significant growth in the revenue generated from the sales of spare parts and after sales service of approximately 48.8%.

Other income and gains

For the six months ended 30 June 2012, the Group's other income and gains was approximately RMB115.5 million (six months ended 30 June 2011: approximately RMB60.4 million), representing a growth of approximately 91.4%, mainly comprising of the government subsidy obtained for R&D and the gain from sales of scrap materials.

Trade and bills receivables

The Group's trade receivables and bills receivable for the six months ended 30 June 2012 recorded an increase compared to the same period of 2011. As of 30 June 2012, the amount of the Group's trade receivables and bills receivable was approximately RMB2,787.3 million, representing an increase of approximately 39.5% from approximately RMB1,998.2 million as of 30 June 2011. This was mainly due to (1) the scale of the sales of the Group achieved a substantial growth; and (2) the proportion of the sales to large coal customers further increased.

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

Customer composition and regional analysis

The main revenue of the Group came from the sales in Shanxi, Shaanxi, Anhui, Guizhou and Henan. The revenue from the sales of these five provinces represented approximately 71.0% of the Group's total revenue. In particular, revenue from the sales in Shanxi represented approximately 31.1% of the Group's total revenue. For the six months ended 30 June 2012, the proportion of sales from large state-owned coal enterprises further increased.

Cost of sales

The Group implemented significant cost control measures. The costs of most of the raw materials were controlled at the same level as last year. For the six months ended 30 June 2012, the Group's cost of sales increased to approximately RMB1,393.3 million (six months ended 30 June 2011: approximately RMB972.1 million) representing a growth of approximately 43.3% over the same period in 2011.

Gross profit and gross margin

The Group's gross margin improved in the first half year of 2012. For the six months ended 30 June 2012, the Group's gross margin amounted to approximately 40.6%, up by approximately 0.2 percent point compared to the full year of 2011. This was mainly due to (1) the improvement of gross margin of the Group's CCMU; and (2) the high gross margin of roadheader and spare parts.

Profit margin before tax

The Group's profit margin before tax improved significantly in the first half of 2012. For the six months ended 30 June 2012, the Group's profit margin before tax was approximately 24.2% which increased approximately 0.9 percent point as compared to the full year of 2011.

Selling and distribution costs

For the six months ended 30 June 2012, the selling and distribution costs were approximately RMB307.5 million (six months ended 30 June 2011: approximately RMB215.1 million), representing an increase of approximately 42.9% over the same period in 2011. For the six months ended 30 June 2012, the ratio of the Group's selling and distribution costs to revenue increased by approximately 1 percent point to approximately 13.1% as compared to the same period 2011 (six months ended 30 June 2011: approximately 12.1%). The increase was mainly due to the increase in the Group's investment to provide higher quality services to clients.

Other administrative expenses

For the six months ended 30 June 2012, the Group's administrative expenses reached approximately RMB167.2 million. The ratio of administrative expenses excluding research and development expenses to revenue decreased approximately 0.3 percent point to approximately 4.9% from approximately 5.2% in the first half of 2011.

Finance costs

The Group still maintained a low indebtedness level. For the six months ended 30 June 2012, the Group's finance costs was approximately RMB0.7 million (for the six months ended 30 June 2011: approximately RMB3.1 million).

Taxation
For the six months ended 30 June 2012, the Group's effective tax rate was approximately 14.6% (six months ended 30 June 2011: effective tax rate was approximately 12.4%). The income tax increased from approximately RMB58.8 million for the six months ended 30 June 2011 to approximately RMB83.1 million for the six months ended 30 June 2012, of which enterprise income tax was approximately RMB120.0 million (six months ended 30 June 2011: approximately RMB60.7 million) and deferred income tax gain was approximately RMB36.9 million (six months ended 30 June 2011: approximately RMB1.9 million).

Withholding tax on dividend
The domestic entities of the Group in the PRC will distribute dividends to the Company in 2012 which resulted in a withholding tax on dividend of approximately RMB8.65 million in the first half of 2012. There was no such costs for the same period of 2011.

Profit attributable to equity holders of the parent
For the six months ended 30 June 2012, the Group's profit attributable to equity holders of the parent increased to approximately RMB484.1 million (six months ended 30 June 2011: approximately RMB415.6 million), representing an increase of approximately 16.5%.

Liquidity and financial resources
The capital structure of the Group has been healthy compared to other competitors in the industry. As of 30 June 2012, current assets of the Group were approximately RMB4,821.0 million. As of 30 June 2012, current liabilities of the Group were approximately RMB1,830.0 million.

As of 30 June 2012, total assets of the Group were approximately RMB7,919.4 million (as of 31 December 2011: approximately RMB7,466.2 million); total liabilities were approximately RMB2,260.1 million (as of 31 December 2011: approximately RMB2,092.4 million); and the gearing ratio was approximately 28.5% as of 30 June 2012.

As of 30 June 2012, the Group did not have any bank borrowings and had a large amount of credit facility at banks that had not been utilized.

Cash flow
The cash position of the Group has always been strong. However, the cash utilization is not effective. Therefore, the Group used part of the cash for investment during the first half of 2012. As for 30 June 2012, the cash and cash equivalents of the Group and time deposits with maturity of three months or more were approximately RMB519.8 million.

The cash flow of operating activities improved significantly in the first half of 2012, the expenses of net cash from operating activities decreased substantially. For six months ended 30 June 2012, the net cash from operating activities were approximately negative RMB147.0 million (for the six months ended 30 June 2011, the net cash from operating activities were approximately negative RMB364.4 million).

For the six months ended 30 June 2012, the net cash from investing activities were approximately positive RMB228.2 million (for the six months ended 30 June 2011, the net cash from investing activities were approximately positive RMB498.9 million).

The Group maintained a low level of expenses of the net cash from financing activities in the first half of 2012. For the six months ended 30 June 2012, the net cash from financing activities were approximately negative RMB139.7 million (for the six months ended 30 June 2011, the net cash from financing activities were approximately negative RMB126.9 million), and the fund was used for the payment of dividend in 2011.

Turnover days

During the review period, the turnover days of the Group recorded a slight increase from approximately 179.0 days as of 30 June 2011 to approximately 205.3 days as of 30 June 2012.

During the review period, the average turnover days of inventory increased from approximately 99.0 days as of 30 June 2011 to approximately 115.4 days as of 30 June 2012. Such increase was mainly due to the expansion of the production scale of the integrated products and the Group's reserve of more raw materials to meet the production needs.

The Group has consistently maintained the most stringent assessment criteria of the customers' credit standings so as to minimize the amount of bad debt. Turnover days of trade and bills receivable increased from approximately 165.5 days as of 30 June 2011 to approximately 201.0 days as of 30 June 2012 mainly due to (1) the impact of the significant growth of sales in the first half of 2012 and the seasonal factors affecting the collection of receivables; and (2) the increase in the proportion of sales to major customers to strengthen the business relationship with major customers.

As of 30 June 2012, 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 increased from approximately 85.5 days as of 30 June 2011 to approximately 111.1 days as of 30 June 2012.

Contingent liabilities

As of 30 June 2012, the Group had no significant contingent liabilities.

Capital commitment

As of 30 June 2012, the contracted or authorised but not contracted capital commitments of the Group which are not provided in the financial statements were approximately RMB511.8 million (as of 30 June 2011: approximately RMB745.5 million), mainly used in the construction of new production regions.

Employees and remuneration policy

The Group is committed to training and developing talents. Accordingly, it provides internal training, external training and correspondence courses for its staff according to their seniority regularly with an aim to enhance their relevant skills as well as strengthen their loyalty. In addition, the Group paid year-end bonuses to staffs 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.

In order to rapidly enhance the skills of the research and development personnel, the Group offered them opportunities to participate in the operation, disassembly and maintenance of machineries so that they can have a better understanding of machineries. In the first half of 2012, the Group invested a lot of manpower and resources for training the research and development personnel so that they can create more innovative designs.

In the first half of 2012, the Group invested approximately RMB2.0 million in training.

Material acquisition and disposal

For the six months ended 30 June 2012, the Company's subsidiaries and associates had no material acquisitions or disposals.

Pledge of assets

As at 30 June 2012, the Company had deposits and bills receivable of an aggregate value of approximately RMB97.7 million (As at 31 December 2011: approximately RMB96.4 million), which were pledged for the purpose of obtaining the banking facility granted to the Group.

Foreign exchange risk

As at 30 June 2012, the Group's foreign currencies were exchanged to RMB amounting to approximately RMB10.2 million. The Group will monitor the risk exposures and may consider hedging against material currency risk if required.

Social responsibility

The Group promotes that "Contribution to the country is more important than the profit of an enterprise" and fulfills its social responsibility by making notable contribution to economic and social development. Meanwhile, the Group treats the development of teenagers and children with utmost importance. On the Children's Day on 1 June 2012, the Group's staff volunteer team paid a visit to a children's asylum and donated necessities such as clothes, toys and books to the children.

Interests and Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company or any of its associated corporation

As at 30 June 2012, the interests or short positions of each director of the Company (the "Director") and chief executive in the shares, underlying shares or debentures of the Company or any of its 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 were as follows:

Long positions in shares of Sany Heavy Equipment Investments Company Limited ("Sany BVI") (being the ultimate holding company of the Company)

Name of Director	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Mao Zhongwu *(Note)*	Beneficial owner	800	8.00%
Mr. Xiang Wenbo *(Note)*	Beneficial owner	800	8.00%
Mr. Huang Jianlong *(Note)*	Beneficial owner	8	0.08%

Note: Each of Mr. Mao Zhongwu, Mr. Xiang Wenbo and Mr. Huang Jianlong holds 8.00%, 8.00% and 0.08% of the issued share capital of Sany BVI, respectively, which in turn holds the entire issued share capital of Sany Hongkong Group Limited ("Sany HK"). Sany HK holds 2,270,274,000 shares of the Company.

Save as disclosed above, as at 30 June 2012, 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).

Disclosure of Interests

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

As at 30 June 2012, so far as the Directors and chief executive of the Company were aware, the following persons and corporations (excluding the directors and chief executives of the Company) had interests or short positions in any of the shares or underlying shares of the Company which were required to be notified to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, directly or indirectly, is interested in 10% or more of the nominal value of any class of share capital to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Sany HK	Beneficial owner	2,270,274,000	72.94%
Sany BVI *(Note 1)*	Interest of a controlled corporation	2,270,274,000	72.94%
Mr. Liang Wengen *(Note 2)*	Interest of a controlled corporation	2,270,274,000	72.94%

Notes:

1. Sany BVI owns 100% of the issued share capital of Sany HK. Sany BVI is therefore deemed to be interested in all the shares held by Sany HK in the Company under the SFO.

2. Mr. Liang Wengen is interested in 58.24% of Sany BVI. Mr. Liang Wengen is therefore deemed to be interested in all the shares held by Sany HK in the Company under the SFO.

Save as disclosed above, the Company has not been notified of any other person (other than the directors or chief executives of the Company) who had interests 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 2012.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float required under the Listing Rules as at the date of this interim report.

Share Option Scheme

During the period ended 30 June 2012, the Company did not have any share option scheme or outstanding share option.

Corporate Governance Practices

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

During the period from 1 January 2012 to 31 March 2012, the Company had complied with the code provisions of the former Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules; and during the period from 1 April 2012 to 30 June 2012, the Company had complied with the code provisions of the existing Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in that Appendix.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 review period, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they had complied with the Model Code throughout the six-month ended 30 June 2012.

The Board

The Board is consisted of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The executive Directors are Mr. Mao Zhongwu, Mr. Zhou Wanchun, Mr. Huang Xiangyang and Mr. Liu Weili. The non-executive Directors are Mr. Xiang Wenbo and Mr. Wu Jialiang. The independent non-executive Directors are Dr. Ngai Wai Fung, Mr. Ng Yuk Keung and Mr. Xu Yaxiong. The functions and duties conferred on the Board include convening Shareholders' meetings and reporting on the work of the Board to the Shareholders at Shareholders' meetings as may be required by applicable laws, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the articles of association of the Company (the "Articles") and applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive directors and independent non-executive directors bring a variety of experience and expertise to the Company.

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 primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board. The members meet regularly with the external auditors and the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that management has discharged its duty to have an effective internal control system. The Audit Committee consists of three members, namely Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung, of which are all independent non-executive Directors. Dr. Ngai Wai Fung, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The Audit Committee has held meetings to discuss the auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements of the Group for six months ended 30 June 2012.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code. On 21 March 2012, Mr. Xu Yaxiong was appointed as the chairman of the Remuneration Committee in place of Mr. Mao Zhongwu. Mr. Mao Zhongwu ceased to be a member of the Remuneration Committee but Dr. Ngai Wai Fung and Mr. Ng Yuk Keung, two of the independent non-executive Directors, remain as members of the Remuneration Committee. 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 is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors. The chairman is Mr. Mao Zhongwu, an executive Director, and the two other members are Mr. Xu Yaxiong and Dr. Ngai Wai Fung, both of them are 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 Co., Ltd. ("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 Limited ("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 45, is a 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 February 2009, he was appointed as the vice president of Sany Heavy Industry and standing deputy general of the pumping products operations and is responsible for the sales, service and blending equipments. Mr. Zhou has over 20 years of experience in the machinery industry.

Mr. Zhou possessed a master's degree in Law. He graduated with a degree of Executive Master of Business Administration (EMBA) from Wuhan University (武漢大學) and also obtained 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" for Year 2010, "Model Worker in Liaoning Province", "Outstanding Contribution of Entrepreneur Association of Shenyang Province" (瀋陽市企業家協會突出項獻人物) and the "Excellent Corporate Culture Contribution Prize of Shenyang" for Year 2012. 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). Mr. Zhou has achieved remarkable accomplishments in mechanical manufacturing, law and finance.

Mr. Huang Xiangyang (黃向陽), aged 50, deputy general manager and head of our research institute. Mr. Huang has been appointed as an executive Director of the Company since 18 May 2012. He has 30 years of work experience in the electrical and mechanical industry. From 2001 to June 2010, Mr. Huang had held various positions in 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 working as the deputy general manager and head of our research institute.

During the period serving in Sany Group, Mr. Huang was granted 6 technological awards at provincial level or above, 1 award at city level and obtained 60 patents, 4 of which were patented inventions. "Construction technology and critical equipment for plate-type rail without fragments of stone for high speed railway (350 km/h) CRTS II)", a project directed by Mr. Huang, won "Special Prize" from China Railway Engineering Corporation and "First Prize in Sichun Technological Innovation" whereas the "Q/OKTW 044-2007 asphalt cement motor semi-trailers", another project directed by Mr. Huang, won "Second Prize in China Standard Innovation Award". In 2008, Mr. Huang was selected as the "Most innovative person in Hunan province".

Mr. Liu Weili (劉偉立), aged 49, is the general manager of the sales department of the Company. Mr. Liu has been appointed as an executive Director of the Company since 18 May 2012. He was a director of Sany Group Shenyang Mining Transportation Equipment Co., Ltd. from September 2009 to December 2010. 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 various positions, including operator, department head and deputy general manager. Prior to joining the Sany Group, Mr. Liu had 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.

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 Industry 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 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. 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., 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 50, was appointed as an independent non-executive Director of the Company on 5 November 2009. Dr. 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 and CNPV Solar Power which is listed on the New York Stock Exchange.

From 2007 to 2010, Dr. 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, Dr. 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).

Dr. 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.

Dr. 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 doctor's degree in Finance at Shanghai University of Finance and Economics in 2011. Dr. Ngai is a fellow 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 66, 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 chief financial officer of Kingsoft Corporation Limited (金山軟件有限公司) 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 was the independent non-executive director of Xinjiang Xinxin Mining Industry Company Limited (新疆新鑫礦業股份有限公司) from February 2007 to October 2011. He was the executive director, chief financial officer and company secretary of China NT Pharma Group (中國泰凌醫藥集團) from March 2010 to 1 July 2012. He is also the independent non-executive director of 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).

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. Du Xing (杜興), aged 43, 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).

Joint Company Secretaries

Mr. Hu Tao (胡濤), aged 30, was appointed as a joint company secretary of the Company on 17 July 2012. Prior to his appointment as one of the joint company secretaries of the Company, he had been appointed since June 2009 as an assistant company secretary of the Company responsible for information disclosure and investor relations management. Prior to his appointment as an assistant company secretary of the Company, he had worked as the investment manager of Sany Group Limited and as the manager of securities affairs of Sany Heavy Industry Co., Ltd. from March 2008 to June 2009, mainly responsible for investment management. Given the background of Mr. Hu, he has extensive practical experience in investment management and handling compliance matters of a Hong Kong listed company. Mr. Hu received a bachelor's degree in Information and Computer Science (also known as Computational Mathematics) from Xiangtan University in 2004 and a master's degree in Finance from the University of Wollongong in 2006 (with Distinction).

Ms. Kam Mei Ha Wendy (甘美霞), aged 45, 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 the United Kingdom. She holds a Practitioner's Endorsement Certificate from the Hong Kong Institute of Chartered Secretaries. She has extensive experience in a diversified range of corporate services and has been providing professional secretarial services for over 19 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 2012.

Purchase, Sale or Redemption of the Companyís Shares

The Company did not redeem any of its shares during the six months ended 30 June 2012. 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 2012.

Report on Review of Interim Condensed Consolidated Financial Statements

ERNST & YOUNG
安 永

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 25 to 50, 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 2012 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 Accountants. 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
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

14 August 2012

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
REVENUE	4	**2,345,145**	1,781,846
Cost of sales		**(1,393,325)**	(972,073)
Gross profit		**951,820**	809,773
Other income and gains	4	**115,523**	60,356
Selling and distribution costs		**(307,486)**	(215,148)
Administrative expenses		**(167,153)**	(171,790)
Other expenses		**(23,924)**	(5,715)
Finance costs	6	**(663)**	(3,105)
PROFIT BEFORE TAX	5	**568,117**	474,371
Income tax expense	7	**(83,078)**	(58,791)
PROFIT FOR THE PERIOD		**485,039**	415,580
Attributable to:			
Owners of the parent		**484,121**	415,580
Non-controlling interests		**918**	–
		485,039	415,580
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB Yuan)	9	**0.16**	0.13

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2012

	Six months ended 30 June 2012 RMB'000 (Unaudited)	Six months ended 30 June 2011 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	**485,039**	415,580
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(90,492)**	–
Income tax effect	**14,931**	–
	(75,561)	–
Exchange differences on translation of foreign operations	**916**	(10,029)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(74,645)**	(10,029)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**410,394**	405,551
Attributable to:		
Owners of the parent	**409,476**	405,551
Non-controlling interests	**918**	–
	410,394	405,551

Interim Condensed Consolidated Statement of Financial Position

30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,935,958**	1,656,800
Prepaid land lease payments	11	**507,046**	434,913
Intangible assets	12	**115,973**	42,774
Available-for-sale investments	13	**111,590**	–
Non-current prepayments	16	**253,782**	392,665
Deferred tax assets	17	**173,991**	113,458
Total non-current assets		**3,098,340**	2,640,610
CURRENT ASSETS			
Inventories	14	**994,193**	719,049
Trade receivables	15	**2,293,749**	1,526,352
Bills receivable	15	**493,599**	771,738
Prepayments, deposits and other receivables	16	**450,033**	402,999
Financial assets at fair value through profit or loss		**–**	12,490
Investment deposits	18	**–**	535,670
Time deposits	19	**100,000**	324,296
Pledged deposits	19	**69,626**	55,431
Cash and cash equivalents	19	**419,814**	477,516
Total current assets		**4,821,014**	4,825,541
CURRENT LIABILITIES			
Trade and bills payable	20	**957,860**	737,992
Other payables and accruals	21	**611,252**	725,614
Due to a fellow subsidiary		**–**	134,405
Tax payable		**159,583**	99,944
Provision for warranties	22	**58,108**	47,583
Government grants	23	**43,143**	17,308
Total current liabilities		**1,829,946**	1,762,846
NET CURRENT ASSETS		**2,991,068**	3,062,695
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,089,408**	5,703,305
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	**8,654**	–
Government grants	23	**421,486**	329,547
Total non-current liabilities		**430,140**	329,547
Net assets		**5,659,268**	5,373,758

Interim Condensed Consolidated Statement of Financial Position

30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	**270,110**	270,110
Reserves		**5,371,960**	4,962,484
Proposed final dividend	8	**–**	141,164
		5,642,070	5,373,758
Non-controlling interests		**17,198**	–
Total equity		**5,659,268**	5,373,758

Director: Mao Zhongwu

Director: Zhou Wanchun

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2012

	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	Available-for-sale investments revaluation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	270,110	1,691,461[#]	1,332,316[#]	233,275[#]	(41,760)[#]	–	1,747,192[#]	141,164	5,373,758	–	5,373,758
Profit for the period	–	–	–	–	–	–	484,121	–	484,121	918	485,039
Other comprehensive income for the period:											
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(75,561)	–	–	(75,561)	–	(75,561)
Exchange differences on translation of foreign operations	–	–	–	–	916	–	–	–	916	–	916
Total comprehensive income for the period	–	–	–	–	916	(75,561)	484,121	–	409,476	918	410,394
Capital injection from a minority shareholder	–	–	–	–	–	–	–	–	–	16,280	16,280
Transfer from retained profits	–	–	–	54,175	–	–	(54,175)	–	–	–	–
Final 2011 dividend declared	–	–	–	–	–	–	–	(141,164)	(141,164)	–	(141,164)
At 30 June 2012 (Unaudited)	270,110	1,691,461[#]	1,332,316[#]	287,450[#]	(40,844)[#]	(75,561)[#]	2,177,138[#]	–	5,642,070	17,198	5,659,268

[#] These reserve accounts comprise the consolidated reserves of RMB5,371,960,000 (31 December 2011: RMB4,962,484,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2012

	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	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

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(147,027)**	(364,360)
Net cash flows from investing activities	**228,151**	498,891
Net cash flows used in financing activities	**(139,742)**	(126,884)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(58,618)**	7,647
Effect of foreign exchange rate changes, net	**916**	(10,029)
Cash and cash equivalents at beginning of period	**477,516**	762,534
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**419,814**	760,152
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**419,814**	760,152
Non-pledged time deposits with original maturity of less than three months when acquired	**–**	–
	419,814	760,152

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 roadheader, combined coal mining unit ("CCMU") and mining transport equipment (including underground and surface) 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"), a company incorporated in Hong Kong and Sany Heavy Equipment Investments Company Limited ("Sany BVI"), a company incorporated in the British Virgin Islands, respectively.

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

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 2011, 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 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

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 IFRS1 *Government Loans* [2]
IFRS 7 Amendments	Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* [2]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements* [2]
IFRS 11	*Joint Arrangements* [2]
IFRS 12	*Disclosure of Interests in Other Entities* [2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance* [2]
IFRS 13	*Fair Value Measurement* [2]
IAS 1 Amendments	Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income* [1]
IAS 19 Amendments	*Employee Benefits* [2]
IAS 27 (Revised)	*Separate Financial Statements* [2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures* [2]
IAS 32 Amendments	Amendments to IAS32 *Presentation – Offsetting Financial Assets and Financial Liabilities* [3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
Annual Improvements Project	*Annual Improvements 2009 – 2011 Cycle* [2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

During the six months ended 30 June 2012, the Group is principally engaged in the manufacture and sale of the heavy equipment including roadheader, CCMU and mining transport equipment (including underground and surface). For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment.

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

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

3. Operating Segment Information (continued)

Information about a major customer

Revenue of approximately RMB553,651,000 (six months ended 30 June 2011: RMB395,900,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

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	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**2,329,454**	1,757,568
Rendering of services	**15,691**	24,278
	2,345,145	1,781,846
Other income		
Bank interest income	**3,735**	16,430
Profit from sale of scrap materials	**45,657**	24,145
Government grants (note 23)	**59,636**	3,503
Others	**2,763**	606
	111,791	44,684
Gains		
Gains from investment deposits	**3,732**	6,895
Exchange gains	**–**	8,777
	3,732	15,672

5. Profit before Tax

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

	Notes	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Cost of inventories sold		**1,384,148**	957,974
Cost of services provided		**9,177**	14,099
Depreciation	10	**53,120**	24,178
Amortisation of land lease prepayments	11	**5,455**	3,380
Auditors' remuneration		**1,200**	1,200
Provision for warranties	22	**26,388**	36,538
Research and development costs		**52,195**	79,917
Minimum lease payments under operating leases:			
Dormitories for staff		**239**	1,555
Warehouses		**2,740**	534
		2,979	2,089
Employee benefit expenses:			
Wages and salaries		**145,821**	126,972
Pension scheme contributions		**17,145**	13,305
Other staff welfare		**11,907**	5,712
		174,873	145,989
Foreign exchange differences, net*		**7,239**	–
Impairment of trade receivables*		**14,941**	3,129
Provision against slow-moving and obsolete inventories #		**21,544**	2,557
Loss on disposal of items of property, plant and equipment*		**1,744**	29

* Included in "Other expenses" in the interim condensed consolidated income statement.

Included in "Cost of sales" in the interim condensed consolidated income statement.

6. Finance Costs

	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Interest on documentary bills	**663**	–
Interest on discounted bills	**–**	3,105
	663	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 2012.

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 2012.

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**119,973**	60,677
Deferred (note 17)	**(36,895)**	(1,886)
Total tax charge for the period	**83,078**	58,791

8. Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: 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 2012 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.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2012 and 2011 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 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Carrying amount at 1 January	**1,656,800**	837,707
Acquired from business combination	**–**	30,227
Additions	**336,492**	848,002
Disposals	**(4,214)**	(948)
Depreciation charge for the period/year	**(53,120)**	(58,188)
Carrying amount at 30 June/31 December	**1,935,958**	1,656,800

The Group's buildings are located in Mainland China.

Certificates of ownership in respect of newly-built buildings of the Group located in Shenyang with a net carrying amount of approximately RMB446,877,000 as at 30 June 2012 (31 December 2011: RMB435,769,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

11. Prepaid Land Lease Payments

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Carrying amount at 1 January	**444,201**	333,084
Addition	**79,149**	118,043
Recognised during the period/year	**(5,455)**	(6,926)
Carrying amount at 30 June/31 December	**517,895**	444,201
Current portion included in prepayments, deposits and other receivables	**(10,849)**	(9,288)
Non-current portion	**507,046**	434,913

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

The Group is in the process of applying for the land use right certificate for land lease prepayment with an aggregate carrying amount of approximately RMB119,449,000 as at 30 June 2012 (31 December 2011: RMB118,043,000).

12. Intangible Assets

	Patents and licences RMB'000	Deferred development cost RMB'000	Total RMB'000
Cost at 1 January 2012, net of accumulated amortisation	8,860	33,914	42,774
Additions – internal development	–	73,790	73,790
Amortisation provided during the period	(591)	–	(591)
At 30 June 2012	8,269	107,704	115,973
At 30 June 2012:			
Cost	8,860	107,704	116,564
Accumulated amortisation	(591)	–	(591)
Net carrying amount	8,269	107,704	115,973

13. Available-for-Sale Investments

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Listed equity investments, at fair value:		
Hong Kong	**100,954**	–
Unlisted equity investments, at cost less impairment	**10,636**	–
	111,590	–

During the period, the net loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB90,492,000. The fair values of listed equity investment are based on quoted market prices.

Unlisted equity investment of the Group is not stated at fair value but at cost less any accumulated impairment losses, because they do not have a quoted market price in an active market, the range of reasonable fair values estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. The Group does not intend to dispose of them in the near future.

14. Inventories

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Raw materials	394,254	247,018
Work in progress	281,770	235,589
Finished goods	353,098	249,827
	1,029,122	732,434
Less: Provision	(34,929)	(13,385)
	994,193	719,049

15. Trade and Bills Receivable

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Trade receivables	2,340,147	1,560,473
Less: Impairment	(46,398)	(34,121)
Trade receivables, net	2,293,749	1,526,352
Bills receivable	493,599	771,738

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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

15. Trade and Bills Receivable (continued)

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within 60 days	**900,043**	597,244
61 to 90 days	**209,222**	388,913
91 to 180 days	**595,073**	202,559
181 to 365 days	**414,515**	202,240
Over 1 year	**174,896**	135,396
	2,293,749	1,526,352

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
At 1 January 2012/1 January 2011	**34,121**	32,929
Impairment losses recognised	**14,941**	6,121
Write-off	**(2,664)**	(4,929)
At 30 June 2012/31 December 2011	**46,398**	34,121

15. Trade and Bills Receivable (continued)

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Neither past due nor impaired	**1,970,217**	1,416,170
Past due but not impaired:		
Within 180 days past due	**288,570**	100,985
181 to 365 days past due	**27,150**	6,135
Over 1 year past due	**7,812**	3,062
Total	**2,293,749**	1,526,352

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

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

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within 6 months	**493,599**	771,738

Included in the balances of bills receivable are amounts of approximately RMB28,100,000 (31 December 2011: RMB41,000,000) which were pledged to secure the issuance of bills payable.

16. Prepayments, Deposits and Other Receivables

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current prepayments	**253,782**	392,665
Current assets:		
Prepayments	**133,503**	151,507
Deposits and other receivables	**316,530**	251,492
	450,033	402,999

None was included in the non-current prepayments as at 30 June 2012 (31 December 2011: RMB90,580,000) payable to a fellow subsidiary for purchasing equipment by the Group. Further details of the transaction are included in note 27(1) to the financial statements.

None was included in the prepayments as at 30 June 2012 (31 December 2011: RMB1,000,000) payable to a fellow subsidiary for purchasing raw materials by the Group. Further details of the transaction are included in note 27(1) to the financial statements.

17. Deferred Tax

Deferred tax assets

	Government grants RMB'000	Provision against slow-moving and obsolete inventories RMB'000	Warranty provision RMB'000	Losses available for offsetting against future taxable profits RMB'000	Fair value adjustment arising from available for sale investments RMB'000	Total RMB'000
At 1 January 2011	68,788	1,638	4,790	7,219	–	82,435
Credited to the consolidated income statement	1,843	(720)	2,347	27,553	–	31,023
At 31 December 2011 and 1 January 2012	70,631	918	7,137	34,772	–	113,458
Credited to the consolidated income statement (note 7)	24,235	3,747	1,579	15,988	–	45,549
Credited to the consolidated comprehensive income statement	–	–	–	–	14,931	14,931
Exchange differences	–	–	–	–	53	53
At 30 June 2012 (Unaudited)	94,866	4,665	8,716	50,760	14,984	173,991

17. Deferred Tax (continued)

Deferred tax assets (continued)

The Group has tax losses mainly arising in Hong Kong of RMB2,806,000 (2011: RMB5,426,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in a subsidiary that has been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

	Withholding taxes on dividend RMB'000
At 1 January 2012	–
Charged to the consolidated income statement (note 7)	8,654
At 30 June 2012 (Unaudited)	8,654

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

18. Investment Deposits

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Investment deposits, in licensed banks in Mainland China, at amortised cost	**–**	535,670

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Cash and cash equivalents	**419,814**	477,516
Time deposits	**169,626**	379,727
	589,440	857,243
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(100,000)**	(324,296)
Pledged time deposits for issuing bills payable	**(69,626)**	(55,431)
Cash and cash equivalents	**419,814**	477,516
Cash and bank balances and time deposits denominated in		
– RMB	**579,226**	855,858
– Hong Kong dollars ("HK$")	**2,347**	1,385
– United States dollars ("US$")	**7,867**	–
	589,440	857,243

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$ and US$. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represent balances pledged to banks for the issuance of the Group's bills payable and letters of credit.

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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.

20. 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 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within 30 days	**230,913**	247,812
31 to 90 days	**425,321**	236,512
91 to 180 days	**281,330**	225,104
181 days to 365 days	**9,448**	17,326
Over 1 year	**10,848**	11,238
	957,860	737,992

Included in the trade and bills payable was an amount of RMB1,879,000 as at 30 June 2012 (31 December 2011: nil) payable to a fellow subsidiary for purchasing raw materials by the Group. Further details of the transaction are included in note 27(1) to the financial statements.

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.

21. Other Payables and Accruals

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Deposits received from customers	**243,697**	308,908
Other payables	**354,798**	404,710
Accruals	**12,757**	11,996
	611,252	725,614

Included in the accruals was an amount of RMB3,220,000 as at 30 June 2012 (31 December 2011: RMB8,925,000) payable to a fellow subsidiary for purchasing logistics services by the Group. Further details of the transaction are included in note 27(1) to the financial statements.

Included in the other payables was an amount of RMB4,880,000 as at 30 June 2012 (31 December 2011: nil) payable to a related party, which is unsecured, interest-free and has no fixed terms of repayment.

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

22. Provision for Warranties

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
At 1 January	47,583	31,934
Additional provision	26,388	61,961
Amounts utilised during the period/year	(15,863)	(46,312)
At 30 June/31 December	58,108	47,583

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.

23. Government Grants

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
At 1 January	346,855	286,136
Grants recognised during the period/year	177,410	144,023
Amortised as income during the period/year	(59,636)	(83,304)
At 30 June/31 December	464,629	346,855
Current portion	(43,143)	(17,308)
Non-current portion	421,486	329,547

24. Share Capital

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares (31 December 2011: 5,000,000,000 ordinary shares) of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
3,112,500,000 ordinary shares (31 December 2011: 3,112,500,000 ordinary shares) of HK$0.10 each	**311,250**	311,250
Equivalent to RMB'000	**270,110**	270,110

25. 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 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within one year	**236**	227
In the second to third years, inclusive	**117**	227
	353	454

25. 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 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within one year	2,988	1,811
In the second to third years, inclusive	1,500	1,873
	4,488	3,684

26. Commitments

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Contracted, but not provided for:		
Prepaid land lease payments	–	27,190
Buildings	302,833	389,763
Plant and machinery	205,221	209,302
	508,054	626,255
Authorised, but not contracted for:		
Capital contributions payable to an available for sale investment	3,700	–
	511,754	626,255

27. 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 **2012** **RMB'000** **(Unaudited)**	 2011 RMB'000 (Unaudited)
Purchases of raw materials from:			
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(i)&(iii)	**35,326**	30,283
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(i)&(iii)	**10,478**	1,742
Shanghai Sany Technology Co., Ltd. (上海三一科技有限公司)	(i)&(iii)	**–**	436
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(i)&(iii)	**30,350**	17,101
Sany Intelligent Control Equipment Co., Ltd. (三一智能控制設備有限公司)	(i)&(iii)	**4,099**	547
Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(i)&(iii)	**–**	3
Sany Electric Co., Ltd. (三一電氣有限責任公司)		**6,113**	–
		86,366	50,112
Operating rental received from:			
Hunan Sany Repair Services Co., Ltd. (湖南三一維修有限公司)	(ii)&(iii)	**113**	113
Service fee paid to:			
Hunan Xinxiang Construction Consultation Co., Ltd. (湖南興湘建設監理諮詢有限公司)	(i)&(iii)	**1,587**	546
Purchases of logistics service from:			
Hunan Sany Logistics Co., Ltd. (湖南三一物流有限責任公司)	(i)&(iii)	**40,570**	–
Acquired of equipments from:			
Shanghai Sany Jingji Co., Ltd. (上海三一精機有限公司)	(i)&(iii)	**16,436**	–
Agency fee paid to:			
Sany Heavy Machinery Co.,Ltd. (三一重機有限公司)	(i)&(iii)	**1,591**	–

27. Related Party Transactions and Balances (continued)

(1) Transactions with related parties (continued)

Notes:

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

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

(iii) Loudi Zhongxing Hydraulic Parts Co., Ltd., Sany Heavy Industry Co., Ltd., Shanghai Sany Technology Co., Ltd., Suote Transmission Equipment Co., Ltd., Sany Intelligent Control Equipment Co., Ltd., Sany Automobile Lifting Machinery Co., Ltd., Sany Electric Co., Ltd., Hunan Sany Repair Services Co., Ltd., Hunan Xinxiang Construction Consultation Co., Ltd., Hunan Sany Logistics Co., Ltd., Sany Heavy Machinery Co., Ltd. and Shanghai Sany Jingji Co., Ltd. are companies which are owned and controlled by the Controlling Shareholders*.

* The Controlling Shareholders refer to the fourteen individual shareholders: Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Wang Zuochun, Zhai Xian, Zhai Chun, Zhao Xiangzhang, Duan Dawei and Huang Jianlong, 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.

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.

(2) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**1,398**	386
Pension scheme contributions and other staff welfare	**136**	80
Total compensation paid to key management personnel	**1,534**	466

28. 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 14 August 2012.