SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 631

Interim Report 2013

QUALITY CHANGES THE WORLD

Contents

Financial Summary

(RMB: '000)	For the six months ended 30 June 2013	2012	Increase (%)
Revenue	**1,663,239**	2,345,145	-29.1%
Gross profit	**636,355**	951,820	-33.1%
Profit before tax	**330,634**	568,117	-41.8%
Net profit	**295,106**	485,039	-39.2%
Profit attributable to shareholders of the Company	**295,064**	484,121	-39.1%
Profit attributable to shareholders of the Company (excluding one-off items and revaluation items)[1]	**295,064**	484,121	-39.1%
Total assets	**8,468,636**	7,919,354	6.9%
Total equity	**5,814,410**	5,659,268	2.7%
Cash flows of operating activities	**(141,625)**	(147,027)	–
Cash flows of investing activities	**(411,006)**	228,151	–
Cash flows of financing activities	**(94,635)**	(139,742)	–
Earnings per share[2]			
– Basic	**RMB0.10**	RMB0.16	–
– Diluted	**RMB0.10**	RMB0.16	–

(Percentage)	Six months ended 30 June 2013	2012	Increase (points)
Gross profit margin	**38.3%**	40.6%	-2.3
Percentage of profit attributable to shareholders of the Company[3]	**17.7%**	20.7%	-3.0
Percentage of profit attributable to shareholders of the Company (excluding one-off items and revaluation items)	**17.7%**	20.6%	-2.9
Assets turnover	**20.2%**	30.5%	-10.3
Asset – Liability ratio	**31.3%**	28.5%	2.8
Average total asset (RMB '000)	**8,223,929**	7,692,753	

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

2 The weighted average number of ordinary shares for the six months ended 30 June 2013 was 3,086,611,744 (six months ended 30 June 2012: 3,112,500,000), (details of which are set out in note 9 to the Interim Condensed Consolidated Financial Statements).

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

Corporate Information

Directors

Executive Directors
Mr. Zhao Xiangzhang
Mr. Mao Zhongwu
Mr. Kuang Canghao
Mr. Huang Xiangyang
Mr. Liu Weili

Non-executive Director
Mr. Xiang Wenbo

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

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

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

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

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

Strategic Investment Committee
Mr. Zhao Xiangzhang *(Chairman)*
Mr. Mao Zhongwu
Mr. Kuang Canghao
Mr. Huang Xiangyang
Mr. Liu Weili
Dr. Ngai Wai Fung
Mr. Xu Yaxiong
Mr. Ng Yuk Keung

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Wanchai
Hong Kong

Principal Banks
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
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
CITIC Bank

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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Hopewell Centre
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Postal code : 110027

Chairman's Statement

Dear Shareholder,

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 2013.

Half year review

In the first half of 2013, GDP growth of China dropped to 7.6%. The growth of fixed assets investment in the coal industry fell 2.5% year-on-year. Amid such macro environment, both our sales revenue and net profit declined. Earnings per share was approximately RMB 0.10. Nevertheless, the Group has been positive in addressing the situation. Through proactive adjustment and transformation of strategies, the Group achieved month-on-month growth in both our sales revenue and net profit. Our performance indicates that we have emerged from the trough in the second half of 2012 and entered the recovery period.

With the joint efforts of all our staffs, our combined coal mining unit ("CCMU") recorded a significant increase in gross margin to 12.7%, 17.4 percentage points higher than that in the same period last year, which greatly improved the Group's profitability. Non-coal business expanded rapidly with strong sales and numerous orders in mining trucks. Our roadheaders and continuous mining machineries remained at the forefront of the industry with breakthroughs in the areas of potash mining and tunnel digging.

Under the leadership of our management, the Group strengthened cost control and achieved significant results. All three categories of expenses were reduced by approximately 17.2% compared to the same period of 2012. Net profit margin significantly improved from 13.7% for the year ended 31 December 2012 to 17.7%.

Chairman's Statement

During the period under review, the Group has undergone reforms through timely adjustment of strategies with a focus on transformation and innovation.

The Group maintained its usual leading position in the industry in terms of research and development ("R&D") efficiency. With joint efforts from specialists from China, USA and Germany, the Group diversified its core businesses. During the first half of 2013, the Group applied for 72 national patents, of which 32 items were patented inventions. The Group is reaching a new record high in pace with one patent application every 60 hours and one application for patented invention every 135 hours, becoming a role model for the industry in R&D capabilities and innovation.

In the first half of 2013, the Group launched light intelligent remote hydraulic support system – a revolutionary breakthrough in its hydraulic support products. The machine, which is significantly lighter than standard hydraulic support products, utilizes high strength steel plates and fully automated remote control which contributes to higher safety factor and efficiency. The Group jointly produced with German specialists the 400B coal mining machinery for thin coal seams. It is the coal mining machinery with the highest cutting power, lowest mining height, shortest machine length and highest automation level in China. The Group successfully produced the 3rd generation roadheader with various new technologies incorporated into the product, such as remote control and voice warning message etc, with a level of intelligent technology which is industry leading. Meanwhile, the launch of 700A series high power coal mining machinery for thin coal seams, the production of SGZ630/400 scraper conveyors, the launch of ML400 continuous coal mining machine and prototype of SC20 shuttle cars all laid a solid foundation for the future performance of the Group.

The Group was also committed to enhancing the development of non-coal-related products. Our absolute market shares increased steadily with the improving quality of mining trucks. With the increasing quantity of products sold to customers, our influence in the market increased which brought us excellent reputation among our customers. We remain confident towards the mining truck market in China, given that, domestic large mining trucks starts to replace imported products and improved efficiency in domestic outdoor mining area accelerated the replacement of traditional wide-bodied vehicles and heavy trucks. Roadheaders, continuous mining machineries and filling equipments dedicated for potash mining and tunnel digging developed by the Group have launched and started gaining sales in the market. These products may contribute to profit growth to the Group.

All 8 plants of the Group in the new industrial park located in the Economic and Technological Development Zone of Shenyang City have commenced production. The industrial park, occupying an area of 629,000 sq.m., is the largest single industrial park with the most comprehensive ancillary facilities and most advanced equipment in the industry. In the park lies the largest industrial testing platform among peers in the nation. Its completion means that our various industrial testing will be conducted in the industrial park in the future, which is also a piloting step in the industry.

The Group completed various technical advancement for enhancing product quality in the first half of the year, such as multi-function test beds for coal mining machineries. We introduced the most advanced welding robots which have all commenced operation and greatly enhanced automation and efficiency of welding. Through innovative designs and introduction of new materials, we developed "light support" products which brought significantly higher profit of the Group. Power boosting robotic arms were, for the first time in the industry, introduced into the assembly of coal excavation and mining equipment. This greatly reduced labour intensiveness, enhanced operation safety as well as improved product quality. The Group introduced the most advanced KUKA welding robots and Fronius twin-wire welding torch for welding the main bodies and side panels. Not only did this ensure their stability in quality, but also significantly improved productivity.

Chairman's Statement

In view of the relatively sluggish market demand, the Group actively targeted quality customer and adopted on innovate sales approach. While we secured our market competitiveness in regions which we have an advantage such as Shanxi and Huainan, we also enhanced market development in Guizhou, Sichuan and Inner Mongolia with considerable success.

On the international front, the Group continued to develop new markets for coal mining machineries. We entered into our first contract with clients from Poland. Demand of potash mining machineries are yet to increase in South East Asia. The Group piloted in modification of roadheaders and continuous mining machines which targeted drilling beneath wells which were well received by clients.

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. On 20 April 2013, a 7.0 magnitude earthquake occurred in Ya'an, Sichuan. The Group and its affiliate Sany Group Limited ("Sany Group") arrived the stricken area immediately to assist with the rescue. Meanwhile, the Group also treats the development of teenagers and children with utmost importance. On 22 June 2013, the Group formed a team of volunteers who paid a visit to a children's asylum and donated necessities such as clothes, toys and books to the children. The Group persisted in the principle of "helping employee to success" by visiting staff with family difficulties and providing them with consolation money and items, while also raised funds for staff requiring assistance and spread love and care to staff who are in need of support.

Outlook

Considering the macroeconomics data in the first half of the year, the rally in the power consumption of the community, the slowing down of the rate of decrease of volume of railway freight as well as decline in M2 growth rate, all demonstrated the efforts made by the Government to address economic issues in the first half of the year, such as deleveraging, structural adjustment and stabilizing growth. As reforms on economic structure strengthens, the Chinese economy will continue its steady and healthy development.

During the first half of the year, the growth of fixed assets investment in the coal industry rebounded by 2.2 percentage points as compared to the beginning of the year. The rate of decrease has slowed down. The on-going growth of fixed assets investment in the coal industry of the private sector has become a new driving force for demand of coal mining machineries. Such demand, together with demand for replacements, will become the primary source of consumption in the coal mining machineries market in the second half of the year.

In the medium to longer term, overall growth rate of Chinese economy will remain stable at around 7.5% in the coming years. Considering that the proportion of coal consumption to one-off energy consumption is unlikely to change in the short term, demand for coal from industries such as power, steel and cement will steadily increase in the coming years; while the advancement and maturity of technologies in industries such as coal chemicals and coal-based natural gas will bring new momentum to the demand for coal.

Given the intensifying competition in coal mining machinery industry, consolidation of the industry is highly probable. The Group will continue to identify better opportunities for expansion for breakthroughs in terms of development of corporate scale and revenue, with a view to maximize shareholders' interests. Going forward, the Group is confident in securing its leading position in the coal mining machinery industry by continuing to increase our market shares in coal mining products. On the other hand, we will accelerate the diversification of our core businesses. We strive to transform ourselves into a service-oriented enterprise. Through enhancing our management approach, we aim to provide better returns for shareholders.

Lastly, on behalf of the board of directors of the Company, I would like to express my gratitude to our Shareholders and customers for their trust and support as well as my deep appreciation to our management and staff for their untiring efforts and contribution.

Zhao Xiangzhang
Chairman

Hong Kong, 27 August 2013

Management Discussion and Analysis

For the six months ended 30 June 2013, the sales revenue of the Group decreased by approximately 29.1% to approximately RMB1,663.2 million as compared to the six months ended 30 June 2012 albeit increased by approximately 28.4% from approximately RMB1,295.6 million for the second half year of 2012. The main reasons for the change were that: (1) the coal mining machinery manufacturing industry is still as challenging as that in the first half year of 2012, but some pickup was seen as compared to the most sluggish time in the second half year of 2012; (2) with more mature technology of CCMU the Group made significant improvements in its credibility and efficiency; and with products widely recognized by clients, sales revenue of CCMU increased approximately 33.4% as compared to the second half year of 2012; and (3) the revenue performance of the Group's off-highway mining truck was outstanding and the sales revenue of off-highway mining truck reached approximately RMB116.5 million, which was one of the profit driving force for the Group. Net profit amounted to approximately RMB295.1 million, decreased by approximately 39.2% as compared to the six months ended 30 June 2012 while significantly increased as compared to the net profit of approximately RMB15.0 million in the second half year of 2012.

Business Review and Prospects

Major products

The products of the Group can primarily be categorized into roadheader, CCMU, coal mine transportation vehicle (including underground and surface), spare parts and services. The roadheader includes all types 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 centralized control system; coal mine transportation vehicle includes mechanical drive off-highway dump truck, electric drive off-highway dump truck, articulated truck and underground coal mining vehicle.

Development of new products

By virtue of its strong research and development ("R&D") ability, the group launched various new original products in view of market demands and actively expanded towards the non coal-related business. Through innovation, the Group successfully launched mining trucks and potash mining equipment as well as piloted the use of roadheaders in tunnel digging in certain regions during the period under review. These were highly recognized by clients and set a new direction for the development of excavation and mining equipment for the Group. Meanwhile, the R&D team of the Group is developing electric shovels, which will become a breakthrough for the Group in leading the development of the industry. The launch of new products will enable the Group to withstand the risk of a weakening market demand in coal mining machineries while bringing in new source of profit growth for the Group.

Research and development capability

The Group considered research and development as one of its most important strength. Through development and deployment of international leading technological resources, it is committed to establish a competitive research and development team so as to offer customers products that are of higher quality at a reasonable price. In the first half year of 2013, the Group launched light intelligent remote hydraulic support system – a revolutionary breakthrough in its hydraulic support products. The machine, which is significantly lighter than standard hydraulic support products, utilizes high strength steel plates and fully automated remote control which contributes to higher safety factor and efficiency. The Group successfully produced 400B coal mining machinery for thin coal seams. Jointly developed by Chinese and German R&D specialists of the Group, it is the coal mining machinery with the highest cutting power, lowest mining height, shortest machine length and highest automation level in China, as well as the first advance machinery with one on one inverter controllers. The Group successfully produced the 3rd generation roadheader with various new technologies incorporated into the product, such as the method of remote control and voice warning message etc, with a level of intelligent technology which is industry leading. Meanwhile, the production of SGZ630/400 scraper conveyors, the launch of ML400 continuous coal mining machine and prototype of SC20 shuttle cars all laid a solid foundation for the future performance of the Group.

During the first half year of 2013, the Group applied for 72 national patents, of which 32 items were patented inventions. The Group is reaching a new record high in pace with one patent application every 60 hours and one application for patented invention every 135 hours, becoming a role model for the industry.

Production and manufacturing

Currently, eight plants of the Group in the new industrial park located in the Economic and Technological Development Zone of Shenyang City with a total area of 629,000 sq.m. have successively completed. The Group focused on enhancement of processing technology and assembly technology in both the new and old industrial park with a view to further lower production cost and to enhance efficiency and product quality. The Group introduced the most advanced KUKA welding robots and Fronius twin-wire welding torch for welding main components of coal excavation and mining equipment. Not only did this ensure their stability in quality, but also significantly improved

productivity. At the same time, the Group challenged conventional practices in the coal excavation and mining equipment manufacturing industry and assembled power boosting robotic arms into coal excavation and mining equipment. This greatly reduced labour intensiveness, enhanced the safety of operation as well as improved product quality.

The testing plant in the new industrial park has commenced operation. Various large test beds and laboratories, including a 1500KW high power test bed, outdoor testing site for roadheader, integrated test bed for scrapper conveyor, loading test bed for hydraulic servo, test bed for single geared cutting etc, have completed construction and commenced operation. All these testing facilities are of the highest standard in the industry which will guarantee the credibility of products from the Group.

Distribution and service

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 make every effort in meeting customers' needs and raising customers' satisfaction, to free customers from worries. The Group's superior product quality, attentive after-sales service and efficient response have achieved a high degree of recognition from our customers.

Management Discussion and Analysis

Financial Review

Revenue

For the six months ended 30 June 2013, the Group recorded revenue of approximately RMB1,663.2 million, representing a decline of approximately 29.1% over the same period in 2012 but an increase of approximately 28.4% as compared to approximately RMB1,295.6 million in the second half year of 2012. The main reasons for the change were that: (1) the coal mining machinery manufacturing industry is still as challenging as that in the first half year of 2012, but some pickup was seen as compared to the most sluggish time in the second half year of 2012; (2) with more mature technology of CCMU, the Group made significant improvements in its credibility and efficiency; and with products widely recognized by clients, sales revenue of CCMU increased approximately 33.4% as compared to the second half year of 2012; and (3) the revenue performance of the Group's off-highway mining truck was outstanding and the sales revenue of off-highway mining truck reached approximately RMB116.5 million, which was one of the profit driving force for the Group.

Other income and gains

For the six months ended 30 June 2013, the Group's other income and gains was approximately RMB98.1 million (six months ended 30 June 2012: approximately RMB115.5 million), representing a decrease of approximately 15.1%, mainly comprising of the government subsidy obtained for R&D and the profit from sales of scrap materials.

Cost of sales

For the six months ended 30 June 2013, the Group's cost of sales decreased to approximately RMB1,026.9 million (six months ended 30 June 2012: approximately RMB1,393.3 million) representing a decrease of approximately 26.3% over the same period in 2012. Especially, the cost of combined coal mining unit decreased significantly attributable to the cost control measures.

Gross profit and gross margin

For the six months ended 30 June 2013, the Group's gross margin was approximately 38.3%, slightly decreased by approximately 2.3 percentage points as compared to the same period in 2012. Such decrease was mainly due to further increase of the proportion of revenue of CCMU, with a gross margin lower than that of traditional roadheader products, to total revenue. Gross margin in the first half year of 2013 was approximately 38.3%, significantly increased around 9.2 percentage points as compared to approximately 29.1% recorded for the gross margin in the second half year of 2012, mainly due to the reduction of production cost through improvements in processing technology and production process, as well as further reduction on production cost for CCMU via the use of alternative raw materials.

Profit margin before tax

For the six months ended 30 June 2013, the Group's profit margin before tax was approximately 19.9% which decreased approximately 4.3 percentage points as compared to the corresponding period in 2012; which represented an increase of around 18.0 percentage points as compared with that of the second half year of 2012. The Group's profit margin before tax improved significantly in the first half year of 2013 as compared to the second half year of 2012.

Selling and distribution expenses

For the six months ended 30 June 2013, the selling and distribution expenses were approximately RMB217.0 million (six months ended 30 June 2012: approximately RMB307.5 million), representing a decrease of approximately 29.4% over the same period in 2012. For the six months ended 30 June 2013, the ratio of the Group's selling and distribution expenses to revenue was approximately 13.0%, basically remained the same as compared to the same period in 2012 (six months ended 30 June 2012: approximately 13.1%).

Research and development expenses

For the six months ended 30 June 2013, research and development expenses of the Group were approximately RMB82.9 million, and its ratio to revenue was approximately 5.0%, representing an increase of approximately 2.8 percentage points from approximately 2.2% in the corresponding period in year 2012. The research and development expenses were primarily for the expansion and acceleration of R&D on CCMU and non-coal product development to cope with the adverse market environment.

Other administrative expenses

For the six months ended 30 June 2013, the Group's administrative expenses excluding research and development expenses was approximately RMB93.1 million, representing a decrease of approximately 19.0% from that of the corresponding period in 2012. The decrease was mainly due to the strengthening of Group's control over its administrative expenses.

Finance costs

For the six months ended 30 June 2013, the Group's finance costs was approximately RMB5.6 million (six months ended 30 June 2012: approximately RMB0.7 million), mainly due to bank loans taken out by the Group during the period under review.

Taxation

For the six months ended 30 June 2013, the Group's effective tax rate was approximately 10.7% (six months ended 30 June 2012: effective tax rate was 14.6%). The income tax decreased from approximately RMB83.1 million for the six months ended 30 June 2012 to approximately RMB35.5 million for the six months ended 30 June 2013, of which the current income tax was approximately RMB34.6 million (six months ended 30 June 2012: approximately RMB120.0 million) and deferred income tax was approximately RMB0.9 million (six months ended 30 June 2012: RMB36.9 million). The decrease in effective tax rate was mainly due to the tax refund received in the review period.

Profit attributable to owners of the parent

For the six months ended 30 June 2013, the Group's profit attributable to owners of the parent decreased to approximately RMB295.1 million (six months ended 30 June 2012: approximately RMB484.1 million), representing a decrease of approximately 39.0%, while the profit attributable to owners of the parent had a substantial growth as compared with that of the second half year of 2012, amounted to approximately RMB15.4 million.

Liquidity and financial resources

The capital structure of the Group has been healthy compared to other competitors in the industry. As of 30 June 2013, current assets of the Group were approximately RMB5,199.3 million. As of 30 June 2013, current liabilities of the Group were approximately RMB2,197.5 million.

As of 30 June 2013, total assets of the Group were approximately RMB8,468.6 million (as of 31 December 2012: approximately RMB7,979.2 million); total liabilities were approximately RMB2,654.2 million (as of 31 December 2012: approximately RMB2,283.6 million); and the gearing ratio was approximately 31.3% as of 30 June 2013.

As of 30 June 2013, the Group had only a small amount of bank borrowings and had a large amount of credit facility at banks that had not been utilized.

Trade and bills receivables

The Group's trade receivables and bills receivable as of 30 June 2013 recorded a slight increase of approximately 3.9% to RMB2,895.5 million as compared to the corresponding period of 2012. The increase was mainly due to the ratio of sales of CCMU and new products to overall sales revenue increasing to approximately 35.3%, representing an increase of approximately 10.2 percentage points compared to that of the corresponding period of 2012; and the debt collection period of combined coal mining unit and new products is longer that than of roadheader products. The Group has established risk control department to follow up on outstanding receivables, and set up overdue loan responsibility system, to closely monitor debt collection. The Group has consistently maintained the most stringent assessment criteria of the customers' credit standings so as to minimize the amount of bad debt.

Cash flow

The cash position of the Group has always been strong. As of 30 June 2013, the cash and cash equivalents, investment deposits and time deposits with maturity of three months or more were approximately RMB656.2 million.

The cash flow of operating activities improved slightly in the first half year of 2013. For the six months ended 30 June 2013, the net cash outflow from operating activities was approximately RMB141.6 million (six months ended 30 June 2012: the net cash outflow from operating activities was approximately RMB147.0 million).

For the six months ended 30 June 2013, the net cash outflow from investing activities was approximately RMB411.0 million (six months ended 30 June 2012: the net cash inflow from investing activities was approximately RMB228.2 million). The net cash outflow from investing activities was mainly for (1) the Group's capital expenditure amounted to approximately RMB63.2 million, representing a significant decrease as compared to approximately RMB525.8 million in the same period of 2012; and (2) the purchase of short-term financial products of approximately RMB310.0 million (in the corresponding period in 2012, a short-term financial products of approximately RMB535.7 million matured).

The Group maintained a low level of expenses of the net cash from financing activities in the first half year of 2013. For the six months ended 30 June 2013, the net cash outflow from financing activities was approximately RMB94.6 million (six months ended 30 June 2012: the net cash outflow from financing activities was approximately RMB139.7 million), and mainly for the repurchase of the Company shares.

Turnover days

During the review period, the turnover days of the inventory of the Group recorded an increase from approximately 115.4 days as of 30 June 2012 to approximately 165.3 days as of 30 June 2013. Such increase was mainly due to the rapid expansion of the production scale of CCMU and more reserves of the Group's raw material for the growing market demand in the future.

The turnover days of trade and bills receivables as of 30 June 2013 were approximately 287.7 days, representing an increase from approximately 201.0 days in the same period of 2012. Please refer to above paragraph titled "Trade and bills receivables" for the reasons of such increase.

As of 30 June 2013, 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 increased from approximately 111.1 days as of 30 June 2012 to approximately 157.5 days as of 30 June 2013.

During the review period, operation days of the Group increased from approximately 205.3 days as of 30 June 2012 to approximately 295.5 days as of 30 June 2013.

Contingent liabilities

As of 30 June 2013, the Group had no material contingent liabilities.

Capital commitment

As of 30 June 2013, the contracted or authorised but not contracted capital commitments of the Group which are not provided in the financial statements were approximately RMB364.7 million (31 December 2012: approximately RMB396.8 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 regular internal training, external training and correspondence courses for its staff according to their seniority with an aim to enhance their relevant skills as well as strengthen their loyalty to the Group. The Group focuses on trainings for strengthening research and development, marketing, servicing and manufacturing personnel, including specially formulated training program for hundreds of core R&D personnel, marketing and servicing training program, and international technical support training program, to strengthen the development of the Company's core R&D and marketing personnel.

Material acquisition and disposal

For the six months ended 30 June 2013, neither the Company nor its subsidiaries had material acquisitions or disposals.

Pledge of assets

As at 30 June 2013, the Group's pledged deposits and pledged bills with aggregate value of approximately RMB84.7 million (as at 31 December 2012: approximately RMB192.5 million), which were pledged for the purpose of obtaining the banking facility granted to the Group.

Foreign exchange risk

As at 30 June 2013, the Group's cash and bank balances denominated in HK$ and US$ were equivalent to approximately RMB60.0 million, and bank borrowings denominated in US$ amounted to approximately RMB185.2 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 contributions to economic and social development of the PRC. On 20 April 2013, a 7.0 magnitude earthquake occurred in Ya'an, Sichuan. The Group and its affiliate Sany Group Limited arrived the stricken area immediately to assist with the rescue. Meanwhile, the Group also treats the development of teenagers and children with utmost importance. On 22 June 2013, the Group's formed a team of volunteers who paid a visit to a children's asylum and donated necessities such as clothes, toys and books to the children. The Group persisted in the principle of" helping employee to success" by visiting staff with family difficulties and providing them with consolation money and items, while also raised funds for staff requiring assistance and spread love and care to staff who are in need of support.

Disclosure of Interests

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 2013, 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. Xiang Wenbo *(Note)*	Beneficial owner	800	8.00%
Mr. Mao Zhongwu *(Note)*	Beneficial owner	800	8.00%
Mr. Zhao Xiangzhang *(Note)*	Beneficial owner	100	1.00%

Note: Each of Mr. Xiang Wenbo, Mr. Mao Zhongwu and Mr. Zhao Xiangzhang holds 8.00%, 8.00% and 1.00% 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", a controlling shareholder of the Company). Sany HK holds 2,271,043,000 shares of the Company.

Save as disclosed above, as at 30 June 2013, 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 2013, 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	2,271,043,000	73.94%
Sany BVI *(Note 1)*	Interest of a controlled corporation	2,271,043,000	73.94%
Mr. Liang Wengen *(Note 2)*	Interest of a controlled corporation	2,271,043,000	73.94%

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 57.12% 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 2013.

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.

Disclosure of Interests

Share Option Scheme

The Company has adopted the share option scheme (the "Share Option Scheme") on 16 February 2013 for the purpose of motivating eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 50,000,000 shares, representing approximately 1.61% of the issued share capital as at 16 February 2013, being the date of adoption of the Share Option Scheme.

No option may be granted to any participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company RMB1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a share;

(b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options will be granted or offered.

Details of the share options granted under the Share Option Scheme as at 30 June 2013 are as follows:

Name or class of participant(s)	Date of Grant(1)	Exercise price per Share	Exercise period	As at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2013
Directors								
Zhao Xiangzhang	26 February 2013	HK$4.18	26 February 2013 – 25 February 2023	–	5,315,000	–	–	5,315,000
Kuang Canghao	26 February 2013	HK$4.18	26 February 2013 – 25 February 2023	–	1,711,000	–	–	1,711,000
Liu Weili	26 February 2013	HK$4.18	26 February 2013 – 25 February 2023	–	1,116,000	–	–	1,116,000
Huang Xiangyang	26 February 2013	HK$4.18	26 February 2013 – 25 February 2023	–	1,032,000	–	–	1,032,000
Mao Zhongwu	26 February 2013	HK$4.18	26 February 2013 – 25 February 2023	–	404,000	–	–	404,000
Other staff				–	18,946,000	–	–	18,946,000
Total				–	28,524,000	–	–	28,524,000

Note:

(1) The closing price per Share immediately before 26 February 2013 (the date on which share options were granted) was HK$3.22.

The vesting schedule is as follows:

Vesting date	Percentage of the share option to vest
If the audited net profit for the year ending 31 December 2013 has an increase of 10% or more as compared to that of the year ended 31 December 2012 ("**Target Performance I**"), starting from the later of 1 March 2014 or the dispatch date of the Company's 2013 annual report(1)	10%
If the audited net profit for the year ending 31 December 2014 has an increase of 10% or more as compared to the audited net profit of the year ended 31 December 2013 ("**Target Performance II**"), starting from the later of 1 March 2015 or the dispatch date of the Company's 2014 annual report(2) (4)	35%
If the audited net profit for the year ending 31 December 2015 has an increase of 10% or more as compared to the audited net profit of the year ended 31 December 2014 ("**Target Performance III**"), starting from the later of 1 March 2016 or the dispatch date of the Company's 2015 annual report(3) (4)	55%

Notes:

(1) If the Target Performance I is not achieved, then the 10% Share Options (the "**First Tranche Options**") cannot be exercised in the year of 2014. However, if Target Performance II is achieved, then the First Tranche Options will vest starting from the later of 1 March 2015 or the dispatch date of the Company's 2014 annual report. If neither of the Target Performance I or Target Performance II is achieved, then the First Tranche Options shall lapse;

(2) If the Target Performance II is not achieved, then the 35% Share Options (the "**Second Tranche Options**") cannot be exercised in the year of 2015. However, if the Target Performance III is achieved, then the Second Tranche Options will vest starting from the later of 1 March 2016 or the dispatch date of the Company's 2015 annual report. If neither of the Target Performance II or Target Performance III is achieved, then the Second Tranche Options shall lapse; and

(3) If the Target Performance III is not achieved, then the 55% Share Options (the "**Third Tranche Options**") cannot be exercised in the year of 2016. However, if the audited net profit for the year ending 31 December 2016 has an increase of 10% or more as compared to the audited net profit of the year ending 31 December 2015 ("**Target Performance IV**")[(4)], then the Third Tranche Options will vest starting from the later of 1 March 2017 or the dispatch date of the Company's 2016 annual report. If neither of the Target Performance III or Target Performance IV is achieved, then the Third Tranche Options shall lapse.

(4) The audited net profit for the year ended 31 December 2013, 2014 and 2015 under the Target Performance II, the Target Performance III and the Target Performance IV, respectively, refers to the lower of (i) the actual audited net profit of such year; and (ii) the amount equals to the actual audited net profit for the year ended 31 December 2012 compounded annually at a rate of 10%.

Corporate Governance and General Information

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.

Except for the code provision A.2.1, the Company has complied with the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from 1 January 2013 to 30 June 2013. In accordance with code provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Further, the division of responsibilities between the chairman and chief executive officer should be clearly established. The Board considers vesting the role of both the chairman of the Board and the managing Director in Mr. Zhao provides the Company with consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies.

As at the date of this report, Mr. Wu Jialiang has been appointed and Mr. Zhao Xiangzhang has resigned as the Chief Executive Officer of the Company, both with effect from 1 September 2013. Please refer to the announcement of the Company dated 27 August 2013 for further details.

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 2013.

The Board

The Board is consisted of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors are Mr. Zhao Xiangzhang, Mr. Mao Zhongwu, Mr. Kuang Canghao, Mr. Huang Xiangyang and Mr. Liu Weili. The non-executive Director is Mr. Xiang Wenbo. The independent non-executive Directors are Dr. Ngai Wai Fung (possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules), Mr. Xu Yaxiong and Mr. Ng Yuk Keung. 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 internal controls and financial reporting matters including the review of the unaudited interim condensed financial statements of the Group for six months ended 30 June 2013.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code. 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. The Chairman is Mr. Xu Yaxiong, an independent non-executive Director, and the two members are Mr. Ng Yuk Keung and Dr. Ngai Wai Fung, both of them are independent non-executive Directors.

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. Xu Yaxiong, an independent non-executive Director, and the two other members are Mr. Mao Zhongwu and Dr. Ngai Wai Fung.

Strategic Investment Committee

The strategic investment committee of the Company (the "Strategic Investment Committee") was established on 4 October 2012 and is responsible for providing recommendation and analysis to the Board on the development of the businesses and the investments of the Company. Mr. Zhao Xiangzhang acted as the Chairman of the Strategic Investment Committee, Mr. Mao Zhongwu, Mr. Kuang Canghao, Mr. Huang Xiangyang, Mr. Liu Weili, Dr. Ngai Wai Fung, Mr. Xu Yaxiong and Mr. Ng Yuk Keung were the members.

Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision D.3.1 of the CG Code, which includes (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Corporate Governance and General Information

Directors and Senior Management

Executive Directors

Mr. Zhao Xiangzhang (趙想章), aged 47, has been the Chairman of the Board of the Company since 12 October 2012, Mr. Zhao has over 20 years of experience working in the machinery industry. Mr. Zhao has been a director of Sany Group since 2007, and a director and the senior vice president of Sany Heavy Industry Co., Ltd. ("Sany Heavy Industry") since 2010.

Mr. Zhao joined Sany Group in 2000 and has since worked in various positions in Sany Group and its subsidiaries, including the financial controller of Sany Heavy Industry from 2000 to 2004 and the secretary of the board of directors of Sany Heavy Industry from 2001 to 2008. Before joining Sany Group, Mr. Zhao served as a director, the vice general manager and chief accountant of Zhongqi Changdian Company Limited from July 1985 to September 2000. Mr. Zhao is the vice president of Hunan Youth Federation and a director of the China Machinery Industry Accounting Society. Mr. Zhao graduated from Hunan College of Finance and Economics with a bachelor's degree in Economics in July 1985 and graduated from Hunan University with a master's degree in Business Administration in December 2000.

Mr. Mao Zhongwu (毛中吾), aged 51, was the chairman of the Company from 23 July 2009 to 12 October 2012. From July 2009 to April 2010, he was also the Chief Executive Officer of the Company. Mr. Mao has been the managing director and general manager of Sany Heavy Equipment since July 2006, and has been an executive director of Sany Heavy Integrated Coal Mining Equipment Co., Ltd. ("Sany Zongcai") and Sany Group Shenyang Mining Transportation Equipment Co., Ltd. ("Sany Transportation") since their respective establishments in May 2008 and September 2009. He is mainly responsible for the overall strategic planning and investment decisions of the Group. Mr. Mao has over 25 years of experience in the machinery industry.

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

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

Mr. Kuang Canghao (匡蒼豪), aged 42, has been an executive Director of the Company since 6 December 2012. Mr. Kuang has nearly 20 years of experience in the machinery industry and over 10 years of experience in business procurement and international trade. Mr. Kuang has been the standing vice general manager of the Company since September 2012.

Mr. Kuang Canghao joined Sany Group in 1993, and has since worked in various positions in Sany Group and its subsidiaries, including the standing vice general manager of the pump business department and the general manager of sales department of Sany Heavy Industry from February 2012 to September 2012, the standing vice general manager of the pump business department and the director of manufacturing operations of Sany Heavy Industry, from September 2011 to February 2012, the general manager of Loudi Zhongxing Hydraulic Parts Co., Ltd. from January 2010 to June 2011, and the director of commercial department of Sany Heavy Industry from July 2008 to January 2010. From October 1993 to July 2008, Mr. Kuang held various positions in Sany Group including operator, department head and director of commercial department.

Mr. Kuang obtained a bachelor's degree in Chinese Language and Literature and obtained a master's degree in Business Administration from Wuhan University in January 2007 and December 2008, respectively.

Mr. Huang Xiangyang (黃向陽), aged 51, deputy general manager, head of our research institute and the deputy general manager of the coal mining operation division. Mr. Huang has been appointed as an executive Director of the Company since 18 May 2012. He has 30 years of work experience in 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. He has been the general manager of our coal mining operation division and head of our research institute since November 2012.

During his time with the Group, Mr. Huang was granted 7 technological awards at provincial level or above, 6 award at city level and obtained around 200 patents, about 20 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 50, 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 Transportation 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 Director

Mr. Xiang Wenbo (向文波), aged 51, 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 joined the Sany Group in 1991 and was a standing director and general manager of the marketing department and executive president of the Sany Group. He is currently the president and vice-chairman of Sany Heavy Industry.

Mr. Xiang graduated in 1982 from the Department of Casting of Hunan University with a Bachelor's degree in Engineering Science and graduated from Materials Department of Dalian University of Technology (大連理工大學) with a master's degree in Engineering in 1988. Mr. Xiang holds the title of senior engineer and is an expert entitled to government allowance from the State Council.

Mr. Xiang has also held a number of social positions such as vice president of China International Chamber of Commerce for Private Sector, a council member of China Machinery Industry Confederation (中國機械工業聯合會), a 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 was awarded "2012 Bauhinia Cup Outstanding Entrepreneur Awards (2002年紫荊花杯傑出企業家獎)", "2007 China's top ten leaders in manufacturing (2007中國製造業十大領袖)", "2008 Top Ten Outstanding CEO in China (2008年度中國十大傑出CEO)", "Forbes 2010 Best CEO in China (福布斯2010年中國最佳CEO)" and "Forbes 2011 A-share listed companies non-state Best CEO (福布斯2011年A股非國有上市公司最佳CEO)".

Independent non-executive Directors

Dr. Ngai Wai Fung (魏偉峰), aged 51, 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 and Adjunct Professor of Department of Law in Hong Kong Shue Yan University. Dr. Ngai recently was appointed by Chief Executive of Hong Kong Special Administrative Region of the People's Republic of China as non-official member of Working Group on Professional Services of Economic Development Commission and obtained professional qualifications from Hong Kong Institute of Certified Public Accountants and committee member of Examinations Board.

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/chairman of audit committee of LDK Solar Co., Ltd, which is listed on the New York Stock Exchange.

Dr. Ngai was a director and head of listing services of an independent operation enterprise service provider (formerly the corporate services divisions and commercial divisions of KPMG and Grant Thornton). 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(香港)有限公司) and China COSCO Holdings Co.,Ltd (中國遠洋控股股份有限公司).

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 redchip 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 joined the China National Coal Machinery Industry Association in June 2007 and was elected as the President. Mr. Xu will resign as the President of China National Coal Machinery Industry Association in September 2013 due to old age and will transfer as the senior consultant of the China National Coal Machinery Industry Association, the director of experts committee and the deputy director of China National Coal Association. He is currently a legal representative of the association.

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.

Corporate Governance and General Information

Mr. Ng Yuk Keung (吳育強), aged 48, was appointed as an independent non-executive Director of the Company on 5 November 2009. Mr. Ng is currently the Executive Director and chief financial officer of 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. Lu Ben (陸犇), aged 42, graduated from Central South University with a master's degree in Business and Administration on 1 May 2003. He was appointed as the vice president of the Company on 27 January 2013.

Mr. Lu joined Sany in 2003 and was responsible for EHR system and building-up of the remuneration system of the Group. He transferred to the performance committee of the Group and established the performance management system and equity incentive system of the Sany Group in 2005. He put the Group in an ideal position to standardize the incentive system of the Group and offered the Group the drive for long term development. He was praised by the Chairman for his achievements many a time. He transferred to finance and accounting department in 2009 and made an important contribution to enhancing the human resources management, one of the top five systems of the Group.

Mr. Du Xing (杜興), aged 44, 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 business administration training for financial management from Shanghai National Accounting Institute. He received an Executive Master of Business Administration degree awarded by Arizona State University WP Carey School of Business (美國亞利桑那州凱瑞商學院).

Mr. Hu Tao (胡濤), aged 31, a member of Revolutionary Committee of the Chinese Kuomintang, serves as joint company secretaries of the Company since July 2012 to assist the Chairman to handle matters related to the Board and is responsible for information disclosure and strategic planning. Also, he serves as the chief investment officer of the Group and in various positions regarding to investor relations responsible for investment and financing business and investor communication. Prior to his appointment as joint company secretaries of the Group in June 2009, he had been served as an assistant company secretary and in a position regarding to investor relationship of the Group and responsible for information disclosure and investor relations management. He was also a chief investment officer responsible for planning and implementing investment and financing projects. Before joining the Group, he served in various positions in Sany Group Limited and Sany Heavy Machinery Co., Ltd., mainly responsible for investment management and overseas listing. Given the background of Mr. Hu, he has extensive practical experience in handling compliance matters and planning investment and financing business 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 received a Master of Finance awarded by University of Wollongong in Australia in 2006.

Joint Company Secretaries

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

Ms. Kam Mei Ha Wendy (甘美霞), aged 46, was appointed as one of the joint company secretaries of our Company. Ms. Kam is a director of Corporate Services at Tricor Services Limited ("Tricor"). Tricor is a global professional services provider specializing in business, corporate and investor services. Ms. Kam is a Chartered Secretary and a fellow 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 20 years. Other than our company, Ms. Kam had been appointed as named company secretary of four 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 2013 (six months ended 30 June 2012: nil).

Purchase, Sale or Redemption of the Company's Shares

For the six months ended 30 June 2013 the Company repurchased 33,863,000 shares through the Stock Exchange (the six months ended 30 June 2012: nil) at a total amount of approximately HK$120.9 million (approximately RMB97.7 million) (the six months ended 30 June 2012: nil). Such shares have been cancelled afterwards. Details of repurchase are as follows:

		Purchasing price for each share		Total amount of payment (excluding service charge)	
Month of repurchase	**Number of ordinary share repurchased**	**Highest HK$**	**Lowest HK$**	**HK$ Million**	**RMB Million**
March 2013	33,863,000	3.70	3.22	120.9	97.7

Save as disclosed above, for the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company.

Report on Review of Interim Condensed Consolidated Financial Statements

EY 安永
Building a better working world

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 financial information set out on pages 31 to 60, which comprises the condensed consolidated statement of financial position of Sany Heavy Equipment International Holdings Company Limited (the "Company") and its subsidiaries as at 30 June 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited requires 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"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information 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". 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is 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

27 August 2013

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
REVENUE	4	**1,663,239**	2,345,145
Cost of sales		**(1,026,884)**	(1,393,325)
Gross profit		**636,355**	951,820
Other income and gains	4	**98,147**	115,523
Selling and distribution expenses		**(216,971)**	(307,486)
Administrative expenses		**(175,976)**	(167,153)
Other operating expenses		**(5,370)**	(23,924)
Operating profit		**336,185**	568,780
Finance costs	6	**(5,551)**	(663)
Profit before tax	5	**330,634**	568,117
Income tax expense	7	**(35,528)**	(83,078)
PROFIT FOR THE PERIOD		**295,106**	485,039
Attributable to:			
Owners of the parent		**295,064**	484,121
Non-controlling interests		**42**	918
		295,106	485,039
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	9	**0.10**	0.16
Diluted (RMB)	9	**0.10**	0.16

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2013

	Note	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD		**295,106**	485,039
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on available-for-sale investments	13	**95,145**	(90,492)
Income tax effect		**(15,699)**	14,931
		79,446	(75,561)
Exchange differences on translation of foreign operations		**472**	916
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**79,918**	(74,645)
OTHER COMPREHENSIVE INCOME, NET OF TAX		**79,918**	(74,645)
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**375,024**	410,394
Attributable to:			
Owners of the parent		**374,982**	409,476
Non-controlling interests		**42**	918
		375,024	410,394

Interim Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,291,244**	2,233,706
Prepaid land lease payments	11	**495,835**	501,271
Intangible assets	12	**114,697**	127,951
Available-for-sale investments	13	**10,636**	106,552
Non-current prepayments	16	**209,850**	226,057
Deferred tax assets	17	**147,054**	175,249
Total non-current assets		**3,269,316**	3,370,786
CURRENT ASSETS			
Inventories	14	**1,005,990**	859,988
Trade receivables	15	**2,389,577**	1,726,624
Bills receivable	15	**505,889**	607,338
Prepayments, deposits and other receivables	16	**369,612**	372,268
Due from immediate holding company	29(2)	**187,375**	—
Investment deposits	18	**310,000**	—
Time deposits	19	**146,934**	100,000
Pledged deposits	19	**84,663**	93,640
Cash and cash equivalents	19	**199,280**	848,578
Total current assets		**5,199,320**	4,608,436
CURRENT LIABILITIES			
Trade and bills payable	20	**1,049,611**	723,133
Other payables and accruals	21	**675,430**	703,830
Interest-bearing bank borrowings	22	**185,198**	188,523
Dividend payable		**156,571**	—
Tax payable		**81,898**	124,943
Provision for warranties	23	**32,188**	50,779
Government grants	24	**16,650**	18,288
Total current liabilities		**2,197,546**	1,809,496
NET CURRENT ASSETS		**3,001,774**	2,798,940
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,271,090**	6,169,726
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	**4,494**	16,114
Government grants	24	**452,186**	457,954
Total non-current liabilities		**456,680**	474,068
Net assets		**5,814,410**	5,695,658

Interim Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	25	**266,773**	269,509
Reserves		**5,480,813**	5,198,228
Proposed dividend	8	**–**	161,139
		5,747,586	5,628,876
Non-controlling interests		**66,824**	66,782
Total equity		**5,814,410**	5,695,658

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2013

	Attributable to owners of the parent												
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Share option reserve RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Available-for-sale investments revaluation reserve RMB'000	Capital redemption reserve* RMB'000	Retained profits RMB'000	Proposed dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 January 2013	269,509	1,667,316#	1,332,316#	–#	288,555#	(41,419)#	(79,446)#	601#	2,030,305#	161,139	5,628,876	66,782	5,695,658
Profit for the period	–	–	–	–	–	–	–	–	295,064	–	295,064	42	295,106
Other comprehensive income for the period:													
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	79,446	–	–	–	79,446	–	79,446
Exchange differences on translation of foreign operations	–	–	–	–	–	472	–	–	–	–	472	–	472
Total comprehensive income for the period	–	–	–	–	–	472	79,446	–	295,064	–	374,982	42	375,024
Adjustment to proposed dividend for repurchase of shares	–	–	–	–	–	–	–	–	1,757	(1,757)	–	–	–
Final 2012 dividend declared	–	–	–	–	–	–	–	–	–	(159,382)	(159,382)	–	(159,382)
Repurchase of issued shares (note 25)	(2,736)	(98,061)	–	–	–	–	–	2,736	–	–	(98,061)	–	(98,061)
Share-based payments (note 26)	–	–	–	1,171	–	–	–	–	–	–	1,171	–	1,171
Transfer from retained profits	–	–	–	–	27,174	–	–	–	(27,174)	–	–	–	–
At 30 June 2013 (Unaudited)	266,773	1,569,255#	1,332,316#	1,171#	315,729#	(40,947)#	–#	3,337#	2,299,952#	–	5,747,586	66,824	5,814,410

These reserve accounts comprise the consolidated reserves of RMB5,480,813,000 (31 December 2012: RMB5,198,228,000) in the interim condensed consolidated statement of financial position.

* Capital redemption reserve represents the nominal amount of the shares repurchased.

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2013

	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

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(141,625)**	(147,027)
Net cash flows (used in)/from investing activities	**(411,006)**	228,151
Net cash flows used in financing activities	**(94,635)**	(139,742)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(647,266)**	(58,618)
Effect of foreign exchange rate changes, net	**(2,032)**	916
Cash and cash equivalents at beginning of period	**848,578**	477,516
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**199,280**	419,814
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**195,153**	419,814
Non-pledged time deposits with original maturity of less than three months when acquired	**4,127**	—
	199,280	419,814

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"), mining transport equipment (including underground and surface), spare parts and service 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 immediate 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 2013 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 2012.

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 2012, 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 IFRS1 *Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS10, IFRS11 and IFRS12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income*
IAS 19 (Revised)	*Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IFRIC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements Project	*Annual Improvements to IFRSs 2009 – 2011 Cycle*

The adoption of these new and revised IFRSs did not have any significant effect on the financial position or performance of the Group.

3. Operating Segment Information

During the six months ended 30 June 2013, the Group is principally engaged in the manufacture and sale of the heavy equipment including roadheader, CCMU, mining transport equipment (including underground and surface), spare parts and service. 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*.

Information about a major customer

Revenue of approximately RMB430,776,000 (six months ended 30 June 2012: RMB553,651,000) 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 rendered, after allowances for returns and trade discounts.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**1,638,024**	2,329,454
Rendering of services	**25,215**	15,691
	1,663,239	2,345,145
Other income and gains		
Interest income	**9,219**	7,467
Profit from sale of scrap materials	**21,397**	45,657
Government grants (note 24)	**65,795**	59,636
Others	**1,736**	2,763
	98,147	115,523

5. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Cost of inventories sold		**1,009,292**	1,384,148
Cost of services provided		**17,592**	9,177
Depreciation	10	**62,254**	53,120
Amortisation of land lease prepayments	11	**5,436**	5,455
Amortisation of intangible assets	12	**13,254**	591
Auditors' remuneration		**1,000**	1,200
Provision for warranties, net*	23	**974**	26,388
Research and development costs**		**82,891**	52,195
Minimum lease payments under operating leases:			
Dormitories for staff		**455**	239
Warehouses		**1,945**	2,740
Office equipment		**177**	–
		2,577	2,979
Employee benefit expenses:			
Wages and salaries		**127,534**	145,821
Share - based payment		**1,171**	–
Pension scheme contributions		**17,277**	17,145
Other staff welfare		**10,579**	11,907
		156,561	174,873
Foreign exchange differences, net***		**702**	7,239
Impairment of trade receivables***		**4,098**	14,941
Impairment of other receivables***		**233**	–
Write-down/(write-back) of inventories to net realisable value#		**(2,718)**	21,544
Loss on disposal of items of property, plant and equipment***		**337**	1,744

* Included in "Selling and distribution expenses" in the interim condensed consolidated income statement.

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

*** Included in "Other operating 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 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Interest on discounted bills	**3,376**	–
Interest on interest-bearing bank borrowings	**2,109**	–
Interest on documentary bills	**66**	663
	5,551	663

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 2013.

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 2013.

	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Current – Mainland China		
Charge for the period	**34,598**	119,973
Deferred (note 17)	**930**	(36,895)
Total tax charge for the period	**35,528**	83,078

8. Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: 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 2013 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,086,611,744 (six months ended 30 June 2012: 3,112,500,000) in issue during the period, as adjusted to reflect the repurchase of 33,863,000 issued shares during the period.

The calculation of the diluted earnings per share amount is based on the profit for the six months ended 30 June 2013 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

10. Property, Plant and Equipment

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Carrying amount at 1 January	**2,233,706**	1,656,800
Additions	**120,330**	693,680
Disposals	**(538)**	(6,248)
Depreciation charge for the period/year	**(62,254)**	(110,526)
Carrying amount at 30 June/31 December	**2,291,244**	2,233,706

During the six months ended 30 June 2013, the Group acquired assets with a cost of RMB120,330,000 (the six months ended 30 June 2012: RMB336,492,000).

Assets with a net book value of RMB538,000 were disposed of by the Group during the six months ended 30 June 2013 (the six months ended 30 June 2012: RMB4,214,000), resulting in a net loss on disposal of RMB337,000 (the six months ended 30 June 2012: RMB1,744,000).

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 RMB447,282,000 as at 30 June 2013 (31 December 2012: RMB456,502,000) 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Carrying amount at 1 January	**512,117**	444,201
Addition	**–**	79,064
Recognised during the period/year	**(5,436)**	(11,148)
Carrying amount at 30 June/31 December	**506,681**	512,117
Current portion included in prepayments, deposits and other receivables	**(10,846)**	(10,846)
Non-current portion	**495,835**	501,271

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

12. Intangible Assets

At 30 June 2013	**Patents and licences RMB'000**	**Deferred development cost RMB'000**	**Total RMB'000**
Cost at 1 January 2013, net of accumulated amortisation	**7,384**	**120,567**	**127,951**
Additions – internal development	**120,567**	**(120,567)**	**–**
Amortisation provided during the period	**(13,254)**	**–**	**(13,254)**
At 30 June 2013	**114,697**	**–**	**114,697**
At 30 June 2013:			
Cost	**129,426**	**–**	**129,426**
Accumulated amortisation	**(14,729)**	**–**	**(14,729)**
Net carrying amount	**114,697**	**–**	**114,697**

At 31 December 2012	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	—	86,653	86,653
Recognised during the year	(1,476)	—	(1,476)
At 31 December 2012	7,384	120,567	127,951
At 31 December 2012:			
Cost	8,860	120,567	129,427
Accumulated amortisation	(1,476)	—	(1,476)
Net carrying amount	7,384	120,567	127,951

13. Available-for-sale Investments

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Listed equity investments, at fair value:		
Hong Kong	–	95,916
Unlisted equity investment, at cost less impairment	10,636	10,636
	10,636	106,552

During the period, the Group disposed the listed equity investments to the immediate holding company of the Company and no material net profit or loss effect was derived from this transaction. Further details of the transaction are included in note 29(2) to the financial statements.

The unlisted equity investment of the Group is not stated at fair value but at cost less any accumulated impairment losses, because it does 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 the investment in the near future.

14. Inventories

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Raw materials	465,906	336,902
Work in progress	219,608	180,936
Finished goods	327,421	355,712
	1,012,935	873,550
Less: Provision	(6,945)	(13,562)
	1,005,990	859,988

15. Trade and Bills receivable

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade receivables	**2,435,136**	1,768,701
Less: Impairment	**(45,559)**	(42,077)
Trade receivables, net	**2,389,577**	1,726,624
Bills receivable	**505,889**	607,338

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.

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 60 days	**1,513,593**	786,605
61 to 90 days	**118,259**	189,436
91 to 180 days	**199,025**	189,547
181 to 365 days	**250,119**	373,127
Over 365 days	**308,581**	187,909
	2,389,577	1,726,624

15. Trade and Bills receivable (continued)

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
At 1 January 2013/1 January 2012	42,077	34,121
Impairment losses recognised	4,098	11,587
Write-off	(616)	(3,631)
At 30 June 2013/31 December 2012	45,559	42,077

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Neither past due nor impaired	2,047,168	1,548,490
Past due but not impaired:		
Within 180 days past due	237,004	137,055
181 to 365 days past due	77,207	33,528
Over 365 days past due	28,198	7,551
Total	2,389,577	1,726,624

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 of the Company 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.

15. Trade and Bills Receivable (continued)

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 6 months	**314,034**	462,508
Over 6 months	**191,855**	144,830
	505,889	607,338

Included in the bills receivable was an amount of approximately RMB10,000,000 (31 December 2012: RMB98,813,000) which was pledged to secure the issuance of bills payable.

Included in the bills receivable was an amount of RMB1,500,000 as at 30 June 2013 (31 December 2012: RMB9,000,000) received from a fellow subsidiary.

16. Prepayments, Deposits and other Receivables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current prepayments	**209,850**	226,057
Current assets:		
Prepayments	**85,049**	105,680
Deposits and other receivables	**284,563**	266,588
	369,612	372,268

Included in the prepayments was an amount of RMB1,300,000 as at 30 June 2013 (31 December 2012: RMB1,300,000) prepaid by the Group to a fellow subsidiary for purchasing raw materials. Prepayments to the Group's related companies are unsecured, non-interest-bearing and have no fixed terms of repayment. Further details of the transaction are included in note 29(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 2012	70,631	918	7,137	34,772	–	113,458
Credited to the consolidated income statement	43,786	1,116	480	764	–	46,146
Credited to other comprehensive income	–	–	–	–	15,699	15,699
Exchange differences	–	–	–	–	(54)	(54)
At 31 December 2012 and 1 January 2013	114,417	2,034	7,617	35,536	15,645	175,249
Charged to the condensed consolidated income statement (note 7)	(8,769)	(992)	(2,789)	–	–	(12,550)
Charged to other comprehensive income	–	–	–	–	(15,699)	(15,699)
Exchange differences	–	–	–	–	54	54
At 30 June 2013(Unaudited)	105,648	1,042	4,828	35,536	–	147,054

17. DEFERRED TAX (continued)

Deferred tax liabilities

	Withholding taxes on dividend RMB'000
At 1 January 2012	–
Charged to the consolidated income statement	16,114
At 31 December 2012 and 1 January 2013	16,114
Credited to the condensed consolidated income statement (note 7)	(11,620)
At 30 June 2013 (Unaudited)	4,494

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 5%. 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.

As at 30 June 2013, the Group has not recognised deferred tax liabilities of RMB11,075,000 (31 December 2012: RMB34,815,000) in respect of temporary differences relating to the current unremitted profits of subsidiaries amounting to RMB221,500,000 (31 December 2012: RMB348,150,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is not probable that these profits will be distributed in the foreseeable future.

18. Investment Deposits

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Investment deposits, in licensed banks in Mainland China, at amortised cost	**310,000**	–

Investment deposits as at 30 June 2013 represented investments in financial products purchased from licensed banks in Mainland China, at a consideration of RMB310,000,000. The investment deposits were classified by the Group as loans and receivables and measured at amortised cost. The principal of the investment deposits are guaranteed by the licensed banks in Mainland China. The investment deposits are bearing variable interest return rates and the expected interest return rates are around 2.8% to 5.2% per annum and will be matured on demand and 8 March 2014.

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Cash and cash equivalents	**199,280**	848,578
Time deposits	**231,597**	193,640
	430,877	1,042,218
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(146,934)**	(100,000)
Pledged time deposits for issuing bills payable	**(84,663)**	(93,640)
Cash and cash equivalents	**199,280**	848,578
Cash and bank balances and time deposits denominated in		
– RMB	**370,862**	841,160
– Hong Kong dollars ("HK$")	**3,124**	44,788
– United States dollars ("US$")	**56,891**	156,270
	430,877	1,042,218

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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 30 days	357,750	194,859
31 to 90 days	438,723	181,633
91 to 180 days	199,490	161,383
181 days to 365 days	41,792	172,467
Over 365 days	11,856	12,791
	1,049,611	723,133

Included in the trade and bills payable was an amount of RMB85,035,000 as at 30 June 2013 (31 December 2012: RMB4,100,000) payable to fellow subsidiaries for purchasing raw materials by the Group. Further details of the transaction are included in note 29(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 210 days.

21. Other Payables and Accruals

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Deposits received from customers	210,024	275,494
Other payables	446,262	407,364
Accruals	19,144	20,972
	675,430	703,830

Included in the accruals was an amount of RMB14,980,000 as at 30 June 2013 (31 December 2012: RMB12,228,000) payable to a fellow subsidiary for purchasing logistics services by the Group. Further details of the transaction are included in note 29(1) to the financial statements.

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

22. Interest-Bearing Bank Borrowings

	30 June 2013 (Unaudited)			31 December 2012 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	**2.24**	**2013**	**185,198**	2.24	2013	188,523

All borrowings are denominated in United States dollars.

23. Provision for Warranties

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
At 1 January	**50,779**	47,583
Additional provision	**974**	45,001
Amounts utilised during the period/year	**(19,565)**	(41,805)
At 30 June/31 December	**32,188**	50,779

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.

24. Government Grants

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
At 1 January	**476,242**	346,855
Grants recognised during the period/year	**58,389**	274,482
Amortised as income during the period/year	**(65,795)**	(145,095)
At 30 June/31 December	**468,836**	476,242
Current portion	**(16,650)**	(18,288)
Non-current portion	**452,186**	457,954

25. Share Capital

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Authorised: 5,000,000,000 ordinary shares (31 December 2012: 5,000,000,000 ordinary shares) of HK$0.10 each	**500,000**	500,000
Issued and fully paid: 3,071,272,000 ordinary shares (31 December 2012: 3,105,135,000 ordinary shares) of HK$0.10 each	**307,127**	310,514
Equivalent to RMB'000	**266,773**	269,509

In March 2013, the Company repurchased a total of 33,863,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited in cash consideration of HK$121,353,000 (equivalent to RMB98,061,000). The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK$3,386,000 (equivalent to RMB2,736,000) was transferred from share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$117,967,000 (equivalent to RMB95,325,000) was charged to share premium.

26. Share Option Scheme

On 16 February 2013, the Company adopted a share option scheme (the "Scheme").

The table below disclosed the movement of the Company's share options held by the Company's directors and other eligible participants:

	Number of underlying shares comprised in share options
Granted during the period	28,524,000
Outstanding as at 30 June 2013	28,524,000

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK$3.50. The fair value of the share options granted during the period was HK$31,843,000 (HK$1.12 each), of which the Group recognised a share option expense of HK$1,455,000 (equivalent to RMB1,171,000) for the six months ended 30 June 2013.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

26. Share Option Scheme (continued)

Dividend yield (%)	4.34
Expected volatility (%)	52.00
Historical volatility (%)	52.00
Risk-free interest rate (%)	1.16
Expected life of options (year)	10
Weighted average share price (HK$ per share)	3.09

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

27. 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**232**	236
In the second to third years, inclusive	**246**	366
	478	602

(b) As lessee

The Group leases certain of its dormitories, warehouses and office equipment 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**2,377**	3,308
In the second to third years, inclusive	**365**	524
	2,742	3,832

28. Commitments

In addition to the operating lease commitments as set out in note 27(b) above, the Group had the following capital commitments as at the end of the reporting period:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Contracted, but not provided for:		
Prepaid land lease payments	–	699
Buildings	250,068	251,423
Plant and machinery	114,610	144,718
	364,678	396,840

29. 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 2013 RMB'000 (Unaudited)	2012 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) & (iv)	18,766	35,326
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(i) & (iv)	407	10,478
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(i) & (iv)	30,695	30,350
Sany Intelligent Control Equipment Co., Ltd. (三一智能控制設備有限公司)	(i) & (iv)	4,006	4,099
Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(i) & (iv)	560	–
Sany Electric Co., Ltd. (三一電氣有限責任公司)	(i) & (iv)	20,450	6,113
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(i) & (iv)	52,189	–
Beijing Sany Heavy Machinery Co., Ltd. (北京市三一重機有限公司)	(i) & (iv)	49	–
		127,122	86,366

29. Related Party Transactions and Balances (continued)

(1) Transactions with related parties (continued)

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Operating rental received from:			
Hunan Sany Repair Services Co., Ltd. (湖南三一維修有限公司)	(ii) & (iv)	–	113
Operating rental paid to:			
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(ii) & (iv)	930	–
Service fee paid to:			
Hunan Xinxiang Construction Consultation Co., Ltd.(湖南興湘建設監理諮詢有限公司)	(iii) & (iv)	892	1,587
Purchases of logistics service from:			
Hunan Sany Logistics Co., Ltd. (湖南三一物流有限責任公司)	(iii) & (iv)	19,234	40,570
Acquired of equipments from:			
Shanghai Sany Jingji Co., Ltd. (上海三一精機有限公司)	(i) & (iv)	–	16,436
Agency fee paid to:			
Sany Heavy Machinery Co.,Ltd. (三一重機有限公司)	(iii) & (iv)	–	1,591
Sany South African Co. Ltd. (三一南非有限公司)	(iii) & (iv)	864	–
		864	1,591

29. Related Party Transactions and Balances (continued)

(1) Transactions with related parties (continued)

Notes:

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

(ii) The rentals were made at prices and conditions as mutually agreed.

(iii) The services were made at prices and conditions as mutually agreed.

(iv) Loudi Zhongxing Hydraulic Parts Co., Ltd., Sany Heavy Industry Co., Ltd., Suote Transmission Equipment Co., Ltd., Sany Intelligent Control Equipment Co., Ltd., Sany Automobile Lifting Machinery Co., Ltd., Sany Electric Co., Ltd., Loudi Zhongyuan New Material Co., Ltd., Beijing Sany Heavy Machinery Co., Ltd., Hunan Sany Repair Services Co., Ltd.**, Hunan Xinxiang Construction Consultation Co., Ltd., Hunan Sany Logistics Co., Ltd., Sany Heavy Machinery Co.,Ltd., Shanghai Sany Jingji Co., Ltd. and Sany South African Co. Ltd. are companies which are owned and controlled by the Controlling Shareholder*.

* The controlling shareholder is Liang Wengen, who holds 57.12% of the equity interests in Sany BVI.

** Hunan Sany Repair Services Co., Ltd. was deregistered in July 2012.

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) Other transactions with related parties

Pursuant to the resolution of the board of directors' meeting held on 21 June 2013, the Group entered into a contract with its immediate holding company, Sany HK to sell 184,830,000 shares of equity interest in Kinetic Mines and Energy Limited, a company listed on the Stock Exchange of Hong Kong Limited, at a total consideration of HK$235.2 million (equivalent to RMB187.4 million) mutually agreed by the parties by reference to the fair value determined by an independent external valuer. No material net profit or loss effect was derived from this transaction. The amount receivable from the immediate holding company of RMB187.4 million as at 30 June 2013 is unsecured, non-interest-bearing and shall be paid in full on or before 30 June 2014.

(3) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances, bonus and benefits in kind	**1,420**	1,398
Pension scheme contributions and other staff welfare	**169**	136
Share base payment	**521**	–
Total compensation paid to key management personnel	**2,110**	1,534

30. FAIR VALUE MEASUREMENT

The carrying amounts and fair values of the financial instruments are as follows:

	30 June 2013 Carrying amounts RMB'000 (Unaudited)	Fair values RMB'000 (Unaudited)
Financial assets		
Trade receivables	2,389,577	2,389,577
Bills receivable	505,889	505,889
Financial assets included in prepayments, deposits and other receivables	284,563	284,563
Due from immediate holding company	187,375	187,375
Investment deposits	310,000	310,000
Time deposits	146,934	146,934
Pledged deposits	84,663	84,663
Cash and cash equivalents	199,280	199,280
	4,108,281	4,108,281
Financial liabilities		
Trade and bills payables	1,049,611	1,049,611
Financial liabilities included in other payables and accruals	465,406	465,406
Interest–bearing bank borrowings	185,198	185,198
	1,700,215	1,700,215

30. FAIR VALUE MEASUREMENT (continued)

	31 December 2012	
	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Available-for-sale investments	95,916	95,916
Trade receivables	1,726,624	1,726,624
Bills receivable	607,338	607,338
Financial assets included in prepayments, deposits and other receivables	266,588	266,588
Time deposits	100,000	100,000
Pledged deposits	93,640	93,640
Cash and cash equivalents	848,578	848,578
	3,738,684	3,738,684
Financial liabilities		
Trade and bills payables	723,133	723,133
Financial liabilities included in other payables and accruals	428,336	428,336
Interest–bearing bank borrowings	188,523	188,523
	1,339,992	1,339,992

Fair value hierarchy

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

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

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

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

31. EVENTS AFTER THE REPORTING PERIOD

The Company has repurchased a total of 30,247,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited in cash consideration of HK$65,466,000 (equivalent to RMB52,667,000) after the reporting period, pursuant to the general mandate granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 21 June 2013. All the repurchased shares have been cancelled on 8 August 2013.

32. 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 27 August 2013.