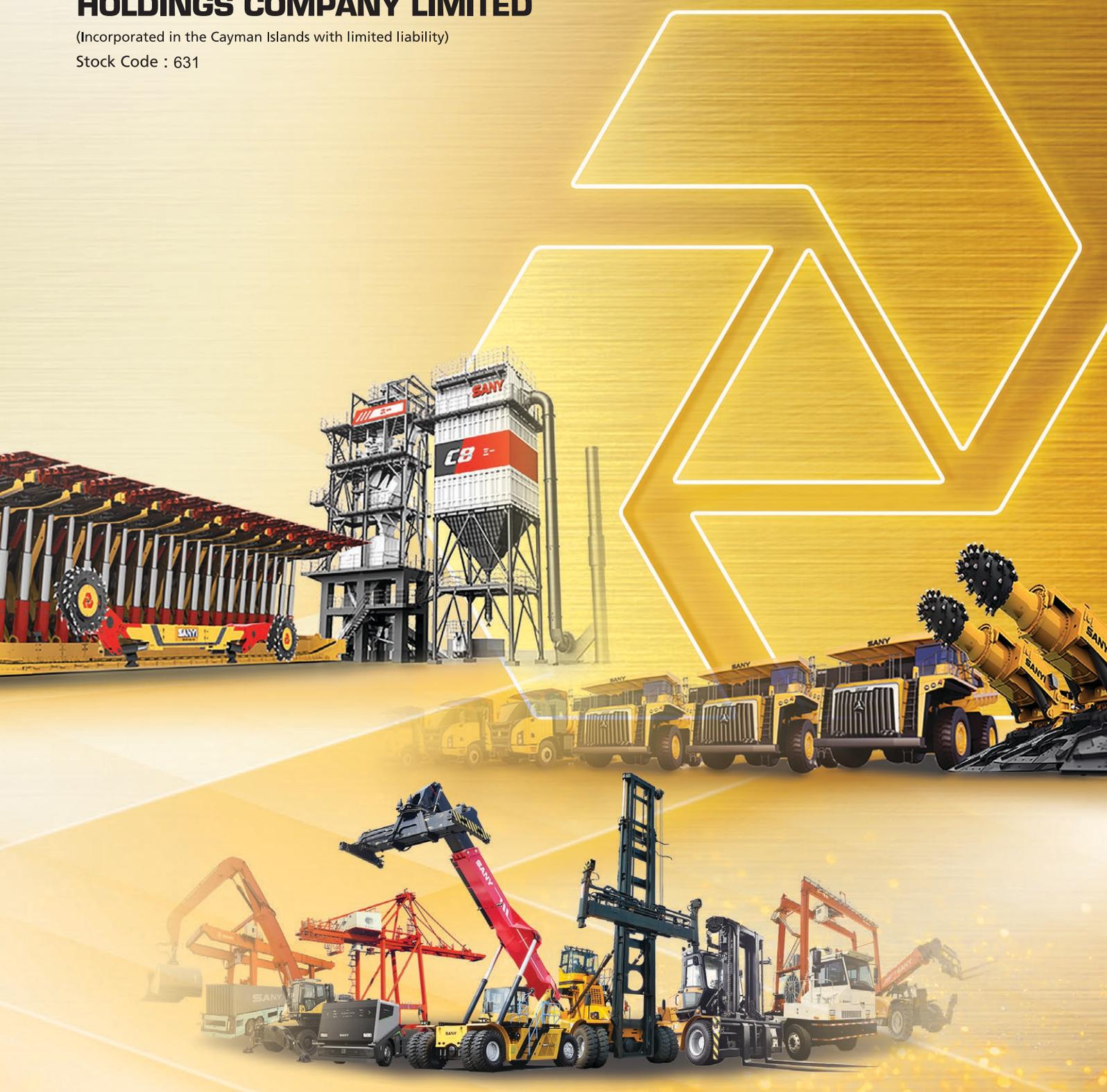




SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 631



2022 INTERIM REPORT

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FINANCIAL SUMMARY

(RMB:'000)	Six months ended 30 June		
	2022 (Unaudited)	2021 (Unaudited)	Growth (%)
Revenue	7,631,742	4,984,199	53.1
Gross profit	1,815,289	1,215,140	49.4
Profit before tax	1,023,968	945,951	8.2
Net profit	912,616	828,946	10.1
Profit attributable to owners of the parent	905,789	811,089	11.7
Adjusted profit attributable to owners of the parent ¹	905,789	660,589	37.1
Total assets	23,141,096	19,137,258	20.9
Average total assets	21,963,109	18,300,710	20.0
Total equity	9,278,226	8,275,980	12.1
Cash flows of operating activities	99,176	835,936	(88.1)
Cash flows of investing activities	(1,191)	111,761	(101.1)
Cash flows of financing activities	341,563	(47,662)	816.6
Earnings per share ²			
— Basic (RMB Yuan)	0.29	0.26	11.5
— Diluted (RMB Yuan)	0.25	0.22	13.6

(Percentage)	Six months ended 30 June		
	2022	2021	Percentage points
Gross profit margin	23.8%	24.4%	(0.6)
Percentage of profit margin attributable to shareholders of the Company ³	11.9%	16.3%	(4.4)
Assets turnover	34.7%	27.2%	7.5
Gearing ratio	52.9%	56.8%	(3.9)

- 1 The adjusted profit attributable to owners of the parent for the period ended 30 June 2021 is calculated by deducting the one-off gain on disposal of a subsidiary classified as held for sale of RMB150.5 million from the net equity attributable to owners of the parent.
- 2 The weighted average number of ordinary shares for the six months ended 30 June 2022 was 3,140,958,508 shares, and the weighted average number of ordinary shares for the six months ended 30 June 2021 was 3,136,924,946 shares, details of which are set out in note 9 to the interim condensed consolidated financial statements.
- 3 Profit attributable to shareholders of Sany Heavy Equipment International Holdings Company Limited (hereinafter referred to as "Sany International" or the "Company") divided by revenue.



DIRECTORS

Executive Directors

Mr. Liang Zaizhong (*Chairman*)
Mr. Qi Jian (*Vice Chairman*)
Mr. Fu Weizhong

Non-executive Directors

Mr. Tang Xiuguo
Mr. Xiang Wenbo

Independent Non-executive Directors

Mr. Ng Yuk Keung
Mr. Poon Chiu Kwok
Mr. Hu Jiquan

COMPANY SECRETARY

Mr. Yu Leung Fai

AUDIT COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)
Mr. Ng Yuk Keung
Mr. Hu Jiquan

REMUNERATION COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)
Mr. Ng Yuk Keung
Mr. Hu Jiquan

NOMINATION COMMITTEE

Mr. Liang Zaizhong (*Chairman*)
Mr. Poon Chiu Kwok
Mr. Hu Jiquan

STRATEGIC INVESTMENT COMMITTEE

Mr. Liang Zaizhong (*Chairman*)
Mr. Qi Jian
Mr. Fu Weizhong
Mr. Ng Yuk Keung
Mr. Poon Chiu Kwok

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PRINCIPAL BANKS

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Export-Import Bank of China
Bank of Communications
Industrial and Commercial Bank of China
Agricultural Bank of China
China Guangfa Bank
China Construction Bank
China Everbright Bank
Industrial Bank
Hua Xia Bank
China Minsheng Bank

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Sidley Austin LLP (as to Hong Kong law)
Jingtian & Gongcheng (as to PRC law)

STOCK CODE

00631



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Dear Shareholders,

In the first half of 2022, the national economy rebounded steadily and the scale of export trade increased continuously. Meanwhile, the coal mining industry recovered and the intelligent transformation have entered the fast track. The demand for new construction and transformation of green ports and automated terminals further increased. The Company and its subsidiaries (collectively, the “**Group**”) continued to push the strategies of internationalization, electrification and digital intellectualization, and its results of operations showed significant growth, while brand influence further increased.

In the first half of the year, the Group recorded revenue of approximately RMB7,631.7 million, representing an increase of 53.1% over the same period of last year. Net profit attributable to the parent amounted to approximately RMB905.8 million, representing an increase of 11.7% over the same period of last year. Adjusted net profit attributable to the parent increased by 37.1% over the same period of last year. In the first half of the year, the Group further consolidated its market position in major products and made outstanding progress in its internationalization strategy, with the revenue from overseas sales amounted to RMB1,927.5 million, representing a significant increase of 121.9%, and the proportion of international revenue increased to 25.3%. Intelligentization and electrification achieved significant results and new businesses made great progress, with the revenue from robotics segment amounted to RMB553.0 million, representing an increase of 36.9%.

Facing the future, for the long term. The Group will comprehensively implement the “2531” plan and further promote the implementation of internationalization, electrification and digital intellectualization strategies. We will continue to deepen our efforts in overseas markets and strengthen our international layout. The mining equipment segment will focus on 6 core regions and 10 key countries. 30 distributors are newly added, which improves the coverage of major customers and builds 10 overseas benchmark mines in Indonesia, India, Africa and other regions. In terms of products, we have developed 70T-100T hybrid, pure electric and battery-replaceable widebodied vehicles with high reliability and durability. 3 electric drive mining transport equipment have also been developed. Meanwhile, we will comprehensively allocate overseas resources and services, provide mines-stationed services for major customers, set up an “iron triangle” team for R&D and marketing services for major customers and key countries, increase resources allocation for international spare parts and vehicles distribution channels, and continuously upgrade service standards. The logistics equipment segment will improve the international product spectrum and focus on intelligent, electric and large-scale products, cooperates with the top 4 global customers such as Maersk and PSA and the top 30 regional customers, establishes 10 branches in Europe, America, Singapore and other key regions, and improves the sales network coverage by a combination of direct sales and through distributors.

The Group continues to strive towards electrification to establish itself as the top brand for mining transport equipment and electric port machinery. For the mining equipment segment, 4 pure electric/hybrid and 4 electric products are developed to continue to explore the battery-switch mode. The proportion of electrification R&D staff is increased. We have established a battery charging and replacing value model to provide customers with comprehensive customized solutions. For the logistics equipment segment, we make every effort to drive the electrification upgrade of small port machinery to become the forerunner of the electrification. We develop 5 platform models of electric front loaders, stacking machines, forklifts, trucks and crawler material handlers, improve international certification and achieve full machinery coverage. Focusing on the core requirements of superior performance, efficiency and reliability, we develop 10 key technologies such as energy saving and battery charging and replacing. We also formulate electrification prototype projects to meet various customer needs through diverse and comprehensive solutions.



CHAIRMAN'S STATEMENT

Leveraging on our technical accumulations in the industry, we will continue to deepen our exploration towards digital intelligence. For the mining equipment segment, we facilitate the intelligentization of shearer and automation of mining transport equipment and develop 27 intelligent roadheaders and intelligent combined equipment, 4 electro-hydraulic controlled supports, 6 intelligent shearers and 7 unmanned mining transport equipment. In terms of large port machinery, we have achieved a breakthrough in key automation technology and developed 4 ARTG and ARMG parent engines. In terms of small port machinery, we have developed unmanned front loaders, stacking machines, remote control forklifts, unmanned trucks and other products. In terms of robotics, we have developed 6 intelligent production lines and intelligent stereoscopic warehouse, 25 AGV products and 18 high-end intelligent forklifts. Meanwhile, we will further improve the level of intelligent manufacturing. Through the optimization and upgrade of automation process, the production capacity will be increased by another 20% by 2023.

In the second half of the year, the domestic and international political and economic environment is still complex and volatile, while the risks of geopolitics, the COVID-19 pandemic and global recession still exist, and the Company's development is constantly facing new challenges. We will give full play to our existing advantages and actively respond to the environmental changes, allowing the future development of Sany International to constantly reach new heights.

Liang Zaizhong

Chairman

Hong Kong, 31 August 2022



MAJOR PRODUCTS

The Group divides its products into three categories, namely (1) mining equipment, which includes coal mining machinery products, such as roadheaders (all types of soft rock, hard rock roadheaders and integrated excavation, bolting and self-protection machine) and mining equipment (shearer, hydraulic support system, scraper conveyor etc.); non-coal mining machinery products, such as tunnel roadheader and mining machine; mining vehicle products, such as mining transport equipment (mechanical drive off-highway dump truck and electric drive off-highway dump truck) and widebodied vehicle and other relevant products; and smart mine products, such as unmanned driving, automated integrated mining and smart mine operation systems; (2) logistics equipment, which includes container equipment (including small-scale port machinery such as front loader, stacking machine, etc., and large-scale port machinery such as quayside gantry crane, etc.), bulk material equipment (gripper, elevated hoisting arm, etc.) and general equipment (heavy-weight forklift, telehandler, etc.); and (3) robotics, such as robot system integration, mobile robots and electric forklifts.

BUSINESS REVIEW

During the six months ended 30 June 2022, the intelligentization of China's coal mines fully picked up the pace, and the application of mine intelligent technologies sped up. China continued to promote the green development plan for ports while the Group facilitated the construction of mines and ports around the world with its technologically innovative electric and smart products. The Group continued to push the strategies of internationalization, electrification and digital intellectualization, and its results of operations showed significant growth, while quality of operation continuously improved. Revenue for the six months ended 30 June 2022 amounted to RMB7,631.7 million, representing an increase of 53.1% as compared with the same period last year. The internationalization strategy achieved remarkable results, with overseas revenue significantly increasing by 121.9%. Investments in R&D for the six months ended 30 June 2022 amounted to RMB416.4 million, representing an increase of 23.9% over the same period last year. R&D capabilities strengthened significantly, with a focus on the creation of leading electric, intelligent products and technologies. Competitiveness of our products continued to enhance. Our roadheaders, front loaders and stacking machines continued to be the top brand in the industry, while integrated mining equipment and widebodied vehicles achieved continued growth in market share. Major operation highlights are as follows:

Rapid growth in international revenue and accelerated internationalization expansion

The Group remained steadfast in its international marketing strategy of "autonomy, localization, services first and empowerment by platform". The international sales has seen massive growth, with the revenue from overseas sales for the first half of 2022 amounted to RMB1,927.5 million, representing an increase of 121.9% over the same period of last year. The international sales revenue for mining equipment saw a significant increase of 130.9%, with international sales for widebodied vehicles increasing swiftly. Our widebodied vehicles rank first in market share for exports from China, made breakthroughs in Central Asia and Latin America, and will continue to expand the overseas markets of South America, Southeast Asia and Europe. Our logistics equipment is product oriented with a product portfolio suitable for international markets, and we continued to expand the European, US and Southeast Asian markets. Our international sales revenue increased significantly by 113.6%. We have developed multiple international models of front loader and stacking machine, while the international market penetration of electric products continued to increase with new grippers making a breakthrough in overseas market sales, and international sales have increased significantly.

Significant results in intelligentization and electrification R&D

For the mining equipment segment, intelligent roadheader showed excellent functionality in underground operation, and the technology development of the second-generation smart remote-control system has been completed. 5 sample mines were constructed with an automation rate of 72%. The excavation efficiency of excavation, bolting and self-protection products were greatly enhanced, achieving an increase of 200% in sales when compared to the corresponding period in 2021. The development of three new shearer models, namely 511, 730S and 1150S, was complete, further improving the spectrum for thin coal seams as well as medium and thick coal seams. We are building the top brand for widebodied vehicles. The medium-capacity SKT105S is selling in bulk, while 18 different models including SKT105SY and SKT105A are simultaneously under development to satisfy the needs in different work conditions. In the meantime, the development for hybrid, pure electric and battery-replaceable widebodied vehicles accelerated. The prototypes of SKT130, SKT130Pro and SKT160 have completed test production, while the first SET150 electric dump truck was sold to Central Asia and is selling in bulk. The SKT105EC electric widebodied vehicle with integrated charging and replacement was launched, gaining 15 orders.

For the logistics equipment segment, we delivered 30 automated rail mounted gantry cranes and rubber-tyred cranes in China. The Group has won the bidding for the automated quayside gantry crane project at Haitian Terminal in Xiamen Port, which has an industry-leading landside automation success rate and operation efficiency. The system uses LiDAR and visual system to achieve automatic dismounting with robots. With an automatic unlocking efficiency of <60 s/run, the key technical difficulty for unmanned terminals has been resolved. A simulation test for a full set of operation scenarios were run on unmanned flatbed trucks. Our self-driving and intelligentization level is industry-leading. For electrification, the focus is on the full set of electric port machineries such as electric front loaders, electric stacking machines, electric trucks, electric crawler material handlers and electric forklifts. The spectrum of pure electric and extended-range products continuous to expand. The second-generation hybrid front loader SRSC45E2 were delivered in bulk to clients. Pure electric trackers were delivered in batch for use in the Port of Xiamen. The pure electric forklift SCPE250 was launched. It has a 10% higher range than products with the same electric capacity and the cost of energy consumption reduced over 50% when compared with that of fuel-powered equipment. Three new next-generation steel and material grippers which are more efficient, energy-saving with lower operational costs were launched and delivered to customers. The “Application of Battery-replaceable Container Motor Machinery” project was started in Beibu Gulf International Container Terminal, which included battery-replaceable front loaders, battery-replaceable stacking machines and battery-replaceable trucks.

New business under swift development and widely recognized in the market

For the robotics business, the revenue from the robotics products for the six months ended 30 June 2022 was RMB553.0 million, representing an increase of 36.9% when compared to the corresponding period in 2021. AGV, system integration and stereoscopic warehouse have achieved industry breakthroughs in the new energy, photovoltaic, chemical engineering, battery dismantling and discrete manufacturing industries. Over 10 new AGV models of across six series have completed development, including new energy AGVs for the Honeycomb project and the Contemporary Amperex Technology Co., Limited — Geely project. We have completed the development and application of automated pairing technology for large box heads, box head welding technology using four machines simultaneously and flexible grabbing apparatus for robotics. The SCP30C6 electric counterbalance forklift was launched and small batch production has begun. It is industry-leading in various performance indicators, with greatly improved reliability, maintainability and workmanship, as well as a batch cost 25% lower than previous generation.



For the smart mine products, orders for electro-hydraulic control products increased, while intelligent combined coal mining units for underground mining were delivered to multiple customers. Unmanned driving commercial collaboration of unmanned widebodied vehicles commenced in three mines. With a total of 50 unmanned vehicles being deployed and an operating mileage of 100,000 kilometres, it is the largest electric fleet operating in China in term of operating scale. We collaborated closely with Tencent Cloud and jointly won the second prize at the World 5G Convention.

Comprehensively driving the digital and intelligent operations to significantly increase operating efficiency

The Group has production and manufacturing bases in Shenyang, Zhuhai and Beijing, respectively. Four lighthouse factory projects have successively commenced operation, namely widebodied vehicles, hydraulic supports, small port machinery and large port machinery. On 30 June 2022, Sany Intelligent Equipment Co., Ltd., a wholly owned subsidiary of Sany Heavy Equipment Co., Ltd. ("**Sany Heavy Equipment**"), made prepayment of RMB91,800,000 to obtain the land use rights in respect of 349,731.22 square meters of state-owned construction land at Xixian New Area, Xi'an, Shanxi province. Additional land premium payment of RMB91,810,000 was made subsequently on 4 July 2022, and the project on this land was expected to complete and put in to operation by 2023. It will be built as "Sany Heavy Equipment Western Intelligent Production Center" in the future.

The completed lighthouse factories improve the automation in production and, substantially ramp up the productivity, through which the workforce required for the manufacturing and assembling processes was minimalized and the manufacturing cycle was shortened, allowing the rapidly growing orders for the Group's anchor products to be met. Meanwhile, the Group will accelerate the establishment of standardized, online, automated and computerized business processes, real-time and on-site management, the interconnection of production equipment, the management of 4 utilities, as well as the in-depth application of their data, and launch R&D in the direction of data collection, energy management, efficiency management, cost saving and fault prediction. The Group will also implement MOM, WMS and information central control system to achieve intelligent manufacturing, self develop a quality cloud platform, establish data realization software development team, deepening the application of industrial software for R&D, marketing, manufacturing and supply chain, and promote the comprehensive digital and intelligent operation of intelligent manufacturing, intelligent operation, intelligent supply chain and R&D digitalization.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB7,631.7 million, representing an increase of approximately RMB2,647.5 million, or approximately 53.1%, from approximately RMB4,984.2 million for the six months ended 30 June 2021. Such increase was mainly attributable to (1) a marked increase in the revenue for the Group's roadheaders, integrated mining equipment, widebodied vehicles and small port machinery products due to the continual launch of products with intelligentization and electrification; (2) a significant increase in the international sales revenue as a result of the successful expansion into international markets; and (3) an acceleration in the structural adjustment of the Group's robotic business and its continuous growth in revenue.

Other income and gains

For the six months ended 30 June 2022, the Group's other income and gains were approximately RMB283.2 million, representing a decrease of approximately RMB201.3 million from approximately RMB484.5 million for the six months ended 30 June 2021. The change was mainly due to the Group's gain on the disposal of all the equity interests in Xinjiang Sany Heavy Equipment Co., Ltd. ("**Xinjiang Sany**"), an indirect subsidiary of the Group, in June 2021.

Cost of sales

For the six months ended 30 June 2022, the Group's cost of sales was approximately RMB5,816.5 million, representing an increase of approximately 54.3% from approximately RMB3,769.1 million for the six months ended 30 June 2021. The increase was mainly due to a significant increase in the Group's sales revenue.

Gross profit margin

For the six months ended 30 June 2022, the gross profit margin of the Group was approximately 23.8%, representing a decrease of approximately 0.6 percentage points against approximately 24.4% for the six months ended 30 June 2021. Such decrease was mainly due to (1) a change in product mix in a way that sales proportion of lower margin products increased; and (2) an increase in international freight charges.

Selling and distribution expenses

For the six months ended 30 June 2022, the selling and distribution expenses of the Group were approximately RMB400.8 million, representing an increase of approximately 64.4% as compared with that of approximately RMB243.8 million for the six months ended 30 June 2021.

During the reporting period, the ratio of the Group's selling and distribution expenses to revenue was approximately 5.3%, representing an increase of approximately 0.4 percentage point as compared with approximately 4.9% for the six months ended 30 June 2021. Such change was mainly due to an increase in development for international sales channels and investment in international resources, and an increase in the salaries for international marketing personnel.

Research and development expenses

For the six months ended 30 June 2022, the R&D expenses of the Group were approximately RMB416.4 million, representing an increase of approximately 23.9% as compared with approximately RMB336.1 million for the six months ended 30 June 2021. For the six months ended 30 June 2022, the ratio of R&D expenses against revenue was approximately 5.5%, representing a decrease of approximately 1.2 percentage points as compared with approximately 6.7% for the six months ended 30 June 2021. The increase of R&D expenses was due to (1) the Group's focus on enhancing R&D capability on intelligent, electric and internationalized new products as well as data, algorithm and software, leading to a significant increase in R&D investments in the fields of unmanned driving, smart port and robotics business; and (2) a substantial increase in the salaries for R&D personnel.



Administrative expenses

For the six months ended 30 June 2022, administrative expenses of the Group were approximately RMB562.8 million (for the six months ended 30 June 2021: approximately RMB470.4 million). The administrative expenses excluding R&D expenses were approximately RMB146.4 million (for the six months ended 30 June 2021: approximately RMB134.3 million), which accounted for approximately 1.9% of the revenue, representing a decrease of approximately 0.8 percentage point as compared with that of approximately 2.7% for the six months ended 30 June 2021. Such change was mainly attributable to the Group tightly controlling the number of second line non-R&D personnel and strictly managing its administrative expenses through measures such as expense monitoring and performance review.

Finance costs

For the six months ended 30 June 2022, finance costs of the Group were approximately RMB72.6 million, representing an increase of 31.3% as compared with approximately RMB55.2 million for the six months ended 30 June 2021. The change was mainly due to the increase in bank borrowings for the six months ended 30 June 2022.

Profit margin before tax

For the six months ended 30 June 2022, the Group's profit margin before tax was approximately 13.4%, representing a decrease of approximately 5.6 percentage point as compared with that of approximately 19.0% for the six months ended 30 June 2021. Such decrease was mainly attributable to the gain on one-off disposal of Xinjiang Sany occurred in June 2021.

Taxation

For the six months ended 30 June 2022, the Group's effective tax rate was approximately 10.9% (for the six months ended 30 June 2021: the effective tax rate was approximately 12.4%). For details regarding income tax, please refer to note 7 on pages 49 to 50 of this report.

Profit attributable to owners of the parent

For the six months ended 30 June 2022, the Group's profit attributable to owners of the parent was approximately RMB905.8 million, which represents an increase of approximately 11.7% as compared with approximately RMB811.1 million for the six months ended 30 June 2021. For the main reasons of such change, please refer to the paragraphs headed "Revenue", "Gross profit margin" and "Profit margin before tax".

Non-IFRS Measures

To supplement our interim condensed consolidated statement of profit or loss which is presented in accordance with IFRS, we also use adjusted equity attributable to owners of the parent as a non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The adjusted equity attributable to owners of the parent for the period ended 30 June 2021 is calculated by deducting the one-off gain on disposal of a subsidiary classified as held for sale of RMB150.5 million from the net equity attributable to owners of the parent. We believe that the consideration of non-IFRS measures when shown in conjunction with the corresponding IFRS measures facilitates a comparison of our operating performance

from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

For the six months ended 30 June 2022, the adjusted profit attributable to owners of the parent recorded by the Group was approximately RMB905.8 million, which represents an increase of approximately 37.1% as compared with approximately RMB660.6 million for the six months ended 30 June 2021.

Liquidity and financial resources

As at 30 June 2022, total current assets of the Group were approximately RMB16,343.0 million (as at 31 December 2021: RMB14,217.1 million). As at 30 June 2022, total current liabilities of the Group were approximately RMB11,714.4 million (as at 31 December 2021: RMB9,169.8 million).

As at 30 June 2022, total assets of the Group were approximately RMB23,141.1 million (as at 31 December 2021: approximately RMB20,785.1 million), and total liabilities were approximately RMB13,862.9 million (as at 31 December 2021: approximately RMB12,002.0 million).

As at 30 June 2022, the gearing ratio (the net debt over net assets ratio) was approximately 52.9% (as at 31 December 2021: approximately 51.4%).

Trade and bills receivables

As at 30 June 2022, the Group's gross balance of trade and bills receivables were approximately RMB7,947.6 million, representing an increase of approximately 33.3% as compared to approximately RMB5,961.0 million as at 31 December 2021, in which the amount of trade receivables increased by approximately 39.1% to approximately RMB7,315.7 million as compared with approximately RMB5,260.7 million as at 31 December 2021. Such changes were mainly attributable to the increase in sales revenue. The bills receivables decreased by approximately 9.8% to approximately RMB631.9 million as compared to approximately RMB700.3 million as at 31 December 2021. Such changes were mainly due to increase in the endorsement and discount for bills.

Interest-bearing bank and other borrowings

As at 30 June 2022, interest-bearing bank and other borrowings of the Group were approximately RMB4,018.4 million (31 December 2021: approximately RMB3,454.1 million), except for the unsecured bank loan of RMB33,557,000 and RMB13,540,000 which were denominated in US\$ and EUR, all borrowings were in RMB (31 December 2021: RMB187,109,000 denominated in US\$).

The Group's secured bank borrowings carried interests at 3.2% and 3.3% per annum (31 December 2021: nil) and the unsecured bank borrowings carried interests between Libor+1.2% and 3.60% per annum (31 December 2021: between Libor+0.15% and 4.10% per annum). Such change was mainly due to meeting the capital requirements for day-to-day operation and ongoing infrastructure projects, and that the



Group engages in financing to prepare for potential capital investments and acquisition opportunities. As at the date of this report, the Group has not entered into any letter of intent or definitive agreement for capital investments and acquisition.

Cash flow

As at 30 June 2022, the Group's cash and cash equivalents and time deposits with maturity of three months or more were approximately RMB1,771.0 million in total.

For the six months ended 30 June 2022, the net cash inflow of the Group from operating activities was approximately RMB99.2 million (for the six months ended 30 June 2021: net cash inflow of approximately RMB835.9 million). Such change was mainly due to (1) the collection of the payments for the robotics business was made in advance last year, while the goods and services of which was delivered during the current period; (2) the bills payable in previous periods were concentrated to settle during the six months ended 30 June 2022; and (3) major parts were reserved in advance to deal with production rush.

For the six months ended 30 June 2022, the net cash outflow of the Group from investing activities was approximately RMB1.2 million (for the six months ended 30 June 2021: net cash inflow of approximately RMB111.8 million). Such change was mainly due to a decrease in the purchase of wealth management issued by third party financial institutions, funds and trusts.

For the six months ended 30 June 2022, the net cash inflow of the Group from financing activities was approximately RMB341.6 million (for the six months ended 30 June 2021: net cash outflow of approximately RMB47.7 million). Such change was mainly due to the increase in bank borrowings.

Turnover days

As at 30 June 2022, the Group's average turnover days of inventory were approximately 82.2 days, representing a decrease of approximately 8.4 days over approximately 90.6 days as at 30 June 2021. Such change was mainly due to the Group enhanced its control on inventories and implemented direct settlement upline and downline, managing by categories and adopting "one product, one strategy".

The turnover days of trade and bills receivables decreased by approximately 13.0 days from approximately 179.3 days as at 30 June 2021 to approximately 166.3 days as at 30 June 2022. Such change was mainly due to the Group persisted in value-based selling and strictly controlled transaction terms.

The turnover days of trade and bills payables increased by approximately 2.8 days from approximately 152.4 days as at 30 June 2021 to approximately 155.2 days as at 30 June 2022. Such change was mainly due to the increase of trade payable caused by the increase of raw materials procured.

Financial guarantee contracts

As at 30 June 2022, the financial guarantee contracts not provided for in the financial statements amounted to RMB948.3 million, being the financial guarantee under finance lease arrangements provided by Hunan Sany Port Equipment Co., Ltd. and Sany Heavy Equipment (31 December 2021: RMB1,009.9 million).



Capital commitment

As at 30 June 2022, the contracted capital commitments of the Group which were not provided for in the Group's financial statements were approximately RMB550.0 million (31 December 2021: approximately RMB755.0 million).

Employees and remuneration policy

As at 30 June 2022, the Group employed a total of 5,336 employees (31 December 2021: 4,995 employees). The Group persists in training and developing talents. Accordingly, it provides regular internal training, external training and corresponding courses to its staff according to their ranking and working stage, with an aim to improving their skills relevant to work and enhancing their sense of belonging. The Group pays year-end bonuses to staff to reward them for their contributions and dedication to the Group. In addition, the Group implements a share award scheme for core employees to share the Company's development results. The remuneration of the directors of the Group was determined according to their positions, responsibilities, experience and prevailing market conditions.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments and capital assets

There were no significant investments, and no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022. As at 30 June 2022, the Board had not authorised any plan for material investments or capital assets.

Contingent Liabilities

Details of the contingent liabilities are set out in note 32 on page 74 of this report.

Pledge on assets

As at 30 June 2022, the Group's pledged bank deposits amounted to approximately RMB4.4 million in total (31 December 2021: approximately RMB21.0 million).

As at 30 June 2022, the Group had no bank loans secured by financial assets at fair value through profit or loss (31 December 2021: the Group did not have financial investments at fair value through profit or loss being pledged for the Group's bank loans).

As at 30 June 2022, the Group's bank loans secured by land amounted to approximately RMB400.0 million in total (31 December 2021: nil).

Foreign exchange risk

As at 30 June 2022, the Group's cash and bank balances denominated in foreign currencies such as HK\$, Euro and US\$ were equivalent to approximately RMB137.6 million. The Group will monitor the risk exposures and may consider hedging against material currency risk as appropriate.



IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this report, the Group has no material events subsequent to 30 June 2022 and up to the date of this report.

SOCIAL RESPONSIBILITY

Adhering to the concept of “Quality changes the world”, the Group proactively supports the national policy of carbon peaking and carbon neutrality. Focusing on the needs for green upgrades of mining and port customers, the Group actively develops clean technology products and solutions to accelerate the deep integration of traditional industries and technology and empower the intelligent transformation of the manufacturing industry. Pure water hydraulic support of the mining equipment segment achieves zero pollution to underground water sources, which assists coal mines to accomplish mining with less manpower in a green, efficient and intelligent way, winning the 2nd class award of Science and Technology Progress Awards, presented by China National Coal Association (中國煤炭工業協會). The upgrade of remote control quayside container cranes of the logistics equipment segment has promoted unmanned port operation and satisfied the needs for port transformation and automated remote control. This helps to improve the working environment of terminal staff and enhance the efficiency and effectiveness of port operations.

With a high sense of social responsibility, the Group actively participates in social activities and support public welfare. It strives to contribute to the local economy, people’s livelihood and harmonious environment. The deployment of mining equipment products in the construction of a major water diversion project in the Central Yunnan helped solve the safety and technical problems for projects that benefit the local people. The Group values the integration of production, academic and research and conducted technical cooperation with colleges and universities such as the Institute of Metal Research, Chinese Academy of Sciences, Northeastern University and Shenyang University of Technology to organize and promote independent innovation of key technologies and key products, actively promoting the technological innovation and development of the industry.



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 2022, the interests or short positions of Directors and chief executive in the shares, underlying shares and 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 as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or were otherwise 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 of Hong Kong Limited (the “Listing Rules”) to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

Name of Director	Capacity	Number of ordinary shares as at 30 June 2022	Percentage of the issued voting shares of the Company as at 30 June 2022
Mr. Qi Jian ⁽¹⁾	Beneficial owner	7,009,082	0.22%
Mr. Fu Weizhong ⁽²⁾	Beneficial owner	3,961,596	0.13%
Mr. Tang Xiuguo	Interest of spouse	3,462,000	0.11%
Mr. Xiang Wenbo ⁽³⁾	Beneficial owner	2,858,000	0.09%
Mr. Poon Chiu Kwok ⁽⁴⁾	Beneficial owner	1,000,000	0.03%
Mr. Ng Yuk Keung ⁽⁵⁾	Beneficial owner	1,000,000	0.03%
Mr. Hu Jiquan ⁽⁶⁾	Beneficial owner	1,000,000	0.03%

Notes:

- (1) The 7,009,082 shares in which Mr. Qi Jian is interested or deemed to be interested represent: (i) 5,290,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 29 December 2021 under the share option scheme adopted by the Company on 16 February 2013 (the “Share Option Scheme”); (ii) 734,153 shares of the Company awarded to him on 18 December 2020, 394,190 shares of the Company awarded to him on 2 September 2021 and 590,739 shares of the Company awarded to him on 8 June 2022 under the restricted share award scheme adopted by the Company on 3 December 2019 (the “Share Award Scheme”).
- (2) The 3,961,596 shares in which Mr. Fu Weizhong is deemed to be interested represent: (i) 500,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 15 December 2017 under the Share Option Scheme and 3,160,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 29 December 2021; (ii) 152,683 shares of the Company awarded to him on 18 December 2020; and (iii) 40,028 shares of the Company awarded to him on 2 September 2021 and 108,885 shares of the Company awarded to him on 8 June 2022 under the Share Award Scheme.
- (3) Mr. Xiang Wenbo directly holds 2,858,000 shares of the Company.
- (4) The 1,000,000 shares in which Mr. Poon Chiu Kwok is deemed to be interested represent 1,000,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 15 December 2017 under the Share Option Scheme.



- (5) The 1,000,000 shares in which Mr. Ng Yuk Keung is deemed to be interested represent 1,000,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 15 December 2017 under the Share Option Scheme.
- (6) The 1,000,000 shares in which Mr. Hu Jiquan is deemed to be interested represent 1,000,000 shares of the Company which may be issued to him upon the exercise of the share options granted to him on 15 December 2017 under the Share Option Scheme.

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	Percentage of issued share capital
Mr. Tang Xiuguo (Note)	Beneficial owner	869.58	8.70%
Mr. Xiang Wenbo (Note)	Beneficial owner	795.04	7.95%

Note: Each of Mr. Tang Xiuguo and Mr. Xiang Wenbo holds 8.70% and 7.95% 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).

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



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 2022, so far as the Directors and chief executive of the Company were aware, the following persons and corporations (excluding the Directors and chief executive of the Company) had interests or short positions in 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name of Shareholder	Capacity	Number of shares/ underlying shares held	Approximate percentage of the issued voting shares of the Company
Sany HK (Note 1)	Beneficial owner	2,578,228,722	81.54%
Sany BVI (Note 2)	Interest of a controlled corporation	2,578,228,722	81.54%
Mr. Liang Wengen (Note 3)	Interest of a controlled corporation/Beneficial owner	2,589,098,722	81.88%

Notes:

- The 2,578,228,722 shares and underlying shares consist of 2,098,447,688 ordinary shares and 479,781,034 underlying shares which may be issued pursuant to the conversion of the 479,781,034 convertible preference shares issued to Sany HK.
- Sany BVI owns 100% of the issued share capital of Sany HK. Sany BVI is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO.
- Mr. Liang Wengen is interested in 56.38% of Sany BVI. Mr. Liang Wengen is therefore deemed to be interested in all the shares and underlying shares of the Company held by Sany HK under the SFO. Mr. Liang Wengen also directly holds 10,870,000 shares of the Company.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, the Company has maintained sufficient public float required under the Listing Rules for the six months ended 30 June 2022 and up to as at the date of this interim report.



SHARE OPTION SCHEME

The Company adopted 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 eligible persons include the Company's executive directors and other employees of the Group.

Upon adoption, the initial 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 voting shares of the Company as at 16 February 2013, being the date of adoption of the Share Option Scheme and representing approximately 1.58% of the issued voting shares of the Company as at 30 June 2022.

On 12 December 2017, the scheme mandate limit under the Share Option Scheme was refreshed with a maximum number of 304,102,500 shares, being 10% of the Company's voting shares in issue as at 12 December 2017 and 9.62% of the Company's voting shares in issue as at 30 June 2022. As at 30 June 2022, the maximum number of shares of the Company which may be issued upon exercise of options to be granted under the Share Option Scheme is 79,803,575 shares, representing 2.52% of the voting shares in issue of the Company as at 30 June 2022.

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. As at the date of this report, the remaining life of the Share Option Scheme is approximately 4 months.



DISCLOSURE OF INTERESTS

Details of the movement of share options granted under the Share Option Scheme during the six months ended 30 June 2022 are as follows:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding at 1 January 2022	Granted during the period	Exercised during the period ⁽⁴⁾	Forfeited during the period ⁽⁵⁾	Cancelled during the period ⁽⁵⁾	Outstanding at 30 June 2022
Directors								
Mr. Qi Jian	29 December 2021 ^(2,3)	7.39	5,290,000	—	—	—	—	5,290,000
Mr. Fu Weizhong	15 December 2017 ⁽¹⁾	1.22	500,000	—	—	—	—	500,000
	29 December 2021 ^(2,3)	7.39	3,160,000	—	—	—	—	3,160,000
Mr. Poon Chiu Kwok	15 December 2017 ⁽¹⁾	1.22	1,000,000	—	—	—	—	1,000,000
Mr. Ng Yuk Keung	15 December 2017 ⁽¹⁾	1.22	1,000,000	—	—	—	—	1,000,000
Mr. Hu Jiquan	15 December 2017 ⁽¹⁾	1.22	1,000,000	—	—	—	—	1,000,000
Other connected persons								
Mr. Liang Zhenggen	29 December 2021 ^(2,3)	7.39	1,140,000	—	—	—	—	1,140,000
Employees	15 December 2017 ⁽¹⁾	1.22	7,162,200	—	(82,900)	—	—	7,079,300
Employees	29 December 2017 ⁽¹⁾	1.71	380,000	—	—	—	—	380,000
Employees	14 November 2018 ⁽¹⁾	2.30	734,000	—	(604,000)	—	—	130,000
Employees	29 December 2021 ^(2,3)	7.39	87,360,000	—	(541,401)	(4,801,075)	(12,069,143)	69,948,381
Total			108,726,200	—	(1,228,301)	(4,801,075)	(12,069,143)	90,627,681

Notes:

- (1) Share options granted under the Share Option Scheme on 15 December 2017, 29 December 2017 and 14 November 2018 in accordance with the timetable below, each with an exercise period commencing from the relevant Vesting Date and ending 10 years after the date of the grant (for this purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date

Percentage of Share Option

If the audited net profit for the year ended 31 December 2018 represents an increase of 20% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ended 31 December 2018 is published. 50% of the total number of share options granted

If the audited net profit for the year ending 31 December 2019 represents an increase of 40% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ending 31 December 2019 is published. 25% of the total number of share options granted

If the audited net profit for the year ending 31 December 2020 represents an increase of 60% or more as compared to that of the year ended 31 December 2017, the Vesting Date will be the date when the annual results announcement for the year ending 31 December 2020 is published. 25% of the total number of share options granted

Exercise of the share options is conditional upon the achievement of certain performance targets as set out in the respective offer letters, during the relevant exercise period.



- (2) Share options granted under the Share Option Scheme on 29 December 2021 in the proposed grantees in accordance with the timetable below, each with an exercise period commencing from the relevant 2021 Grant Vesting Date and ending 10 years after the date of the grant (for this purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a “2021 Grant Vesting Date”):

2021 Grant Vesting Date	Percentage of Share Option
If the revenue for 2021 represents an increase of 35% or more as compared to that of 2020, or the net profit for 2021 represents an increase of 20% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ending 31 December 2021 is published.	30% of the total number of share options granted
If the revenue for 2022 represents an increase of 70% or more as compared to that of 2020, or the net profit for 2022 represents an increase of 45% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ending 31 December 2022 is published.	30% of the total number of share options granted
If the revenue for 2023 represents an increase of 100% or more as compared to that of 2020, or the net profit for 2023 represents an increase of 70% or more as compared to that of the 2020, the 2021 Grant Vesting Date will be the date when the annual results announcement for the year ending 31 December 2023 is published.	40% of the total number of share options granted

Exercise of the share options is conditional upon the achievement of certain performance targets as set out in the respective offer letters, during the relevant exercise period.

- (3) The closing price of the shares of the Company immediately before 29 December 2021 (date of the share options granted) was HK\$7.47 per Share. For details of the value of the share options granted on 29 December 2021 and the accounting policy adopted for such share options, please refer to note 28 to the financial statements.
- (4) The weighted average closing price immediately before the exercise dates of the share options was HK\$7.92.
- (5) During the six months ended 30 June 2022, 16,870,218 share options were forfeited or cancelled for the following reasons: (1) certain employees' performance appraisal results for 2021 did not reach the performance target required under the grant letters; (2) certain employees violated the Company's policies; and (3) certain employees were dismissed.

Save as disclosed above, during the six months ended 30 June 2022, no other share option was granted, exercised, lapsed or cancelled under the Share Option Scheme.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme (the “**Scheme**”) on 3 December 2019 (the “**Adoption Date**”). The purpose of the Scheme is to provide the eligible persons (the “**Selected Participants**”) with an opportunity to acquire a proprietary interest in the Company and to encourage and retain such individuals to work with the Company, and to provide additional incentive for them to achieve performance goals.

The Board may, subject always to the Scheme rules, from time to time determine the number of restricted shares (the “**Restricted Shares**”) to be granted and at its absolute discretion select any participant to be a Selected Participant under the Scheme. In determining the number of grant shares to any Selected Participant, the Board shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group, (ii) the general financial condition of the Group, (iii) the Group's overall business objectives and future development plan, and (iv) any other matter which the Board considers relevant.



DISCLOSURE OF INTERESTS

The Restricted Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be either (i) allotted and issued by the Company, by using the general mandate granted to the Board by the shareholders of the Company in the annual general meeting of the Company from time to time, or (ii) acquired by the trustee from the open market by utilising the Company's resources provided to the trustee, subject to the absolute discretion of the Board.

After the Board has determined the number of grant shares and the Selected Participants, it shall notify the trustee and the Selected Participants in writing on the proposed grant date (the "**Grant Date**"). Upon receipt of the notification of the grant, the Selected Participants are required to confirm his/her acceptance of the grant by (i) returning to the Company a notice of acceptance duly executed by him/her; or (ii) completing any other required steps as specified by the Board to confirm his/her acceptance of the grant within 28 days after the Grant Date.

The vesting of the Restricted Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the vesting date (as the case may be, on each relevant vesting date) a participant. Any Share held by the trustee on behalf of a Selected Participant pursuant to the provisions shall vest in such Selected Participant in accordance with the vesting schedule as communicated and confirmed in writing by the Board to the trustee from time to time. When shares vest in a Selected Participant, the Board shall issue to the trustee a confirmation letter that the vesting conditions have been fulfilled. The Board shall also forward to the trustee, at the same time when the confirmation letter is sent, a written consolidated security account details of all relevant Selected Participants to effect the transfer of the relevant vested shares to the relevant Selected Participants.

No Restricted Shares shall be granted pursuant to the Share Award Scheme, nor any amounts paid to the trustee for the purpose of the Share Award Scheme, if as a result of such grant or payment, the number of shares administered under the Share Award Scheme shall exceed 10% of the Company's issued share capital as at the Adoption Date (i.e. 310,040,250). As at 30 June 2022, a total of 24,694,074 Restricted Shares were granted in which 1,261,441 Restricted Shares had lapsed in accordance with the Share Award Scheme. The number of Restricted Shares still available for future grants was 286,607,617, which represents 9.06% of the Company's issued share capital as at the date of this report. No account shall be taken into the calculation of the Share Award Scheme limit where the right to obtain the Restricted Shares has been released or lapsed in accordance with the relevant provisions in the Share Award Scheme. The maximum number of Restricted Shares which may be granted to a Selected Participant at any one time or in aggregate may not exceed 1% of the issued share capital of the Company as at the Adoption Date.

Subject to any early termination of the Share Award Scheme and without prejudicing the subsisting rights of any Selected Participant, the Share Award Scheme shall be valid and effective for 10 years from the Adoption Date, subject to change of control or early termination events. As of the date of this report, the remaining life of the Share Award Scheme is approximately 7 years and 2 months.

For further details of the Share Award Scheme, please refer to the Company's announcement dated 3 December 2019.



During the six months ended 30 June 2022, the Company granted 11,521,129 Restricted Shares to selected employees. Details of the Restricted Shares granted pursuant to the Share Award Scheme are as follows:

Category of participants	Date of grant ⁽¹⁾	Unvested awarded shares at 1 January 2022	Shares awarded during the period	Vested during the period ⁽²⁾	Lapsed during the period ⁽³⁾	Unvested awarded shares at 30 June 2022	Vesting period
Directors							
Mr. Qi Jian	18 December 2020	734,153	—	(183,538)	—	550,615	18 March 2021– 18 March 2025
	2 September 2021	394,190	—	(78,838)	—	315,352	18 March 2022– 18 March 2026
	8 June 2022	—	590,739	—	—	590,739	31 March 2023– 31 March 2027
Mr. Fu Weizhong	18 December 2020	122,147	—	(30,536)	—	91,611	18 March 2021– 18 March 2025
	2 September 2021	40,028	—	(8,006)	—	32,022	18 March 2022– 18 March 2026
	8 June 2022	—	108,885	—	—	108,885	31 March 2023– 31 March 2027
Other connected persons							
Mr. Liang Zhenggen	18 December 2020	23,751	—	(5,937)	—	17,814	18 March 2021– 18 March 2025
	2 September 2021	38,288	—	(7,658)	—	30,630	18 March 2022– 18 March 2026
	8 June 2022	—	32,933	—	—	32,933	31 March 2023– 31 March 2027
Mr. Zhu Xiangjun	18 December 2020	54,820	—	(13,705)	—	41,115	18 March 2021– 18 March 2025
	2 September 2021	73,095	—	(14,619)	—	58,476	18 March 2022– 18 March 2026
	8 June 2022	—	23,785	—	—	23,785	31 March 2023– 31 March 2027
Mr. Guo Chengzhi	18 December 2020	7,917	—	(1,979)	—	5,938	18 March 2021– 18 March 2025
	2 September 2021	54,531	—	(10,906)	—	43,625	18 March 2022– 18 March 2026
	8 June 2022	—	43,911	—	—	43,911	31 March 2023– 31 March 2027
Employees	18 December 2020	3,137,255	—	(674,935)	(439,979)	2,022,341	18 March 2021– 18 March 2025
	2 September 2021	7,330,614	—	(1,325,934)	(700,911)	5,303,769	18 March 2022– 18 March 2026
	8 June 2022	—	10,720,876	—	—	10,720,876	31 March 2023– 31 March 2027
Total		12,010,789	11,521,129	(2,356,591)	(1,140,890)	20,034,437	



DISCLOSURE OF INTERESTS

Notes:

- (1) The closing price of the shares of the Company immediately before the date of these shares of the Company were awarded was HK\$5.03 (for grant on 18 December 2020), HK\$9.87 (for grant on 2 September 2021) and HK\$7.71 (for grant on 8 June 2022), respectively.*
- (2) The weighted average closing price of the shares of the Company immediately before the date of the awards were vested was HK\$8.25.*
- (3) During the six months ended 30 June 2022, the Company has granted 11,521,129 Restricted Shares to selected employees in which 1,140,890 Restricted Shares had lapsed in accordance with the Share Award Scheme.*

The Restricted Shares granted to the connected persons of the Company will be satisfied by shares of the Company purchased from the secondary market by the trustee of the Share Award Scheme. The Restricted Shares granted to other employees who are not connected persons of the Company were satisfied by allotment and issue of new shares of the Company at nominal value of HK\$0.1 each per share under the general mandate granted by the Company's shareholders to the Directors at the Company's annual general meeting held on 31 May 2022. During the six months ended 30 June 2022, the trustee subscribed a total of 6,757,329 new shares of the Company.



CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be 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 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 maximize returns for shareholders.

The Company has complied with the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 14 to the Listing Rules from 1 January 2022 to 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions. Upon specific enquiries made with all Directors, each of them has confirmed that he had complied with the Model Code during the six months ended 30 June 2022.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim financial statements of the Group for the six months ended 30 June 2022 have not been audited or reviewed by the Company’s external auditor.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed securities of the Company (for the six months ended 30 June 2021: Nil).



CORPORATE GOVERNANCE AND GENERAL INFORMATION

THE BOARD

As at 30 June 2022, the Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. The executive Directors are Mr. Liang Zaizhong, Mr. Qi Jian and Mr. Fu Weizhong. The non-executive Directors are Mr. Tang Xiuguo and Mr. Xiang Wenbo. The independent non-executive Directors are Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok (possessing professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules) and Mr. Hu Jiquan. 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 of the Company (the "**Audit Committee**") was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three members, namely Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan, all of whom are independent non-executive Directors. Mr. Poon Chiu Kwok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee has convened meetings to discuss the auditing, internal controls, risk management and financial reporting matters, including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2022.

Remuneration Committee

The remuneration committee (the "**Remuneration Committee**") was established with written terms of reference in compliance with the CG Code. The primary duties 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 terms of the service contracts 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 Remuneration Committee consists of three members, namely Mr. Poon Chiu Kwok, Mr. Ng Yuk Keung and Mr. Hu Jiquan. Mr. Poon Chiu Kwok is the chairman of the Remuneration Committee.



Nomination Committee

The nomination committee (the “**Nomination Committee**”) was established with written terms of reference in compliance with the CG Code. 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 Nomination Committee will also give consideration to the board diversity policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the board diversity policy, so as to develop and review measurable objectives for implementing the board diversity policy and to monitor the progress on achieving these objectives. The Nomination Committee consists of three members, namely Mr. Liang Zaizhong, Mr. Poon Chiu Kwok and Mr. Hu Jiquan. Mr. Liang Zaizhong is the chairman of the Nomination Committee.

Strategic Investment Committee

The strategic investment committee of the Company (the “**Strategic Investment Committee**”) was established on 4 October 2012. The Strategic Investment Committee is responsible for the recommendation and analysis of the business development and investments of the Company. As at 30 June 2022, the chairman is Mr. Liang Zaizhong and the other four members are Mr. Qi Jian, Mr. Fu Weizhong, Mr. Ng Yuk Keung and Mr. Poon Chiu Kwok.

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 A.2.1 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. For the six months ended 30 June 2022, the Board determined the policy for the corporate governance of the Company.



EXECUTIVE DIRECTORS

Mr. Liang Zaizhong (梁在中), aged 38, was appointed as an executive Director of the Company, the chairman of the Board, and the chairman of the Nomination Committee and the Strategic Investment Committee on 21 October 2019.

Mr. Liang joined Sany Group Co., Ltd. (the “**Sany Group**”) in June 2006. During the period from June 2006 to January 2007, he acted as dispatcher of the manufacturing department of Sany Automobile Manufacturing Co., Ltd.* (三一汽車製造有限公司) (“**Sany Automobile Manufacturing**”), a subsidiary of Sany Group. During the period from January 2007 to October 2010, Mr. Liang held various management positions in the financial operations of Sany Group, including the deputy supervisor of the fund settlement center, the deputy general manager of the general department of finance and the director of the general department of finance. Mr. Liang acted as the vice president of Sany Group and the general manager of Sany Automobile Manufacturing during the period from October 2010 to December 2011. During the period from December 2011 to March 2016, Mr. Liang held various key positions in Sany Group, including the manufacturing business director, the investment director and the process informatization director. In March 2016, Mr. Liang took the lead to establish Long Property & Casualty Insurance Co., Ltd.* (久隆財產保險有限公司) (“**Long Insurance**”) and Hunan Sanxiang Bank Co., Ltd.* (湖南三湘銀行股份有限公司) (“**Sanxiang Bank**”), and acted as a director, the vice chairman of the board of Long Insurance during the period from March 2016 to June 2019, while serving as the chairman of the board of Sanxiang Bank from December 2016 to June 2019. Mr. Liang has also acted as a director of Sany Heavy Industry Co., Ltd.* (三一重工股份有限公司) (“**Sany Heavy Industry**”), which is listed on Shanghai Stock Exchange (stock code: 600031) and a non-wholly owned subsidiary of Sany Group from January 2010 to November 2021, a director and the senior vice president of Sany Group since December 2011 and president of the board of Rootcloud Technology Co., Ltd.* (樹根互聯技術有限公司) since June 2016. In December 2013, Mr. Liang took the lead to establish Beijing Sany Commercial Foundation* (北京三一公益基金會) and served as the president of Beijing Sany Foundation* (北京三一基金會) during the period from December 2013 to March 2019. Mr. Liang has been serving as the executive vice president of Relay China Foundation* (北京接力公益基金會) since February 2019 and a member of Leping Social Entrepreneur Foundation* (北京樂平公益基金會) since April 2019.

Mr. Liang obtained a bachelor’s degree in computer and management sciences from the University of Warwick in June 2006 and a master’s degree in public administration in international development from the John F. Kennedy School of Government at Harvard University in June 2014.



Mr. Qi Jian (戚建), aged 62, was appointed as an executive Director, chairman of the Board and chief executive officer of the Company on 6 August 2015, and was redesignated as the vice chairman of the Board and remained as the chief executive officer and a member of the Strategic Investment Committee since 21 October 2019.

Mr. Qi joined Sany Group in May 2001. He served as the deputy dean of the research institute of Sany Heavy Industry from May 2001 to May 2003, overseeing the research and development of road machinery products. He served as the deputy general manager of Sany Automobile Manufacturing from May 2003 to November 2006, overseeing the research and development and the production and manufacturing of commercial vehicles and passenger vehicles. From November 2006 to July 2015, he served as the general manager of Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司) ("**Sany Lifting Machinery**"). During his term of service, Sany Lifting Machinery grew rapidly and became a core business of Sany Group with a sales amount ranked second in lifting machinery industry in 2014.

From 1982 to May 2001, Mr. Qi had taken positions such as the deputy chief engineer and the deputy director of China BlueStar Changsha Design and Research Institute, engaged in product design and contracting of engineering projects. He participated in over 30 projects of chemical engineering, light industry and mechanical engineering designs. He was in charge of and completed over 20 engineering designs, which received various provincial and ministerial excellent achievement awards. Mr. Qi is a senior engineer at the level of researcher, who has over 30 years of experience in design and technical management and over 10 years of experience as senior management.

Mr. Qi graduated from Qingdao Chemical Engineering Academy (青島化工學院) in 1982 with a bachelor degree in chemical machinery. He also received a degree of executive master of business administration at Wuhan University (武漢大學) in 2005.

Mr. Fu Weizhong (伏衛忠), aged 48, was appointed as an executive Director and a member of the Strategic Investment Committee of the Company on 13 March 2018.

Mr. Fu acted as the chairman of the board of the marine machinery operation department of the Group from January 2015 to September 2016 and since September 2017. He once acted as an executive Director and a member of the Strategic Investment Committee from August 2015 to September 2016. Mr. Fu joined Sany Group Co., Ltd. in May 2000 and held various management positions in Sany Group, including the director of the customer service department of Sany Heavy Industry, the vice president of Sany Heavy Industry, the general manager of the overseas operation department of Sany Group, the general manager of Beijing Sany Heavy Machinery Co., Ltd. (北京三一重機有限公司) in Sany Group, the general manager of Sany Heavy Energy Equipment Co., Ltd. (三一重型能源裝備有限公司 ("**Sany Heavy Energy**")), and the vice president of Sany Group.

Mr. Fu obtained a master's degree of business administration from China Europe International Business School (中歐國際工商學院) in September 2011.



NON-EXECUTIVE DIRECTORS

Mr. Tang Xiuguo (唐修國), aged 59, was appointed as a non-executive Director of the Company on 28 September 2014. Mr. Tang was one of the four founders of Sany Group Co., Ltd., and is currently the director of Sany Heavy Industry as well as the director and president of Sany Group. From 1997 to 2002, Mr. Tang worked in Sany Group as general administration manager. From 1992 to 1997, he was the deputy general manager of Sany Group and the director of Sany Heavy Industry. From 1991 to 1992, Mr. Tang participated in the foundation of Sany Group. From 1989 to 1991, he participated in the foundation of Hunan Lianyuan Special Welding Materials Factory (湖南漣源特種焊接材料廠) and from 1986 to 1988, he specialized in the development and manufacture of special welding materials.

Mr. Tang has been granted numerous awards, including “Sany Group Distinguished Contribution Award of the Year” for 8 successive years, “China Outstanding Quality Model” and “Excellent Entrepreneur of the State”.

Mr. Tang graduated with a bachelor degree in metallic materials from Central South University (中南大學) in July 1983. He is now a senior engineer.

Mr. Xiang Wenbo (向文波), aged 60, was appointed as a non-executive Director of the Company on 23 July 2009. He has been a non-executive director of Sany Heavy Equipment since January 2004. Mr. Xiang has over 40 years of experience in the machinery industry. Mr. Xiang joined Sany Group in 1991 and was a standing deputy general manager and general manager of the marketing department and executive president of Sany Group. He is currently the chairman of Sany Heavy Industry.

Mr. Xiang graduated in 1982 from the Department of Casting of Hunan University (湖南大學) 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. He obtained a master’s degree in Business Administration from the China Europe International Business School (中歐國際工商學院) in 2003. Mr. Xiang holds the title of senior engineer and is an expert entitled to government allowance from the State Council.

Mr. Xiang was a deputy of the 11th National People’s Congress (十一屆全國人大代表), and has also held a number of social positions such as an expert member of the National Manufacturing Strategy Advisory Committee (國家製造強國建設戰略諮詢委員會), vice president of China International Chamber of Commerce for Private Sector (中國民營經濟國際合作商會), 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 (湖南省工商業聯合會).

Mr. Xiang was awarded multiple accolades including “2020 National Model Worker (2020年全國勞動模範)”, “2002 Bauhinia Cup Outstanding Entrepreneur Awards (2002年紫荊花杯傑出企業家獎)”, “The Outstanding Chinese Private Technology Entrepreneur Award (中國優秀民營科技企業家獎)”, “2008 Top Ten Outstanding CEO in China (2008年度中國十大傑出CEO)”, “Forbes 2020 Best CEO in China (福布斯2020年中國最佳CEO)”, “Forbes 2010 Best CEO in China (福布斯2010年中國最佳CEO)” and “Forbes 2011 Best CEO of A-share Listed Non-state-owned Companies (福布斯2011年A股非國有上市公司最佳CEO)”.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Yuk Keung (吳育強), aged 57, 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), a company listed on the Hong Kong Stock Exchange.

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 (北京國際學校), 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 Irco 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 Co., Ltd. (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 Company Limited (中國泰凌醫藥集團有限公司) from March 2010 to 1 July 2012. He had also served as an independent non-executive director of Beijing Capital Land Ltd. (首創置業股份有限公司) and Zhongsheng Group Holdings Limited (中升集團控股有限公司), and is currently an independent non-executive director of E-Commodities Holdings Limited (易大宗控股有限公司).

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.

Mr. Poon Chiu Kwok (潘昭國), aged 60, was appointed as an independent non-executive Director on 18 December 2015. He is also the chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee and the Strategic Investment Committee.

Mr. Poon has many years of experience in regulatory affairs, corporate finance, listed companies governance and management. He is also an executive director, the vice president and the company secretary of Huabao International Holdings Limited (華寶國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 336). As at the date of this report, he serves as an independent non-executive director of the following public companies listed on the Main Board of the Stock Exchange: Sunac China Holdings Limited (融創中國控股有限公司) (stock code: 1918), Yuanda China Holdings Limited (遠大中國控股有限公司) (stock code: 2789), Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司) (stock code: 1292), Greentown Service Group Co. Ltd. (綠城服務集團有限公司) (stock code: 2869), Aux International Holdings Limited (奧克斯國際控股有限公司) (stock code: 2080), Jinchuan Group International Resources Co. Ltd (金川集團國際資源有限公司) (stock code: 2362) and Yankuang Energy Group Company Limited (兗礦能源集團股份有限公司) (stock code: 1171). He also served as an independent non-executive director of Honghua Group Limited (宏華集團有限公司) (stock code: 196), and retired in December 2021, as well as an independent non-executive director of Tonly Electronics Holdings Limited (通力電子控股有限公司) (stock code: 1249), which was delisted from 8 March 2021.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Poon is a fellow of CPA Australia Ltd., the Hong Kong Securities and Investment Institute, the Chartered Governance Institute and The Hong Kong Chartered Governance Institute (and a member of its Technical Consultation Panel and Mainland China Focus Group) respectively. He was awarded the postgraduate diploma in laws by the University of London (倫敦大學) in December 2010 and also received a bachelor's degree in laws at University of Wolverhampton (沃爾沃漢普敦大學) in October 2004, a bachelor's degree in business studies at City University of Hong Kong (香港城市大學) in December 1994 and a master's degree in international accounting at City University of Hong Kong (香港城市大學) in November 1997.

Mr. Hu Jiquan (胡吉全), aged 64, was appointed as an independent non-executive Director of the Company on 11 December 2016.

Mr. Hu is a researcher (professor) and a tutor of doctorate candidate. Currently, he is the director of the engineering center of department of education for port logistic technology and equipment and the associate dean of the institute of logistic engineering of Wuhan University of Technology (武漢理工大學).

Mr. Hu graduated from Wuhan School of Marine Transportation Engineering (武漢水運工程學院) with a diploma in lifting transportation machinery in January 1982. He was an assistant lecturer, a lecturer and an associate professor in Wuhan School of Marine Transportation Engineering, Wuhan Transportation University (武漢交通科技大學) and Wuhan University of Technology respectively between 1982 and 2004. He served as a researcher (professor) in the institute of logistics engineering of Wuhan University of Technology in 2005, a tutor of doctorate candidate in 2006, and was appointed as a distinguished professor for production academic and research and served as a member of academic committee by Wuhan University of Technology in 2012. Currently, he also serves as the managing director of the port machinery branch of the Chinese Mechanical Engineering Society (中國工程機械學會), the director of the Logistics Technology Committee of the Mechanical Engineering Society of Hubei (湖北省機械工程學會物流技術專業委員會) and a member of National Standardised Technology of Lifting Machinery Committee (全國起重機標準化技術委員會). He led and principally engaged in the research of design theory and method of modern port loading and unloading, and port logistic equipment and logistics system automation. He participated in a number of projects supported by the State, the National Transportation Readiness and Military Key Project, Science and Technology Key Projects of Hubei Province, production, academic and research cooperation projects of Guangdong Province, and enterprise science and technology cooperation projects. He presided over the development of various types of port machinery products. He won 6 awards of scientific and technological progress at the provincial and ministerial levels and obtained more than 20 invention patents and utility model patents. He published more than 40 SCI/EI papers and participated in the preparation of 3 sets of teaching materials and 4 mechanical design manuals.



SENIOR MANAGEMENT

Mr. Zhu Xiangjun (朱向軍), aged 38, was appointed as the Chief Financial Officer and a joint company secretary of the Company on 12 September 2016, and resigned as the joint company secretary on 22 January 2019. Mr. Zhu resigned as the Chief Financial Officer of the Company on 12 September 2022.

Mr. Zhu Xiangjun joined the Company in November 2008 and fully participated in the initial public offering of the Company in 2009 and the Putzmeister acquisition project of Sany Heavy Industry in 2012. Mr. Zhu served as the manager and head of the accounting department of the Company from April 2010 to March 2012. He also served as the head of the marketing finance department and the deputy director of the finance department of the Company from April 2012 to September 2016. Mr. Zhu Xiangjun has 14 years of experience in finance and accounting, cost control, capital management and risk control. He is familiar with the business and has solid professional knowledge, with a deep understanding on the process of manufacturing business as well as marketing and financial management. Mr. Zhu Xiangjun was awarded the “Sany Figures” (三一人物) for Year 2016, the May 1st Labor Medal and the honorary title of “Model Worker” of Tiexi District of Shenyang City in 2018 and voted as the a member of the People’s Congress of Tiexi District of Shenyang City in 2021.

Mr. Zhu Xiangjun graduated from Shenyang University of Technology (瀋陽工業大學) with a master’s degree in accounting in 2006. Mr. Zhu Xiangjun obtained his qualification as a certified public accountant of China in June 2009.

Mr. Tang Ziwei (唐子威), aged 43, was appointed as the Chief Financial Officer of the Company on 12 September 2022.

Mr. Tang joined Sany Heavy Industry Co., Ltd. in September 2008. He served in the general department of finance of Sany Heavy Industry and engaged in tax related work from September 2008 to January 2011. During the period from January 2011 to September 2015, he held various management positions in the financial and audit operations of Sany Heavy Industry, including the deputy head of security affair department, the leader of operating expense review team, the director of the audit department in Eastern China and the assistant to supervisor. He served as the deputy director of the finance department, head of general management department and head of the marketing finance department of Sany Lifting Machinery from September 2015 to May 2019. He served as the financial supervisor of the heavy truck business department from May 2019 to August 2022.

Mr. Tang graduated with a bachelor degree from the School of Business Administration of Jishou University in Hunan Province in June 2002. He obtained a master’s degree in business administration from Hunan University in June 2008.



COMPANY SECRETARY

Mr. Yu Leung Fai (余亮暉), aged 45, has extensive experience in the accounting and corporate services fields. Mr. Yu has joined the Fung, Yu & Co. CPA Limited (formerly known as the Fung, Yu & Co. CPA) since 2001 and is currently the company's Managing Partner. He holds a Degree of Bachelor of Commerce (Hon.) from the University of Toronto (多倫多大學) and a Degree of Bachelor of Laws from the University of London (倫敦大學), and is a member of the American Institute of Certified Public Accountants, Certified Public Accountants of Australia and the Hong Kong Institute of Certified Public Accountants.

Mr. Yu has been the joint company secretary and alternative authorised representative of Beijing Media Corporation Limited (北青傳媒股份有限公司) (stock code: 1000) since March 2010; the company secretary and authorised representative of Yuanda China Holdings Limited (遠大中國控股有限公司) (stock code: 2789) since June 2012; the independent non-executive directors of Realord Group Holdings Limited (偉祿集團控股有限公司) (stock code: 1196) since June 2014; the independent non-executive director of Dowway Holdings Limited (天平道合控股有限公司) (stock code: 8403) since October 2019; the independent non-executive director of The Sincere Company, Limited (先施有限公司) (stock code: 0244) since June 2021; the independent non-executive director of CSMall Group Limited (金貓銀貓集團有限公司) (stock code: 1815) since November 2021; the joint company secretary and authorized representative of China National Materials Company Limited (中國中材股份有限公司) (stock code: 1893) from May 2009 to April 2018; the company secretary and authorized representative of Haichang Holdings Ltd. (海昌控股有限公司) (stock code: 2255) from March 2014 to March 2015; the company secretary of Group Sense (International) Limited (權智(國際)有限公司) (stock code: 0601) from August 2014 to August 2015; the company secretary and authorized representative of Bamboos Health Care Holdings Limited (百本醫護控股有限公司) (Hong Kong stock code: 2293) from November 2018 to November 2019; the company secretary and authorised representative of Vale S.A. (淡水河谷) (stock code: 6210 for Common Depositary Receipts and 6230 for Class A Preferred Depositary Receipts) from 2010 to 2016, all of which are listed companies in the Hong Kong, except that Vale S.A. and China National Materials Company Limited were delisted from the Hong Kong Stock Exchange in July 2016 and April 2018, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS



For the six months ended 30 June 2022

	<i>Notes</i>	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	4	7,631,742	4,984,199
Cost of sales		(5,816,453)	(3,769,059)
Gross profit		1,815,289	1,215,140
Other income and gains	4	283,152	484,471
Selling and distribution expenses		(400,758)	(243,756)
Administrative expenses		(562,838)	(470,392)
(Reversal of impairment)/impairment losses on financial and contract assets, net		(37,581)	19,046
Other expenses		(737)	(3,309)
Finance costs	6	(72,559)	(55,249)
PROFIT BEFORE TAX	5	1,023,968	945,951
Income tax expense	7	(111,352)	(117,005)
PROFIT FOR THE PERIOD		912,616	828,946
Attributable to:			
Owners of the parent		905,789	811,089
Non-controlling interests		6,827	17,857
		912,616	828,946
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB Yuan)	9	0.29	0.26
Diluted (RMB Yuan)	9	0.25	0.22



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	912,616	828,946
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(17,845)	8,542
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(17,845)	8,542
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(17,845)	8,542
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	894,771	837,488
Attributable to:		
Owners of the parent	887,944	819,631
Non-controlling interests	6,827	17,857
	894,771	837,488

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



30 June 2022

	<i>Notes</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,473,007	3,314,006
Right-of-use assets	11(a)	1,099,694	1,113,534
Goodwill	12	1,129,520	1,129,520
Intangible assets		17,387	19,295
Trade receivables	15	581,083	640,575
Non-current prepayments	17	101,450	9,650
Contract assets	16	94,187	54,614
Deferred tax assets	26	301,744	286,852
Total non-current assets		6,798,072	6,568,046
CURRENT ASSETS			
Inventories	13	2,570,281	2,528,509
Properties under development	14	1,167,318	1,039,637
Trade receivables	15	6,346,351	4,271,700
Bills receivable	15	631,898	700,270
Contract assets	16	40,342	41,850
Prepayments, other receivables and other assets	17	470,728	584,658
Financial assets at fair value through profit or loss	18	3,340,668	3,680,123
Pledged deposits	19	4,403	20,997
Cash and cash equivalents	19	1,771,035	1,349,332
Total current assets		16,343,024	14,217,076
CURRENT LIABILITIES			
Trade and bills payables	20	5,458,260	4,422,304
Other payables and accruals	21	2,606,878	2,659,400
Dividend payable		388,799	70,226
Interest-bearing bank and other borrowings	22	2,866,722	1,687,346
Tax payable		226,659	185,221
Provision for warranties	23	31,000	24,053
Government grants	24	134,375	112,700
Derivative financial instruments	25	1,692	8,561
Total current liabilities		11,714,385	9,169,811
NET CURRENT ASSETS		4,628,639	5,047,265
TOTAL ASSETS LESS CURRENT LIABILITIES		11,426,711	11,615,311



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	22	1,151,675	1,766,768
Government grants	24	877,891	967,460
Deferred tax liabilities	26	118,919	97,935
Total non-current liabilities		2,148,485	2,832,163
Net assets		9,278,226	8,783,148
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	312,712	312,060
Reserves		8,869,850	8,388,996
		9,182,562	8,701,056
Non-controlling interests		95,664	82,092
Total equity		9,278,226	8,783,148

Qi Jian
Director

Fu Weizhong
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



For the six months ended 30 June 2022

	Attributable to owners of the parent												
	Issued capital											Non-controlling interests	Total equity
	Ordinary shares	Convertible preference shares	Share premium account	Contributed surplus	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Capital redemption reserve*	Retained profits	Total			
	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2022 (Audited)	274,212	37,848	1,565,108	1,344,319	41,669	776,075	3,594	2,620	4,655,611	8,701,056	82,092	8,783,148	
Profit for the period	—	—	—	—	—	—	—	—	905,789	905,789	6,827	912,616	
Other comprehensive income for the period:	—	—	—	—	—	—	—	—	—	—	—	—	
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(17,845)	—	—	(17,845)	—	(17,845)	
Total comprehensive income for the period	—	—	—	—	—	—	(17,845)	—	905,789	887,944	6,827	894,771	
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	13,300	13,300	
Issue of shares (note 27)	652	—	3,934	—	—	—	—	—	—	4,586	—	4,586	
Share-based payments (note 28/29)	—	—	—	—	55,168	—	—	—	—	55,168	—	55,168	
Release of share-based compensation reserve to share premium upon exercise of share options (note 29)	—	—	348	—	(348)	—	—	—	—	—	—	—	
Transfer from retained profits	—	—	—	—	—	—	—	—	—	—	—	—	
Dividend declared to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	(6,555)	(6,555)	
Final 2021 dividend declared	—	—	—	—	—	—	—	—	(466,192)	(466,192)	—	(466,192)	
At 30 June 2022 (unaudited)	274,864	37,848	1,569,390 ^a	1,344,319 ^a	96,489 ^a	776,075 ^a	(14,251) ^a	2,620 ^a	5,095,208 ^a	9,182,562	95,664	9,278,226	
At 1 January 2021 (Audited)	271,859	37,848	1,979,511	1,350,390	27,721	655,305	(4,202)	2,620	3,517,682	7,838,734	20,167	7,858,901	
Profit for the period	—	—	—	—	—	—	—	—	811,089	811,089	17,857	828,946	
Other comprehensive income for the period:	—	—	—	—	—	—	—	—	—	—	—	—	
Exchange differences on translation of foreign operations	—	—	—	—	—	—	8,542	—	—	8,542	—	8,542	
Total comprehensive income for the period	—	—	—	—	—	—	8,542	—	811,089	819,631	17,857	837,488	
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	7,638	7,638	
Disposal of a subsidiary classified as held for sale	—	—	—	—	—	(372)	—	—	—	(372)	—	(372)	
Issue of shares (note 27)	1,671	—	15,557	—	—	—	—	—	—	17,228	—	17,228	
Share-based payments (note 28/29)	—	—	—	—	6,100	—	—	—	—	6,100	—	6,100	
Release of share-based compensation reserve to share premium upon exercise of share options	—	—	8,274	—	(8,274)	—	—	—	—	—	—	—	
Final 2020 dividend declared	—	—	(451,003)	—	—	—	—	—	—	(451,003)	—	(451,003)	
At 30 June 2021 (unaudited)	273,530	37,848	1,552,339	1,350,390	25,547	654,933	4,340	2,620	4,328,771	8,230,318	45,662	8,275,980	

These reserve accounts comprise the consolidated reserves of RMB8,869,850,000 (31 December 2021: RMB8,388,996,000) in the interim condensed consolidated statement of financial position.

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Note		
Net cash flows from operating activities	99,176	835,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	—	2,014
Purchases of items of property, plant and equipment	(342,654)	(575,247)
Acquisition of a subsidiary	—	(17,815)
Disposal of a subsidiary classified as held for sale	—	(3)
Proceeds from disposal of items of property, plant and equipment	7,627	2,660
Purchase of prepaid land lease payments	(91,800)	—
Purchases of financial assets at fair value through profit or loss	(2,651,530)	(3,655,098)
Proceeds from disposal of financial assets at fair value through profit or loss	3,060,572	4,534,796
Loans to the related companies	—	(300,000)
Repayment of loans from the related companies	—	120,000
Decrease of pledged time deposits	16,594	454
Net cash flows (used in)/from investing activities	(1,191)	111,761
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,586	17,228
New bank loans	1,470,529	2,284,351
Repayment of bank loans	(918,095)	(1,642,003)
Proceeds from issue of bonds	—	(500,000)
Settlement of derivative financial instruments	(8,561)	(5,407)
Dividends paid	(158,299)	(151,362)
Capital injection by non-controlling shareholders	13,300	—
Interest paid	(61,897)	(50,469)
Net cash flows from/(used in) financing activities	341,563	(47,662)
NET INCREASE IN CASH AND CASH EQUIVALENTS	439,548	900,035
Cash and cash equivalents at beginning of period	1,349,332	941,451
Effect of foreign exchange rate changes, net	(17,845)	8,542
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,771,035	1,850,028
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	19 1,771,035	1,850,028

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

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 No.25, 16 Kaifa Road, Economic and Technological Development Area, Shenyang City, Liaoning Province, the People’s Republic of China (the “**PRC**”). During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the manufacture and sale of mining equipment, logistics equipment, robotic and smart mined products and spare parts and the provision of related services in Mainland China.

In the opinion of the directors of the Company (the “**Directors**”), the immediate holding company and the 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 information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) and International Accounting Standards (“**IASs**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The directors expect that the adoption of these revised standards has had no material impact on the interim condensed consolidated financial statements of the Group.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in two business units based on its products, and has two reportable operating segments as follows:

(a) Mining equipment segment

The mining equipment segment engages in the production and sale of coal mining machinery, non-coal mining machinery, mining transport equipment, robotic and smart mined products and spare parts and the provision of related services; and

(b) Logistics equipment segment

The logistics equipment segment engages in the production and sale of container equipment, bulk material equipment, general equipment and spare parts and the provision of related services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2022	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)			
Sales to customers	5,479,589	2,152,153	7,631,742
Intersegment sales	42,184	17,014	59,198
Other revenue	160,631	89,115	249,746
	5,682,404	2,258,282	7,940,686
<i>Reconciliation:</i>			
Elimination of intersegment sales			(59,198)
Revenue from operations	5,640,220	2,241,268	7,881,488
Segment results	854,981	208,140	1,063,121
Interest income			33,406
Finance costs	(35,257)	(37,302)	(72,559)
Profit before tax			1,023,968
Income tax expense			(111,352)
Profit for the period			912,616
Segment assets	14,615,750	9,208,460	23,824,210
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(2,760,296)
Corporate and other unallocated assets			2,077,182
Total assets			23,141,096
Segment liabilities	6,548,156	5,711,035	12,259,191
<i>Reconciliation:</i>			
Elimination of intersegment payables			(2,760,296)
Corporate and other unallocated liabilities			4,363,975
Total liabilities			13,862,870
Other segment information:			
Loss on disposal of items of property, plant and equipment	266	471	737
Impairment of trade receivables, net	22,983	18,729	41,712
(Reversal of impairment)/impairment of other receivables, net	(5,222)	396	(4,826)
Provision/(write-back of provision) against slow-moving and obsolete inventories	6,557	(90)	6,467
Impairment of contract assets	635	60	695
Depreciation and amortisation	80,465	79,860	160,325
Other non-cash expense	38,034	17,134	55,168
Capital expenditure*	158,434	245,309	403,743



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2021	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)			
Sales to customers	3,226,863	1,757,336	4,984,199
Intersegment sales	17,525	19	17,544
Other revenue	357,265	101,018	458,283
	3,601,653	1,858,373	5,460,026
<i>Reconciliation:</i>			
Elimination of intersegment sales			(17,544)
Revenue from operations	3,584,128	1,858,354	5,442,482
Segment results	782,822	192,190	975,012
Interest income			26,188
Finance costs	(28,606)	(26,643)	(55,249)
Profit before tax			945,951
Income tax expense			(117,005)
Profit for the period			828,946
Segment assets	11,475,878	7,559,274	19,035,152
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(2,028,926)
Corporate and other unallocated assets			2,131,032
Total assets			19,137,258
Segment liabilities	4,528,353	4,746,198	9,274,551
<i>Reconciliation:</i>			
Elimination of intersegment payables			(2,028,926)
Corporate and other unallocated liabilities			3,615,653
Total liabilities			10,861,278
Other segment information:			
Loss on disposal of items of property, plant and equipment	995	2,314	3,309
(Reversal of impairment)/impairment of trade receivables, net	(21,039)	1,044	(19,995)
Impairment of other receivables, net	—	141	141
(Write-back of provision)/provision against slow-moving and obsolete inventories	(32,624)	2,660	(29,964)
Impairment of contract assets	—	808	808
Depreciation and amortisation	74,763	51,687	126,450
Other non-cash expense	3,741	2,359	6,100
Capital expenditure*	266,994	309,844	576,838

* Capital expenditure consists of additions to property, plant and equipment and non-current prepayments in the interim condensed consolidated statement of financial position.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

3. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenue of approximately RMB1,379,090,000 (six months ended 30 June 2021: RMB772,317,000) was derived from sales to fellow subsidiaries, 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 represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers	7,631,742	4,984,199

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services			
Sale of industrial products	5,302,294	2,094,036	7,396,330
Installation services	35,310	47,713	83,023
Maintenance services	141,985	10,404	152,389
Total revenue from contracts with customers	5,479,589	2,152,153	7,631,742
Geographical markets			
Mainland China	4,516,408	1,187,791	5,704,199
Asia (excluding Mainland China)	636,140	534,161	1,181,112
United States of America	—	146,965	146,965
European Union	—	205,684	205,684
Other countries/regions	327,041	77,552	393,782
Total revenue from contracts with customers	5,479,589	2,152,153	7,631,742
Timing of revenue recognition			
Goods transferred at a point in time	5,337,604	2,141,749	7,479,353
Services transferred over time	141,985	10,404	152,389
Total revenue from contracts with customers	5,479,589	2,152,153	7,631,742



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND GAINS (continued)

For the six months ended 30 June 2021

Segments	Mining equipment RMB'000 (Unaudited)	Logistics equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services			
Sale of industrial products	3,145,502	1,753,117	4,898,619
Maintenance services	81,361	4,219	85,580
Total revenue from contracts with customers	3,226,863	1,757,336	4,984,199
Geographical markets			
Mainland China	2,809,656	1,305,810	4,115,466
Asia (excluding Mainland China)	313,998	198,720	512,718
United States of America	—	126,402	126,402
European Union	—	74,348	74,348
Other countries/regions	103,209	52,056	155,265
Total revenue from contracts with customers	3,226,863	1,757,336	4,984,199
Timing of revenue recognition			
Goods transferred at a point in time	3,145,502	1,753,117	4,898,619
Services transferred over time	81,361	4,219	85,580
Total revenue from contracts with customers	3,226,863	1,757,336	4,984,199

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

4. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gain

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income			
Bank interest income		33,406	19,887
Other interest income		—	6,301
Government grants	24	135,973	149,770
Profit from sale of scrap materials		14,005	24,166
Rental income	11	3,430	4,220
Foreign exchange differences, net		20,483	591
Others		6,268	17,160
		213,565	222,095
Gains			
Fair value gains, net		69,587	89,971
Gain on disposal of a subsidiary classified as held for sale		—	172,405
		69,587	262,376
		283,152	484,471



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of inventories sold		5,740,027	3,740,009
Cost of services provided		69,959	59,014
Depreciation of property, plant and equipment	10	144,577	112,774
Amortisation of intangible assets		1,908	—
Depreciation of right-of-use assets	11(a)	13,840	13,676
Auditors' remuneration		500	500
Provision of warranties*	23	11,755	6,628
Research and development costs**		416,430	336,130
Lease payments not included in the measurement of lease liabilities	11(b)	14,450	1,675
Employee benefit expenses (including directors and chief executive's remuneration):			
Wages and salaries		687,527	487,173
Equity-settled share-based payment		55,168	6,100
Employee retirement benefits*****		25,278	17,123
Other staff welfare		18,600	12,201
		786,573	522,597
Foreign exchange differences, net***		(20,483)	(591)
Impairment/(reversal of impairment) of financial and contract assets, net****:			
Impairment/(reversal of impairment) of trade receivables, net	15	41,712	(19,995)
Impairment of contract assets, net	16	695	808
(Reversal of impairment)/impairment of other receivables, net		(4,826)	141
		37,581	(19,046)
Provision/(write-back of provision) against slow-moving and obsolete inventories*****		6,467	(29,964)
Loss on disposal of items of property, plant and equipment***		737	3,309
Gain from sales of scrap materials***		(14,005)	(24,166)
Gain on disposal of a subsidiary classified as held for sale***	31	—	(172,405)
Fair value gains, net***:			
Financial assets at fair value through profit or loss — mandatorily classified as such		(68,575)	(88,513)
Derivative instruments — transactions not qualifying as hedges		(1,012)	(1,458)
		(69,587)	(89,971)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

5. PROFIT BEFORE TAX (continued)

- * Included in "Selling and distribution expenses" in the interim condensed consolidated statement of profit or loss
- ** Included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss
- *** Included in "Other income and gains" or "Other expenses" in the interim condensed consolidated statement of profit or loss
- **** Included in "(Reversal of impairment)/impairment losses on financial and contract assets, net" in the interim condensed consolidated statement of profit or loss
- ***** Included in "Cost of sales" in the interim condensed consolidated statement of profit or loss
- ***** As at 30 June 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: Nil)

6. FINANCE COSTS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on interest-bearing bank and other borrowings	64,338	46,606
Interest on discounted bills	8,221	8,643
	72,559	55,249

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2021: nil) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (Or jurisdictions) in which the Group operates.

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatments available to certain subsidiaries operating in Mainland China, the companies of the Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income for the six months ended 30 June 2022.

Five (six months ended 30 June 2021: four) of the Group's principal operating companies, Sany Heavy Equipment, Hunan Sany Port Equipment Co., Ltd. ("**Hunan Sany Port Equipment**"), Sany Marine Heavy Industry Co., Ltd. ("**Sany Marine Heavy Industry**"), Sany Intelligent Mining Technology Co., Ltd. ("**Sany Intelligent Mining**") and Sany Machinery Intelligence Co., Ltd. ("**Sany Machinery**"), were subject to CIT at a rate of 15% for the six months ended 30 June 2022 due to the recognition as High and New Technology Enterprises.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

7. INCOME TAX (continued)

One (six months ended 30 June 2021: nil) of the Group's principal operating companies, Sany Robot Equipment (Xi'an) Co., Ltd. (formerly known as Sany Construction Robot (XIAN) Research Institute Co., Ltd.), was subject to CIT at a rate of 15% for the six months ended 30 June 2022 due to the recognition as a company engaged in the encouraged industry in China's Western Region.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current — Hong Kong		
Charge for the period	3,553	—
Current — Mainland China		
Charge for the period	101,707	96,054
Deferred (note 26)	6,092	20,951
Total tax charge for the period	111,352	117,005

8. DIVIDEND

The final dividend for the year ended 31 December 2021 of HK\$0.15 per share, totalling HK\$546,180,000 (equivalent to RMB466,192,000), was approved by the Company's shareholders at the annual general meeting on 31 May 2022, among which HK\$185,103,000 (equivalent to RMB158,299,000) was distributed during the six months ended 30 June 2022, and the rest amount of HK\$361,077,000 (equivalent to RMB307,893,000) was recorded in "dividend payable" in the consolidated statement of financial position as at 30 June 2022.

A special dividend of HK\$0.18 per share, totalling HK\$633,746,000 was approved by the board of directors on 23 January 2018. HK\$547,505,000 of the dividend was subsequently distributed during the year ended 31 December 2018 and the rest amount of HK\$86,241,000 (equivalent to RMB74,351,000) was recorded in "dividend payable" in the consolidated statement of financial position as at 30 June 2022 and 31 December 2021.

The board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the six months ended 30 June 2022 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,140,958,508 (six months ended 30 June 2021: 3,136,924,946) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the preferred distribution on the convertible preference shares. 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.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	905,789	811,089
Preferred distribution to the convertible preference shares	40	40
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	905,829	811,129
	Number of shares	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,140,958,508	3,136,924,946
Effect of dilution — convertible preference shares	479,781,034	479,781,034
Effect of dilution — share options and share awards	25,217,293	22,802,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation	3,645,956,835	3,639,507,980



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Carrying amount at 1 January	3,314,006	2,591,455
Additions	311,943	998,440
Acquisition of a subsidiary (note 30)	—	873
Disposals	(8,365)	(54,947)
Depreciation and impairment provided during the period/year (note 5)	(144,577)	(221,815)
Carrying amount at 30 June/31 December	3,473,007	3,314,006

11. LEASES

The Group as a lessee

The Group has lease contracts for lands, buildings, machinery and offices used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Lease of the buildings, machinery and offices generally have lease terms of 12 months or less.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Leasehold land RMB'000
As at 1 January 2021 (Audited)	1,139,620
Depreciation charge	(26,086)
As at 31 December 2021 and 1 January 2022 (Audited)	1,113,534
Depreciation charge	(13,840)
As at 30 June 2022 (Unaudited)	1,099,694

None of lease liabilities should be recognised on 30 June 2022 and 31 December 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

11. LEASES (continued)

The Group as a lessee (continued)

(b) The amounts recognised in profit or loss in relation to leases are as follows:

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets	13,840	13,676
Expense relating to short-term leases and other leases (note 5)	14,450	1,675
Total amount recognised in profit or loss	28,290	15,351

The Group as a lessor

The Group leases certain area of land which was classified as right-of-use assets, and office buildings and machinery which were classified as property, plant and equipment under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the six months was RMB3,430,000 (six months ended 30 June 2021: RMB4,220,000), details of which are included in note 4 to the interim condensed consolidated financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	5,506	7,742
After 1 year but within 2 years	3,015	1,731
After 2 years but within 3 years	692	1,162
	9,213	10,635

The net carrying amounts of the Group's assets held under operating leases included in the total amounts of office buildings and machinery as at 30 June 2022 were RMB16,506,000 and RMB27,836,000, respectively (31 December 2021: RMB17,123,000 and RMB26,041,000).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. GOODWILL

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Carrying amount at 30 June/31 December	1,129,520	1,129,520

13. INVENTORIES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Raw materials	798,639	469,372
Work in progress	835,546	827,667
Finished goods	1,007,578	1,296,485
	2,641,763	2,593,524
Less: Provision against slow-moving and obsolete inventories	(71,482)	(65,015)
	2,570,281	2,528,509

14. PROPERTIES UNDER DEVELOPMENT

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Carrying amount as at 1 January	1,039,637	883,852
Additions	127,681	155,785
Carrying amount as at 30 June/31 December	1,167,318	1,039,637

No impairment/reversal of impairment was recognised in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

All properties under development are situated in Mainland China.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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15. TRADE AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	7,315,747	5,260,679
Impairment	(388,313)	(348,404)
	6,927,434	4,912,275
Less: Trade receivables due after one year	(581,083)	(640,575)
	6,346,351	4,271,700
Bills receivable	631,898	700,270

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 a 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. At the end of the reporting period, the Group had a certain concentration of credit risk as 3% (31 December 2021: 5%) of the Group's trade receivables due from a single third party customer, including a group of entities which are known to be under common control with that customer. Included in the trade receivables was an amount due from fellow subsidiaries in aggregate of RMB1,142,279,000 as at 30 June 2022 (31 December 2021: RMB742,104,000) for sales of products by the Group, which accounted for 16% (31 December 2021: 14%) of the Group's trade receivables at the end of the reporting period. Trade receivables are non-interest-bearing.

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 180 days	4,976,016	3,262,566
181 to 365 days	1,234,848	1,112,214
1 to 2 years	626,920	412,296
2 to 3 years	76,294	114,855
Over 3 years	13,356	10,344
	6,927,434	4,912,275



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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15. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At 1 January	348,404	424,209
Impairment/(reversal of impairment losses), net (note 5)	41,712	(2,658)
Amount written off as uncollectible	(1,803)	(73,147)
At 30 June/31 December	388,313	348,404

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type, and coverage of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Bills receivable have been classified as financial assets at fair value through other comprehensive income. The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within six months	442,786	534,249
Over six months	189,112	166,021
	631,898	700,270

Included in the bills receivable was an amount of RMB151,221,000 as at 30 June 2022 (31 December 2021: RMB96,940,000) which was pledged for the issuance of a letter of guarantee.

None of the amount included in the bills receivable as at 30 June 2022 (31 December 2021: nil) was endorsed to fellow subsidiaries for purchasing raw materials by the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

15. TRADE AND BILLS RECEIVABLES (continued)

Transferred financial assets that are not derecognised in their entirety

At 30 June 2022 the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB242,097,000 (31 December 2021: RMB194,840,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse was RMB242,097,000 (31 December 2021: RMB194,840,000) as at 30 June 2022.

Transferred financial assets that are derecognised in their entirety

At 30 June 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB356,524,000 (31 December 2021: RMB744,178,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

16. CONTRACT ASSETS

	30 June 2022 RMB’000 (Unaudited)	31 December 2021 RMB’000 (Audited)
Contract assets arising from:		
Sale of industrial products	136,432	97,672
Impairment	(1,903)	(1,208)
	134,529	96,464

Contract assets are initially recognised for revenue earned from the sale of industrial products as the receipt of consideration is conditional on successful assurance during the warranty periods. When passing the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2022 was the result of the increase of sales contracts with payment terms relating to the guarantee deposits.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. CONTRACT ASSETS (continued)

During the period ended 30 June 2022, RMB695,000 (six months ended 30 June 2021: RMB808,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 15 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 30 June 2022 or 31 December 2021 is as follows:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Within one year	40,342	41,850
After one year	94,187	54,614
Total contract assets	134,529	96,464

The movements in the loss allowance for impairment of contract assets are as follows:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
At beginning of period/year	1,208	755
Impairment losses, net (note 5)	695	453
At end of period/year	1,903	1,208

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current prepayments	101,450	9,650
Current assets:		
Prepayments	198,049	255,707
Deposits and other receivables	285,799	339,332
Loans to third parties	12,708	20,676
Gross balance	496,556	615,715
Impairment allowance	(25,828)	(31,057)
	470,728	584,658

Non-current prepayments represent prepayments for the acquisition of land.

Included in the current prepayments, RMB710,000 was due from fellow subsidiaries as at 30 June 2022 (31 December 2021: RMB53,466,000) for purchasing raw materials by the Group.

Deposits and other receivables mainly represent deposits with suppliers. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 30 June 2022 was 4.6% (31 December 2021: 3.2%).

As at 30 June 2022 and 31 December 2021, the Group assessed the expected credit loss for the loans to third parties has been fully made.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Unlisted investments		
Financial investments at fair value through profit or loss	3,340,668	3,680,123

The above unlisted investments were wealth management products issued by banks, trusts and funds in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and bank balances	1,245,438	710,329
Time deposits	530,000	660,000
	1,775,438	1,370,329
Less: Pledged time deposits for banking facilities	(4,403)	(20,997)
Cash and cash equivalents	1,771,035	1,349,332
Cash and cash equivalents, and pledged deposits denominated in		
— RMB	1,637,815	1,255,909
— Hong Kong dollar (“ HK\$ ”)	9,334	7,480
— United States dollars (“ US\$ ”)	128,074	106,726
— Euro (“ EUR ”)	215	214
	1,775,438	1,370,329

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

Pledged bank deposits represent balances pledged to banks for the issuance of the Group’s bills payable 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.

At 30 June 2022, bank balances of RMB470,000,000 (31 December 2021: RMB600,000,000) are deposited in Sanxiang Bank, a related company of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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20. TRADE AND BILLS PAYABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 30 days	3,132,936	2,769,451
31 to 90 days	1,490,579	686,892
91 to 180 days	719,995	337,542
181 to 365 days	64,675	494,060
Over 1 year	50,075	134,359
	5,458,260	4,422,304

The trade payables are non-interest-bearing and are normally with credit terms of 30 to 120 days.

The bills payable are normally due within 180 days.

Included in the trade and bills payables was an amount due to fellow subsidiaries in aggregate of RMB102,731,000 as at 30 June 2022 (31 December 2021: RMB128,963,000) for purchasing raw materials by the Group.

21. OTHER PAYABLES AND ACCRUALS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
	<i>Notes</i>	
Contract liabilities	1,364,817	1,644,891
Other payables	1,146,893	933,207
Accruals	95,168	81,302
	2,606,878	2,659,400



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

21. OTHER PAYABLES AND ACCRUALS (continued)

(a) Details of contract liabilities are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Sales of industrial products	1,364,817	1,644,891

Contract liabilities include short-term advances received to deliver industrial products. The decrease in contract liabilities in the current period was mainly due to the decrease in short-term advances received from customers in relation to the delivery of industrial products at the end of the year.

Included in the contract liabilities was an amount of RMB236,318,000 as at 30 June 2022 (31 December 2021: RMB509,228,000) due to a fellow subsidiary for the sale of products.

(b) Other payables are non-interest-bearing and are due within one year.

Included in the other payables was an amount due to fellow subsidiaries in aggregate of RMB84,352,000 as at 30 June 2022 (31 December 2021: RMB329,308,000), which is non-interest-bearing and is repayable on demand.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans						
— secured	3.30	2022	200,000	—	—	—
Bank loans						
— unsecured	Libor+ 1.20–3.50	2022–2023	2,666,722	Libor+ 0.15–3.55	2022	1,687,346
			2,866,722			1,687,346
Non-current						
Bank loans						
— secured	3.20	2030	400,000	—	—	—
Bank loans						
— unsecured	3.10–3.60	2023–2025	751,675	2.92–4.10	2023-2024	1,766,768
			1,151,675			1,766,768

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

22. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	2,866,722	1,687,346
In the second year	301,705	1,566,768
In the third to fifth years, inclusive	849,970	200,000
	4,018,397	3,454,114

- (a) As at 30 June 2022, RMB400,000,000 of the Group's bank loans are secured by mortgages over the Group's leasehold land of RMB531,831,000 (31 December 2021: nil).
- (b) As at 30 June 2022, Sany Group Co., Ltd. has guaranteed certain of the Group's bank loans up to RMB3,259,330,000 as at the end of the reporting period (31 December 2021: RMB2,650,172,000).
- (c) Except for the unsecured bank loan of RMB33,557,000 and RMB13,540,000 which are denominated in US\$ and EUR, all borrowings are in RMB (31 December 2021: RMB187,109,000 denominated in US\$).

23. PROVISION FOR WARRANTIES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At 1 January	24,053	32,009
Additional provision (note 5)	32,607	30,788
Amount utilised during the period/year	(4,808)	(15,831)
Reversal of unutilized amounts (note 5)	(20,852)	(22,913)
At 30 June/31 December	31,000	24,053

The Group provides warranties (one year for coal machinery, and the earlier of two years and 4,000 hours during usage for logistics equipment) 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.



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24. GOVERNMENT GRANTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At 1 January	1,080,160	1,201,610
Received during the period/year	68,079	140,265
Accrued during the year	—	21,658
Acquisition of a subsidiary (note 30)	—	19,473
Released to the statement of profit or loss during the period/year (note 4)	(135,973)	(302,846)
At 30 June/31 December	1,012,266	1,080,160
Current portion	(134,375)	(112,700)
Non-current portion	877,891	967,460

Government grants have been received for the purchase of certain items of property, plant and equipment or finance of research and development projects. There are no unfulfilled conditions or contingencies attached to these grants.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022 Liabilities RMB'000 (Unaudited)	31 December 2021 Liabilities RMB'000 (Audited)
Forward currency contracts	—	2,552
Interest rate swaps	1,692	6,009
	1,692	8,561

The interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate swaps amounting to RMB1,012,000 (six months ended 30 June 2021: RMB1,089,000). No fair value changes of forward currency contracts (six months ended 30 June 2021: RMB369,000) were charged to the interim condensed consolidated statement of profit or loss during the period.

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26. DEFERRED TAX

Deferred tax assets

	Deductible temporary differences RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2021 (Audited)	295,225	360	295,585
Charged to the consolidated statement of profit or loss	(24,200)	15,467	(8,733)
At 31 December 2021 and 1 January 2022 (Audited)	271,025	15,827	286,852
(Charged)/credited to the interim condensed consolidated statement of profit or loss (note 7)	(5,717)	20,609	14,892
At 30 June 2022 (Unaudited)	265,308	36,436	301,744

Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value RMB'000	Withholding taxes on dividend RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Total RMB'000
At 1 January 2021 (Audited)	11,146	44,399	1,304	11,748	68,597
Acquisition of a subsidiary (note 30)	—	—	5,061	—	5,061
Charged/(credited) to the consolidated statement of profit or loss	6,456	14,717	(268)	3,372	24,277
At 31 December 2021 and 1 January 2022 (Audited)	17,602	59,116	6,097	15,120	97,935
Charged/(credited) to the interim condensed consolidated statement of profit or loss (note 7)	6,859	19,344	(492)	(4,727)	20,984
At 30 June 2022 (Unaudited)	24,461	78,460	5,605	10,393	118,919



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26. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

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 2022, the Group has not recognised deferred tax liabilities of RMB183,076,000 (31 December 2021: RMB137,466,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to RMB3,661,526,000 (31 December 2021: RMB2,749,315,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<i>Authorised:</i>		
4,461,067,880 (31 December 2021: 4,461,067,880) ordinary shares of HK\$0.10 each	446,107	446,107
538,932,120 (31 December 2021: 538,932,120) convertible preference shares of HK\$0.10 each	53,893	53,893
Total authorised capital	500,000	500,000
<i>Issued and fully paid:</i>		
3,162,108,643 (31 December 2021: 3,154,123,013) ordinary shares of HK\$0.10 each	316,211	315,412
479,781,034 (31 December 2021: 479,781,034) convertible preference shares of HK\$0.10 each	47,978	47,978
Total issued and fully paid capital	364,189	363,390
Equivalent to RMB'000	312,712	312,060

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30 June 2022

27. SHARE CAPITAL (continued)

On 19 December 2014, the Company issued 479,781,034 convertible preference shares (“CPS”) of HK\$0.10 each at an issue price of HK\$2.009 per share. Each CPS is convertible into one ordinary share of the Company at any time after issuance (subject to standard anti-dilution adjustments) and has the same right to receive dividends and other distributions as ordinary shares. The CPS are redeemable by the Company at any time after the third anniversary of the date of the issue of the CPS at the issue price or the fair market value of the CPS, whichever the higher. The holders of CPS are entitled to a preferred distribution at the rate of 0.01% per annum on the issue price.

A summary of movements in the Company’s share capital is as follows:

	Number of convertible shares	Number of ordinary shares	Share capital	
			HK\$'000	Equivalent to RMB'000
At 31 December 2021	479,781,034	3,154,123,013	363,390	312,060
Issue of shares (note)	—	7,985,630	799	652
At 30 June 2022	479,781,034	3,162,108,643	364,189	312,712

Note:

During the six months ended 30 June 2022, 1,228,301 and 6,757,329 new ordinary shares were issued for the share options exercised and the restricted stock units. Cash proceeds of HK\$5,491,000 (equivalent to RMB4,586,000) were received with no transaction costs borne by the Company, and related share option reserve of RMB348,000 was transferred to share premium accordingly.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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28. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s executive directors and other employees of the Group. The Scheme became effective on 15 December 2017, 29 December 2017, 14 November 2018, and 29 December 2021 (the “**Date of Grant**”). The share options granted shall vest in the proposed grantees in accordance with the timetable below, each with an exercise period commencing from the relevant vesting date and ending 10 years after the date of grant (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a “**Vesting Date**”), unless otherwise cancelled or amended:

Vesting Date	Percentage of share options to vest
If the revenue for the year 2021 represents an increase of 35% or more as compared to that of the year 2020, or the net profit for the year 2021 represents an increase of 20% or more as compared to that of the year 2020 (“ Target Performance I ”), the Vesting Date will be the date when the annual results announcement for the year ending 31 December 2021 is published. ⁽¹⁾	30%
If the revenue for the year 2022 represents an increase of 70% or more as compared to that of the year 2020, or the net profit for the year 2022 represents an increase of 45% or more as compared to that of the year 2020 (“ Target Performance II ”), the Vesting Date will be the date when the annual results announcement for the year ending 31 December 2022 is published. ⁽²⁾	30%
If the revenue for the year 2023 represents an increase of 100% or more as compared to that of the year 2020, or the net profit for the year 2023 represents an increase of 70% or more as compared to that of the year 2020 (“ Target Performance III ”), the Vesting Date will be the date when the annual results announcement for the year ending 31 December 2023 is published. ⁽³⁾	40%

Notes:

- (1) If the Target Performance I is not achieved, then the 30% share options (the “**First Tranche Options**”) lapse in the year of 2022;
- (2) If the Target Performance II is not achieved, then the 30% share options (the “**Second Tranche Options**”) lapse in the year of 2023;
- (3) If the Target Performance III is not achieved, then the 40% share options (the “**Third Tranche Options**”) lapse in the year of 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

28. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	For the six months ended 30 June 2022		Year ended 31 December 2021	
	Price HK\$	Number of options	Price HK\$	Number of options
At 1 January	6.73	108,726,200	1.32	38,487,500
Granted during the year	—	—	7.39	96,950,000
Exercised during the period/year	4.47	(1,228,301)	1.32	(24,028,800)
Forfeited/cancelled during the period/ year	7.39	(16,870,218)	1.42	(2,682,500)
At 30 June/31 December	6.64	90,627,681	6.73	108,726,200

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2022

Number of options	Exercise price* per share HK\$	Exercise period
10,579,300	1.22	15-12-2017 to 15-3-2021
380,000	1.71	29-12-2017 to 15-3-2021
130,000	2.30	14-11-2018 to 31-3-2021
79,538,381	7.39	29-12-2021 to 31-3-2024
90,627,681		

31 December 2021

Number of options	Exercise price* per share HK\$	Exercise period
10,662,200	1.22	15-12-2017 to 15-3-2021
380,000	1.71	29-12-2017 to 15-3-2021
734,000	2.30	14-11-2018 to 31-3-2021
96,950,000	7.39	29-12-2021 to 31-3-2024
108,726,200		



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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28. SHARE OPTION SCHEME (continued)

There were 90,627,681 (31 December 2021: 108,726,200) share options outstanding which were all exercisable as at 30 June 2022.

The fair value of equity-settled share options granted on 29 December 2021 was HK\$128,668,000 (HK\$1.33 each) (equivalent to RMB105,166,000), of which the Group recognised a share option expense of RMB38,535,000 (six months end 30 June 2021: RMB915,000) during the period ended 30 June 2022.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using the 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:

	Granted on 15 December 2017	Granted on 29 December 2017	Granted on 14 November 2018	Granted on 29 December 2021
Dividend yield (%)	2.18	1.58	7.83	3.00
Expected volatility (%)	46.45	46.72	43.21	45.60
Historical volatility (%)	46.45	46.72	43.21	45.60
Risk-free interest rate (%)	2.22	2.28	3.02	1.27
Expected life of options (year)	10	10	10	10
Weighted average share price (HK\$ per share)	1.22	1.71	2.30	7.39

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.

No other feature of the options granted was incorporated into the measurement of fair value.

At the date of approval of these financial statements, the Company had 90,627,681 share options outstanding under the Schemes, which represented approximately 2.9% of the Company's ordinary shares in issue as at that date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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29. SHARE AWARD SCHEME

The Company operates a restricted share award scheme (the “Share Award Scheme”) for the purpose of recognition and reward the contribution of the grantees to the Group’s development and to maintain long-term stability of the core management team so as to enhance the Group’s competitiveness and sustain the Group’s future development. Eligible participants of the Share Award Scheme include the Company’s executive directors and other employees of the Group. The Share Award Scheme became effective on 18 December 2020, 2 September 2021 and 8 June 2022 (the “Date of Grant”) respectively, and the share awards granted shall vest in the proposed grantees in accordance with the timetable below:

Vesting date	Number of restricted shares involved			Percentage of restricted shares to vest		
	Granted on 18 December 2020	Granted on 2 September 2021	Granted on 8 June 2022	Granted on 18 December 2020	Granted on 2 September 2021	Granted on 8 June 2022
18 March 2021	1,048,412	—	—	20%	—	—
18 March 2022	1,048,412	1,585,885	—	20%	20%	—
18/31 March 2023	1,048,412	1,585,885	2,303,771	20%	20%	20%
18/31 March 2024	1,048,412	1,585,885	2,303,771	20%	20%	20%
18/31 March 2025	1,048,551	1,585,885	2,303,771	20%	20%	20%
18/31 March 2026	—	1,587,206	2,303,771	—	20%	20%
18/31 March 2027	—	—	2,306,045	—	—	20%
	5,242,199	7,930,746	11,521,129	100%	100%	100%

The following shares award were outstanding during the year:

	Period ended 30 June 2022 Number of shares award	Year ended 31 December 2021 Number of share awards
At 1 January	12,010,789	5,239,654
Granted during the period	11,521,129	7,930,746
Vested during the period	(2,356,591)	(1,041,605)
Lapsed during the period	(1,140,890)	(118,006)
At 30 June/31 December	20,034,437	12,010,789

The Group recognised a share award expense of RMB16,633,000 (six months end 30 June 2021: RMB5,185,000) during the period.

The fair value of the share awards granted on 18 December 2020, 29 September 2021 and 8 June 2022 was HK\$27,679,000 (HK\$5.28 each) (equivalent to RMB23,321,000), HK\$82,480,000 (HK\$10.40 each) (equivalent to RMB67,414,000) and HK\$89,404,000 (HK\$7.76 each) (equivalent to RMB75,928,000), of which the Group recognised a share award expense of HK\$2,732,000 (equivalent to RMB2,296,000), HK\$14,616,000 (equivalent to RMB12,322,000) and HK\$2,391,000 (equivalent to RMB2,015,000) respectively during the period ended 30 June 2022.



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30. BUSINESS COMBINATION

On 26 January 2021, the Group acquired a 70% interest in Sany Construction Robot (XIAN) Research Institute Co., Ltd. from Sany Construction Technology Co., Ltd., a fellow subsidiary of the Company. Sany Construction Robot (XIAN) Research Institute Co., Ltd. is engaged in research and development of robots and automation equipment which could be applied to the processes of smart production lines. The acquisition was made as part of the Group's strategy to employ the technologies owned by Sany Construction Robot (XIAN) Research Institute Co., Ltd. in its own production to expand its business scope and to broaden revenue sources of the Group and increase earnings of the Group. The purchase consideration for the acquisition was in the form of cash, with RMB17,822,000 paid on 29 January 2021.

The fair values of the identifiable assets and liabilities of Sany Construction as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment (note 10)	873
Intangible assets	20,248
Trade receivables	22,477
Prepayments, other receivables and other assets	70,493
Cash and cash equivalents	7
Trade and bills payables	(11,726)
Other payables and accruals	(52,378)
Government grants (note 24)	(19,473)
Deferred tax liabilities (note 26)	(5,061)
Total identifiable net assets at fair value	25,460
Non-controlling interests	(7,638)
Satisfied by cash	17,822

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(17,822)
Cash and bank balances acquired	7
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,815)

Had the combination taken place at the beginning of the period ended 30 June 2021, the revenue from continuing operations of the Group and the profit of the Group for the period ended 30 June 2021 would have been RMB4,987,677,000 and RMB831,325,000, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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31. DISPOSAL OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE

In the second half of 2018, Sany Heavy Equipment, a directly wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Xinjiang Xing Ao Investment Co., Ltd. (“**Xing Ao Investment**”) to dispose of Xinjiang Sany, an indirectly wholly-owned subsidiary of the Company, which remained dormant in prior years. Pursuant to the Equity Transfer Agreement, Sany Heavy Equipment agreed to sell a 100% equity interest in Xinjiang Sany to Xing Ao Investment for a total consideration of RMB177,400,000, among which RMB1,967,000 would be retained as a guarantee deposit. Cash considerations of RMB97,433,000, RMB38,000,000 and RMB40,000,000 were received by Sany Heavy Equipment in 2018, 2019 and 2020, respectively. The transaction was completed on 30 June 2021 as all conditions precedent pursuant to the Equity Transfer Agreement, including but not limited to the full settlement of the consideration, the shareholder information update in the business licence and the physical handover, had been fulfilled.

	On disposal date
	RMB'000
Net assets disposed of:	
Right-of-use assets	67,250
Deferred tax assets	16,991
Cash and bank balances	3
Other payables	(4,101)
Government grants	(75,300)
Tax payable	(1,815)
	3,028
Gain on disposal of a subsidiary classified as held for sale (the “ Disposal ”) (note 5)	172,405
	175,433
Satisfied by:	
Cash	175,433

An analysis of the net inflow of cash and cash equivalents in respect of the Disposal is as follows:

	RMB'000
Cash consideration received in 2018	97,433
Cash consideration received in 2019	38,000
Cash consideration received in 2020	40,000
	175,433
Cash and bank balances disposed of in 2021	(3)
Net inflow of cash and cash equivalents in respect of the Disposal	175,430



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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32. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the financial guarantee contracts not provided for in the financial information were as follows:

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Guarantees given to financial institutions in connection with loans granted to customers	(a)	17,503	25,665
Guarantees given to the finance lease companies in connection with the unsettled lease amounts due from customers	(b)/(c)	930,774	984,279
		948,277	1,009,944

- (a) Hunan Sany Port Equipment enters into sale agreements with end-user customers directly for the sale of logistics equipment. The end-user customers enter into equipment mortgage loan agreements with financial institutions to obtain funding to pay for the port equipment, using the port equipment as collateral. As the seller, Hunan Sany Port Equipment is usually required to enter into a separate agreement with financial institutions under which it has the obligation to repay the outstanding loan from the relevant financial institutions if the end-user customers default loan repayments.
- (b) Hunan Sany Port Equipment sells logistics equipment directly to end-user customers and the end-user customers can seek assistance from two fellow subsidiaries of the Group, China Kangfu Finance Lease Co., Ltd. ("**Kangfu Leasing**") and Hunan Zhonghong Finance Leasing Co., Ltd. ("**Hunan Zhonghong**"), to obtain financing from certain third party finance lease companies (the "**Leasing Companies**").

In addition, Hunan Sany Port Equipment, the Leasing Companies and Kangfu Leasing or Hunan Zhonghong entered into an agreement (the "**Agreement**") and pursuant to the terms of the Agreement:

- Kangfu Leasing or Hunan Zhonghong and Hunan Sany Port Equipment are obliged to pay to the Leasing Companies if the end-user customers default on repayments to the Leasing Companies in the manner as specified in the Agreement; and
- Hunan Sany Port Equipment is obliged to repurchase the unsettled leased amounts due by the end-user customers to the Leasing Companies, if the above parties do not fulfil their obligations in the manner as specified in the Agreement. Under such circumstances, Hunan Sany Port Equipment is also liable for the costs and related expenses.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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32. FINANCIAL GUARANTEE CONTRACTS (continued)

- (c) Sany Heavy Equipment enters into an agreement with Kangfu Leasing, Hunan Zhonghong or Sany Leasing and Sany Heavy Equipment agrees to:
- either sell the equipment to Kangfu Leasing, Hunan Zhonghong or Sany Financial Leasing Co., Ltd. (“**Sany Leasing**”) for leasing to lessees or sell the equipment to the lessees who will then on-sell the equipment to Kangfu Leasing, Hunan Zhonghong or Sany Leasing for leasing back to lessees; and
 - provide a financial guarantee to Kangfu Leasing, Hunan Zhonghong or Sany Leasing in favour of the lessees in respect of the leasing of the equipment by Kangfu Leasing, Hunan Zhonghong or Sany Leasing and repurchase the equipment under certain circumstances.

In the opinion of the Directors, the fair values of the financial guarantee contracts above are insignificant at initial recognition and the Directors consider that the probability of defaults by most of the parties involved is remote, and accordingly, no provision has been made at the inception of the guarantee contracts and at the end of 30 June 2022.

33. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	385,904	551,653
Plant and machinery	164,144	203,331
	550,048	754,984



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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34. RELATED PARTY TRANSACTIONS

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

(1) Recurring transactions

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of products to :			
PT.SANY INDONESIA MACHINERY (印度尼西亞三一機械有限公司)	(i)&(vi)	408,424	93,157
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機股份有限公司)	(i)&(vi)	139,230	12,906
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(i)&(vi)	115,965	103,226
Sany International Development Limited. (三一國際發展有限公司)	(i)&(vi)	112,007	47,717
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(i)&(vi)	102,143	62,161
Sany America Inc. (三一美國)	(i)&(vi)	81,585	121,489
Sany Europe GmbH (三一歐洲)	(i)&(vi)	64,804	25,099
Sany Heavy Industry India Pvt Ltd (三一印度)	(i)&(vi)	59,185	70,320
SANY IMPORTACAO E EXPORTACAO DA AMERICA DO SUL LTDA	(i)&(vi)	54,378	—
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(i)&(vi)	37,551	1,703
Sany Russia Co. Ltd. (俄羅斯三一有限責任公司)	(i)&(vi)	24,786	880
Sany Supply Chain Technology (Shanghai) Co., Ltd. (三一供應鏈科技(上海)有限公司)	(i)&(vi)	20,315	—
SANY GUINEA MACHINERY PUBLIC LIMITED (三一幾內亞機械有限公司)	(i)&(vi)	16,981	—
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(i)&(vi)	15,809	32,603
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(i)&(vi)	14,159	231
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司)	(i)&(vi)	13,878	12,406
SANY SOUTHERN AFRICA (PTY) LTD. (三一南非有限公司)	(i)&(vi)	13,546	2,894
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(i)&(vi)	12,038	64,429

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34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of products to : (continued)			
Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(i)&(vi)	11,040	21,867
Zhejiang Sany Equipment Co., Ltd. (浙江三一裝備有限公司)	(i)&(vi)	8,951	12,527
Hunan Sany Zhongyang Machinery Co., Ltd. (湖南三一中陽機械有限公司)	(i)&(vi)	7,646	821
Changde Sany Machinery Co., Ltd. (常德市三一機械有限公司)	(i)&(vi)	7,238	265
Hangzhou Lilong Hydraulic Co., Ltd. (杭州力龍液壓有限公司)	(i)&(vi)	4,621	177
PT.SANY.PERKASA	(i)&(vi)	4,000	—
Sany Heavy Energy Equipment Co., Ltd. (三一重能有限公司)	(i)&(vi)	3,274	4,924
Sany Energy Equipment Co., Ltd. (三一能源裝備有限公司)	(i)&(vi)	3,167	3,194
Hunan Sany Building Co., Ltd. (湖南三一快而居住宅工業有限公司)	(i)&(vi)	2,644	17,775
Huzhou Sany Loader Co., Ltd. (湖州三一裝載機有限公司)	(i)&(vi)	2,031	—
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	(i)&(vi)	1,934	21,350
Hunan Sanyi Huayuan Machinery Co., Ltd. (湖南三一華源機械有限公司)	(i)&(vi)	1,534	—
Hunan Sany Tower Lifting Machinery Co., Ltd. (湖南三一塔式起重機械有限公司)	(i)&(vi)	303	5,057
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(i)&(vi)	150	9,836
Hunan Trinity Industrial Vocational and Technical College (湖南三一工業職業技術學院)	(i)&(vi)	44	5,221
Sany Auto Finance Co., Ltd. (三一汽車金融有限公司)	(i)&(vi)	—	4,248
Hunan Sany Medium Lifting Machinery Co. Ltd. (湖南三一中型起重機械有限公司)	(i)&(vi)	—	1,378
Others	(i)&(vi)	1,434	216
		1,366,795	760,077



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34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of raw materials to:			
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(i)&(vi)	8,934	8,018
SANY SOUTHERN AFRICA (PTY) LTD. (三一南非有限公司)	(i)&(vi)	542	—
Sany Automobile Lifting Machinery Co, Ltd. (三一汽車起重機械有限公司)	(i)&(vi)	479	359
PT.SANY INDONESIA MACHINERY (印度尼西亞三一機械有限公司)	(i)&(vi)	339	—
Sany Heavy Industry India Pvt Ltd (三一印度)	(i)&(vi)	323	—
Sany Energy Equipment Co., Ltd. (三一能源裝備有限公司)	(i)&(vi)	286	60
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	(i)&(vi)	250	—
Hunan Sany Building Co., Ltd. (湖南三一快而居住宅工業有限公司)	(i)&(vi)	172	292
SANY KENYA COMPANY LIMITED	(i)&(vi)	84	—
SANY COLOMBIA S.A.S	(i)&(vi)	82	—
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(i)&(vi)	64	—
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機有限公司)	(i)&(vi)	56	487
Zhejiang Sany Equipment Co., Ltd. (浙江三一裝備有限公司)	(i)&(vi)	31	—
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(i)&(vi)	15	41
Hangzhou Lilong Hydraulic Co., Ltd. (杭州力龍液壓有限公司)	(i)&(vi)	14	409
Hunan Sany Intelligent Control Equipment Co., Ltd. (湖南三一智能控制設備有限公司)	(i)&(vi)	5	41
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	(i)&(vi)	—	1,184
Sany South America Co., Ltd. (三一南美有限公司)	(i)&(vi)	—	524
Others	(i)&(vi)	619	825
		12,295	12,240

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34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 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)	(ii)&(vi)	126,754	82,022
Hunan Sany Kuaierju Housing Industry Co., Ltd. (湖南三一快而居住宅工業有限公司)	(ii)&(vi)	104,045	111
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(ii)&(vi)	62,800	15,402
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(ii)&(vi)	49,507	19,556
Zhejiang Sany Equipment Co., Ltd. (浙江三一裝備有限公司)	(ii)&(vi)	25,252	5,806
Hunan Sany Intelligent Control Equipment Co., Ltd. (湖南三一智能控制設備有限公司)	(ii)&(vi)	24,307	15,711
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(ii)&(vi)	20,798	13,060
Sany Hoisting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(ii)&(vi)	12,880	262
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(ii)&(vi)	8,051	15,119
Changsha Dilian Industrial Control Technology Co., Ltd. (長沙帝聯工控科技有限公司)	(ii)&(vi)	4,434	3,873
Shengjing Intelligent Technology (Jiaxing) Co., Ltd. (盛景智能科技(嘉興)有限公司)	(ii)&(vi)	3,524	—
Hunan Sany Medium Lifting Machinery Co. Ltd. (湖南三一中型起重機械有限公司)	(ii)&(vi)	2,892	—
Hunan Sany Culture Co. Ltd. (湖南三一文化產業有限公司)	(ii)&(vi)	2,914	2,764
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(ii)&(vi)	1,874	2,324
Shanghai Huaxing Digital Technology Co., Ltd. (上海華興數字科技有限公司)	(ii)&(vi)	1,542	1,755
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機有限公司)	(ii)&(vi)	656	3,079
Hangzhou Lilong Hydraulic Co., Ltd. (杭州力龍液壓有限公司)	(ii)&(vi)	442	219
Sany Europe GmbH (三一歐洲)	(ii)&(vi)	205	1,778
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	(ii)&(vi)	—	861
Others		3,154	26
		456,031	183,728



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34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Purchases of equipment from:			
Shengjing Intelligent Technology (Jiaxing) Co., Ltd (盛景智能科技(嘉興)有限公司)	(ii)&(vi)	1,972	—
Jiangsu Sany Environmental Technology Co., Ltd. (江蘇三一環境科技有限公司)	(ii)&(vi)	575	—
Hunan Sany Kuaierju Housing Industry Co., Ltd. (湖南三一快而居住宅工業有限公司)	(ii)&(vi)	—	16,622
Hunan Zizhuyuan Real Estate Co. Ltd. (湖南紫竹源房地產有限公司)	(ii)&(vi)	—	10,452
Hunan Xingxiang Construction Supervision Consulting Co. Ltd. (湖南興湘建設監理諮詢有限公司)	(ii)&(vi)	—	1,032
Others	(ii)&(vi)	217	354
		2,764	28,460
Operating rental fee paid to:			
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iii)&(vi)	2,544	1,753
Others	(iii)&(vi)	803	1,147
		3,347	2,900
Agency fee paid to:			
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iv)&(vi)	6,359	3,021
Others	(iv)&(vi)	61	—
		6,420	3,021
Utility charges paid to:			
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iv)&(vi)	1,509	—
Sany Group Co., Ltd. (三一集團有限公司)	(iv)&(vi)	1,666	498
Others	(iv)&(vi)	1,713	269
		4,888	3,788

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30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Service income from :			
Shanghai Sany Heavy Machinery Co., Ltd. (上海三一重機股份有限公司)	(iii)&(vi)	16,677	929
Suote Transmission Equipment Co., Ltd. (索特傳動設備有限公司)	(iii)&(vi)	16,398	1,453
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)	(iii)&(vi)	1,471	969
Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司)	(iii)&(vi)	82	53
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	(iii)&(vi)	23	9,487
Hunan Sany Zhongyi Machinery Co., Ltd. (湖南三一中益機械有限公司)	(iii)&(vi)	—	4,245
Loudi Zhongxing Hydraulic Parts Co., Ltd. (婁底市中興液壓件有限公司)	(iii)&(vi)	—	3,045
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	(iii)&(vi)	—	2,248
Hunan Sany Medium Lifting Machinery Co. Ltd (湖南三一中型起重機械有限公司)	(iii)&(vi)	—	2,038
Loudi Zhongyuan New Material Co., Ltd. (婁底市中源新材料有限公司)	(iii)&(vi)	—	515
Sany Automobile Lifting Machinery Co., Ltd. (三一汽車起重機械有限公司)	(iii)&(vi)	—	149
Hunan Sany Zhongyang Machinery Co., Ltd. (湖南三一中陽機械有限公司)	(iii)&(vi)	—	32
Others	(iii)&(vi)	45	22
		34,696	25,185
Purchases of logistics service from:			
Hunan Sany Logistics Co., Ltd. (湖南三一物流有限責任公司)	(iv)&(vi)	245,850	123,880
Balance of deposits with:			
Sanxiang Bank (湖南三湘銀行股份有限公司)	(v)&(vi)	470,000	680,000



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

(1) Recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interests provided by:			
Sanxiang Bank (湖南三湘銀行股份有限公司)	(v)&(vi)	10,864	11,153
Sales of parts and equipment under financial guarantee contracts with:			
Sany Financial Leasing Co., Ltd. (三一融資租賃有限公司)	(i)&(vi)	229,658	—
Provision of financial guarantee under financial guarantee contracts with:			
Sany Financial Leasing Co., Ltd. (三一融資租賃有限公司)	(i)&(vi)	194,628	—

Notes:

- (i) The sales to companies owned and controlled by the Controlling Shareholders* were made at prices and on conditions as mutually agreed.
- (ii) The purchases from companies owned and controlled by the Controlling Shareholders* were made at prices and on conditions as mutually agreed.
- (iii) The rentals were made according to the prevailing market rent.
- (iv) The services were made at prices and on conditions as mutually agreed.
- (v) The Group deposited RMB230,000,000 in 2020 and RMB400,000,000 in 2021 at the interest rates between 3.85% and 4.15% per annum, with the deposit agreements due on 17 April 2023, 5 March 2026 or 25 January 2026, among which RMB30,000,000 and RMB130,000,000 were early withdrawn in 2021 and 2022, and the remaining RMB470,000,000 is outstanding at 30 June 2022.
- (vi) The above companies are owned and controlled by the Controlling Shareholders*.

* The Controlling Shareholders refer to 17 individual shareholders: Liang Wengen, Tang Xiuguo, Xiang Wenbo, Mao Zhongwu, Yuan Jinhua, Zhou Fugui, Wang Haiyan, Yi Xiaogang, Zhao Xiangzhang, Wang Zuochun, Duan Dawei, Zhai Xian, Liang Linhe, Zhai Chun and Huang Jianlong, Beijing Sany commonweal foundation (北京三一公益基金會) and Beijing Deqing commonweal foundation (北京德清公益基金會), who hold 56.38%, 8.70%, 7.95%, 7.95%, 4.72%, 3.48%, 2.98%, 2.98%, 0.99%, 0.99%, 0.68%, 0.60%, 0.50%, 0.40%, 0.08%, 0.31% and 0.31% of the equity interests in Sany BVI, respectively.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

(2) Non-recurring transactions

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Administrative service fee paid to:		
Sany Group Co., Ltd. (三一集團有限公司)	3,112	—
Sany Heavy Industry Co., Ltd. (三一重工股份有限公司)	849	—
Hunan Sany Intelligent Control Equipment Co., Ltd. (湖南三一智能控制設備有限公司)	40	—
	4,001	—
Other service fee paid to:		
Sany Automobile Manufacturing Co., Ltd. (三一汽車製造有限公司)	1,905	6
Sany Europe GmbH (三一歐洲)	1,749	—
Hunan Sany Building Co., Ltd. (湖南三一快而居住宅工業有限公司)	1,271	—
Sany Heavy Machinery Co., Ltd. (三一重機有限公司)	828	—
Hunan Sany Vocational and Technical College of Industry (湖南三一工業職業技術學院)	295	—
Sany Heavy Energy Equipment Co., Ltd. (三一重能有限公司)	77	—
Hunan Zhongtai Equipment Engineering Co., LTD. (湖南中泰設備工程有限公司)	—	1,703
Sany Group Co., Ltd. (三一集團有限公司)	—	204
Others	828	—
	6,953	1,913



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

(2) Non-recurring transactions (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Rental fee received from:			
Shenyang sanyiyuan Construction Machinery Co., Ltd. (瀋陽三益源工程機械有限公司)		156	157
Beijing Sany Technology Co., Ltd. (北京三一智造科技有限公司)		21	32
Others		18	—
		195	189
Rental fee paid to:			
Hunan Zhongtai Equipment Engineering Co., LTD. (湖南中泰設備工程有限公司)		1,232	—
Loans to related parties:			
Hunan Zhonghong (湖南中宏融資租賃有限公司)	(i)	—	300,000
Repayment of loans from related parties:			
Hunan Zhonghong (湖南中宏融資租賃有限公司)	(i)	—	120,000
Interests from loans to related parties:			
Hunan Zhonghong (湖南中宏融資租賃有限公司)	(i)	—	6,301

Notes:

- (i) A loan of RMB300,000,000 was lent to Hunan Zhonghong in the prior year, at an interest rate of 4.2% per annum for a maximum term of 180 days and was guaranteed by Sany Group Co., Ltd. ("Sany Group"), has been fully repaid in 2021.

The other transactions were made at prices and on conditions as mutually agreed.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

(3) Compensation of key management personnel

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, allowances, and benefits in kind	7,414	3,343
Employee retirement benefits and other staff welfare	3,598	1,769
Share option and share award expenses	7,383	1,761
Total compensation paid to key management personnel	18,395	6,873

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Financial assets				
Trade receivables, non-current portion	581,083	640,575	545,955	610,432
Bills receivable	631,898	700,270	631,898	700,270
Financial assets at fair value through profit or loss	3,340,668	3,680,123	3,340,668	3,680,123
	4,553,649	5,020,968	4,518,521	4,990,825
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	1,151,675	1,766,768	1,078,920	1,735,632
Derivative financial instruments	1,692	8,561	1,692	8,561
	1,153,367	1,775,329	1,080,612	1,744,193



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, the current portion of trade receivables, financial assets included in prepayments, other receivables and other assets, the current portion of interest-bearing bank and other borrowings, trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts as at the end of the reporting period due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The manager reports directly to the chief financial officer and the audit committee. At each reporting date, the department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of trade receivable and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2022 were assessed to be insignificant.

The fair values of bills receivable measured at fair value through other comprehensive income, which were previously classified as loans and receivables, have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group invests in unlisted investments, which represent wealth management products and securities investment funds issued by banks, trusts and funds in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Bills receivable	—	631,898	—	631,898
Financial assets at fair value through profit or loss	—	3,340,668	—	3,340,668
	—	3,972,566	—	3,972,566

As at 31 December 2021	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	—	700,270	—	700,270
Financial assets at fair value through profit or loss	—	3,680,123	—	3,680,123
	—	4,380,393	—	4,380,393



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Liabilities measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Derivative financial Instruments	—	1,692	—	1,692

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	—	8,561	—	8,561

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets and liabilities (six months ended 30 June 2022: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



30 June 2022

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Assets for which fair values are disclosed:

As at 30 June 2022	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade receivables, non-current portion	—	538,206	—	538,206

As at 31 December 2021	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Trade receivables, non-current portion	—	610,432	—	610,432



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Liabilities for which fair values are disclosed:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings, non-current portion	—	1,078,920	—	1,078,920

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings, non-current portion	—	1,735,632	—	1,735,632

36. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2022.