IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

ZOOMLION

Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.*

長沙中聯重工科技發展股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**869,582,800 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**43,479,200 H Shares (subject to adjustment)**
Number of International Placing Shares	:	**826,103,600 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$18.98 per H Share (payable in full on application in Hong Kong dollars and subject to refund, plus brokerage of 1%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**01157**

Joint Global Coordinators

CICC 中金香港证券 | Goldman Sachs | J.P.Morgan

Joint Sponsors

CICC 中金香港证券 | Goldman Sachs

Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券 | Goldman Sachs | J.P.Morgan | Morgan Stanley

Joint Lead Managers

BOC INTERNATIONAL | CREDIT SUISSE

Sole Financial Advisor

CICC 中金香港证券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix X—"Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date which is expected to be on or before Friday, December 17, 2010 and, in any event, not later than Wednesday, December 22, 2010. The Offer Price will not be more than HK$18.98 and is currently expected not to be less than HK$13.98 per Offer Share. If, for any reason, the Offer Price is not agreed by Wednesday, December 22, 2010, between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may reduce the indicative Offer Price range and/or the number of Hong Kong Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In the case of such reduction, notice of the reduction in the indicative Offer Price range and/or the number of Hong Kong Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and will be posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.zoomlion.com) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. Further details are set out in the sections entitled "Structure of the Global Offering" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. (Hong Kong time) on the day that trading in the Offer Shares commences on the Hong Kong Stock Exchange. Such grounds are set out in the section entitled "Underwriting" in this prospectus.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic, and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment in PRC incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set forth in the sections entitled "Risk Factors", "Appendix VII—Summary of PRC and Hong Kong Principal Legal and Regulatory Provisions" and "Appendix VIII—Summary of the Articles of Association" in this prospectus. The Offer Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States in accordance with Regulation S.

December 13, 2010

* For identification purpose only.

Application Lists open[2]	11:45 a.m. on Thursday, December 16, 2010
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, December 16, 2010
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[3]	11:30 a.m. on Thursday, December 16, 2010
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, December 16, 2010
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, December 16, 2010
Application Lists close	12:00 noon on Thursday, December 16, 2010
Expected Price Determination Date[5]	Friday, December 17, 2010
Announcement of — the Offer Price; — the level of applications in the Hong Kong Public Offering; — the level of indications of interest in the International Placing; and — the basis of allotment of the Hong Kong Offer Shares to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Wednesday, December 22, 2010
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **www.zoomlion.com** (see paragraph headed "**Publication of Results**" in the section headed "How to Apply for the Hong Kong Offer Shares") from	Wednesday, December 22, 2010
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Wednesday, December 22, 2010
Despatch of H Share certificates or deposit of the H Share certificates into CCASS on or before[6][7]	Wednesday, December 22, 2010
Despatch of White Form e-Refund payment instructions/refund cheques on or before[6]	Wednesday, December 22, 2010
Dealings in the H Shares on the Main Board to commence on	Thursday, December 23, 2010

(1) All times and dates refer to Hong Kong local time and dates except otherwise stated. Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 16, 2010, the Application Lists will not open or close on that day. Further information is set forth in the section headed "How to Apply for the Hong Kong Offer Shares—Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference

number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares—Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, December 17, 2010 (Hong Kong time) and, in any event, not later than Wednesday, December 22, 2010 (Hong Kong time). If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company by Wednesday, December 22, 2010, the Global Offering will not proceed and will lapse.

(6) Applicants who have applied for 1,000,000 or more Hong Kong Offer Shares and have indicated in their Application Forms their wish to collect refund cheques (where applicable) and H Share certificates (where applicable) in person may do so from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on the date notified by our Company as the date of despatch of H Share certificates and refund cheques. The date of despatch of H Share certificates and refund cheques is expected to be Wednesday, December 22, 2010. Applicants who are individuals and opt for personal collection must not authorize any other person to make collection on their behalf. Applicants that are corporations and opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. Uncollected refund cheques and H Share certificates will be despatched by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk may collect their H Share certificate(s) (where applicable) in person from 9:00 a.m. to 1:00 p.m. on Wednesday, December 22, 2010 or such other date as notified by our company as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund cheques. Applicants who paid the application monies from a single bank account may have e-Refund payment instructions (if any) despatched to the application payment account on Wednesday, December 22, 2010. Applicants who used multi-bank accounts to pay the application monies may have refund cheque (if any) despatched to the address specified in their application instructions to the designated **White Form eIPO** Service Provider on Wednesday, December 22, 2010 by ordinary post and at their own risk.

(7) H Share certificates are expected to be issued on Wednesday, December 22, 2010. H Share certificates will only become valid certificates of title if the Hong Kong Public Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be Thursday, December 23, 2010. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

You should read carefully the sections headed "Underwriting", "How to Apply for Hong Kong Offer Shares" and "Structure of the Global Offering" in this prospectus for details relating to the structure of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable including, inter alia, applicable conditions, the effect of bad weather and the despatch of refund cheques and H Share certificates.

CONTENTS

This prospectus is issued by Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any jurisdiction other than Hong Kong. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in our H Shares.

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set forth in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our H Shares.

OVERVIEW

We are a leading China-based construction machinery manufacturer providing diversified products, including concrete machinery, crane machinery and environmental and sanitation machinery, with a presence in Asia, Europe and other regions. Since our listing on SZSE on October 12, 2000, we have experienced significant growth benefiting from China's ongoing urbanization. During the Track Record Period, our consolidated turnover increased from RMB8,973 million in 2007 to RMB20,762 million in 2009, representing a CAGR of approximately 52.1%. Our profit for the year increased from RMB1,437 million in 2007 to RMB2,419 million in 2009, representing a CAGR of approximately 29.7%. For the six months ended June 30, 2010, our consolidated turnover and profit for the period amounted to RMB16,089 million and RMB2,163 million, respectively.

Our Product Offerings and Market Position

We have one of the most diversified and comprehensive product offerings in China's construction machinery industry. We currently offer more than 640 models of machinery and equipment covering 83 different product types across 13 product lines, which include concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery, earth working machinery and material handling machinery and systems. Our diversified and comprehensive product offerings position us well to take advantage of the future development of the domestic and overseas construction machinery markets. Moreover, we enjoy a leading market position across all of our core product lines in China, including concrete machinery, crane machinery and environmental and sanitation machinery. According to CCMA, we were the:

- Second largest construction machinery manufacturer in China in terms of annual turnover in 2009; and
- The tenth largest construction machinery manufacturer in the world in terms of annual turnover in 2009.

Furthermore, according to CCMA, among all China-based construction machinery manufacturers, we ranked:

- First in medium- to large-capacity tower cranes in terms of turnover in 2009;
- Second in truck-mounted and trailer-mounted concrete pumps (excluding our CIFA line of products) and truck cranes in terms of unit sales volume in 2009; and
- Fourth in crawler cranes in terms of unit sales volume in 2009.

In addition, according to Liaoning Yitong, we have been the largest environmental and sanitation machinery manufacturer in China since 2007 in terms of annual unit sales volume. Turnover generated from sales of environmental and sanitation machinery accounted for 6.3%, 6.4%, 5.9% and 4.4% of our consolidated turnover in 2007, 2008, 2009 and the six months ended June 30, 2010, respectively.

Our acquisition of CIFA in 2008 also helped to position us to become a global leading concrete machinery manufacturer by strategically combining our leading market position in the large and fast-growing construction machinery market in China with CIFA's overseas operational and technological capabilities and extensive distribution and service network in Europe.

The table below sets forth the breakdown of our consolidated turnover by our major product lines, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB[1]	%
	(in millions, except for percentages)									
Concrete machinery	3,509	39.1	4,682	34.6	7,157	34.5	7,037	43.7	10,744	45.0
Crane machinery	4,206	46.9	6,237	46.0	8,298	40.0	5,910	36.7	8,203	34.3
Environmental and sanitation machinery	564	6.3	871	6.4	1,230	5.9	710	4.4	1,251	5.2
Road construction and pile foundation machinery	487	5.4	610	4.5	787	3.8	539	3.4	880	3.7
Earth working machinery	—	—	116	0.9	445	2.1	450	2.8	652	2.7
Material handling machinery and systems	—	—	261	1.9	873	4.2	281	1.7	359	1.5
Other machinery products	193	2.1	635	4.7	1,575	7.6	808	5.1	1,159	4.9
Finance income under finance lease	14	0.2	136	1.0	397	1.9	354	2.2	653	2.7
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**16,089**	**100.0**	**23,901**	**100.0**

Note:

(1) The financial data for the nine months ended September 30, 2010 is based on unaudited IFRS interim financial statements reviewed by the reporting accountants, as set out in Appendix II to this prospectus.

Our Manufacturing Capabilities

We currently own and operate eight industrial parks located in Hunan Province, Shaanxi Province and Shanghai Municipality, China and one located in Senago, Italy. These industrial parks include Guanxi Industrial Park, Lugu Industrial Park, Huayin Industrial Park, Quantang Industrial Park, Maqiaohe Industrial Park, Yuanjiang Industrial Park, Zoomlion Industrial Park, Songjiang Industrial Park and CIFA Industrial Park. In addition, we have an industrial park under construction in Weinan, Shaanxi Province, with a gross floor area of approximately 1,120,000 square meters to manufacture and assemble excavators with a planned annual production capacity of 20,000 units. We expect phase one of our industrial park at Weinan to be completed and commence production by the end of 2010, and phase two to be completed and commence production by the end of 2012. We have another industrial park under construction in Hanshou, Hunan Province, with a gross floor area of approximately 260,960 square meters to manufacture and assemble concrete mixing plants and special vehicles with a planned annual production capacity of 11,800 special vehicles and 1,500 concrete mixing plants. We expect our industrial park at Hanshou to be completed by mid-2011 and commence production of concrete mixing plants and special vehicles by the end of 2011. We have already obtained all necessary land use right certificates for these two industrial parks. These specialized industrial parks allow us to manufacture and assemble different products in order to increase efficiency and enhance product quality.

Our large-scale operations enable us to achieve cost-effective manufacturing and maintain a reliable and high-quality supply chain. Our stringent quality control system ensures the high quality of our products, which is evidenced by various domestic and international certifications for our product quality, including the China Compulsory Certifications for product quality and safety from the China Quality Certification Center and the CE Certification for product quality from TüV Rheinland and TüV SüD, independent certification institutions based in Germany.

Our Brands and Distribution Network

We market our products globally under our "Zoomlion" and "CIFA" brand names, each of which has strong customer recognition and loyalty because of the track-record of high quality and performance of the products sold under those two brands. Two of our trademarks were recognized as "Well-Known Trademarks" (馳名商標) nationwide. Our trademark "中联", the Chinese characters for Zoomlion, was recognized as a "Well-Known Trademark" nationwide by the Trademark Office of the State Administration for Industry and Commerce of the PRC, and our trademark "Zoomlion" was recognized as a "Well-Known Trademark" nationwide in a judgment by the Intermediate People's Court of Zhuzhou, Hunan Province on January 13, 2009, relating to a lawsuit which we initiated to protect our trademark from infringement by a third party. This court decision is final as the defendant did not appeal to a higher court. Under the PRC laws, courts have the authority to recognize a "Well-Known Trademark" in an infringement claim on a case-by-case basis. Similarly, our "CIFA" brand has enjoyed strong brand recognition in Europe and globally through over 80 years of operational history and is associated with the introduction of the first truck-mounted concrete mixer pumps in the world.

Both our Zoomlion line and CIFA line of products are sold through an extensive distribution network in China which, as of September 30, 2010, consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third-party dealers, which are located in more than 300 cities covering all provinces and autonomous regions in China. Our third-party dealers in China operated a total of 39, 115, 279 and 408 outlets as of December 31, 2007, 2008 and 2009 and June 30, 2010, respectively. We also sell our products to over 70 different countries through an established and extensive overseas distribution network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers.

Our Overseas Operations

We are one of the few construction machinery manufacturers headquartered in China that have established a presence in overseas markets, as evidenced by our strong overseas distribution and service network as described in the paragraph above. In addition, prior to the global financial crisis, which negatively impacted the demand of our products in the overseas markets in 2009, we were able to generate more than 20% of our total turnover from sales to end-users in overseas countries and regions in 2008. In 2007, 2008 and 2009 and the six months ended June 30, 2010, sales to end-users in overseas markets, which include direct sales made outside of the PRC as well as sales to overseas end-users through our third-party dealers in the PRC, amounted to RMB757 million, RMB2,768 million, RMB2,615 million and RMB923 million, respectively, and accounted for 8.4%, 20.4%, 12.6% and 5.7% of our consolidated turnover for the respective periods. In the same periods, direct sales made outside the PRC alone amounted to nil, RMB531 million, RMB1,769 million and RMB784 million, respectively, which accounted for nil, 3.9%, 8.5% and 4.9% of our consolidated turnover for the respective periods.

Our Research and Development Capabilities

We have established a global research and development platform with facilities in China and Italy. We are a leading participant in the establishment of national and industry standards for construction machinery in China. We have contributed to the establishment of over 180 national and industry standards that are currently in effect, including the first industry standard for truck-mounted concrete pumps in China and the industry standard for chassis specially designed for truck cranes. In addition, our technology center has been jointly accredited as a national technology enterprise center by the NDRC, the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation since 2005. We also own and operate the National Key Laboratory on Key Technologies for Construction Machinery, the only national key laboratory in China's construction machinery industry, as well as the National Engineering Technology Research and Development Center for Concrete Machinery, the only national concrete machinery engineering technology research and development center in the construction machinery industry. As of October 31, 2010, we had been granted 327 patents in China and have applied for over 20 new patents every year since 2002. In 2007, 2008, 2009 and the six months ended June 30, 2010, we recorded research and development expenses of RMB83 million, RMB120 million, RMB194 million and RMB116 million, respectively.

Our Acquisition of CIFA

On June 20, 2008, Magenta SGR S.p.A., Fadorè S.àr.l., Intesa Sanpaolo S.p.A., Immobiliare BA.STE.DO. S.r.l., Immobiliare Duemila S.r.l., Immobiliare Novanta S.r.l., Pasquale Di Iorio, Simone Rafael Emdin and Maurizio Ferrari, as the sellers, and Hony Capital Fund III, L.P., Mandarin Capital Partners, and GS Hony Holdings I Ltd. and our Company, as the buyers, entered into the Sale and Purchase Agreement relating to 100% of the issued and fully paid-in share capital and voting rights of CIFA, a concrete machinery manufacturer based in Italy, for a total purchase price of EUR271 million, of which our

Company has contributed EUR162.6 million. We currently hold 59.3% of equity interest in CIFA. The purchase price was determined by the parties after arm's length negotiation and on a fair and reasonable basis with reference to a combination of factors including (i) the industry environment in which CIFA operates; (ii) the business operations of CIFA; (iii) the financial results of CIFA; (iv) industry comparables, and (v) commonly accepted valuation methods of enterprises operating in the construction machinery industry, which resulted in a goodwill of RMB1,816 million to our Group. The goodwill is the difference between the purchase price and the fair value of identifiable assets acquired and liabilities assumed, based on a valuation performed by an independent appraiser, and relates to the assembled workforce of CIFA and the synergies expected to be achieved from integrating CIFA's concrete machinery business with our existing business. In September 2008, a shareholders' agreement was entered into among the Company, Hony Capital Fund III, L.P., Mandarin Capital Partners and GS Hony Holdings I Ltd. (the "**Co-Investors**") to govern their rights and obligations as shareholders of ZoomlionCifa (Hong Kong). Such agreement was subsequently amended to include the five management shareholders of CIFA upon completion of their investment in ZoomlionCifa (Hong Kong) in June 2009. The shareholders' agreement contains customary minority shareholders' rights such as nomination rights, reserved matters protection rights, pre-emptive rights, tag-along rights, drag-along rights and anti-dilution rights. Save as disclosed above, there is currently no arrangement in respect of the purchase of shares in ZoomlionCifa (Hong Kong) held by the Co-Investors. The acquisition of CIFA enabled us to take advantage of CIFA's extensive distribution and service network in Europe, strong research and development capabilities and proprietary technologies, and become a leading concrete machinery manufacturer in the world.

Our Finance Lease Services and Liquidity Management

Although our turnover and profits from operations increased during the Track Record Period, we recorded negative net operating cash flow in 2008, 2009 and the six months ended June 30, 2010. This is primarily because since 2008, sales of our products through finance lease services as a percentage of our consolidated turnover has been increasing. In 2007, 2008, 2009 and the six months ended June 30, 2010, sales of our products through finance lease services amounted to RMB381 million, RMB2,068 million, RMB7,463 million and RMB5,407 million, respectively, which accounted for 4.3%, 15.4%, 36.6% and 34.4% of turnover from sales of our products in the respective periods. We factored a portion of our receivables under finance lease to banks starting from 2008. In 2008, 2009 and the six months ended June 30, 2010, we obtained net cash of RMB971 million, RMB3,501 million and RMB2,822 million, respectively, through factoring of receivables under finance lease, which, together with cash obtained from bank borrowings and the non-public offering of our A Shares, generated sufficient cash flow for our normal operations and capital commitments.

Our finance lease services have been one of the reasons for our negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, and may expose us to additional risks and uncertainties. For a detailed description of the risks associated with finance lease services, please see "Risk Factors — Risks Related to Our Company — We provide our customers with various payment options, including credit sales, installment payments, financial guarantees and finance lease services, which expose us to additional risks and uncertainties." and "— We recorded negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, as our sales of machinery products through finance lease services increased significantly. There can be no assurance that we will record positive operating cash flow in the future." However, our stringent risk management system for finance lease services and our ability to factor receivables under finance lease will help to reduce our exposure to such risks and uncertainties. We have a risk control committee to control and oversee the risks associated with our finance lease services. Our risk control committee is chaired by Mr. Wan Jun, the general manager of Zoomlion Finance Leasing (China) and currently consists of 15 members. We will continue to strictly implement our risk management policies and measures in place, including pre-lease investigation, lease approval procedures, lease payment collection and management as well as repossession and subsequent sale of repossessed machinery and forfeiture of related customer deposits in case of customer default. We will constantly update our risk management policies based on stringent risk management principles, performance of our underlying business, applicable laws and regulations, and prevailing market conditions. For a detailed discussion regarding the regulatory regime for the financial lease industry in China, see "Regulatory Overview — Regulations as to Finance Lease Industry."

Going forward, we plan to prudently manage the growth of our finance lease services, which is expected to be in proportion with the growth of the underlying business, and we also expect the sales of our products through finance lease services as a percentage of our consolidated turnover to remain stable. We plan to continue to factor our receivables under finance lease to banks in the normal course of our business, subject to terms offered by banks and our working capital needs. If we are able to negotiate with banks for factoring terms that meet the conditions for de-recognition of financial assets, the cash proceeds will be presented as cash flow from operating activities. In addition, we aim to take measures to speed up collection of credit sales and installment sales accounts receivable such that our operating cash flow will be further improved to fund our operations and future capital commitments. We plan to increase the proportion of upfront payments in future sales contracts, assign designated staff members to closely monitor and collect payments overdue for more than 90 days, including initiating necessary legal proceedings to collect such overdue debts, and strengthen our year-end payment collection measures.

The following table sets forth the breakdown of turnover from sales of our products by different payment options, and each expressed as a percentage of turnover from sales of our products, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Credit payment	3,934	43.9	6,394	47.7	6,896	33.9	5,395	34.3	7,504	32.3
Installment payment	2,256	25.2	2,215	16.5	2,666	13.1	2,329	14.8	3,555	15.3
Sales under financial guarantee arrangement	2,388	26.6	2,735	20.4	3,340	16.4	2,604	16.5	4,635	19.9
Sales under finance lease arrangement(1)	381	4.3	2,068	15.4	7,463	36.6	5,407	34.4	7,554	32.5
Total	**8,959**	**100.0**	**13,412**	**100.0**	**20,365**	**100.0**	**15,735**	**100.0**	**23,248**	**100.0**

Note:

(1) The interest income from finance lease service is not included in the above table as such income is not directly derived from product sales under the finance lease payment option. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our Group's interest income under finance lease amounted to RMB14 million, RMB136 million, RMB397 million and RMB354 million, respectively. For the nine months ended September 30, 2010, our Group's interest income under finance lease amounted to RMB653 million.

COMPETITIVE STRENGTHS

- Leading China-based construction machinery manufacturer with an established presence in Asia, Europe and other regions and strong brand recognition.
- Comprehensive product and service offerings and systematic solutions to capitalize on various aspects of China's urbanization and infrastructure sector.
- Leading developer and setter of industry standards in China with innovation capabilities to capture potential market opportunities.
- Highly competitive cost structure and product quality control system.
- Extensive and effective distribution and service network providing value-added services.
- Proven ability to acquire and integrate strategic targets to augment our growth.
- Experienced management team with proven track record and strong corporate governance.

BUSINESS STRATEGIES

- Solidify and strengthen our leading market position in China.
- Strategically expand our global presence in diverse overseas markets.
- Enhance our global research and development platform and efforts.
- Continue to broaden our product offerings and strengthen our manufacturing capabilities.
- Prudently manage the expansion of our finance lease services.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following summary historical consolidated statement of comprehensive income data for the years ended December 31, 2007, 2008 and 2009, and the six-month periods ended June 30, 2009 and 2010 and the summary historical consolidated balance sheet data as of December 31, 2007, 2008 and 2009, and June 30, 2010 set forth below have been derived from our consolidated financial statements set forth in the Accountants' Report included in Appendix I to this prospectus. You should read the summary historical financial information below in conjunction with our consolidated financial statements included in Appendix I—"Accountants' Report." Our consolidated financial statements have been prepared in accordance with IFRS.

Summary Historical Consolidated Statement of Comprehensive Income Data

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
							(unaudited)			
	(in millions, except for percentages and earning per share data)									
Turnover	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**9,227**	**100.0**	**16,089**	**100.0**
Cost of sales and services	(6,405)	(71.4)	(9,842)	(72.6)	(15,422)	(74.3)	(6,850)	(74.2)	(11,438)	(71.1)
Gross profit	**2,568**	**28.6**	**3,706**	**27.4**	**5,340**	**25.7**	**2,377**	**25.8**	**4,651**	**28.9**
Other revenues and net income	19	0.2	142	1.0	105	0.5	28	0.3	6	—
Sales and marketing expenses	(691)	(7.7)	(959)	(7.1)	(1,250)	(6.0)	(439)	(4.8)	(986)	(6.1)
General and administrative expenses	(400)	(4.5)	(734)	(5.4)	(878)	(4.2)	(420)	(4.6)	(852)	(5.3)
Research and development expenses	(83)	(0.9)	(120)	(0.9)	(194)	(0.9)	(82)	(0.9)	(116)	(0.7)
Profit from operations	**1,413**	**15.7**	**2,035**	**15.0**	**3,123**	**15.0**	**1,464**	**15.9**	**2,703**	**16.8**
Gain on disposal of lease prepayments	106	1.2	—	—	—	—	—	—	—	—
Gain/(loss) on disposal of subsidiaries and associates	12	0.1	3	—	(6)	—	—	—	—	—
Net finance cost	(60)	(0.7)	(301)	(2.2)	(295)	(1.4)	(174)	(1.9)	(150)	(0.9)
Share of profits less losses of associates	—	—	7	—	6	—	—	—	5	—
Profit before taxation	**1,471**	**16.4**	**1,744**	**12.9**	**2,828**	**13.6**	**1,290**	**14.0**	**2,558**	**15.9**
Income tax	(34)	(0.4)	(191)	(1.4)	(409)	(2.0)	(189)	(2.1)	(395)	(2.5)
Profit for the year/period	**1,437**	**16.0**	**1,553**	**11.5**	**2,419**	**11.7**	**1,101**	**11.9**	**2,163**	**13.4**
Other comprehensive income for the year/period (after tax)										
Change in fair value of available-for-sale equity securities	4	—	(6)	—	3	—	3	—	(2)	—
Others	—	—	—	—	—	—	—	—	10	0.1
Exchange differences on translation of financial statements of subsidiaries outside of PRC	—	—	(34)	(0.3)	44	0.2	6	0.1	(183)	(1.1)
Total other comprehensive income for the year/period	**4**	**—**	**(40)**	**(0.3)**	**47**	**0.2**	**9**	**0.1**	**(175)**	**(1.1)**
Total comprehensive income for the year/period	**1,441**	**16.1**	**1,513**	**11.2**	**2,466**	**11.9**	**1,110**	**12.0**	**1,988**	**12.4**
Profit attributable to:										
Equity shareholders of the Company	1,439		1,544		2,447		1,136		2,202	
Non-controlling interests	(2)		9		(28)		(35)		(39)	
Total comprehensive income attributable to:										
Equity shareholders of the Company	1,443		1,518		2,497		1,148		1,996	
Non-controlling interests	(2)		(5)		(31)		(38)		(8)	
Basic and diluted earnings per share	**0.34**		**0.37**		**0.59**		**0.27**		**0.46**	

Summary Historical Consolidated Balance Sheet Data

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Assets				
Non-current assets	2,361	9,185	13,861	17,763
Current assets	6,172	14,037	20,014	31,378
Total assets	**8,533**	**23,222**	**33,875**	**49,141**
Liabilities and equity				
Current liabilities	4,445	13,224	19,468	23,440
Non-current liabilities	337	4,787	6,855	11,184
Total liabilities	4,782	18,011	26,323	34,624
Total equity	3,751	5,211	7,552	14,517
Total liabilities and equity	**8,533**	**23,222**	**33,875**	**49,141**

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised.

Forecast consolidated profit attributable to equity shareholders of the Company(1)	RMB4,300 million
Unaudited pro forma forecast earnings per Share(2)	RMB0.75
Unaudited weighted average forecast earnings per Share(3)	RMB0.88

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix IV to this Prospectus.

(2) The calculation of unaudited pro forma forecast earnings per Share in accordance with Listing Rules 4.29(8) is based on the forecast consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010, and a weighted average of 5,725,792,065 Shares assumed to be issued and outstanding during the year ending December 31, 2010. The calculation of the weighted average number of Shares has taken into account the 1,673,100,000 Shares issued and outstanding as of December 31, 2009, the 297,954,705 Shares issued on February 5, 2010 upon completion of Non-public Offering of A Shares, the stock split in the form of bonus shares on the basis of 1.5 Shares for every outstanding ordinary Share announced on July 22, 2010, and the 869,582,800 H Shares to be issued pursuant to the Global Offering as if the Global Offering had been completed on January 1, 2010. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(3) The calculation of unaudited forecast earnings per Share on a weighted average basis in accordance with International Accounting Standard 33 is based on the forecast consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010, and a weighted average of 4,877,651,032 Shares issued and outstanding during the year ending December 31, 2010. The calculation of the weighted average number of Shares has taken into account the 1,673,100,000 Shares issued and outstanding as of December 31, 2009, the 297,954,705 Shares issued upon completion of Non-public Offering of A Shares, the stock split in the form of bonus shares on the basis of 1.5 Shares for every outstanding ordinary Share announced on July 22, 2010, and the 869,582,800 H Shares to be issued pursuant to the Global Offering on December 23, 2010.

The profit forecast is prepared on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the Accountants' Report dated December 13, 2010 (the text of which is set out in Appendix I—"Accountants' Report" to this prospectus).

OFFER STATISTICS

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$13.98 per H Share	Based on an Offer Price of HK$18.98 per H Share
Market capitalization of H Shares(1)	HK$13,372 million	HK$18,155 million
Prospective price/earnings multiple		
(a) Pro forma basis(2)	15.9 times	21.7 times
(b) Weighted average basis(3)	13.6 times	18.4 times
Pro forma adjusted net tangible asset value per H Share(4)	HK$4.32	HK$5.04

Notes:

(1) The calculation of market capitalization is based on 956,541,080 H Shares (including 869,582,800 H Shares to be issued in the Global Offering and 86,958,280 H Shares to be converted from A Shares and transferred to the NSSF) that are expected to be outstanding immediately after the Global Offering.

(2) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the forecast earnings per Share on a pro forma basis at the respective Offer Prices of HK$13.98 per H Share and HK$18.98 per H Share.

(3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis at the respective Offer Prices of HK$13.98 per H Share and HK$18.98 per H Share.

(4) The pro forma adjusted net tangible asset value per H Share is arrived at after the adjustments referred to in the section headed "Financial Information—Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" of this prospectus.

DIVIDEND AND DIVIDEND POLICY

Our Board of Directors will declare dividends, if any, in Renminbi with respect to A Shares and H Shares on a per share basis and will pay such dividends in Renminbi; however, we will pay the dividends in cash to the holders of H Shares in Hong Kong dollars. Any final dividends distribution shall be subject to the Shareholders' approval. The declaration of dividends is subject to the discretion of our Board of Directors. Our Board of Directors will take into account factors including the following:

- general business conditions;
- our financial condition and results of operations;
- capital requirements;
- future prospects;
- statutory and regulatory restrictions;
- contractual obligations and availability of cash resources;
- our Shareholders' interests; and
- other factors our Board of Directors may deem relevant.

We may only distribute dividends out of our after-tax profit, as determined under PRC GAAP or IFRS, whichever is lower, only after we have made allowance for the following:

- recovery of accumulated losses, if any;

- allocations to the statutory surplus reserve equivalent to 10% of our after-tax profit, until the accumulative amount of such reserve reaches 50% of our registered capital; and
- allocations, if any, to a discretionary surplus reserve that are approved by the Shareholders in a Shareholders' meeting.

Any distributable after-tax profits that are not distributed as dividend in a given year are retained and available for distribution in subsequent years. However, ordinarily we will not pay any dividends in a year in which we do not have any distributable after-tax profit. Our Shareholders approved at the extraordinary general meeting on July 22, 2010 a stock split in the form of bonus shares on the basis of 1.5 ordinary shares for every outstanding ordinary share. The total number of ordinary shares issued was 2,957 million. The par value of new ordinary shares issued of RMB2,957 million was charged against retained earnings. In addition, a cash dividend of RMB0.17 ordinary per share based on 1,971 million outstanding ordinary shares totalling RMB335 million was also approved at the extraordinary general meeting. Our A Shares Shareholders of record as of August 26, 2010 were entitled to such bonus shares and cash dividend, which were distributed to such Shareholders on August 27, 2010.

Under current PRC tax laws and regulations, dividends paid by our Company to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax, unless reduced by an applicable double taxation treaty, while the dividends paid to an individual holder of H Shares outside the PRC are currently exempted from PRC income tax. Details of the tax implications are set forth in Appendix VI—"Taxation and Foreign Exchange" to this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$13,672 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK$16.48 per Share, being the mid-point of the indicative Offer Price range of HK$13.98 to HK$18.98 per Share in this prospectus.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 28.0%, or approximately HK$3,823 million, will be used to expand our operations and services in certain key overseas countries and regions where we intend to strengthen our presence. In particular:
  - approximately 17.1%, or approximately HK$2,335 million, will be used to strengthen our overseas distribution and service network by establishing local distribution network in not less than 50 cities across the world, and after-sales services centers and parts and components depots in Asia, North America, the Middle East, South America and Africa; and
  - approximately 10.9%, or approximately HK$1,488 million, will be used to strengthen our finance lease services overseas in regions or countries such

as Hong Kong, Australia, Italy and Russia where we have obtained the relevant licenses and/or permits, and to fund our financial lease services in certain new markets such as United States and Brazil, where we expect to obtain such licenses and/or permits, which will further enhance our overseas sales;

- approximately 45.8%, or approximately HK$6,264 million, will be used to strengthen and enhance our manufacturing capability of key products, parts and components. In particular:
  - approximately 11.6%, or approximately HK$1,588 million, will be used to establish our European research and development and assembly center at Senago, Italy, to develop and produce products other than those concrete machinery currently manufactured by CIFA, including all-terrain truck cranes, crawler cranes, truck cranes and aerial working platform, to better meet the local clients' needs. The total planned expenditure for our European research and development and assembly center is approximately RMB1,360 million, all of which will be financed by the proceeds of this Offering; and
  - approximately 34.2%, or approximately HK$4,676 million, will be used to establish manufacturing bases in Hunan Province, China, for specialty chassis and other key components;
- approximately 5.0%, or approximately HK$684 million, will be used to strengthen our research and development capabilities, develop new technologies and products, and enhance key elements of our information management system. We intend to focus our research and development efforts on the following areas: (i) developing products with better safety and reliability, higher fuel efficiency and larger capacity, (ii) improving the quality and standardization levels of the key parts and components used across our product lines, (iii) enhancing our supply chain information management systems;
- approximately 11.2%, or approximately HK$1,534 million, will be used to repay our bank borrowings, including all the loan facility in the amount of US$197.9 million, which was used to finance the acquisition of CIFA, with an interest rate of LIBOR plus 0.9%, repayable in full in September 2011; and
- approximately 10.0%, or approximately HK$1,367 million, will be used to supplement our working capital for overseas operations.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$2,074 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$11,574 million. Under such circumstances, the net proceeds allocated to working capital will be reduced. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$13,333 million. The additional net proceeds of approximately HK$1,760 million (when compared to the net proceeds to our Company with the Offer Price being determined at the low end of the stated range and assuming the Over-allotment Option is not exercised) will also be allocated to the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with licensed banks or other financial institutions.

RISK FACTORS

There are certain risks relating to an investment in our H Shares. These can be categorized into (i) risks relating to our Company; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to the Global Offering. A detailed discussion of the risk factors is set forth in the section entitled "Risk Factors."

Risks Relating to Our Company

- We may be unable to effectively manage the supply and the quality of our raw materials, parts and components.

- Certain of our products are sold through independent dealers and the failure to maintain relationships with our existing dealers, attract additional dealers or effectively manage our dealers may materially and adversely affect our business.

- We provide our customers with various payment options, including credit sales, installment payments, financial guarantees and finance lease services, which expose us to additional risks and uncertainties.

- We recorded negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, as our sales of machinery products through finance lease services increased significantly. There can be no assurance that we will record positive operating cash flow in the future.

- We face risks associated with the expansion of our scale of operations globally, and if we are unable to effectively manage these risks, they could impair our ability to expand our business abroad.

- Our future growth depends in part on our ability to successfully identify and make strategic acquisitions, integrate them into our existing business operations and to establish and maintain strategic relationships. The failure to do so could have a material and adverse effect on our current and future business operations.

- Our success depends in part on our ability to enhance our manufacturing capabilities, which is subject to risks and uncertainties.

- Failure to maintain inventory levels in line with the approximate level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

- Our research and development efforts may not yield the benefits that we expect and we may not be able to introduce market-leading products and maintain the competitiveness of our product offerings.

- We may not be able to protect our patents and non-patented intellectual property rights, or we may be subject to claims for the infringement of intellectual property rights of others.

- Fluctuations in foreign currency exchange rates could adversely affect our business.

- We are subject to product liability exposure which could harm our reputation and materially and adversely affect our business, financial condition and results of operations.

- If we experience a significant number of warranty claims, our costs might increase substantially, and our reputation and brand name could suffer.

- Our business depends substantially on our senior management's continuing services and our ability to maintain a skilled labor force, and our business may be severely disrupted if we were to lose the services of our management or other key personnel.

- Restrictive covenants in our Group's credit agreements could limit our financial and operating flexibility and subject us to other risks.

- Our future liquidity needs are uncertain and we may need to raise additional funds in the future, which would dilute your equity interest in our Company or increase our debt service obligations.

- We require a number of permits, licenses, registrations and certificates in order to carry on our business and the failure to obtain or maintain these permits, licenses, registrations and certificates could materially harm our business and prospects.

- A subsidiary of ours in Italy has a pending dispute with the tax authorities in Italy regarding certain tax issues and our result of operation may be adversely affected if it loses the dispute and if we are not indemnified by the previous shareholders of the subsidiary.

- Noncompliance with environmental regulations both in China and overseas markets may result in significant monetary damages, fines or even criminal liabilities as well as negative publicity and damages to our brand name and reputation.

- We may continue to engage in certain sales of products to third-party dealers for end use by countries, governments, entities, or persons targeted by economic sanctions of the United States government, which may adversely affect our reputation and prevent U.S. persons from purchasing our Shares, thereby potentially reducing our share price.

- Our largest shareholder has substantial influence over our Company and its interests may not be aligned with the interests of our other shareholders.

- We enjoy certain government grants and incentives and the expiration of, or changes to, these incentives may materially and adversely affect our business, financial position and results of operations.

- We may incur additional costs, experience manufacturing disruptions or fail to satisfy our contractual requirements if we were forced to relocate as a result of any disputes over the title or ownership rights of the properties we own or lease.

Risks Relating to Our Industry

- The industry in which we operate is highly dependent on the level and scale of construction activities which are cyclical and subject to risks, fluctuations and uncertainties beyond our control.

- We are subject to risks associated with volatility in the prices of raw materials, parts and components.

- We face competition in the industry in which we operate.

- Our business is subject to seasonal variations in demand, and our operating results may experience significant fluctuations from quarter to quarter.

Risks Relating to doing business in China

- Uncertainties with respect to the PRC legal system could have a material and adverse effect on us.

- Adverse changes in political and economic policies of the PRC government could have a material and adverse effect on the overall economic growth of China, which could in turn reduce the demand for our products, thus materially and adversely affecting our competitive position.

- Holders of H Shares may be subject to taxation in China.

- Payment of dividends is subject to restrictions under PRC laws.

- Government control of currency conversion and the fluctuation in foreign exchange rates may adversely affect the value of your investments.

- You may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors, Supervisors or senior management and to take action on the basis of violations of the Listing Rules.

- The enforcement of the new Labor Contract Law and a potential resulting increase in labor costs in the PRC may adversely affect our business and our profitability.

- We face risks related to natural disasters, acts of nature, adverse weather conditions and occurrences of epidemics in China and other place around the world, which could have a material adverse effect on our business and operations results.

Risks Relating to the Global Offering

- Our A Shares were listed in China in 2000, and the characteristics of the A share and H share markets may differ.

- There has been no public market for our H Shares prior to this Global Offering and an active trading market for our H Shares may not necessarily develop or be sustained following the Global Offering.

- The trading price for our H Shares may be volatile and the liquidity may be low, which could result in substantial losses.

- You should not rely on any information contained in press articles or other media regarding the Group and the Global Offering.

- Future sales or perceived sales of substantial amounts of our H Shares in the public market or the conversion of our A Shares to H Shares could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

- Due to a time lag of several days between the pricing and actual trading of our H Shares, investors in our H Shares are subject to the risk that the price could decline during this period before the trading of H Shares commences.

- As the Offer Price of our H Shares is higher than our net tangible book value per share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

- Dividends declared in the past may not be indicative of our dividend policy in the future.

- The industry and statistical information in this prospectus may not be accurate.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"A Share(s)"	Domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange in the PRC and traded in RMB
"Anglo Chinese"	Anglo Chinese Corporate Finance, Limited, our compliance advisor, a licensed corporation holding a license to carry on type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO
"Application Form(s)"	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offer
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on July 22, 2010, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix VIII to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Zoomlion Leasing"	Zoomlion Financing and Leasing (Beijing) Co., Ltd. (中聯重科融資租賃(北京)有限公司), formerly known as Beijing Zoomlion Xinxing Construction Machinery Leasing Co., Ltd. (北京中聯新興建設機械租賃有限公司), a company incorporated under the laws of the PRC on February 4, 2002 and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors of the Company
"BRIC" or "BRICs"	an acronym that refers to Brazil, Russia, India, and China
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CE certificate" or "CE certification"	the certificate or process of certification for conformity of the European Union standard
"Changsha Hesheng"	Changsha Hesheng Science and Technology Investment Co., Ltd. (長沙合盛科技投資有限公司), a company incorporated under the laws of the PRC on March 11, 2006 and an investment entity which is controlled and owned as to approximately 30% by Dr. Zhan Chunxin (our Chairman and Chief Executive Officer), as to approximately 1.7% by Mr. Luo Anping (our Supervisor), as to approximately 4.6% by Mr. Liu Quan (our executive Director), as to approximately 1.3% by Mr. Liu Chi (our Supervisor) and as to approximately 5.4% by Mr. Zhang Jianguo, as to approximately 3.1% by Mr. He Jianming, as to approximately 4.3% by Mr. Xiong Yanming, as to approximately 3.5% by Mr. Yin Zhengfu, as to approximately 2.4% by Mr. Wang Chunyang, as to approximately 3.5% by Mr. Xu Wuquan, as to approximately 3.5% by Dr. Su Yongzhuan, as to approximately 3.1% by Mr. Chen Xiaofei, as to approximately 3.2% by Mr. Li Jiangtao, as to approximately 3.1% by Dr. Sun Changjun, as to approximately 2.8% by Mr. Guo Xuehong, all of whom are members of the existing senior management team and the remaining 24.5% by the employees of our Group. It is a Shareholder of our Company holding an approximately 6.2% of the issued share capital of our Company as at the Latest Practicable Date
"Changde Hydraulic"	Changde Zoomlion Hydraulic Pressure Co., Ltd. (常德中聯重科液壓有限公司), formerly known as Changde Xincheng Hydraulic Pressure Co., Ltd. (常德信誠液壓有限公司), a company incorporated under the laws of the PRC on August 19, 1992 and a subsidiary held as to 75% by our Company

"Changsha Yifang"	Changsha Yifang Science and Technology Investment Co., Ltd. (長沙一方科技投資有限公司), a company incorporated under the laws of the PRC on September 28, 2005 which is owned as to approximately 33.1% by Changsha Hesheng and as to approximately 2.6% by Ms. Du Youqi, a member of the existing senior management team of our Group and the remaining by the former employees of Research Institute and existing and former employees of our Group. It is a Shareholder of our Company holding an approximately 3.9% of the issued share capital of our Company as at the Latest Practicable Date
"China" or "PRC"	the People's Republic of China excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"CIETAC"	China International Economic and Trade Arbitration Commission
"CIFA"	Compagnia Italiana Forme Acciaio S.p.A., a company incorporated under the laws of the Republic of Italy on December 20, 2001 and a subsidiary held as to 59.3% by our Company indirectly
"CMMA"	China Machinery Enterprise Management Association (中國機械工業企業管理協會), a social organization in the PRC
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented or otherwise modified from time to time
"Company" and "our Company"	Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (長沙中聯重工科技發展股份有限公司), a company incorporated as a joint-stock limited company under the laws of the PRC on August 31, 1999, the A Shares of which are listed on the Shenzhen Stock Exchange in the PRC, the H Shares of which are being applied for listing on the Main Board of the Hong Kong Stock Exchange
"Connected Persons"	has the meaning ascribed thereto under the Listing Rules
"Cornerstone Investors"	the cornerstone investors as described in the section headed "Cornerstone Investors"

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets
"Director(s)"	the director(s) of our Company as of the date of this prospectus
"Dongfeng Motor"	Dongfeng Motor Corporation (東風汽車公司), a company incorporated under the laws of the PRC, which holds 15.1% of the equity interest of Zoomlion Axle
"EIT Law"	the PRC Enterprise Income Tax Law promulgated on March 16, 2007 that became effective on January 1, 2008
"ERP"	enterprise resource planning
"European Directives"	Legislative acts of the European Union which requires member states to achieve a particular result without dictating the means of achieving that result
"GAQS"	The General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局)
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offer and the International Placing
"Good Excel"	Good Excel Group Limited (佳卓集團有限公司), an investment holding company incorporated in British Virgin Islands with limited liability on January 6, 2006, which is controlled by Hony Capital II G.P. Ltd.. It is a shareholder of our Company holding an approximately 7.4% of the issued share capital of our Company as at the Latest Practicable Date
"Green Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group," "our Group," "we," "our" and "us"	our Company and its subsidiaries
"H Share(s)"	ordinary shares issued by us, with Renminbi denominated nominal value of RMB1.00 each in the

	share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
"H Share Registrar" or "White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"HK$" or "HK dollars" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKIAC"	Hong Kong International Arbitration Centre
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 43,479,200 H Shares being initially offered by our Company for subscription under the Hong Kong Public Offer at the Offer Price (subject to adjustment as described in the section headed "Structure of the Global Offering" to this prospectus)
"Hong Kong Public Offer" or "Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%), on and subject to and in accordance to the terms and conditions described in this prospectus and in the Application Forms relating thereto
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer whose names are listed in the section entitled "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated December 10, 2010 relating to the Hong Kong Public Offer entered into by, among others, the Company and the Hong Kong Underwriters

"Hunan CIFA"	Hunan CIFA Engineering Machinery Co., Ltd. (湖南希法工程機械有限公司), a company incorporated under the laws of the PRC on December 1, 2009 and a subsidiary held indirectly as to approximately 59.3% by our Company
"Hunan Puyuan Factory"	Hunan Puyuan Construction Machinery Factory (湖南浦沅工程機械總廠), a company incorporated under the laws of the PRC and the predecessor of Puyuan Group
"Hunan Development Group"	Hunan Development and Investment Group Co., Ltd. (湖南發展投資集團有限公司), formerly known as Hunan Land Capital Management Co., Ltd. (湖南省土地資本經營有限公司), a company incorporated under the laws of the PRC on April 26, 2002 and a state-owned limited liability company controlled and owned as to approximately 98.6% by Hunan Provincial People's Government and a Shareholder of our Company holding approximately 0.8% of the share capital of our Company as at the Latest Practicable Date
"Hunan SASAC"	State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government (湖南省人民政府國有資產監督管理委員會), a Shareholder of our Company
"Hunan Teli"	Hunan Teli Hydraulic Pressure Co., Ltd. (湖南特力液壓有限責任公司), a company incorporated under the laws of the PRC on April 28, 2004 and a subsidiary held as to approximately 66.8% by our Company
"Independent Third Party(ies)"	persons who, as far as our Directors are aware after having made all reasonable enquiries, are not connected persons of our Company within the meanings of the Listing Rules
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations issued by the International Accounting Standards Board
"IMF"	International Monetary Fund
"International Placing"	the conditional placing of the International Placing Shares (a) in the United States to QIBs in reliance on

	Rule 144A under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 826,103,600 H Shares being initially offered under the International Placing together, where relevant, with any additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option, subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing, which are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the international underwriting agreement relating to the International Placing and expected to be entered into by, among others, the Company and the International Underwriters on or around December 17, 2010
"Joint Bookrunners"	China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited (for Hong Kong Public Offering), J.P. Morgan Securities Ltd. (for International Placing) and Morgan Stanley Asia Limited
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and J.P. Morgan Securities (Asia Pacific) Limited
"Joint Lead Managers"	China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited (for Hong Kong Public Offering), J.P. Morgan Securities Ltd. (for International Placing), Morgan Stanley Asia Limited, BOCI Asia Limited and Credit Suisse (Hong Kong) Limited
"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited and Goldman Sachs (Asia) L.L.C.
"Latest Practicable Date"	December 6, 2010, being the latest practicable date prior to the printing of this prospectus for the purpose

	of ascertaining certain information contained in this prospectus
"Liaoning Yitong"	Liaoning Yitong Machinery and Automobile Information Co., Ltd. (遼寧益通機械汽車資訊有限公司), a state-owned research institute focusing on machinery and automobile information
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about December 23, 2010, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (as amended from time to time)
"Main Board"	the stock market operated by the Hong Kong Stock Exchange, which excludes Growth Enterprise Market and the options market
"Mandatory Provisions"	The Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas (到境外上市公司章程必備條款) promulgated on August 27, 1994 by the Securities Commission of the State Council (國務院證券委員會) and the State Economic Restructuring Commission (國務院經濟體制改革委員會), as amended, supplemented or otherwise modified from time to time
"Ministry of Commerce" or "MOFCOM"	The Ministry of Commerce of the PRC (中華人民共和國商務部)
"MPS"	master production schedule
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	The National People's Congress of the PRC (中華人民共和國全國人民代表大會), the national legislative body of the PRC
"NSSF"	the National Council for Social Security Fund of the People's Republic of China (中華人民共和國全國社會保障基金理事會), serving as a

	strategic reserve fund accumulated by the central government to support future social security expenditures
"Nanjun Automobile"	Sichuan Nanjun Automobile Group Co., Ltd. (四川南駿汽車集團有限公司) (formerly known as Ziyang City Nanjun Automobile Co., Ltd. (資陽市南俊汽車有限責任公司)), a company incorporated under the laws of the PRC, which holds 49% of the equity interest of Zoomlion Ziyang
"OFAC"	Office of Foreign Assets Control, an office within the United States Department of the Treasury that administers and enforces, pursuant to the U.S. Economic Sanctions Laws, economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, entities, and individuals
"Offer Price"	the final price per H Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued, or purchased and sold pursuant to the Global Offering, to be determined as further described in the section headed "Structure of the Global Offering—Determination of the Office Price" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares, with any additional H Shares to be issued and sold pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by our Company to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue up to 130,437,400 additional new H Shares, representing approximately 15% of the H Shares initially available under the Global Offering at the Offer Price to, among other things, cover over-allocations in the International Placing (if any) as further described in the section headed "Structure of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC Company Law"	The Company Law of the PRC (中華人民共和國公司法), enacted by the Standing Committee of the NPC on December 29, 1993, which became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time. The latest revision was approved on October 27, 2005 and came into effect on January 1, 2006
"PRC GAAP"	the PRC Accounting Standards and Accounting Regulations for Business Enterprises and its supplementary regulations
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), enacted by the Standing Committee of the NPC on December 29, 1998 and which became effective on July 1, 1999, as amended and supplemented or otherwise modified from time to time. The latest revision was approved on October 27, 2005 and came into effect on January 1, 2006
"Price Determination Date"	the date, expected to be on or around December 17, 2010 but no later than December 22, 2010, on which the Offer Price is fixed for the purposes of the Global Offering
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Puyuan Group"	Hunan Province Puyuan Group Co., Ltd. (湖南省浦沅集團有限公司), a company incorporated under the laws of the PRC and a former subsidiary of Research Institute
"QIBs"	"qualified institutional buyers" as defined in Rule 144A
"Real Smart"	Real Smart International Limited (智真國際有限公司), a company incorporated under the laws of British Virgin Islands on January 5, 2006 and an investment entity controlled by Hony Capital II G.P. Ltd.. It held approximately 2.8% of the issued share capital of our Company as at the Latest Practicable Date
"Regulation S"	Regulation S under the U.S. Securities Act
"Research Institute"	Changsha Construction Machinery Research Institute Co., Ltd. (長沙建設機械研究院有限責任公司), (formerly known as Changsha Construction Machinery Research Institute of Ministry of Construction

	(建設部長沙建設機械研究院), which was renamed as Changsha Construction Machinery Research Institute (長沙建設機械研究院) on October 21, 2004 and restructured and renamed as Changsha Construction Machinery Research Institute Co., Ltd. on October 28, 2005), a former shareholder of our Company which held 41.86% of equity interest in our Company, and was liquidated and deregistered on December 31, 2008
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administrations
"SASAC"	the PRC State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), responsible for administration of state-owned assets
"Shanghai Haoda"	Shanghai Haoda Construction Machinery Equipment Leasing Co., Ltd. (上海昊達建設機械設備租賃有限公司), a company incorporated under the laws of the PRC on January 17, 2002 and a subsidiary held as to 90.3% by our Company
"Share(s)"	collectively, A Share(s) and H Share(s), or where the context requires, either of them
"Shareholder(s)"	holder(s) of the Share(s)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Special Regulation"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) promulgated on August 4, 1994 by the State Council, as amended, supplemented or otherwise modified from time to time
"Stabilization Manager"	Goldman Sachs (Asia) L.L.C. or any of its affiliates

"State," "state," or "PRC government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 2 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Board
"Supervisory Board" or "Supervisory Committee"	the supervisory board of our Company, established pursuant to the PRC Company Law and our Articles of Association, as described in the section headed "Appendix VIII—Summary of the Articles of Association" in this prospectus
"SZSE"	the Shenzhen Stock Exchange of China (深圳證券交易所)
"SZSE Listing Rules"	the Rules Governing the Listing of Stocks on the SZSE (深圳證券交易所股票上市規則) as amended from time to time
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Track Record Period"	the financial period comprising the three years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States

"U.S. Exchange Act"	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Zhongchen Steel Engineering"	Hunan Zhongchen Rolled Steel Manufacturing Engineering Co., Ltd. (湖南中宸鋼品製造工程有限公司), a company incorporated under the laws of the PRC on May 9, 1994 and a subsidiary held as to 62% by our Company
"Zhongbiao"	Changsha New Technology Development Zone Zhongbiao Industrial Co., Ltd. (長沙高新技術產業開發區中標實業有限責任公司), a company incorporated under the laws of the PRC and one of the promoters of our Company
"Zoomlion Axle"	Hunan Zoomlion Axle Co., Ltd. (湖南中聯重科車橋有限公司), a company incorporated under the laws of the PRC and a subsidiary held as to 84.9% by our Company
"Zoomlion Capital (H.K.)"	Zoomlion Capital (H.K.) Co., Limited (formerly known as Zoomlion Leasing (H.K.) Co., Limited), a company incorporated in Hong Kong with limited liability on May 28, 2008 and a wholly-owned subsidiary of our Company
"Zoomlion Crawling Crane"	Hunan Zoomlion Crawling Crane Co., Ltd. (湖南中聯重科履帶起重機有限公司), a company incorporated under the laws of the PRC on July 9, 2009 and a subsidiary held as to approximately 72.3% by our Company
"Zoomlion Earth Working"	Shaanxi Zoomlion Earth Working Machinery Co., Ltd. (陝西中聯重科土方機械有限公司) (formerly known as Shaanxi Xinhuangong Machinery Co., Ltd. (陝西新黃工機械有限責任公司)), a company incorporated under the laws of the PRC on January 24, 2002 and a wholly-owned subsidiary of our Company

"Zoomlion Finance and Leasing (China)"	Zoomlion Finance and Leasing (China) Co., Ltd. (中聯重科融資租賃(中國)有限公司), a company incorporated under the laws of the PRC on February 2, 2009 and a wholly-owned subsidiary of our Company
"Zoomlion Fire Control"	Changsha Zoomlion Fire Control Machinery Co., Ltd. (長沙中聯消防機械有限公司), a company incorporated under the laws of the PRC on April 20, 2004, the 49% equity interest of which is held by our Company
"Zoomlion Hardware"	Hunan Zoomlion Hardware Co., Ltd. (湖南中聯重科結構件有限責任公司), a company incorporated under the laws of the PRC on April 11, 2008 and a subsidiary held as to 75.6% by our Company
"Zoomlion International Trade"	Hunan Zoomlion International Trade Co., Ltd. (湖南中聯國際貿易有限責任公司), a company incorporated under the laws of the PRC on September 23, 2002 and a wholly-owned subsidiary of our Company
"ZoomlionCifa (Hong Kong)"	ZoomlionCifa (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability on July 31, 2008 and a subsidiary held as to 59.3% by our Company
"Zoomlion Material Handling"	Zoomlion Material Handling Equipment Co., Ltd. (中聯重科物料輸送設備有限公司) (formerly known as Huatai Machinery Manufacturing Co., Ltd. (華泰重工製造有限公司)), a company incorporated under the laws of the PRC on August 5, 2003 and a subsidiary held as to 82% by our Company
"Zoomlion Overseas"	Zoomlion Overseas Investment Management (H.K.) Co., Limited, a company incorporated in Hong Kong with limited liability on June 23, 2008 and a wholly-owned subsidiary of our Company
"Zoomlion Special Vehicle"	Hunan Zoomlion Special Vehicle Co., Ltd. (湖南中聯重科專用車有限責任公司), a company incorporated under the laws of the PRC on December 11, 2007 and a wholly-owned subsidiary of our Company
"Zoomlion Trading (H.K.)"	Zoomlion International Trading (H.K.) Co., Limited, a company incorporated in Hong Kong with limited liability on May 28, 2008 and a wholly-owned subsidiary of our Company
"Zoomlion Ziyang"	Hunan Zoomlion Axle Ziyang Co., Ltd. (湖南中聯重科車橋資陽有限公司) (formerly known as Hunan

Axle Ziyang Automobile Chassis Co., Ltd. (湖南車橋資陽汽車底盤有限公司)), a company incorporated under the laws of the PRC on April 12, 2004 and 51% equity interest of which is held by Zoomlion Axle, a non-wholly owned subsidiary of our Company

The English name of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"CAGR"	compound annual growth rate
"CCMA"	China Construction Machinery Association, the official construction machinery industry organization in China under the State-Owned Assets Supervision and Administration Commission of the State Council
"GOST"	a set of technical standards maintained by the Euro-Asian Council for Standardization, Metrology and Certification (EASC), a regional standards organization operating under the auspices of the Commonwealth of Independent States
"ISO"	International Standard Organization
"KN"	kilonewton
"KN-m"	kilonewton-meters
"N-m"	newton-meters
"MPa"	megapascal

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary," "Risk Factors," "Future Plans and Use of Proceeds," "Industry Overview," "Our Business," "Financial Information" and Appendix IV—"Profit Forecast." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies;
- our future business development, financial conditions and results of operations;
- our ability to successfully integrate acquired businesses;
- our ability to maintain and enhance our market position;
- our ability to develop new product lines and expand market share;
- the future of the construction machinery and environmental and sanitation machinery industries in China and overseas;
- competition from domestic and international construction machinery and environmental and sanitation machinery manufacturers;
- our beliefs as to the price and availability of our raw materials, parts, components and utilities;
- our ability to increase manufacturing capacity and efficiency;
- our ability to attract additional dealers, end users and other customers and maintain relationships with our existing dealers, end users and other customers;
- our beliefs as to market demand of our products;
- our beliefs as to our ability to make strategic acquisitions and investments to establish and maintain strategic relationships;
- our ability to maintain inventory levels that approximate the demand for our products;
- our ability to effectively protect our intellectual property and trade secrets and not infringe on the intellectual property and trade secrets of others;
- our ability to comply with environmental regulations;
- our ability to obtain the necessary permits, licenses, registrations and certificates to carry on our business;
- our dividend policy;

- our capital expenditure plans;
- general economic and business conditions in the countries in which we operate.

The words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- general economic, market and business conditions in China;
- macroeconomic policies of the PRC government;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the effects of competition in the construction machinery and environmental and sanitation machinery industries on the demand for and price of our products;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors.”

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our H Shares. You should pay particular attention to the fact that we conduct most of our operations in the PRC, the legal and regulatory environment of which may differ in some respects from what prevails in other countries. Our business could be materially and adversely affected by any of these risks. The trading price of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. For more information concerning the PRC legal and regulatory matters discussed below, see "Regulatory Overview" and Appendix VII — "Summary of PRC and Hong Kong Principal Legal and Regulatory Provisions" to this prospectus.

RISKS RELATED TO OUR COMPANY

We may be unable to effectively manage the supply and the quality of our raw materials, parts and components.

Our manufacturing outputs are highly dependent upon reliable and sufficient sources of high-quality raw materials, parts and components. Although we have acquired domestic parts and components manufacturers in recent years to strengthen our supply chain for hydraulic pumps, cylinders and valves, our current in-house manufacturing capacity does not meet our production demands. We therefore have had to source from other third-party suppliers in China, even though such suppliers may not always be able to produce the components that meet our quality standards, or from overseas third party suppliers, whose products are generally more expensive. We procure our raw materials and certain types of parts and components, including hydraulic pumps, valves and cylinders and chassis, from both domestic and overseas suppliers. We do not maintain significant inventories of raw materials, parts and components in our facilities, nor do we have long-term supply agreements with most of our suppliers. In 2007 and the first half of 2008, we have experienced shortage in imported steel and hydraulic pumps, cylinders and valves, which had affected our operation. However, as a result of global financial crisis beginning in the second half of 2008 and an increase in the percentage of in-house production of certain key parts and components and the strategic cooperation framework agreements we entered into with our suppliers, we had not experienced any shortage of raw materials, parts and components that materially and adversely affected our operation since the second half of 2008. Although we generally have multiple suppliers for most of our raw materials, parts and components, certain raw materials, parts and components such as imported high-strength steel and branded chassis, can only be sourced from a limited number of suppliers. Furthermore, certain parts and components are manufactured based on each individual product's specifications and cannot be used in other products. As a result, our ability to source certain parts and components from alternative suppliers are further limited. Even if alternative supply sources can be found, their supply may not be cost-effective and of the same quality. For example, there are a relatively small number of suppliers in China who are able to provide high quality hydraulic pumps, cylinders and valves, all of which are key components for many of our products, including our concrete machinery and our crane machinery. As a result, we are subject to supply shortages for such components from time to time. A shortage in any of our key raw materials, parts and components may increase our manufacturing lead time for our products and result in significant strain on our manufacturing outputs and may result in the decrease of the product quality, which could harm our reputation, reduce our sales or gross margins, and cause us to lose market share. Any of the above could materially and adversely affect our business, financial condition and results of operations.

Certain of our products are sold through third-party dealers and the failure to maintain relationships with our existing dealers, attract additional dealers or effectively manage our dealers may materially and adversely affect our business.

In 2007, 2008, 2009 and the six months ended June 30, 2010, turnover generated through direct sales accounted for 82.9%, 78.4%, 78.1% and 77.4% of our consolidated turnover, respectively, and sales of our products through third party dealers accounted for 17.1%, 21.6%, 21.9% and 22.6% of our consolidated turnover, respectively. Going forward, as part of our growth strategy, we will increase the use of third-party dealers in China. Many of our dealers also provide after-sales services to our customers. We typically enter into one-year agreements with our domestic dealers and one- to two-year agreements with our international dealers. As our existing agreements expire, we may be unable to renew these agreements with our dealers on favorable terms or at all. Competition for dealers is intense, as we must compete for dealers in China and internationally with other leading construction machinery manufacturers. Such competitors may benefit from higher visibility, greater brand recognition and financial resources and a broader product offering than we do, providing them with a competitive advantage in securing dealers. Our competitors may also enter into long-term and/or exclusive agreements that effectively prevent their dealers from selling our products. Consequently, engaging new dealers, maintaining relationships with existing dealers and replacing dealers can be difficult, disruptive to our operations and time-consuming. Any disruption to our distribution network, including a failure on our part to renew our existing agreements with our preferred dealers or to attract new dealers, could negatively affect our ability to effectively sell our products, provide adequate and timely after-sales services to our customers, which would materially and adversely affect our business, financial condition, results of operations and prospects.

We have limited ability to manage and control the activities of those of our dealers who are independent from us. Such dealers could take certain actions that potentially have a material and adverse effect on our brands, reputation, business and prospects, such as selling products that compete with our products, focusing only on the sales of those products that provide them with higher margins or commissions thus undermining our efforts to maintain a well-balanced portfolio of our products, selling our products outside their designated territory, failing to adequately promote our products and to provide proper training and after-sales services to our customers or conducting their business in violation of the relevant laws or regulations in their respective jurisdictions. Our reputation, business or prospects could be adversely affected as a result of any improper or illegal actions taken by our dealers.

We provide our customers with various payment options, including credit sales, installment payments, financial guarantees and finance lease services, which expose us to additional risks and uncertainties.

The availability of various payment options are important factors affecting demand for our products. We currently provide certain customers with installment payment options, credit sales or provide financial guarantees for bank loans of such customers that are used to purchase our products. In addition, starting in 2007, we began to provide finance lease services directly to our customers in China via our subsidiary Beijing Zoomlion Leasing. We have established Zoomlion Capital (H.K.) in 2008 to expand our finance lease services overseas and Zoomlion Finance and Leasing (China) in 2009 to further expand our finance lease services in China, and we have also obtained the relevant licenses and/or permits in China, Hong Kong, Australia, Italy and Russia to provide finance lease services in those jurisdictions.

These payment options, however, may expose us to additional risks and uncertainties, such as credit risk resulting from default by customers on the payments under various payment options, market risk resulting from the fluctuation in interest rates, and liquidity risk resulting from our reliance on cash flow from factoring of receivables under finance leases, borrowing and loans and securities offering, as well as a potential inability to obtain suitable and stable capital sources because of any potential significant negative cash flow from operating activities. Although we have floating interest rate arrangement in our finance lease contracts in order to minimize our exposure to fluctuation of market interest rates, there can be no assurance that our exposure to fluctuation of interest rates can be fully covered. Furthermore, such risks and uncertainties may be exacerbated as we start and grow finance lease services to our customers overseas, given our limited experience in providing such services in the overseas markets. In order to expand our finance lease services in the overseas markets, we also need to strengthen our local capabilities by, for example, hiring and relying on professionals and experts familiar with local finance lease practices, who may not be available on favorable terms or at all.

As we have only recently commenced our financial guarantee and finance lease services in China and overseas markets, we only have limited experiences and historical data necessary in assessing and controlling the risks and uncertainties associated with engaging in such activities, particularly in overseas markets. In particular, as compared to 2009 and the six months ended June 30, 2010, sales of our products through finance lease services and the number of finance lease contracts we entered into during 2007 and 2008 were relatively small, and as our finance lease contracts typically have a term of two to four years, we could not collect sufficient historical data that could help us accurately assess our risks associated with the finance lease services. Although we have stringent credit evaluation and credit risk management policies and procedures, there is no assurance that the existing and future receivables under finance lease will be fully and timely collected and we may suffer a partial or entire loss of our receivables under finance leases.

The risks and uncertainties for various payment options, including credit sales, installment payments, financial guarantees and finance lease services could become more acute in times of an economic slowdown or recession and may result in increased delinquencies, foreclosures and losses. Litigation and servicing costs may also increase as a result. In the event of such delinquencies or foreclosures, equipment for which the customer defaults on relevant payments is typically repossessed. However, repossessed equipment may be in poor condition, with a value below that of the defaulted debts. If we are not able to manage the credit risks, market risks, liquidity risks and other risks associated with finance lease services and/or other payment options, our financial condition, results of operation and cash flow may be materially and adversely affected.

In addition, we currently hold licenses and/or permits to provide finance lease services in various jurisdictions. The withdrawal or suspension of such licenses, permits and approvals, or the imposition of any penalties, as a result of infringement of any regulatory requirements may have an adverse impact on our Group's business and results of operations. Moreover, in markets in which our Group operates, such as the PRC, licensing requirements are subject to changes. There is no assurance that we will be able to continue to satisfy the requirements for, or otherwise obtain, such licenses, permits or approvals for current and future projects. The failure to obtain, maintain or renew our licenses, permits and approvals from the government in connection with our finance lease services may impede or hinder our operations and may adversely affect our results of operations and financial condition.

We recorded negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, as our sales of machinery products through finance lease services increased significantly. There can be no assurance that we will record positive operating cash flow in the future.

We recorded negative operating cash flow of RMB1,355 million, RMB1,830 million and RMB1,548 million in 2008, 2009 and the six months ended June 30, 2010, respectively, which was primarily attributable to increases in our receivables under finance leases, which were the result of a significant increase in sales of our machinery products through finance lease services. Our finance lease contracts typically have a term of two to four years and lease payments to which we are entitled but have not yet received are accounted as receivables under finance lease. Although we aim to prudently manage the expansion of our finance lease services, and we will be gradually collecting the lease payments, there can be no assurance that we will be able to fully collect the receivables under finance leases. In addition, there can be no assurance that we will generate sufficient cash flow from our operations in the future. If we are unable to continuously finance our operations by funds generated from our operating activities or otherwise, our operations and financial positions could be materially and adversely affected. See "Financial Information—Factors Affecting our Financial Condition and our Results of Operation—Our Ability to Manage our Finance Lease Services" and "—Liquidity and Capital Resources—Operating Activities".

We face risks associated with the expansion of our scale of operations globally, and if we are unable to effectively manage these risks, they could impair our ability to expand our business abroad.

As part of our growth strategy, we plan to expand our scale of operations globally, including establishing more manufacturing facilities overseas and strengthen our distribution and service network overseas. As we continue to grow our business and expand our operations globally, we will continue to enter into or develop markets in which we have limited or no experience and in which our brands may be less recognized. The expansion exposes us to a number of risks, including:

- difficulty in managing multinational operations;

- difficulty with staffing and managing overseas operations, including managing an increasing number of employees on a global basis and complying with the various labor regulatory requirements of the different jurisdictions;

- fluctuations in currency exchange rates;
- increased costs associated with setting-up and maintaining marketing and selling efforts, establishing overseas offices providing adequate after-sales services and timely delivery of parts and components in various countries;
- difficulty in securing dealers with strong local presence;
- challenges in providing customer services and support in these markets;
- challenges in managing our sales channels and overseas distribution network effectively;
- unexpected transportation delays or interruptions or increases in international transportation costs;
- difficulties in and costs of exporting products overseas while complying with the different commercial, legal and regulatory requirements of the overseas markets in which we offer our products;
- failure to establish appropriate risk management and internal control structures tailored to overseas operations;
- difficulty in collecting receivables from international customers;
- difficulty in ensuring the compliance of our dealers and customers with the sanctions imposed by OFAC on various foreign states, organizations and individuals;
- inability to obtain, maintain or enforce intellectual property rights;
- inability to effectively enforce contractual or legal rights or intellectual property rights in certain jurisdictions under which we operate;
- changes in a specific country or region's political or economic conditions or policies;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- governmental policies favoring domestic companies in certain foreign markets or trade barriers including export requirements, tariffs, taxes and other restrictions and charges. These government policies or trade barriers could increase the prices of our products and make us less competitive in such countries.

If we are unable to effectively manage these risks, our ability to expand our business abroad will be impaired, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our future growth depends in part on our ability to successfully identify and make strategic acquisitions, integrate them into our existing business operations and to establish and maintain strategic relationships. The failure to do so could have a material and adverse effect on our current and future business operations.

As part of our growth strategy, we have made strategic acquisitions in the past and we expect to make such strategic acquisitions in the future. For example, in 2008, we acquired CIFA, a concrete machinery manufacturer based in Italy, as part of our strategy to grow our business globally and to expand our concrete machinery product offerings. We also acquired four domestic companies and their respective subsidiaries in 2008 and 2009 as part of our ongoing efforts to increase our product offerings and manufacturing capacity. In addition to engaging in strategic acquisitions, we may also make investments in joint ventures and establish and maintain strategic relationships with third parties. We may engage in such activities in order to gain expertise in the performance of certain manufacturing and logistical activities, obtain access to raw materials, parts and components, expand our existing manufacturing capacity, support our marketing and sales activities, expand our product portfolio or services, or enter into new markets. We cannot assure you, however, that we will be able to successfully make such strategic acquisitions and investments or establish strategic relationships with third parties that will prove to be beneficial to our business. Any failure in this regard could have a material and adverse effect on our market penetration, turnover growth and profitability. In addition, strategic acquisitions, investments and establishing and maintaining relationships with third parties could subject us to a number of risks, including disputes and disagreements with joint venture or strategic relationship partners, as well as defaults and breaches under the relevant joint venture or shareholders' agreements.

In addition, the integration of the operations and corporate culture of any acquired business requires significant efforts, including the integration of accounting and internal control systems, consolidation of information technology systems, alignment of manufacturing, sales and distribution networks, and the reallocation of research and development and financial resources. Our efforts to integrate the operations of any acquired business, such as CIFA, with our existing operations and our ability to execute integration plans for an acquired business may be affected and in some cases even limited by applicable laws and regulations. Successful integration of acquired businesses depends in part on our ability to manage the combined operations, to realize opportunities for turnover growth presented by broader product offerings and expanded geographic coverage and to eliminate redundant and excessive costs. Successful integration also requires us to manage the cultural and language related differences between various geographic locations and diverse organizational cultures. Furthermore, the integration of acquired businesses into our operations involves a number of other risks, including, but not limited to, demands on management and diversion of their attention; unforeseen or hidden liabilities, including exposure to unforeseen lawsuits or disputes associated with newly acquired companies or businesses; management of employee relations; and increases in regulatory compliance costs relating to the acquired businesses. If our integration efforts for any acquired businesses are not successful, we may not be able to realize the expected business and operational synergies, efficiencies and other benefits and our competitive position could suffer as a result. In addition, if we do not realize the expected synergies from our acquisitions or, if for any reason, our acquisitions do not perform as expected, we may incur unexpected impairment charges, which would have a material and adverse effect on our financial condition and results of operations.

Our success depends in part on our ability to enhance our manufacturing capabilities, which is subject to risks and uncertainties.

Our future success, in part, depends on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our manufacturing capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;
- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts and components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms, construction firms and equipment vendors as well as equipment malfunctions and breakdowns;
- our ability to obtain the required permits, licenses and approvals from relevant government authorities;
- availability of the necessary technology or equipment from third parties or our internal research and development department;
- diversion of management attention and other resources; and
- manufacturing interruptions caused by natural disasters or other unforeseen events.

Our efforts to enhance our manufacturing capabilities may not achieve the expected benefits. In February 2010, we completed a non-public offering of our A Shares. We are using part of the proceeds from this offering to further enhance our manufacturing capabilities, including improving our manufacturing capacity for key parts and components of crane machinery and excavators. We cannot assure you that the demand for our products will continue to increase, or remain at the current levels, which is affected by various factors beyond our control, including underlying economic conditions and market competitiveness. If the demand for our products is weaker than anticipated, we may experience problems associated with overcapacity and under-utilization of headcounts, which may have an adverse effect on our financial condition, results of operations and business.

Failure to maintain inventory levels in line with the approximate level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of finished goods inventory for all of our products to ensure immediate delivery when required. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials, parts and components for our manufacturing. However, forecasts are inherently uncertain. If our forecasted demands are lower than actual demands, we may not be able to maintain an adequate inventory level of our products or manufacture our products in a timely manner, and may lose sales and market share to our competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials, parts and components for our products. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence, markdown allowances or write-offs.

Our research and development efforts may not yield the benefits that we expect and we may not be able to introduce market-leading products and maintain the competitiveness of our product offerings.

In order to maintain and increase our current competitive position and to continue to grow our business, we need to continuously introduce market-leading products. The market for our products is characterized by continuous technological developments and innovation to provide better product performance and address the increasingly complex market needs. As a result, we have been focusing on our research and development activities, which require considerable human resources and capital investments. However, our research and development efforts may not be successful or yield the anticipated level of economic benefit. In addition, even if our research and development efforts are successful, we may not be able to apply these newly developed technologies to products that will be accepted by the market, or we may not be able to apply them in a timely manner to take advantage of first-mover opportunities in the market. Furthermore, the success of our new products depends on a number of factors, some of which are beyond our control, such as the prevailing economic conditions and the inherent uncertainty in market demand forecast. The level of economic benefit that can be derived from newly developed technologies or products may also be affected by the ability and promptness of our competitors to replicate these technologies or products or develop more advanced or cheaper alternatives. If our technologies or products are replicated, replaced or made redundant, or if the demand for our products is not as anticipated, our turnover associated with such technologies or products may not offset the costs that we have incurred in developing such new technologies. Furthermore, if we are unable to anticipate trends in technological or product development and rapidly develop the new and innovative technologies or products that are required by our customers, we may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on our business, financial position and results of operations.

We may not be able to protect our patents and non-patented intellectual property rights, or we may be subject to claims for the infringement of intellectual property rights of others.

Our commercial success depends in part on our ability to obtain and maintain trade secrets, patents and other intellectual property protection for our products, technologies, designs and know-how as well as our ability to successfully protect our intellectual properties and to defend ourselves against third-party challenges. As of October 31, 2010, we had 327 patents, 575 registered trademarks including nine registered trademarks for CIFA, and 12 copyrights for our software in China, along with six patents held by CIFA in the European Union and 148 active trademark applications overseas. As of October 31, 2010, we also had 174 pending patent applications in China and one pending patent application outside of China. We cannot assure you the measures we currently adopt to protect our patents or non-patented intellectual property rights are adequate to efficiently enforce such protection or to prevent any unauthorized use of our intellectual property by third parties. On the other hand, the existence of any particular intellectual property right may not necessarily protect us from competition, as it may be challenged, invalidated or held to be unenforceable. Competitors may successfully challenge our patents, produce similar products that do not infringe our patents or produce products in countries that do not recognize our patents. Our patent priority in the PRC, European Union or other foreign countries may be defeated by third-party patents issued on a later date but applied for earlier than ours. Additionally, the existence of a patent does not provide assurance that the manufacturing, sale or use of our products does not infringe upon others' patent rights. Third parties may also have blocking patents that might be used to prevent us from marketing our own patented products or utilizing our patented technologies or processes. As it may take years for patent applications to be approved, there may be pending applications, known or unknown to us, that may later result in issued patents upon which we may infringe on. Therefore, we may initiate lawsuits in order to defend our ownership or proprietary design of our products and trade secrets, or we may be subject to litigation brought by third parties based on claims that we have infringed upon their intellectual property rights or that we have misappropriated the trade secrets of others, either of which scenarios will be time-consuming and costly to defend. We cannot assure you that we can achieve a favorable outcome in any such litigation. If we are unable to protect our patents, trademarks and other intellectual property rights or to successfully defend ourselves from infringement claims, our reputation, financial condition and results of operations may be materially and adversely affected.

Fluctuations in foreign currency exchange rates could adversely affect our business.

Our sales, costs of sales and services, expenses and our borrowings and loans are currently denominated primarily in Renminbi, Euros, U.S. dollars or Japanese Yen, while our financial statements are reported in Renminbi. As a result, fluctuations in exchange rates, particularly among the Renminbi, Euros, U.S. dollars, or the Japanese Yen could, affect our profitability and result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities. We cannot accurately predict the impact of exchange rate fluctuations on our results of operations and may incur net foreign currency losses that may have a material and adverse effect on our financial condition and results of operations.

In addition, an appreciation in the value of the Renminbi against foreign currencies could increase the prices of certain of our products, thereby making them less appealing to our overseas customers, which could adversely affect our strategy to further expand the sales of our Zoomlion product lines in the overseas markets. On the other hand, depreciation in the value of the Renminbi against foreign currencies could result in an increase in the costs of certain raw materials, parts and components that are primarily sourced from overseas suppliers, such as branded chasses, which could in return adversely affect our profit margin for certain products.

We are subject to product liability exposure which could harm our reputation and materially and adversely affect our business, financial condition and results of operations.

Although we have not previously experienced any significant product liability claims, our products can expose us to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in, or is alleged to have caused or resulted in personal injuries, project delays or damages or other adverse effects. Any product liability claim, whether relating to personal injuries or project delays or damages, or related regulatory actions could prove costly and time-consuming to defend and could potentially harm our brand reputation. If successful, product liability claims may require us to pay substantial damages. We currently do not maintain product liability insurance to cover potential product liability arising from the use of our products and may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all. Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product liability claim. A product liability claim, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, as well as our business, financial condition and results of operations.

Moreover, a material design, manufacturing or quality related failure or defect in our automotive products or other safety issues could each warrant a product recall by us in the PRC and result in increased product liability claims. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product recall that adversely impact our reputation, business operation and financial conditions. If authorities in the jurisdictions in which we sell our products decide that our products fail to conform to applicable quality and safety requirements and standards, including the vehicle safety, exhaust and performance standards for certain products of ours, we could be subject to regulatory actions. For example, in China, violation of PRC product quality and safety requirements may subject us to the confiscation of related earnings and relevant products, penalties, an order to cease sales of relevant products, or an order to cease operations pending the required rectification. Furthermore, if the violation is determined to be serious in nature, our business license to manufacture or sell relevant products could potentially be suspended or revoked, and in the worst scenario, we could be subject to criminal liability. In a similar way, in Italy, violation of the Italian product quality and safety requirements (which are under the European Directives) may subject us to fines, penalties and prohibition to market the products until relevant products are made compliant with the applicable requirements. In case of defects, we may be required to recall the defective products and effect any modification to render them safe before they can be distributed again on the market. Criminal liability can be triggered by violations of the general obligation to offer safe products or can arise from significant damages caused to the users of any defective products.

If we experience a significant number of warranty claims, our costs might increase substantially, and our reputation and brand name could suffer.

Typically, we sell our products with warranty terms covering a period of three to 12 months after the sale, except for normal wear and tear parts and certain parts that are subject to special warranty terms ranging from 15 days to 12 months. Our product warranty typically requires us to provide after-sales services that cover parts and labor for non-maintenance repairs, except that the repairs are caused by operator abuses or improper uses or negligence and are not attributable to normal wear and tear. Repair and replacement of certain parts and components of our products are not covered by us but are covered by the manufacturers of such parts and components, such as the branded chassis used in certain of our products. However, in the event that such third party suppliers refuse to perform their warranty obligations or to indemnify us for providing warranty services to customers to repair such parts and components, we may incur additional warranty costs or incurred costs may not be recovered. We accrue liabilities for potential warranty claims at the time of sale. Product warranty provisions in 2007, 2008, 2009 and the six months ended June 30, 2010, were RMB30 million, RMB127 million, RMB87 million and RMB93 million, respectively. If we experience an increase in warranty claims or if our repair and replacement costs associated with warranty claims increase significantly, we may incur greater warranty costs. Moreover, an increase in warranty claims could substantially increase our costs and may result in a material adverse effect on our reputation, financial condition, results of operations and prospects.

Our business depends substantially on our senior management's continuing services and our ability to maintain a skilled labor force, and our business may be severely disrupted if we were to lose the services of our management or other key personnel.

Our future success depends substantially on the continued services of our management team. In particular, it depends on the service of our chairman and chief executive officer Dr. Zhan Chunxin, who has over 32 years of experience in the construction machinery industry in China and has successfully led our operations and helped us achieve significant growth in the past decade. Our ability to retain and attract other skilled professionals, including the members of our research and development, manufacturing, marketing and sales and after-sales services teams is also crucial to our future success. Our domestic and international competitors, and companies in industries related to our industry, compete with us for personnel. Competition for such skilled labor is intense and may require us to offer higher compensation and other benefits in order to attract and retain them, which could materially and adversely affect our financial condition and results of operations. We may be unable to attract or retain the personnel required to achieve our business objectives and the failure to do so could severely disrupt our business and prospects. In addition, as the process of hiring and training qualified personnel is often costly in terms of time and money, if our recruitment and retention efforts are unsuccessful, qualified personnel may not be integrated into our workforce in a timely manner to meet the needs of our business.

We do not maintain key-man insurance for members of our management team or any of our other key personnel. If we lose the services of any senior management and key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects. Our key employees, including members in our senior management team, are subject to a non-competition term of two years. However, there is no assurance that the non-competition term can be fully enforced or at all. If any of the senior management or other personnel joins a competitor or establishes a competing company, we may lose some of our intellectual property, customers and more importantly, our proprietary technologies and trade secrets.

Restrictive covenants in our Group's credit agreements could limit our financial and operating flexibility and subject us to other risks.

We and certain of our subsidiaries are subject to affirmative and negative covenants contained in certain bank credit facilities, to which they are a party. Such covenants include, among others, financial covenants that require us or such subsidiaries to maintain certain financial ratios and that place limitations on various aspects of ours and such subsidiaries' businesses and operations, including capital expenditures, incurrence of additional indebtedness or liens, acquisitions or dispositions of assets and distribution of dividends. As of December 31, 2008 and 2009 and June 30, 2010, our unsecured long-term loan of RMB1,344 million, RMB1,351 million and RMB1,348 million, respectively, subject us to certain semi-annual and annual financial covenants. In particular, we are required to maintain a current ratio of no less than 1.1, a gearing ratio of no more than 1.0, and an interest coverage ratio of no less than 6.0 based on our PRC GAAP consolidated financial statements. As of June 30, 2010, which was the last examination date as provided by the agreement, we had a current ratio of 1.4, a gearing ratio of 0.6 and an interest coverage ratio of 13.1. During the Track Record Period and as of the Latest Practicable Date, our Group was in compliance with those financial covenants. However, we cannot assure you that we or any such subsidiary will not be in breach of these covenants in the future. If we or any such subsidiary breach any of these covenants and if waivers for the breached covenants cannot be obtained from the relevant financial institutions, some actions may be taken or enforced against us or such subsidiary, including, among others, the acceleration of obligations under the credit agreements and enforcement of security interests by lenders, which may, in turn, have a material and adverse effect on the overall financial condition and operations of our Group.

Our future liquidity needs are uncertain and we may need to raise additional funds in the future, which would dilute your equity interest in our Company or increase our debt service obligations.

As of June 30, 2010, we had RMB7,041 million in cash and cash equivalents and RMB7,938 million of net current assets. As of June 30, 2010, we had outstanding bank loans of RMB16,356 million. Based on our current operating plans, we expect our existing resources, together with the anticipated cash flow from operations and the net proceeds from this Global Offering, to be sufficient to fund our planned operations for at least the next 12 months from the date of prospectus. In the future, however, we may need to raise additional funds if our expenditures exceed our current budget. This could occur for a number of reasons, including our decision to engage in strategic acquisitions or to devote significant amount of financial resources to expand our manufacturing capacity to meet any unexpected increases in market demand. The ability of our customers to make payments for products in a timely manner and subject to the terms of their contracts with us, may also significantly impact our liquidity.

Our ability to raise additional funds in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for and investor sentiment towards capital-raising activities by China-based companies and/or construction machinery and environmental and sanitation machinery companies; and
- economic, political and various other conditions in China and elsewhere.

Although we have historically been able to obtain financing on commercially acceptable terms and in a timely manner, we cannot assure you that such financing will always be available in amounts or on terms acceptable to us, if at all, when we need to obtain external financing in the future. Without sufficient liquidity, we may be forced to curtail or delay our operational plans. Our future liquidity needs or other business requirements could necessitate the offering of additional equity or debt securities or to obtain bank loans. The sale of additional equity or equity-linked securities could result in additional dilution to our shareholders. The incurrence of additional debt would result in increased debt service obligations and could result in stricter or additional operating and financing covenants that would restrict our operations, financial flexibility, or our ability to distribute dividends.

We require a number of permits, licenses, registrations and certificates in order to carry on our business and the failure to obtain or maintain these permits, licenses, registrations and certificates could materially harm our business and prospects.

The manufacturing, export and sale of our products are subject to regulation in China and in countries where we conduct our business. For example, some of our products and/or businesses require special licenses or permits from or registrations with the relevant government authorities in China, such as those required for the manufacturing and/or export of our cranes and automotive products, as well as the approvals on our provision of finance lease services. Another example is the need to obtain the relevant CE certificate prior to the sale of our products to European Union countries, which serves to demonstrate that our products have conformed to the relevant health and safety requirements set out in the European Directives. Furthermore, our manufacturing facilities will need to install and maintain sufficient safety equipment and meet certain production safety requirements and pass safety inspections conducted by relevant government authorities. In addition, some of these licenses and permits are subject to periodical renewal. Failure to obtain or renew any of these permits, licenses and registrations could have a material and adverse effect on our business and prospects.

A subsidiary of ours in Italy has a pending dispute with the tax authorities in Italy regarding certain tax issues and our results of operations may be adversely affected if it loses the dispute and if we are not indemnified by the previous shareholders of the subsidiary.

The local tax authorities in Italy have challenged the deductibility of certain costs incurred by CIFA Mixer S.r.l., one of our subsidiaries in Italy, for income tax and value added tax purposes for tax years of 2003 through 2007, in connection with which formal tax inspection assessment reports were issued for the subsidiary in March 2010. As of the Latest Practicable Date, this tax case is pending for court hearing. We have sought legal advice to defend the subsidiary's tax position. Based on our tax consultant's advice, we consider that it is more likely than not that the subsidiary's tax position can be substantiated. The amount of additional taxes charged by the tax authorities in relation to those tax deductions is approximately EUR10.7 million, before interest and penalties, if any. Such potential tax payments, interest and penalties are expected to be covered by indemnities provided by relevant selling shareholders as set forth in the relevant transactions documents in connection with our acquisition of CIFA in 2008, and the acquisition of CIFA Mixer S.r.l. by CIFA in 2006. However, there is no assurance that the indemnities provided by such selling shareholders can be enforced by us, nor can we ascertain that the indemnities can sufficiently cover the claim. Our results of operations may be adversely affected if the final verdict finds the subsidiary liable for the additional taxes, interest and penalties, and our losses thereunder cannot be duly covered by the indemnities.

Noncompliance with environmental regulations both in China and overseas markets may result in significant monetary damages, fines or even criminal liabilities as well as negative publicity and damages to our brand name and reputation.

Our manufacturing processes generate noise, waste water, and gaseous and other industrial wastes and we are subject to national and local environmental regulations applicable to us in jurisdictions where we operate. In addition, we are required to comply with the relevant emission standards applicable to certain of our products. In the case of our noncompliance with present or future environmental regulations, we may be required to pay substantial fines and/or civil damages, suspend production or cease operations, and the management might even be subject to criminal liabilities under certain circumstances. We may also be subject to adverse publicity and damages to our brand name and reputation. Also, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial.

In addition, we currently do not carry any insurance for potential liabilities relating to the release of hazardous materials. If we are held liable for damages in the event of contamination or injury, it could have a material and adverse effect on our financial condition and results of operations.

We may continue to engage in certain sales of products to third-party dealers for end use by countries, governments, entities, or persons targeted by economic sanctions of the United States government, which may adversely affect our reputation and prevent U.S. persons from purchasing our Shares, thereby potentially reducing our share price.

The U.S. government has enacted laws and regulations, including laws and regulations administered by the OFAC (the **"U.S. Economic Sanctions Laws"**) that impose restrictions upon US persons with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of U.S. Economic Sanctions Laws (the **"Sanctions Targets"**). U.S. persons are also prohibited from facilitating such activities or transactions. We will not use any net proceeds from this Global Offering to fund any activities or business with any Sanctions Targets or activities or transactions prohibited by U.S. Economic Sanctions Laws. In the Track Record Period, we sold a limited number of our products to dealers which we understand sold such products to Sanctions Targets. To the best knowledge of our Company, in 2007, 2008, 2009 and the six months ended June 30, 2010, we sold, directly or indirectly, tower cranes, truck-mounted concrete pumps, truck-mounted concrete mixers, concrete mixing plants, concrete placing booms, motor graders, road rollers, road sweepers and truck cranes, to Sanctions Targets, including Sudan, Iran, Syria, Burma, Congo and Belarus. As advised by our U.S. legal advisor, the U.S. Economic Sanctions Laws under their current terms are not applicable to our activities. We cannot assure you that we will not make any direct or indirect sales of our products to Sanctions Targets in the future. If such transactions occur, our reputation could be adversely affected, some of our investors in the United States may be required to sell their interests in our Company under the laws of certain U.S. states or under internal investment policies or may decide for reputational reasons to sell such interests, and some investors in the United States may forgo the purchase of our Shares, all of which could have a material and adverse effect on the price of our H Shares and the value of your investment in us.

Our largest shareholder has substantial influence over our Company and its interests may not be aligned with the interests of our other shareholders.

Hunan SASAC, currently owns approximately 21.4% of our outstanding Shares and upon the completion of this Global Offering, will beneficially own approximately 16.8% of our outstanding share capital, assuming no exercise of Over-allotment Option. As such, Hunan SASAC has substantial influence over our business, including decisions regarding investments, mergers, dividend plans, future issuance of securities, consolidations and the sale or partial sale of all or substantially all of our assets, election of directors and other significant corporate actions. The interests of Hunan SASAC may not always coincide with the best interests of our other shareholders or our Company. This concentration of ownership may discourage, delay or prevent any change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their shares as part of a sale of our Company and might negatively impact the price of our H Shares.

We enjoy certain government grants and incentives and the expiration of, or changes to, these incentives may materially and adversely affect our business, financial position and results of operations.

We and several of our subsidiaries have enjoyed preferential tax treatments and/or received government grants relating to the development of construction machinery, such as refund of value-added tax and subsidy for technological improvement, research and development projects. From January 2007 to September 2007, we were exempted from the enterprise income tax. We and our subsidiaries, Hunan Teli, Zoomlion Special Vehicle, Zoomlion Hardware, Changde Hydraulic are qualified as "high-tech enterprises" which are entitled to a preferential income tax rate of 15% for three years starting from 2008, and Zoomlion Material Handling is entitled to the same preferential tax rate of 15% for three years starting from 2009. Such qualification is subject to periodic review, and if we and such subsidiaries fail to qualify as "high-tech enterprises", we and such subsidiaries may not be able to continue enjoying the preferential tax rate. If there are any changes in the preferential tax treatment that we currently enjoy and in the incentives that we currently receive, our financial condition and results of operations may be materially and adversely affected.

We may incur additional costs, experience manufacturing disruptions or fail to satisfy our contractual requirements if we were forced to relocate as a result of any disputes over the title or ownership rights of the properties we own or lease.

Properties owned or leased by our Group primarily comprise of manufacturing facilities, offices and ancillary buildings. See the section entitled "Our Business—Properties". In particular, we have not obtained the land use right certificate for one parcel of land and building ownership certificates for 66 buildings. We may not obtain such land use right certificate and building ownership certificates and the timing for obtaining such certificates is beyond our control. Before we get the land use right certificate of such land and the building ownership certificates of such buildings, our right on such properties might not be entirely protected. Any dispute or claim related to the title of the properties owned or leased by us may result in us relocating our manufacturing facilities or offices. There is no assurance that we would be able to find alternative properties for our business on favorable terms or at all. Further, unplanned relocation may cause us to incur additional relocation costs and interrupt our production schedule. As a result, we may be unable to meet the output requirements under our sales contracts or otherwise meet out sales targets. All such consequences could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATED TO OUR INDUSTRY

The industry in which we operate is highly dependent on the level and scale of construction activities which are subject to risks, fluctuations and uncertainties beyond our control.

A significant portion of our consolidated turnover is derived from the sales of our concrete machinery and cranes machinery. In 2007, 2008, 2009 and the six months ended June 30, 2010, the sales of our concrete machinery accounted for approximately 39.1%, 34.6%, 34.5% and 43.7% of our consolidated turnover, while the sales of our cranes machinery accounted for approximately 46.9%, 46.0%, 40.0% and 36.7% of our consolidated turnover. Our business operations in those two sectors are directly tied to the prevailing levels of construction activities from industrial production, infrastructures projects and real estate investments, all of which are sensitive to government monetary and fiscal policies. Many of our customers depend substantially on government funding for infrastructure projects or municipal works, and any decrease or delay in such government funding or a decrease in overall government spending could have an adverse effect on our customers, which in turn may have a material and adverse effect on our business and results of operations. For example, our consolidated turnover had significantly increased in the first half of 2010 as compared to the first half of 2009, which we believe was in part driven by the RMB4 trillion economic stimulus package and other extensive monetary policies announced by the PRC government in response to the global financial crisis and worsening economic environment starting from 2008. A substantial portion of the stimulus package was targeted spending on public infrastructure projects and affordable housing real estate projects. We cannot assure you that the level of such support from the central government will continue or will not decrease. Similarly, increases in interest rates affect overall economic growth, the demand for residential and nonresidential real estate developments, fixed asset investment decisions by our customers and the availability of financing and leasing options to our customers, which may also have a material and adverse effect on our business and results of operations. We cannot assure you that the interest rate will not increase in the future. A downturn in demand will result in excess inventories, un-utilized manufacturing capacity and reduced prices for new and used equipment. Such downturn may be prolonged and may result in significant losses to us during affected periods. If any adverse change occurs, construction activities may be significantly affected, which may decrease the demand for our products and adversely affect our results of operations.

We are subject to risks associated with volatility in the prices of raw materials, parts and components.

Increases in the prices of the raw materials, parts, and components for our products may materially and adversely affect our results of operations. At certain price levels of raw materials, parts and components, the continued production of certain products may become unprofitable. The significance and relative impact of factors affecting the prices of raw materials, parts and components are difficult to predict or quantify. Prior to 2008, we experienced increases in the prices of certain type of the key raw materials, parts, and components for certain of our products, such as steel, due to the growth of China's economy and the increase in the demand for steel. As a result, our production costs increased during that period. In 2008, due to changes in the global economic environment and the ongoing adverse effects of the credit crisis that originated in the United States, construction machinery spending and manufacturing activities slowed down both in China and globally. As a result, the prices of our raw materials, parts and components have since decreased. However, we cannot assure you that the price of such raw materials, parts and components will not increase significantly again in the future, particularly as the global economy begins to recover.

We face competition in the industry in which we operate.

We face direct competition both in China and internationally across all product lines and price ranges. In China, our competitors include domestic Chinese companies, such as XCMG (徐工集團), Sany Group and other domestic manufacturers that either offer a range of construction machinery and environmental and sanitation machinery or some specific types of competing products, and occasionally, certain multinational companies. In the international market, our major competitors include multinational companies such as Caterpillar Inc., Komatsu Machinery Corporation, Putzmeister Holding GmbH, Schwing Group, Liebherr Group, Terex Corporation and Manitowoc Company Inc., regional manufacturers and certain domestic Chinese companies. Moreover, the industry is becoming increasingly competitive as more international companies are currently seeking to enter the PRC market while more domestic Chinese manufacturers are enhancing their international penetration and competitiveness.

Some of our competitors, especially multinational companies, are larger than we are, which, in some cases, provides them with a competitive advantage with respect to brand recognition, economies of scale, access to financing and their ability to purchase raw materials, parts and components at lower prices. Our competitors may also be able to devote greater resources to research and development technology, and design innovation and adapt more quickly to new or emerging technology and changes in customer demand and requirements. Furthermore, our competitors may be able to offer more flexible payment options than we do and/or more attractive purchasing terms. Current and potential competitors have established or may establish financial or strategic relationships among themselves or with existing or potential customers, suppliers and other third parties. Accordingly, new competitors or alliances among competitors might emerge and rapidly acquire significant market share. Our failure to maintain a competitive position with respect to pricing, product quality, brand name recognition, financial resources and technological advances, adapt to changing market conditions or otherwise compete successfully against our competitors may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to seasonal variations in demand, and our operating results may experience significant fluctuations from quarter to quarter.

Our business is subject to seasonal variations in demand. Our sales have been, and are expected to continue to be, affected by the seasonality as construction activities in northern China are curtailed during the winter, which would lead to a decrease in demand for our major products and in turn, an adverse effect on our business, financial condition and results of operations. In particular, sales of our construction machinery are typically weaker in the first quarter and stronger in the rest of the year. For the three months ended March 31, 2007, 2008 and 2009, our consolidated turnover was RMB1,297 million, RMB2,537 million and RMB3,517 million, respectively, and accounted for 14.5%, 18.7% and 16.9%, respectively of the consolidated turnover for the respective year. For the three months ended March 31, 2010, our consolidated turnover was RMB5,899 million and accounted for 36.7% of our consolidated turnover for the six months ended June 30, 2010. The fluctuation of our quarterly results could cause the trading price of our Shares to decline below investor expectations. You should not rely on our operating results for prior periods as an indication of our future results.

RISKS RELATED TO DOING BUSINESS IN CHINA

Uncertainties with respect to the PRC legal system could have a material and adverse effect on us.

We are governed by our Articles of Association and organized under the laws of China, making us subject to the PRC's laws, regulations and judicial and administrative rulings. The PRC legal system is a civil law system based on written statutes. Unlike common law systems, prior court decisions may be cited for reference but have limited presidential value. Since 1979, the Chinese legislative bodies have promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, China has not developed a fully integrated legal system, so newly enacted laws and regulations may not adequately cover all aspects of economic activities that take place in China. As these laws and regulations are relatively new, their interpretation is not always consistent and predictable. In addition, the PRC legal system continues to rapidly evolve, meaning that the enforcement of these laws, regulations and rulings involve uncertainties that may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings in order to enforce the legal protection that we enjoy either by law or contract. As PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcomes of administrative and court proceedings and the level of legal protection we enjoy than in the legal system of certain countries. These uncertainties may impede our ability to enforce the contracts into which we have entered with our business partners, customers and suppliers.

In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation and enforcement thereof, and the preemption of local regulations by national laws. The PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of any violations of these policies and rules until sometime after their promulgation. Furthermore, legal protections available in China may be less effective than in other countries, potentially resulting in substantial costs, and diversion of resources and management attention.

Further, the PRC Company Law is different in certain important respects from company laws in common law countries or territories such as Hong Kong and the United States, particularly with regard to investor protection, including areas such as derivative actions by shareholders and other measures protecting minority shareholders, restrictions on directors, disclosure obligations, variations of class rights, procedures at general meetings and payments of dividends. Protection for investors under the PRC Company Law is increased, to a certain extent, by the introduction of the Mandatory Provisions and certain additional requirements that are imposed by the Listing Rules with a view to reducing the scope of differences between the company laws of Hong Kong and the PRC. The Mandatory Provisions and those additional requirements must be included in the articles of association of all PRC companies applying to be listed in Hong Kong. The Articles of Association have incorporated the provisions in the Mandatory Provisions and the Listing Rules. Despite the incorporation of those provisions, there is no assurance that you will enjoy an equal level of protection that you may be entitled to when investing in companies incorporated in common-law jurisdictions.

Adverse changes in political and economic policies of the PRC government could have a material and adverse effect on the overall economic growth of China, which could in turn reduce the demand for our products, thus materially and adversely affecting our business and prospects.

Economic, political and legal developments in China significantly affect our business, financial condition, results of operations and prospects. In many respects, the Chinese economy differs from those of most developed countries, including the degree of government involvement, the level of development, growth rate, control of foreign exchange, access to financing and allocation of resources.

While the Chinese economy has grown significantly in the past two decades, the growth has been uneven, both geographically and among various economic sectors. The PRC government has implemented various measures to foster economic growth and guide the allocation of resources. While certain of these measures have benefited the overall Chinese economy, they may also negatively impact us. For example, our financial condition and results of operations may be adversely affected by government control over applicable capital investments or changes in tax regulations that are applicable to us.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasizing the use of market forces for economic reform. In addition, it has reduced state ownership of productive assets while establishing sound corporate governance in business enterprises. Nonetheless, a substantial portion of the productive assets in China continues to be owned by the PRC government. The PRC government's control of these assets and other aspects of the national economy could materially and adversely affect our business. The PRC government exercises significant control over China's economic growth through its allocation of resources. In addition to controlling payment of foreign currency-denominated obligations, the government sets monetary policy and provides preferential treatment to particular industries and companies. Over the course of recent years, the PRC government has implemented a number of measures, such as raising bank reserves against deposit rates. This action placed additional limitations on the ability of commercial banks to make loans and raise interest rates in order to decrease the growth rate of specific sectors of China's economy that the government believed to be overheating. Such actions, as well as other PRC policies, may materially and adversely affect our liquidity and access to capital as well as our ability to operate our business.

Holders of H Shares may be subject to taxation in China.

Under current PRC tax laws, regulations and rulings, dividends paid by a PRC company to individual holders of H Shares who are not PRC residents are temporarily exempted from PRC income tax. Also, gains on the sale or other disposal of H Shares by such individuals are temporarily exempted from the PRC individual income tax. To date, the relevant tax authorities have not collected withholding tax from dividend payments or gains realized on the sale or other disposal of H shares. In the event this temporary exemption is withdrawn or ceases to be effective, individual holders of H Shares may be subject to withholding income tax at the rate of 20% unless such tax is reduced or eliminated by an applicable double taxation treaty.

According to the EIT Law and its implementation regulations, which became effective on January 1, 2008, non-PRC resident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the dividends and bonuses or gains received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. Further, pursuant to the *Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guoshuihan [2008] NO. 897)* (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》, 國稅函[2008]897號), from 2008 onwards, PRC enterprises should withhold enterprise income tax at a rate of 10% when they distribute dividends to non-resident enterprise shareholders of

H shares. If a non-resident enterprise shareholder is eligible for a reduced rate pursuant to an applicable double taxation treaty, it may apply for refund on the overpaid withholding income tax subject to approval by in-charge tax authorities.

As the EIT Law and its implementation regulations were newly enacted, there remains significant uncertainty as to their interpretation and application by the PRC tax authorities. The implementation of enterprise income tax on capital gain remains uncertain. If the tax rates stipulated in the EIT Law and its implementation regulations change, the value of your investment in our H Shares may be materially affected. Please see Appendix VI—"Taxation and Foreign Exchange" to this prospectus for additional information.

Payment of dividends is subject to restrictions under PRC laws.

Our payment of dividends is subject to regulatory restrictions. Regulations in China currently permit the payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations. Under the PRC laws and the Articles of Association, distributable profits are equal to our after-tax profits as determined under PRC GAAP or IFRS, whichever is lower, less any replenishment of accumulated losses and allocations to statutory surplus reserve and discretionary surplus reserve, if approved by the Shareholders in the Shareholders' general meeting. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. Based on the PRC GAAP, each year, we and each of our PRC subsidiaries are required to set aside at least 10% of our respective after-tax profits to the statutory surplus reserve until the accumulative amount of such reserves reaches 50% of our respective registered capital. As of June 30, 2010, our statutory reserves amounted to RMB984 million, and our retained profits that were unrestricted and available for distribution amounted to RMB6,427 million. As approved by our Shareholders in July 2010, we transferred RMB2,957 million from retained profits to share capital through issuance of bonus shares and paid cash dividend of RMB335 million in August 2010, thus reducing our retained profits by RMB3,292 million. Our statutory reserves are not distributable as cash dividends. In addition, if we incur debt in the future, the instruments or agreements governing the debt may restrict our ability to pay dividends.

Government control of currency conversion and the fluctuation in foreign exchange rates may adversely affect the value of your investments.

Most of our cash generated from sales of products and provision of services are denominated in Renminbi, which is also our reporting currency, but not a freely convertible currency. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, if any, on our H Shares. Under China's existing foreign exchange regulations, following the completion of this Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with various procedural requirements. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to pay dividends to the holders of our H Shares in foreign currencies. Foreign exchange transactions under our capital account, on the other hand, continue to be subject to significant foreign exchange controls and require the approval of the SAFE. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Among other things, the change in value of the Renminbi against U.S. dollars and other currencies is affected by changes in domestic and international political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to U.S. dollars. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed range in relation to a basket of specified foreign currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. On June 19, 2010, the PRC government announced its intention to further relax its currency policy, and the Renminbi slightly appreciated against U.S. dollars. We cannot assure you that the Renminbi will not experience significant appreciation against U.S. dollars again. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against U.S. dollars. Fluctuations of the Renminbi could adversely affect the value of our foreign currency-denominated transactions along with the value of cash flow generated from our operations or any dividends payable on our H Shares in foreign currency terms. In 2007, our net foreign currency exchange loss was RMB6 million, while in 2008, 2009 and the six months ended June 30, 2010, our net foreign currency exchange gains were approximately RMB4 million, RMB8 million and RMB35 million, respectively. Following the Global Offering, our exposure to risks associated with foreign currency fluctuations may further increase as the net proceeds from the Global Offering are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert the same into Renminbi. On the other hand, as we expect to expand our international markets, future Renminbi devaluations could increase our costs and expenses or lead to fluctuations in the exposure of our foreign currency-denominated liabilities, thereby adversely affecting our profitability.

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors, Supervisors or senior management and to take action on the basis of violations of the Listing Rules.

We are a company incorporated under the laws of the PRC and most of our assets and subsidiaries are located in China. Except our independent director Mr. Qian Shizheng, our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. From July 14, 2006, reciprocal recognition and enforcement of the decisions of civil and commercial cases rendered by the courts of PRC and of HK may be realized under the arrangement between the PRC and Hong Kong if the decisions are made with proper written agreement on applicable jurisdiction and require a provision of payment which is binding and enforceable. However, the rights under the arrangement are limited and the interpretation of and cases decided under the arrangement have not been fully developed. Therefore the outcome and effectiveness of any action brought under the arrangement are unclear.

The Articles of Association and the Listing Rules provide that any disputes or claims arising out of the rights and obligations specified in the Articles of Association, the PRC Company Law and other related laws and regulations with respect to the affairs of our Company between the holders of H Shares and our Company, holders of H Shares and our Directors, Supervisors, senior management, holders of H Shares and holders of A Shares, shall be resolved through arbitration in Hong Kong or the PRC, rather than by a court of law, except for disputes associated with the definition of shareholders or register of shareholders. Under the current arrangements for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by PRC arbitral authorities, which are recognized under the Arbitration Ordinance of Hong Kong, can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC.

In addition, although we will be subject to the Listing Rules and the Takeovers Code upon the listing of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to take action on the basis of violations of the Listing Rules; they must rely on the Hong Kong Stock Exchange to enforce its rules. Furthermore, the Listing Rules and the Takeovers Code do not have the force of law, providing only standards of commercial conduct considered acceptable for share repurchases along with takeover and merger transactions in Hong Kong.

The enforcement of the new Labor Contract Law and a potential resulting increase in labor costs in the PRC may adversely affect our business and our profitability.

The new Labor Contract Law of the PRC came into effect on January 1, 2008 with the Implementation Rules of Labor Contract Law of the PRC promulgated on September 18, 2008. The new Labor Contract Law and the Implementation Rules impose more stringent requirements on employers with regard to entering into written employment contracts, hiring temporary employees and dismissing employees. In addition, the Labor Contract Law requires the payment of a statutory severance pay upon the termination of an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract. Under the newly promulgated Regulations on Paid Annual Leave for Employees, which came into effect on January 1, 2008, and its Implementation Measures, which was promulgated on September 18, 2008, employees who have served an employer for over one year are entitled to a paid vacation ranging from five to 15 days, depending on length of service. Employees who waive such vacation time at the request of employers shall be compensated for three times their normal salaries for each waived vacation day. The new Labor Contract Law also requires the employer to contribute to social insurance and housing funds on behalf of its employees. As one of the largest construction machinery and environmental and sanitation machinery manufactures in China, our business operations require a large number of employees and workers. As a result of the new law and regulations, our labor costs are expected to increase. Increases in our labor costs and potential future disputes with our employees with respect to the implementation of the new Labor Contract Law and the Implementation Rules could adversely affect our business, financial condition or results of operations.

We face risks related to natural disasters, acts of nature, adverse weather conditions and occurrences of epidemics in China and other place around the world, which could have a material adverse effect on our business and operations results.

Our business is subject to the general economic, environmental and social conditions in China. In particular, it is possible for our business to be materially and adversely affected by natural disasters, acts of nature, adverse weather conditions or the occurrence of epidemics in China. For example, in May 2008, Sichuan Province experienced a strong earthquake, measuring approximately 8.0 on the Richter scale and causing widespread damage and casualties. Over the past few decades, the PRC also has suffered health epidemics related to the outbreak of avian influenza, H1N1 virus and severe acute respiratory syndrome, or SARS. Any prolonged recurrence of avian influenza, SARS or other adverse public health developments in China may have a material and adverse effect on our business operations. These could include restrictions on our ability to travel or ship products within China, as well as temporary closure of our manufacturing facilities. Such closures and/or travel or shipment restrictions would severely disrupt our business operations and adversely affect our results of operations. Furthermore, severe weather conditions, such as a prolonged winter season, excessive rain or sandstorms may result in a delay or even cancellation of construction projects. Such conditions would lead to a decrease in demand for our products and in turn, an adverse effect on our business, financial condition and results of operations.

Similarly, war, terrorist activity, threats of war or terrorist activity, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, including the current heightened level of hostility on the Korean Peninsula, would affect economic development and construction projects. In turn, there could be a material adverse effect on our business, financial condition and results of operations. In addition, we may not be adequately prepared in terms of contingency planning or have recovery capabilities in place to deal with a major incident or crisis. As a result, our operational continuity may be adversely and materially affected and our reputation seriously harmed.

RISKS RELATED TO THE GLOBAL OFFERING

Our A Shares were listed in China in 2000, and the characteristics of the A share and H share markets may differ.

We conducted an offering of our A Shares in the PRC, and we have listed such shares on the SZSE on October 12, 2000. Following the Global Offering, our A Shares will continue to be traded on the SZSE and our H Shares will be traded on the Hong Kong Stock Exchange. Under current PRC laws and regulations, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H share and A share markets. With different trading characteristics, the H share and A share markets have divergent trading volumes, liquidities, and investor bases as well as different levels of retail and institutional participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Furthermore, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and H share markets, the historical prices of our A Shares may not be indicative of the performance of our

H Shares. You should therefore not place undue reliance on the prior trading history of our A Shares when evaluating an investment in our H Shares.

There has been no public market for our H Shares prior to this Global Offering and an active trading market for our H Shares may not necessarily develop or be sustained following the Global Offering.

Prior to the Global Offering, there has been no public market for our H Shares. Upon completion of the Global Offering, the Hong Kong Stock Exchange will be the only market in which the H Shares are publicly traded. We cannot assure you that an active and liquid trading market for our H Shares will be developed or sustained following the Global Offering. In addition, we cannot be certain that our H Shares will trade at or above the offer price in the public market subsequent to the Global Offering. We expect the Offer Price for the H Shares to be determined by the agreements and negotiations among us and the Joint Global Coordinators on behalf of the Hong Kong Underwriters and the International Underwriters. The Offer Price may not be indicative of the market price of the H Shares following the completion of the Global Offering. If an active and liquid trading market for our H Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The trading price for our H Shares may be volatile and the liquidity may be low, which could result in substantial losses.

Following the Global Offering, the trading price for our H Shares is likely to be highly volatile and subject to wide fluctuations in response to various factors, including, but not limited to, the following:

- regulatory developments in the jurisdictions affecting us, our suppliers, our customers or our competitors;
- changes in the economic performance or market valuations of similar companies in the sector in which we operate;
- actual or expected fluctuations in our interim or annual operating results;
- changes in financial estimates and valuations by securities research analysts;
- inability to retain our executive officers and key research personnel;
- the release or expiry of lock-up or other transfer restrictions on our outstanding A Shares and H Shares;
- supply and demand differences and fluctuations with respect to our H Shares;
- the liquidity in the market for our H Shares; and
- investor perceptions of our Company and the general domestic and overseas investment environment and the prevailing general market sentiment, particularly in Hong Kong and the PRC.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated or not fully correspondent with the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading behavior of our H Shares.

You should not rely on any information contained in press articles or other media regarding the Group and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding the Group and the Global Offering, including those in the Hong Kong Economics Times and the Ming Pao Daily News dated November 30, 2010, which included certain information about the Group that does not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any information appearing in any publication is inconsistent or conflicts with the information in this prospectus, we disclaim it. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to purchase the Shares.

Future sales or perceived sales of substantial amounts of our H Shares in the public market or the conversion of our A Shares to H Shares could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of substantial future sales of our H Shares or other securities relating to our Shares in the public market. Such a decline could also occur with the issuance of our new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially and adversely affect the prevailing market price of our H Shares and our ability to raise future capital at a favorable time and price. Our shareholders would experience a dilution in their holdings upon issuance or sale of additional securities for any purpose.

Additionally, according to stipulations made by the CSRC, our A Shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, provided certain conditions are fulfilled and specific procedures are carried out. See "Share Capital—Transfer of Our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares." Conversion of a substantial number of our A Shares to H Shares, or the perception that such conversion may occur, could materially and adversely affect the price of our H Shares. In addition, assuming the Over-allotment Option is not exercised, 86,958,280 A Shares will be converted into H Shares and transferred to the NSSF in connection with the Global Offering. The NSSF has not entered into any lock-up agreement with us or the Underwriters and would be free to sell the H Shares any time after the Global Offering. This may also materially and adversely affect the prevailing market price of the H Shares and our ability to raise capital in the future at a time and at a price favorable to us.

Due to a time lag of several days between the pricing and actual trading of our H Shares, investors in our H Shares are subject to the risk that the price could decline during this period before the trading of H Shares commences.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days in Hong Kong after the Price Determination Date. As a result, investors may not be able to sell or otherwise transact in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could decline before actual trading begins as a result of adverse market conditions or developments, such as a decline in our A Share price.

As the Offer Price of our H Shares is higher than our net tangible book value per share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

The Offer Price of our H Shares is higher than our net tangible book value per share as of June 30, 2010 of the outstanding shares issued to our existing shareholders. Therefore, purchasers of our H Shares in the Global Offering will experience immediate dilution in our net tangible asset value of approximately HK$9.66 or HK$13.94 per Share, representing the differences between our unaudited pro forma adjusted net tangible asset value per Share as at June 30, 2010 after giving effect to this Global Offering (net of underwriting commissions and other expenses) and an assumed Offer Price of HK$13.98 or HK$18.98, respectively which is the lower and higher end of the indicative Offer Price range, respectively, and assuming the Over-allotment Option is not exercised. Our existing shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through follow-on equity offerings.

Dividends declared in the past may not be indicative of our dividend policy in the future.

We declared cash dividends and stock dividends in each of the three years ended December 31, 2007, 2008 and 2009, which were subsequently distributed to our shareholders. In July 2010, a special dividend was approved by the Shareholders' general meeting. The declaration of dividends is proposed by our Board, and the amount of any such dividends will depend on various factors, including but not limited to our financial condition, results of operations, future prospects and other factors our Board deems important. See "Financial Information—Dividend Policy". As an A-share listing company in the PRC, we are governed by the CSRC regulations on dividend distribution. However, dividends paid in the past may not be indicative of future dividend payments. In addition, our distributable earnings will be equal to our net profit determined in accordance with PRC GAAP or IFRS, whichever is lower, less statutory reserves required by relevant laws and regulations and discretionary reserves, if any. As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if one of our financial statements prepared in accordance with PRC GAAP or IFRS indicates that our operations have been profitable.

The industry and statistical information in this prospectus may not be accurate.

Statistics, industry data and other information relating to the economy and the industry contained in this prospectus have been derived from various publications from official government, industry association or independent research institute with information provided by Chinese and other government agencies, industry associations or independent research institutes. We cannot assure you nor make any representation as to the accuracy or completeness of such information. Neither we nor any of our respective affiliates or advisors, nor the Joint Bookrunners or any of their affiliates or advisors, have prepared or independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources, or from industry association or independent research institute. In all cases, you should give careful consideration as to how much weight or importance you should attach or place on such statistics, projected industry data and other information relating to the economy and the industry.

CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the Listing, certain transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon Listing. Our Company has applied to the Hong Kong Stock Exchange for waivers from strict compliance with the requirements regarding the announcements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waivers are set out in the section headed "Connected Transactions" in this prospectus.

COMPANY SECRETARY

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements of Rule 8.17 and Rule 19A.16 of the Hong Kong Listing Rules in respect of qualification of our company secretary. For further information, please refer to the section headed "Directors, Supervisors, Senior Management and Employees—Waiver from the Hong Kong Listing Rules Requirements" in this prospectus.

MANAGEMENT PRESENCE

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong, and this normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The Group's business operations are principally managed, conducted and carried out in the PRC and substantially all of the Directors currently reside in the PRC. We do not, and for the foreseeable future will not, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. As a result, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver in connection with Rules 8.12 and 19A.15 of the Listing Rules, on the following conditions to ensure that regular and effective communication is maintained between the Hong Kong Stock Exchange and us:

(1) We have appointed Dr. Zhan Chunxin, our executive Director, and Mr. Shen Ke, our Company Secretary, as our authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. They will act as our principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will provide their usual contact details to the Hong Kong Stock Exchange to be readily contactable by the Hong Kong Stock Exchange, and will be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice;

(2) As and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all the Directors (including the independent non-executive Directors) promptly at all times. We will implement such measures that (a) each Director must provide his mobile phone numbers, office phone numbers, email addresses and fax numbers to the Authorized Representatives; and (b) in the event that a Director expects to travel and or otherwise be out of office, he will provide the phone number of the place of his accommodation to the Authorized Representatives;

(3) We will provide the mobile phone number, the telephone number of the business office, email address and fax number of every Director to the Hong Kong Stock Exchange; and

(4) Each of the Directors (including independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time when required.

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Anglo Chinese as the compliance advisor, which will act as our additional channel of communication with the Hong Kong Stock Exchange when our Authorized Representatives are not available. The compliance advisor will have access at all times to our Authorized Representatives, the Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Hong Kong Stock Exchange in respect of our Company.

CLAWBACK MECHANISM

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, in the event of oversubscriptions, the Joint Global Coordinators of the Hong Kong Public Offering, after consultation with us, shall apply an alternative clawback mechanism to the provisions under Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules, following the closing of the application lists.

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 of the Listing Rules such that:

- 43,479,200 Offer Shares, representing approximately 5% of the total number of the Offer Shares are initially available in the Hong Kong Public Offer;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 65,218,800 Offer Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 86,958,400 Offer

Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 173,916,800 Offer Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate H Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. In addition, if the Hong Kong Public Offer is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Placing all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offer.

SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

Rule 10.04 of the Listing Rules requires that existing shareholders may only subscribe for securities provided no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of the securities

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a consent under Listing Rule 10.04 and paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the placing of our H Shares with our existing A Shareholders or their associates under the International Placing.

The consent is conditional on each of any such A Shareholders (i) holding less than 2% of our issued A share capital immediately prior to the Global Offering as part of the public and exerting no or minimal management influence over our Company; (ii) not being or not going to be our Company's Connected Persons or their associates immediately upon the Global Offering; (iii) being subject to the same book building and allocation process as with other investors in the International Placing, and no preferential treatment is given to them in the allocation and (iv) are not pre-IPO investors of our Company before its A Share listing.

Any placing of our H Shares with our existing A Shareholders will be conducted in accordance with all applicable PRC and Hong Kong laws and regulations.

Any proposed placing to existing A Shareholders under the International Placing will have no impact on the H Shares being offered to public investors in Hong Kong under the Hong Kong Public Offering.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS IN THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC APPROVAL

CSRC issued its approval for the Global Offering and our application to list the H Shares on the Hong Kong Stock Exchange on November 18, 2010. In granting such approval, CSRC accepts no responsibility for our financial soundness nor the accuracy of any of the statements made or opinions expressed in this prospectus or the Application Forms. No other approvals are required to be obtained for the listing of the H Shares on the Hong Kong Stock Exchange.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the International Placing of initially 826,103,600 Offer Shares and the Hong Kong Public Offering of initially 43,479,200 Offer Shares, each subject to the re-allocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing Shares are intended to be fully underwritten by the International Underwriters pursuant to the International Underwriting Agreement, which is expect to be entered into on or around December 17, 2010. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by the Company, the Underwriters and any of their respective directors, officers, employees, agents or representatives or any other persons involved in the Global Offering.

SELLING RESTRICTIONS

Each person acquiring the Hong Kong Offer Shares will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and the related Application Forms.

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of Hong Kong Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, please see the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to (i) the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (ii) the H Shares which will be converted from A Shares and transferred to the NSSF.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on December 23, 2010. Except for the A Shares of the Company that have been listed on the SZSE and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in the H shares, no part of the Company's share capital is listed or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future. All the Offer Shares will be registered on the H Share Registrar of our Company in order to enable them to be traded on the Hong Kong Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Offer Shares or exercising any rights attached to them. Our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Offer Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" of this prospectus and on the related Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in the section of this prospectus headed "Structure of the Global Offering."

H SHARE REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

All of the H Shares issued pursuant to the Global Offering will be registered on the Company's H Share register of members to be maintained in Hong Kong by its H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Our register of members will also be maintained by us at our legal address in the PRC. Dealings in the H Shares registered in our Company's H Share register of members will be subject to Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations, and the Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and each of us acting for ourselves and for each of our Directors, Supervisors, managers and officers agrees with each of our Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive, See "Appendix VII—Summary of PRC and Hong Kong Principal Legal and Regulatory Provisions" and "Appendix VIII—Summary of the Articles of Association" to this prospectus;

(iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors and officers whereby such Directors, Supervisors and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on December 23, 2010. H Shares will be traded in board lots of 200 H Shares each.

EXCHANGE RATE CONVERSION

For exchange rate translations throughout this prospectus, unless otherwise specified, we have used the exchange rates of US$1 to RMB6.6905. We make no representations and none should be construed as being made, that any of the Renminbi, HK dollar or US dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Dr. Zhan Chunxin (詹純新)	Room 606, Block 2 No.109 Chezhanbei Road, Furong District Changsha City, Hunan Province, PRC	Chinese
Mr. Liu Quan (劉權)	No.504, Block 18, Housing Estate Zoomlion Industrial Park, Yuelu District Changsha City, Hunan Province, PRC	Chinese
Non-Executive Director		
Mr. Qiu Zhongwei (邱中偉)	No. 601, Corridor 6, Block No. 3 Baizhifang East Street, Xuanwu District Beijing, PRC	Chinese
Independent Non-Executive Directors		
Mr. Liu Changkun (劉長琨)	No.5, Corridor 2, Block 6 Nanshagou Residential Area, Xicheng District Beijing, PRC	Chinese
Dr. Qian Shizheng (錢世政)	Flat C, 30th Floor, Li Chit Garden No. 1 Li Chit Street Wanchai, Hong Kong	Chinese
Mr. Wang Zhile (王志樂)	No. 1206, Block No. 6B, Apple Community Court 32, Baiziwan Road, Chaoyang District Beijing, PRC	Chinese
Mr. Lian Weizeng (連維增)	No. 092, Block No.2, Court 37 Nanxiange Street, Xuanwu District Beijing, PRC	Chinese
Supervisors		
Mr. Cao Yonggang (曹永剛)	No. 2206, Block 6, Dong Li Bali Zhuang, Chaoyang District Beijing, PRC	Chinese
Mr. Luo Anping (羅安平)	No. 304, Block 18, Housing Estate Zoomlion Industrial Park, Yuelu District Changsha City, Hunan Province, PRC	Chinese

Name	Residential Address	Nationality
Mr. Liu Chi (劉馳)	No.8, Corridor 15, No. 46 Nanlishi Road, Xicheng District Beijing, PRC	Chinese

PARTIES INVOLVED

Joint Global Coordinators	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Joint Sponsors	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
Joint Bookrunners	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong
(*For Hong Kong Public Offering*)

J.P. Morgan Securities Ltd.
125 London Wall
London EC2 Y5AJ
United Kingdom
(*For International Placing*)

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Hong Kong

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong
(*For Hong Kong Public Offering*)

J.P. Morgan Securities Ltd.
125 London Wall
London EC2 Y5AJ
United Kingdom
(*For International Placing*)

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

	Credit Suisse (Hong Kong) Limited 45th Floor, Two Exchange Square 8 Connaught Road Central Hong Kong
Sole Financial Advisor to the Company	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
Legal Advisors to the Company	*as to Hong Kong law:* Norton Rose Hong Kong 38/F Jardine House 1 Connaught Place Hong Kong *as to United States law:* Simpson Thacher & Bartlett LLP 35/F, ICBC Tower 3 Garden Road Hong Kong *as to PRC law:* Fangda Partners 21/F, China World Tower 1 Jianguomen Wai Avenue Beijing, China
Legal Advisors to the Underwriters	*as to Hong Kong and United States law:* Shearman & Sterling 12/F, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong *as to PRC law:* King & Wood 40/F, Tower A Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Beijing, China

International Auditors and Reporting Accountants	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong
Property Valuer	Jones Lang LaSalle Sallmanns Limited 17/F Dorset House, Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Receiving Bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central, Hong Kong

Registered Office	No. 361, Yin Pen South Road Changsha City, Hunan Province, PRC
Headquarters	No. 361, Yin Pen South Road Changsha City, Hunan Province, PRC
Place of Business in Hong Kong	Suite 3305-3309 33/F, Three Pacific Place 1 Queen's Road East Hong Kong
Website Address	www.zoomlion.com (contents of this website do not form part of this prospectus)
Company Secretary	Mr. Shen Ke
Assistant to Company Secretary	Mr. Chan Yuk Sing (a Hong Kong solicitor)
Authorized Representatives	Dr. Zhan Chunxin Room 606, Block 2 No.109 Chezhanbei Road, Furong District Changsha City, Hunan Province, PRC Mr. Shen Ke Room 1003, Building 22, Area 3 100 Sunlight Area No. 518, Session 1, South Round, Yuelu District Changsha City, Hunan Province, PRC
Audit Committee	Dr. Qian Shizheng (Chairman) Mr. Liu Changkun Mr. Qiu Zhongwei
Remuneration Committee	Mr. Lian Weizeng (Chairman) Mr. Wang Zhile Mr. Qiu Zhongwei
Nomination Committee	Mr. Lian Weizeng (Chairman) Dr. Zhan Chunxin Mr. Wang Zhile
Strategy Committee	Dr. Zhan Chunxin (Chairman) Mr. Wang Zhile Mr. Qiu Zhongwei

H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Adviser	Anglo Chinese Corporate Finance, Limited 40/F, Two Exchange Square 8 Connaught Place Central Hong Kong
Principal Banks	Bank of China Hunan Branch No. 593 Furong Middle Road Changsha City, Hunan Province PRC China Minsheng Banking Corp., Ltd. Changsha Branch No. 669 Furong Middle Road Changsha City, Hunan Province PRC China Everbright Bank Co., Ltd. Changsha Yuelu Branch No. 284 Tongzipo Road Changsha City, Hunan Province PRC The Export-Import Bank of China Hunan Branch 24/F, Hunan Culture Building No. 139 Shaoshan Road (North) Changsha City, Hunan Province PRC Standard Chartered Bank (China) Limited Shanghai Branch 26/F, Standard Chartered Tower No. 201 Century Avenue Pudong New Area, Shanghai PRC

The information presented in this section is derived from various official or publicly available sources unless indicated otherwise. We believe that the sources of such information are appropriate sources and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our or their affiliates or advisers or any other party involved in the Global Offering and no representation is given as to its accuracy, completeness or fairness.

OVERVIEW OF GLOBAL CONSTRUCTION MACHINERY INDUSTRY

Construction machinery is widely used in the construction of urban infrastructure, transportation facilities and mining facilities, as well as in commercial and residential real estate developments. The global demand for construction machinery is generally driven by construction activities of the various regions and countries around the world.

According to International Construction, a magazine focused on the global construction machinery industry, the annual revenue of the top ten construction machinery manufacturers in the world accounted for 63.3% the revenue of the global construction machinery market in 2008. We believe that the performance and results of operations of the top 50 construction machinery manufacturers in the world is a proper indicator of the global construction machinery industry. According to International Construction, the revenue of the global top 50 construction machinery manufacturers in aggregate grew rapidly at a CAGR of 20.6% from 2003 to 2008. However, as a result of the global economic downturn starting in 2008, sales of construction machinery around the globe decreased in 2009. Nevertheless, we believe the global construction machinery industry has recovered and will continue to grow in the near future.

China and the other developing countries represent the fastest growing market for construction machinery and are expected to be key drivers of the global construction machinery market. Sales volume of construction machinery in the emerging markets has rapidly increased in recent years. In 2009, sales volume of construction machinery in China accounted for approximately 42.6% of the global sales of construction machinery and became the largest market for construction machinery, followed by North America and Europe, according to Off Highway Research Limited. The following table sets forth the sales volume of construction machinery in 2002 and 2009, expressed as a percentage of global sales volume, in China, North America, Europe, Japan and the rest of the world:

Location	2002	2009
China	18.0%	42.6%
North America	28.0	12.9
Europe	28.0	14.5
Japan	10.0	4.9
Other	16.0	25.1
Total	**100.0%**	**100.0%**

Source: Off Highway Research Limited

The major global construction machinery manufacturers are concentrated in certain geographic regions. According to CCMA, the majority of large-scale construction machinery manufacturers are headquartered in the United States, Japan, Europe and China. The table below sets forth the top ten construction machinery manufacturers in the world as measured by turnovers from sales in 2009 and where they are headquartered:

World Rank	Company Name	Country[(1)]	Sales (US$ in billions)
1	Caterpillar Inc.	United States	18.1
2	Komatsu Ltd.	Japan	13.7
3	Hitachi Construction Machinery Co., Ltd.	Japan	6.0
4	Liebherr Group	Germany	5.9
5	VOLVO CE	Sweden	5.0
6	Sandvik	Sweden	4.6
7	TEREX Corporation	United States	4.0
8	Atlas Copco	Sweden	3.6
9	XCMG	China	3.5
10	Zoomlion	China	3.0

Source: CCMA

(1) As determined by the location of the company's headquarters.

We expect the global construction machinery industry to experience further consolidation. Furthermore, we expect the emerging markets, including China and other developing countries, to continue to play a crucial role in driving demand for construction machinery around the globe, as we believe the rapid economic growth and urbanization in China and other developing countries will continue.

OVERVIEW OF CHINA'S CONSTRUCTION MACHINERY INDUSTRY

Overview of China's Economy

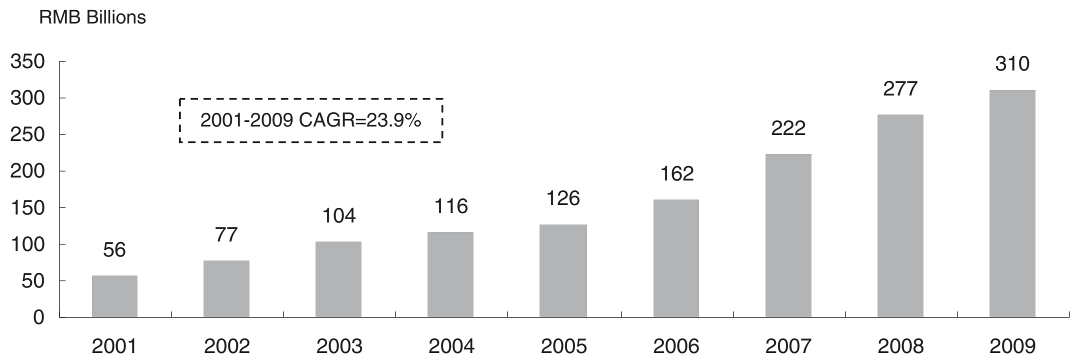
China is one of the fastest growing economies in the world. According to IMF, China's real GDP grew at a CAGR of 10.2% from 2001 to 2009. During this period of time, China has the highest GDP growth rate among the BRICs as well as the five largest economies. The following table sets forth the real GDP growth rate of the BRICs, the five largest economies and the world average for the respective years:

Location	2001	2002	2003	2004	2005	2006	2007	2008	2009	2001-2009 CAGR
China	8.3%	9.1%	10.0%	10.1%	10.4%	11.6%	13.0%	9.1%	8.7%	10.2%
India	4.1	4.3	6.9	7.9	9.2	9.8	9.3	7.3	6.5	7.6
Russia	5.1	4.7	7.3	7.2	6.4	7.7	8.1	5.6	(7.9)	4.8
Brazil	1.3	2.7	1.1	5.7	3.2	4.0	5.7	5.1	(0.2)	3.4
United States	0.8	1.6	2.5	3.6	2.9	2.8	2.0	1.1	(2.4)	1.8
France	2.1	1.1	1.1	2.2	1.9	2.4	2.1	0.7	(2.2)	1.2
Japan	0.4	0.3	1.4	2.7	1.9	2.0	2.4	(0.6)	(5.2)	0.6
Germany	1.2	0.0	(0.3)	1.2	0.8	3.0	2.5	1.3	(5.0)	0.4
World Average	**2.6%**	**1.8%**	**2.6%**	**4.0%**	**3.4%**	**3.9%**	**3.8%**	**2.1%**	**(0.8)%**	**2.6%**

Source: IMF

The size of the Chinese economy has been increasing at a fast pace as its GDP grew substantially over the past decade. In terms of the absolute amount of GDP, China was the third largest economy in the world in 2009. In the second quarter of 2010, China's GDP of US$1,337.0 billion surpassed Japan's GDP of US$1,288.3 billion. It is widely expected that China will soon overtake Japan as the second largest economy in the world in terms of annual GDP.

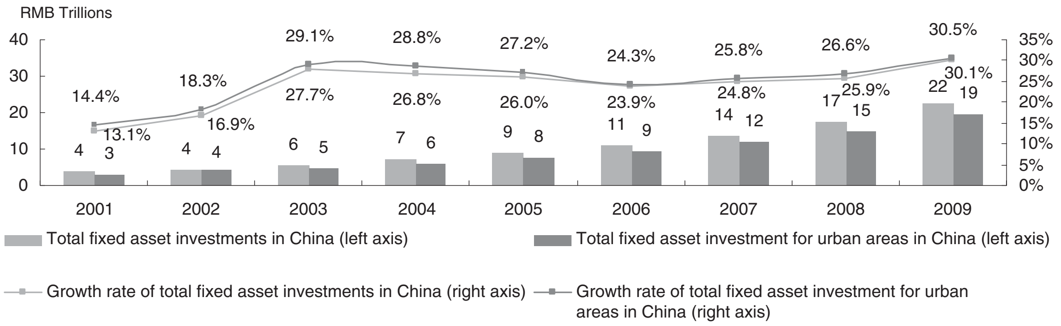
Due to the growth of investments in infrastructure, China's construction machinery industry has experienced rapid growth in the past decade, and currently China is the largest market for construction machinery in the world. According to the China Construction Machinery Year Book and CCMA, the total sales revenue of construction machinery for China-based manufacturers increased from approximately RMB56 billion in 2001 to approximately RMB310 billion in 2009, representing a CAGR of 23.9%. The following chart shows the growth of total sales of construction machinery for manufacturers in China for the periods indicated:



Source for 2001-2008: China Construction Machinery Industry Year Book
Source for 2009: CCMA

Fixed Asset Investments and Urbanization Contribute to the Growth of the Construction Machinery Industry in China

Fixed asset investments have been an important driver of China's rapid economic growth. According to the National Bureau of Statistics of China, the total fixed asset investments in China increased from RMB3.7 trillion in 2001 to RMB22.5 trillion in 2009, representing a CAGR of 25.3%, while the total fixed asset investments for urban areas in China increased from approximately RMB3.0 trillion in 2001 to approximately RMB19.4 trillion in 2009, representing a CAGR of 26.3%. We expect that China will maintain its high rate of economic growth, and increasing fixed asset investments from both public and private sectors will continue to create demand for construction machinery in China. The following chart sets forth the growth of total fixed assets investments and fixed asset investments to urban areas in China for the periods indicated:



Source: National Bureau of Statistics of China

Meanwhile, in recent years China has experienced ongoing urbanization, which is another important driver of the growth of construction machinery industry in China. According to studies by the World Bank and Chinese Academy of Social Sciences, the urbanization level in China increased from 37.0% in 2001 to 46.6% in 2009. However, given China's low level of urbanization compared to developed countries, we believe that there will be further urbanization in China, and that the urbanization will continue to drive demand of construction machinery in China.

Increasing Demand for Export of Construction Machinery Made in China

Export of construction machinery from China has increased rapidly in the past decade. China had experienced a trade deficit for construction machinery prior to 2006, but has started to experience a trade surplus since then. According to CCMA, exports of construction machinery from China increased from US$0.7 billion in 2001 to approximately US$7.7 billion in 2009, representing a CAGR of 35.0%. On the other hand, although the importation of construction machinery into China has been increasing from 2001 to 2009 at a CAGR of 16.2% according to the CCMA, such growth has slowed in recent years and importation represents a smaller percentage of overall construction machinery spending in China. As a result of the global economic downturn, exports of construction machinery from China experienced a decrease in 2009, with net exports amounting to US$2.6 billion. We believe that as the global economy recovers, exports of construction machinery from China will significantly increase in the future.

We believe that the increase in exports of and demand for construction machinery from China-based manufacturers is primarily due to a combination of improvements in technological capabilities, product quality and reliability, increased brand recognition for construction machinery produced by China-based manufacturers and their competitive prices as compared to similar products offered by international manufacturers based in other countries. Construction machinery from China-based manufacturers has become an attractive option in the global market, especially in developing countries and regions such as Eastern Europe, Russia, Latin America, Africa, India, the Middle East and Southeast Asia. Meanwhile, as sales of construction machinery to developing countries, including India, the Middle East and Southeast Asia, have historically accounted for a large percentage of China's exports of construction machinery, the rapid economic growth in these areas has also driven the increase in exports of construction machinery from China.

Favorable Government Policies

While the growth of construction machinery industry depends to a large extent on general economic growth, it is more sensitive to government monetary and fiscal policies that affect fixed asset investments compared to other industries. Starting in 2006, in order to meet the significant demand for more advanced infrastructure systems driven by China's economic growth, the PRC government has announced efforts to expand, modernize and upgrade China's infrastructure system. Such efforts have increased, and are expected to continue to increase, demand for construction machinery in the future. Large-scale investments for the construction projects relating to the 2008 Olympics in Beijing, the 2010 Shanghai World Expo, and the 2010 Asian Games in Guangzhou, Guangdong Province, have also stimulated the growth in the construction machinery industry in China.

The PRC government has also been committed to the implementation of various emission reduction measures, including renovation projects for steel plants, power plants, concrete plants and large-scale nuclear power plant projects. We believe these projects will significantly contribute to the growth of the construction machinery industry. Furthermore, urbanization and the associated infrastructure construction including construction of railroad, highway and sewage systems will also increase the demand for construction machinery.

In addition to the policies related to fixed asset investments and infrastructure, the PRC government has announced and implemented several policies, including the Plan for Adjusting and Promoting the Equipment Manufacturing Industry in 2009. The Plan includes encouraging policies for merger and acquisition of enterprises and export of equipments. The Plan also encourages to use equipments made domestically and utilize the overseas resources and markets. We believe local governmental authorities will issue further detailed policies to implement the Plan which will result in additional benefits to us. The PRC government has also announced policies on restricting the activities of construction contractors, which have resulted in increased demand for construction machinery. For example, in 2004, the PRC government prohibited concrete mixing on urban construction sites in 124 cities. Currently, there are over 300 cities which have adopted and implemented this restriction. We believe this restriction has increased the demand and sales of concrete machinery. The prohibition increased the sales of our concrete machinery such as truck-mounted concrete mixers used to deliver concrete.

The Barriers to Enter China's Market

China's construction machinery industry is capital intensive as reflected in the capital requirement of its technology, production permits, supply chain and human resources. In respect of technology, products with higher technological capabilities are needed to expand market shares, and more investment is needed for research and development of new products in order to consolidate market position. In respect of production permits, the production of cranes requires the relevant governmental approvals. As for supply chain, more cost is needed for a new player of the market to compete with the current players as certain key components have to be purchased from upstream factories with limited production capacity, and some components such as chassis require longer manufacturing time than other components. In respect of human resources, a large number of technicians with special expertise are generally required for the production of construction machinery, including the production of technologically-advanced equipment such as digital control equipment which should be controlled by special technicians. Therefore, the Company has to engage sufficient skilled labors to meet the production demand.

MAJOR MARKETS AND COMPETITION OF ZOOMLION

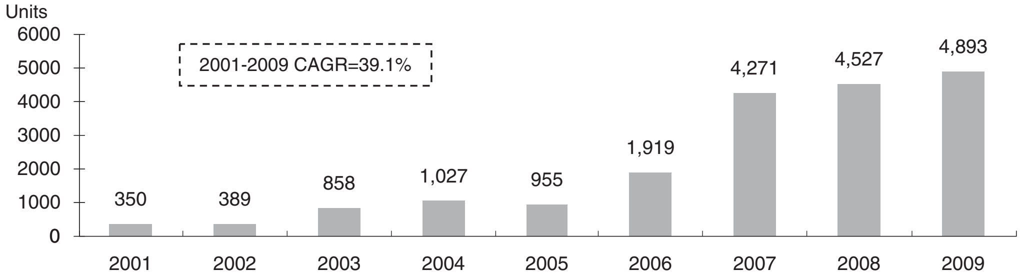
Concrete Machinery Sector

Concrete machinery is used for the production, transportation and laying of concrete in various commercial and residential construction sites and infrastructure projects.

The global concrete machinery markets are mainly divided into mature markets, emerging markets and primary markets. Markets in Europe, North American and Australia will remain stable and the consumption of commercial concrete products will be high. On the other hand, the emerging markets, including the BRICs, will continue to grow and the consumption of commercial concrete products will increase rapidly. As the purchasing powers of these markets grow, users will require products of high performance-price ratio. The primary markets, including countries in Africa, will also continue to grow rapidly and their users are very sensitive to the price of products. We believe our major rivals in the global concrete machinery industry includes Putzmeister Holding GmbH, Schwing Group, Sany Group and Junjin Group as well as other Korean producers.

Concrete machinery mainly includes truck-mounted concrete pumps, trailer-mounted concrete pumps, truck-mounted concrete mixers and concrete mixing plants. According to Liaoning Yitong, currently, over 90% of truck-mounted concrete pumps, concrete pumps and, truck-mounted concrete mixers sold in China were made by China-based manufacturers. The large market share held by China-based manufacturers is mainly due to the pricing advantages enjoyed by China-based manufacturers as a result of the low manufacturing cost in China.

Truck-mounted concrete pumps are one of the major products in, and an important indicator of, the concrete machinery sector. According to China Construction Machinery Industry Year Book and CCMA, from 2001 to 2009, sales volume of truck-mounted concrete pumps has been increasing by a CAGR of 39.1%. The following chart sets forth the sales volume of truck-mounted concrete pumps in China for the years indicated:



Source for 2001 to 2008 data: China Construction Machinery Industry Year Book
Source for 2009 data: CCMA

The truck-mounted concrete pump market in China is highly concentrated, with Zoomlion and Sany Group being the primary players. The following table sets forth the market share of truck-mounted concrete pumps as measured by sales volume in 2009:

	Truck-mounted Concrete Pump
	(%)
Sany Group	50.1
Zoomlion	37.7
Others	12.2

Source: CCMA

As compared with foreign manufacturers, China-based manufacturers generally have a wide coverage of after-sale services networks and therefore are able to service at lower costs with shorter lead time for parts and components replacements. The following table sets forth the sales volume of the concrete machinery products of China and Zoomlion that we also produced in 2009.

	Truck-mounted Concrete Pump	Trailer-mounted Concrete Pump	Truck-mounted Concrete Mixer	Concrete Mixing Plant
China (units)	4,893	5,252	22,152	4,561
Zoomlion (units)	1,845	1,345	3,170	395
Zoomlion's market share (%)	37.7	25.6	14.3	8.7

Source: CCMA

We believe there is a significant growth potential in China's concrete machinery sector. Various construction projects in the second- and third-tier cities create significant demand for concrete machinery. Compared to the major cities and the coastal regions, demand for concrete machinery increased rapidly in the relatively under-developed regions in China. For example, sales of concrete machinery in Inner Mongolia and Hainan Province increased rapidly in recent years. Furthermore, ready-mix concrete is still not widely used throughout China, and many cities, including second- and third-tier cities, have implemented the restriction against on-site concrete mixing, which increases the demand for concrete mixing plants.

China's Crane Machinery Sector

Crane machinery is widely used in various types of construction, repair and maintenance of infrastructure, building and manufacturing facilities to lift and transport equipment and materials.

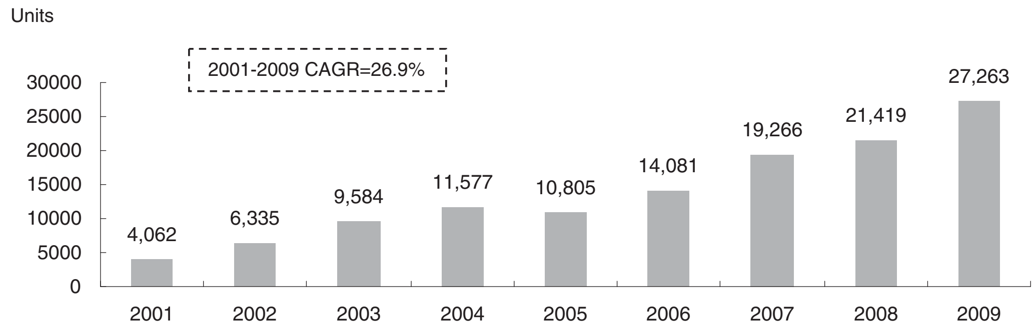
Crane machinery mainly includes truck cranes, crawler cranes and tower cranes. In China, according to CCMA, sales revenue of truck cranes accounted for 57.6% of the sales revenues in the crane machinery sector in 2009, representing the largest contributor in that sector. The following table sets forth the sales volume or sales revenue of major crane machinery sectors of China and Zoomlion in 2009 for the products indicated:

	Truck Crane	Crawler Crane	Tower Crane	Tower crane[(1)] Medium- to Large-capacity (RMB in billions)
China (units)	27,263	1,043	30,871	12.8
Zoomlion (units)	6,286	171	1,680	1.3
Zoomlion's market share (%)	23.1	16.4	5.4	9.8

Source: CCMA

(1) This column sets forth the sales revenue of tower cranes with lifting capacity above QTZ40, and Zoomlion's market share measured by the sales revenue.

The sales volume of truck cranes has been rapidly increasing since 2001. According to CCMA, from 2001 to 2009, sales volume of truck cranes made by China-based manufacturers had increased by a CAGR of 26.9%. Notwithstanding the global economic downturn in 2008, the sales volume of truck cranes increased by 27.3% from 2008 to 2009. The following chart sets forth the sales volume of truck cranes in China for the years indicated:



Source: CCMA

According to the China Construction Machinery Industry Year Book and Beijing Huajing Taolue Information Consulting Company Limited, the sales volume of tower cranes increased by a CAGR of 15.5% from 2001 to 2009.

The market for crawler cranes has been the fastest growing type of all crane machinery in China over the past decade, with a CAGR of 128.8% from 2001 to 2008 according to the China Construction Machinery Industry Year Book. However, the global economic downturn in 2008 caused a decrease in the demand for crawler cranes from the shipbuilding, portal construction and transportation industries, which has traditionally been the major growth driver of the crawler crane sector. As a result, sales volumes of crawler cranes decreased in 2009. As the global economic conditions started to recover, demand for crawler cranes increased significantly. According to CCMA, in the six months ended June 30, 2010, the sales volume of crawler cranes increased by 65.8% to 819 units from 494 units in the six months ended June 30, 2009.

In the crane machinery sector, according to CCMA, XCMG, Zoomlion, Sany Group and Fuwa Heavy Industry Co., Ltd. are the four primary manufacturers. XCMG and Zoomlion account for the majority of the truck cranes market share. Zoomlion is the only major construction machinery manufacturer offering medium- to large-capacity tower cranes, while other manufacturers of tower cranes are of much smaller sizes. In addition, the four primary competitors account for approximately 96% of the crawler crane market share. The following table sets forth the major crane machinery manufacturers in China and their respective market share in 2009 as measured by total sales volume or sales revenue:

	Truck Crane	Crawler Crane	Tower Crane	Tower Crane(1) Medium- to Large-capacity
XCMG	57.2%	17.4%	—	—
Zoomlion	23.1%	16.4%	5.4%	9.8%
Sany Group	4.4%	28.6%	—	—
Fuwa Heavy Industry Co., Ltd.	1.1%	30.1%	—	—

Source: CCMA

(1) Tower cranes with lifting capacity above QTZ40, calculated based on sales revenue

We believe the potential growth of the crane machinery market will be driven by various large-scale construction projects, including urban renovation projects, wind farm projects, nuclear power plant projects and other energy-saving and emission reduction projects, including the renovation of steel plants, power plants and concrete plants, which both the public and private sectors in China have undertaken to implement.

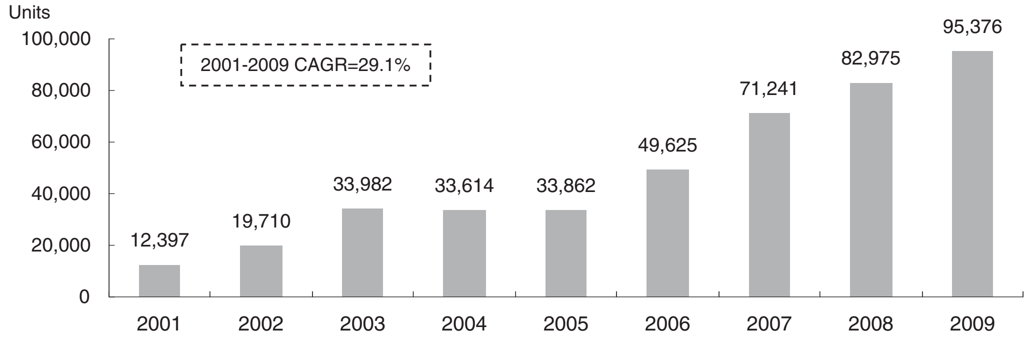
China's Earth Working Machinery Sector

Earth working machinery is widely used in road construction, mining and other types of construction activities. Earth working machinery mainly includes loaders, bulldozers and excavators. The following table sets forth the sales volume of the major earth working machinery products that we also produced in China in 2009:

	Excavator	Bulldozer	Loader
Sales volume in 2009 (units)	95,376	9,598	143,355

Source: CCMA

Our major product in the earth working machinery sector is excavators. According to the China Construction Machinery Industry Year Book and CCMA, from 2001 to 2009, sales volume of excavators in China increased by a CAGR of 29.1%. The following chart sets forth the sales volume of excavators in China for the periods indicated:



Source for 2001 to 2008 data: China Construction Machinery Industry Year Book
Source for 2009 data: CCMA

We believe the market for excavators presents a strong potential for growth. Currently, most of the excavators used in China are imported, which is primarily due to the higher technological requirements for excavators, as compared with other construction machinery, and the lack of pricing advantage of China-based manufacturers as a result of the abundant supply of imported pre-owned machinery from Japan and Korea in China. However, as China-based excavator manufacturers enhance their technologies, increase capital expenditures and improve the quality human resources, we believe the market share for excavators made by China-based manufacturers will increase. Meanwhile, excavators are widely used in developed countries, and have even replaced the use of loaders. We expect excavators to gradually replace loaders in China as the construction machinery industry becomes more technologically advanced.

China's Environmental and Sanitation Machinery Sector

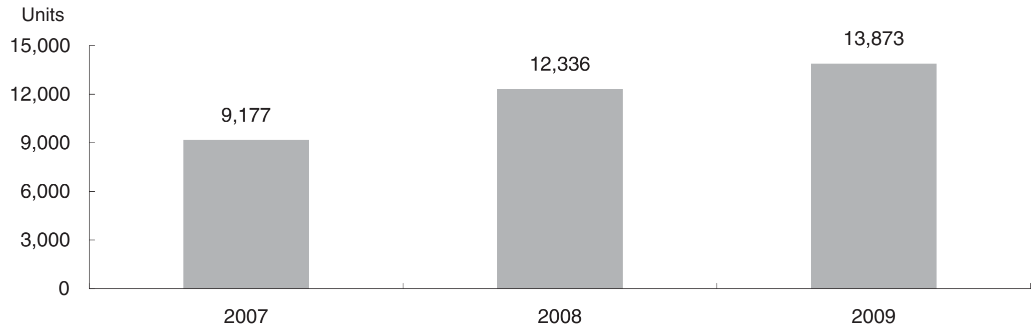
Environmental and sanitation machinery is used for the maintenance of cities and municipalities as well as processing domestic solid waste. In recent years, as the urbanization continues, awareness of environmental protection and sanitation has been increasing, which in turn has increased the demand for environmental and sanitation machinery.

According to Liaoning Yitong, approximately 90% of environmental and sanitation machinery sold in China were made by China-based manufacturers. Waste collection vehicles and water spray vehicles represent the majority of environmental and sanitation machinery sold in China, accounting for 48.6% and 24.5% of the sales volume of environmental and sanitation machinery, respectively. The table below sets forth the sales volume of the major environmental and sanitation machinery products of China and Zoomlion in 2009:

	Snow Removal Vehicle	Waste Collection Vehicle	Washing Vehicle	Water Spray Vehicle	Road Sweeper	Vacuum Sweeper	Total
China (units)	72	6,743	791	3,404	1,381	1,482	13,873
Zoomlion (units)	9	405	523	—	816	9	1,762
Zoomlion's market share (%) . . .	12.5	6.0	66.1	—	59.1	0.6	12.7

Source: Liaoning Yitong

The chart below sets forth the sales volume of environmental and sanitation machinery in China for the periods indicated:



Source: Liaoning Yitong

The environmental and sanitation machinery segment includes a broad range of machinery, and the market is relatively fragmented, as compared with the markets for concrete machinery and crane machinery. According to Liaoning Yitong, as measured by sales volume in 2009, Zoomlion ranked first in the environmental and sanitation machinery market. The following table sets forth the major environmental and sanitation machinery manufacturers in China and their respective ranking as measured by sales volume in 2009:

	Rank	Snow Removal Vehicle	Waste Collection Vehicle	Washing Vehicle	Water Spray Vehicle	Road Sweeper	Vacuum Sweeper	Total
					(Units)			
Zoomlion	1	9	405	523	—	816	9	**1,762**
Hubei Cheng Li Special Automobile Co., Ltd.	2	—	124	—	776	1	91	**992**
Aerosun Corporation	3	—	541	13	134	42	182	**912**
Fujian Longma Environmental Sanitation Equipment Co., Ltd.	4	—	233	96	71	341	—	**741**
Beijing Sanitation Machinery Co.	5	—	331	—	102	7	281	**721**
Hubei Xin Zhonglv Special Purpose Vehicle Manufacturing Co., Ltd.	6	—	80	4	244	1	104	**433**
Liuzhou Yanlong Co., Ltd.	7	—	396	—	—	—	—	**396**
Guizhou Yunma Aircraft Manufacturing Co.	8	—	370	—	—	—	1	**371**
China National Heavy Truck Group-Jinan Special Vehicle Co., Ltd.	9	—	15	—	280	—	2	**297**
Guangzhou Environmental and Sanitation Equipment Co.	10	—	187	—	89	10	4	**290**

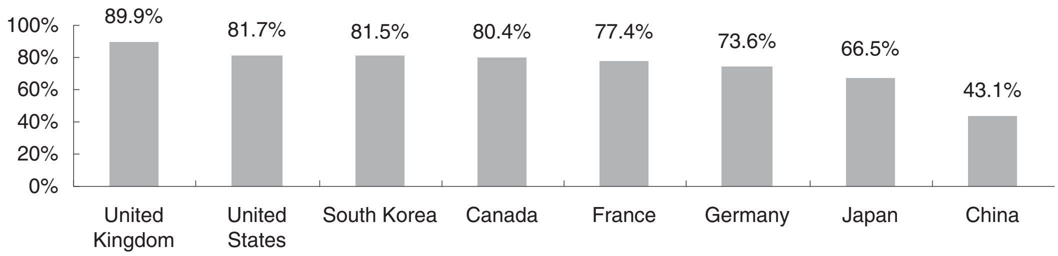
Source: Liaoning Yitong

As the urbanization in China continues, urban residents' expectations and demands for a better living environment have been increasing. The government has also increased its expenditure on creating a clean urban living environment. We believe the growing population in the second- and third-tier cities and new towns will also drive growth of the environmental and sanitation machinery market. Furthermore, in addition to waste cleaning and collecting machinery, there will be increasing demand for environmental and sanitation machinery with recycling and other advanced functions.

OUTLOOK FOR CHINA'S CONSTRUCTION MACHINERY INDUSTRY

We believe the construction machinery industry in China will continue to grow steadily due to various reasons, including China's on-going urbanization driven by economic growth, expected future investments in the infrastructure sector and real estate development and the continued growth in demand for construction machinery exports.

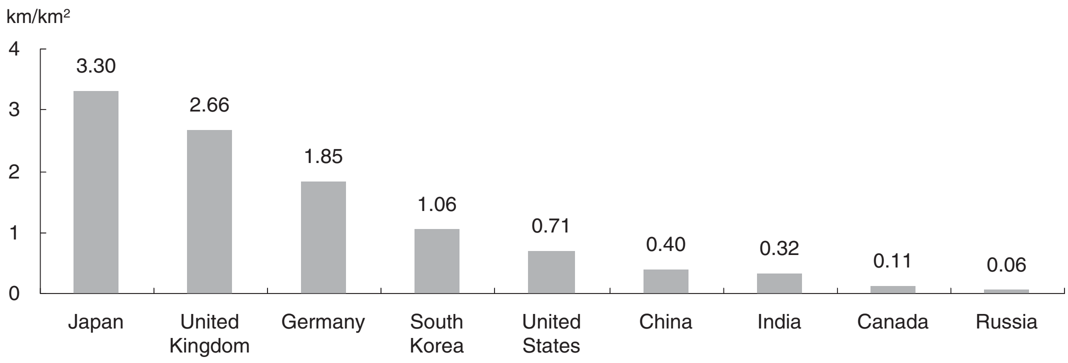
We expect the economic growth in China will remain at a steady and relatively high rate, which in turn drives China's continued urbanization. As the urbanization level in China is relatively low compared with developed countries, we believe there is significant growth potential for construction machinery industry in China as the urbanization level continues to increase. For example, the real estate market in China will keep growing in the long run due to on-going urbanization. The chart below sets forth the urbanization level in China in 2008 as compared to certain developed countries:



Source: World Bank

We expect that the PRC government will continue to increase its expenditure in the infrastructure sector. For example, as part of the emission reduction scheme, the PRC government is planning on renovation of urban sewage systems and steel plants and the construction of nuclear power plants, which are expected to drive the demand for construction machinery in China. Meanwhile, we also expect the PRC government to continue to expand the coverage of highway and railroad networks in China. Compared to certain other developed and developing countries, the coverage of highway and railroad networks in China is relatively low and has large growth potential. We believe that all such construction projects will significantly contribute to the continued growth of China's construction machinery industry. The following charts set forth the highway and railroad coverage in China as compared to certain other developed and developing countries:

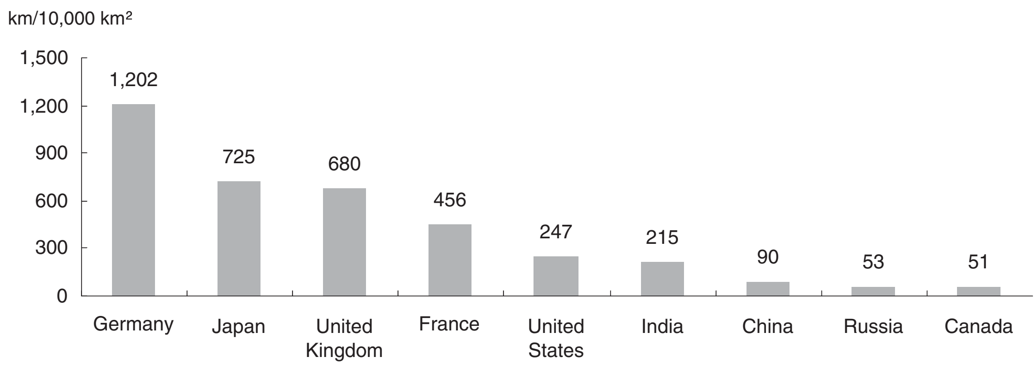
Highway Length/Total Land Area of Major Countries



Source for China: PRC Department of Transportation.
Source for other countries: the Central Intelligence Agency of the United States, The World Fact Book

Note: The statistics for China and India are for the year 2009. The statistics from Canada, Russia, Germany and Korea are for the year 2008. The statistics for U.S. is for the year 2007 and the statistics for Japan and United Kingdom is for the year 2006.

Railway Length/Total Land Area of Major Countries



Source for China: PRC Department of Railway.
Source for other countries: the Central Intelligence Agency of the United States, The World Fact Book
Note: The data for China, Japan and India is for the year of 2009; the data for England, France, Germany and Italy is for the year 2008; the data for the U.S. is for the year 2007 and the data for Russia is for the year 2006.

The PRC government also plans to establish or implement 20 economic zones or regional development plans. We expect these plans will involve extensive construction work related to highway, railroad, hydroelectricity projects and ports, which will in turn drive the growth of the construction machinery industry in China.

With the recovery of global economy and the rapid economic growth in emerging markets, we believe the market and demand for construction machinery will continue to increase, which in turn will drive the growth of China's construction machinery industry and the related construction machinery export industry.

Furthermore, we expect strong growth in the market for large-capacity construction machinery and we believe that China-based manufacturers will acquire higher market shares in such product segments. China-based construction machinery manufacturers will broaden their range of product offerings and expand their global footprint as they grow and the competition they face intensifies. In addition, financial leasing is a widely used and attractive alternative payment option in the overseas construction machinery markets but is not yet widely used in China's construction machinery industry. We believe the financial leasing will continue to grow in China and will become a significant revenue contributor in the industry.

INFORMATION ABOUT INTERNATIONAL CONSTRUCTION, OFF HIGHWAY RESEARCH LIMITED, CCMA, CHINA CONSTRUCTION MACHINERY INDUSTRY YEAR BOOK AND LIAO NING YI TONG

International Construction

International construction is a magazine published by KHL Group, which is one of the largest providers of international construction information in the world. We understand relevant information contained in the International Construction was collected from the operation of a wide range of enterprises and the ranking information in the global construction machinery industry was provided based on the sales data of relevant enterprises in particular periods.

China Construction Machinery Industry Year Book

China Construction Machinery Industry Year Book is organized by China Machinery Industry Federation and published by China Machinery Industry Press. Information contained in the year book of 2009 is based on data as of December 2008.

Off Highway Research Limited

Off-Highway Research Limited is one of the largest management consultancy specialized in research and analysis of international construction and agricultural equipment markets. Off-Highway Research Limited maintains a proprietary database on information obtained from the relevant enterprises in the industry and independent market research and analysis. Information we refer to in this prospectus is based on data as of December 2009.

CCMA

CCMA is a registered national construction machinery industry organization officially approved by the Ministry of Civil Affairs of the People's Republic of China. As a member of CCMA, we obtained information shared between members of CCMA. CCMA maintains its database on the information obtained from its members. We quoted the information from CCMA which we relied on for the market trends and industry trends analysis, and such information is based on data as of December 2009.

Liaoning Yitong

Liaoning Yitong is an information development and research institute specialized in the collection and analysis of automobile related information. Liaoning Yitong maintains a database on the statistics of the required registration of automobiles and vehicles under relevant PRC laws and regulations. The information we quoted in the prospectus is based on the data as of December 2009.

The information provided in this section is derived from various private and/or public publications. Such information has not been commissioned by, or independently verified by, us, the Joint Sponsors, the Underwriters, any other party involved in the Global Offering, or any of their respective affiliates or advisers, and no representation is given as to its accuracy.

Overview

Our business is extensively regulated by the policies, laws and regulations of the PRC and by government authorities at both local and national levels. All aspects of our operations, including research and development, design, manufacturing, and sales and leasing activities, are subject to regulation, and so are our financing, accounting, administrative, and other non-operating activities. Many of the regulations, including environmental and safety regulations, apply to PRC firms generally or to all PRC manufacturing firms. Others, however, apply to us based on the nature of our products, which include special equipments and automotives. This section describes the regulations to which we are subject that we believe are most important for a potential investor to understand.

Regulations as to Foreign Investment Policies

The Provisions on Guiding the Directions of Foreign Investment (指導外商投資方向規定), issued by the State Council, divides foreign investment projects into four categories: encouraged, permitted, restricted and prohibited. Additional details as to each of the encouraged, restricted and prohibited categories are provided in the *Guiding Catalog of Foreign Investment Industries (外商投資產業指導目錄)* (the "Guiding Catalog"), which was jointly issued by the NDRC and the Ministry of Commerce and became effective in December 2007.

Under the Guiding Catalog, the following business activities that we engage in or are associated with are classified as "encouraged" projects:

- the manufacture of mobile cranes and crawler cranes with lifting capacity of at least 300 tons (in the form of equity or cooperative joint venture only);
- the design and manufacture of hydrostatic drive systems;
- the manufacture of high-caliber rotary drilling rigs with capacity to drill at least one meter wide and at least 30 meters deep;
- the manufacture of diaphragm wall grabs;
- the design and manufacture of crawler tractors with at least 220 horsepower and tire contact pressure of 0.03 Mpa or less;
- the design and manufacture of tractors with at least 520 horsepower;
- the maintenance of public roads and bridges;
- the manufacture of automotive detection equipment;
- the design and manufacture of integrated multi-path valves of pressure (21-31.5 MPa);
- the remanufacturing of construction machinery; and
- the manufacture of devices of road tunnel disaster control and rescuing system.

In addition, according to the *Catalog of Priority Industries for Foreign Investment in Central and Western China (中西部地區外商投資優勢產業目錄)* jointly issued by the NDRC and MOFCOM, development and manufacture of certain types of concrete machinery, cranes, environmental and sanitation machinery, road construction machinery, earth working machinery, hydraulic valves and cylinders and other construction machinery and key parts and components in Hunan Province are classified as "encouraged" projects.

The following business activities that we engage in or are associated with are classified as "restricted" projects under the Guiding Catalog:

- the manufacture of mobile cranes and crawler cranes with lifting capacity of less than 300 tons (in the form of equity or cooperative joint venture only); and
- the manufacture of tractors with 320 horsepower or less, hydraulic excavators with lifting capacity of 30 tons or less, graders and rollers with 220 horsepower or less, road milling rework machinery, certain concrete machinery such as trailer-mounted concrete pumps, truck-mounted concrete mixers, concrete mixing stations, and truck-mounted pump trucks.

Our other business activities fall into the category of "permitted" projects.

Regulations as to Manufacturing

Manufacturing Licenses

Manufacture of many products in the PRC is subject to specific licensing requirements. Because the cranes we manufacture fall into the "special equipment" category of manufactured goods, we are required to maintain specific licenses in order to manufacture them. Three regulations contain these requirements: *the Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例), the Regulations on Quality Control and Safety Supervision for Special Equipment (特種設備質量監督與安全監察規定),* and *the Regulations on Safety Supervision of Cranes (起重機械安全監察規定)*.

We are required to obtain licenses from the competent quality supervision authority before we manufacture certain goods, such as rubber hoses, rubber hose assemblies, and loading-dock equipment, because those goods are listed in the *Industrial Products Catalog (全國工業產品生產許可證發證產品目錄)* issued by the GAQS. In addition to the Industrial Products Catalog, two legal provisions contain these requirements: the Regulations on the Administration of Production Licenses for Industrial Products *(中華人民共和國工業產品生產許可證管理條例)*, and the implementing rules for these Regulations.

We are required to obtain licenses for the manufacture of automotive goods under *the Notice on Further Strengthening the Administration of Announcement and Registration of Automotive Manufacturing Enterprises and Products* issued by the PRC's Ministry of Industry and Information Technology (the "MIIT") and Ministry of Public Security (the "MPS") (*工業和信息化部、公安部關於進一步加強道路機動車輛生產企業及產品公告管理和注冊登記工作的通知*). Under that regulation, a company may not manufacture automotive goods until it has obtained the approval of the MIIT in a public announcement. Vehicles and other automotive goods must pass government-mandated tests for compliance with various safety standards, technical specifications and environmental protection requirements. After passing these tests, automotive goods must be registered with the MPS prior to their sale.

The PRC government may also remove automotive products from the aforesaid public announcement if it determines that they no longer meet the relevant regulatory requirements. Such removal will deprive the relevant manufacturer of its entitlement to continue to manufacture or sell the removed automotive products in the PRC.

Regulations as to Research and Development

PRC companies can apply for patents on their technical achievements and are entitled to related intellectual property protection. Under the *PRC Patent Law (中華人民共和國專利法)*, a company can apply for an invention, utility or design patent based on the nature of the relevant technical achievement. The duration of a patent is 20 years for inventions and 10 years for utility models and designs, in each case from the date of filing. For inventions devised by an employee in the performance of tasks assigned by the employer or using primarily the resources of the employer, the employer is entitled to apply for a patent. The patent rights for such inventions belong to the employer upon the approval of the patent application, provided that there are no prior agreements to the contrary between the employer and the employee.

Regulations as to Sales, Installment and Maintenance of Products

Automotive Certification and Inspection

Under the *Implementation Rules on Compulsory Certification of Automobiles (機動車輛類強制性認證實施規則)* issued by the GAQS, automotive products, including imported vehicles and parts and components, are subject to compulsory certification conducted by government-designated certification agencies to ensure the products are in compliance with safety and technical requirements. An automotive product is permitted to be sold in China or imported into China only after passing inspection and obtaining a China Compulsory Certification. Each automotive manufacturer is subject to annual inspection of its compulsory certification by the GAQS. If an automobile manufacture fails to pass the annual inspection, it has three months to conform to inspection standards, after which its certification will be cancelled by GAQS.

Product Quality

Under the *PRC Product Quality Law (中華人民共和國產品質量法)*, manufacturers are liable for the quality of products that they produce and sellers must take reasonable steps to ensure the quality of the products they sell. If the seller of a product causes a defect in the product, the seller is liable to the user for damages caused by the product to any person or property (other than the defective product itself). Persons who are harmed or whose property is damaged by the defective product may claim such losses against the manufacturer or the seller.

Installment and Maintenance

Under *the Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例)*, companies engaging in the installation, improvement, or maintenance of electromechanical special equipment such as cranes must obtain installment, improvement, or maintenance licenses for such equipment and must operate within the scope of those licenses.

Export

Cranes and certain other products are subject to a quality licensing system for products intended for export. As a result, manufacturers of such products are required to obtain quality licenses for export within a designated period, otherwise such products will be prohibited from export. Four regulations set forth these requirements: *the Measures of Quality Management and Supervision over Export of Electromechanical Products (出口機電產品質量管理與監督辦法), the Administrative Measures of Quality License for Export of Electromechanical Products (出口機電產品質量許可證管理辦法), the Administrative Measures of License for Export Machinery Products (出口機械產品質量許可證管理辦法),* and *the Notice Regarding Enhancing the Administration on Licenses for Export Electromechanical Products (關於加強出口機電產品質量許可證管理工作的通知).*

Under *the Notice Concerning Regulating the Automobile Export System (關於規範汽車出口秩序的通知)* and *the Automotive Product Catalog* issued by the PRC government, manufacturers of certain automotive products and the automobile export companies authorized by such manufacturers must obtain an automobile export license before exporting any automotive products.

Regulations as to Finance Lease Industry

Under *the Measures for the Administration of Foreign-invested Lease Industry (外商投資租賃業管理辦法)*, which were adopted on March 5, 2005 by MOFCOM, a foreign-invested enterprise wishing to provide finance leases must obtain prior approval from MOFCOM. The Measures also contain entry requirements for foreign investors, including requirements as to registered capital and term of operations, risk assets limitations, and relevant experience for senior managers and specialists of the enterprise. Also, a foreign-invested finance lease enterprise is only allowed to conduct leasing business approved by MOFCOM, and is required to submit an annual financial and operations report to MOFCOM for its review.

According to *the Notice of the MOFCOM and the State Administration of Taxation on Relevant Issues Concerning Conducting Finance Lease Business (商務部、國家稅務總局關於從事融資租賃業務有關問題的通知)*, which was issued on October 22, 2004, MOFCOM is responsible for the approval of domestic finance lease enterprise pilots. Any domestic enterprise providing finance leases must satisfy the conditions as follows: (a) a minimum registered capital of RMB170 million, (b) a sound internal management system and risk control system, (c) having professionals in the areas of finance, trade, law, and accounting, etc., and senior management with no less than three-year experiences in the lease industry, (d) good operating records without any violation of laws or non-compliance records in the past two years, and (e) having the industrial background in relation to the products which it provides for the finance lease services. A finance lease enterprise is also subject to the periodic inspection by MOFCOM, and its risk assets (including the balance of guarantee) shall not exceed ten times of its total capital.

Under the PRC laws, the finance lease enterprise is prohibited from engaging in the following businesses:

- Raising funds in the form of deposits or other disguised form;
- Providing loans to the lessee under the finance lease arrangement for working capital or other purposes;
- Securities investment or equity investment in financial institutions;
- Inter-bank borrowing or lending business; or
- Other financial businesses which are not approved by the China Banking Regulatory Commission (中國銀行業監督管理委員會).

Regulations as to Environmental Protection

Manufacturing businesses are subject to PRC environmental laws and regulations, which include the *PRC Environmental Protection Law (中華人民共和國環境保護法), PRC Law on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), PRC Law on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), PRC Law on the Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法),* and *the PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢棄物污染環境防治法)* (collectively, the "Environmental Laws"). The Environmental Laws govern a broad range of environmental matters, including air pollution, noise emissions, sewage, and waste discharge.

Under the Environmental Laws, all business operations that could cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, liquid and solid waste, dust, malodorous gas, radioactive substances, noise, vibration, and electromagnetic radiation generated in the course of production, construction, and other activities.

Under the Environmental Laws, we are also required to carry out an environmental impact assessment before commencing construction of production facilities and install pollution treatment facilities that meet the relevant environmental standards for treatment of pollutants before discharge.

Regulations as to Labor and Safety

The PRC has many labor and safety laws, including *the PRC Labor Law (中華人民共和國勞動法), the PRC Labor Contract Law (中華人民共和國勞動合同法), the Regulation of Insurance for Work-Related Injury (工傷保險條例), the Unemployment Insurance Law (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例)*, and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time in the PRC.

Under *the PRC Labor Law* and *the PRC Labor Contract Law*, labor contracts in written form must be executed to establish labor relationships between employers and employees. Wages cannot be lower than the local minimum wage. The employer must establish a system for labor safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employers are also required to provide for their employees a safe and sanitary work environment that meets state requirements, and to carry out regular health examinations of employees engaged in hazardous occupations.

Under *the Regulation of Insurance for Work-Related Injury (工傷保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例),* and *the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法)*, we are required to provide our employees in the PRC with social insurance covering basic pension insurance, unemployment insurance, maternity insurance, injury insurance and basic medical insurance.

As a manufacturing company, we are subject to *the PRC Production Safety Law (中華人民共和國安全生產法)* (the "Production Safety Law"), which requires us to provide our workers with safe manufacturing conditions in accordance with standards set forth in various laws and administrative regulations. The law further provides that any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operations, and that companies must provide production safety education and training programs to employees. The design, manufacture, installation, use, inspection, and maintenance of safety equipment are required to conform to applicable national or industry standards. In addition, labor protection equipment must meet national or industry standards, and companies must supervise and educate their employees to wear or use such equipment according to the prescribed rules.

Important Milestones

The following are the important milestones in our history to date:

Year	Event
August 1999	Our Company was incorporated in the PRC.
July 2000	We first obtained accreditation of ISO 9001 in respect of our quality management system.
October 2000	We became listed on the SZSE.
July 2003	We received certification from TüV Rheinland, Germany, for our quality management system.
August 2003	We acquired all the operating assets of Zhongbiao.
November 2003	We acquired the crane machinery business of Hunan Puyuan Construction Machinery Co., Ltd.
December 2004	We manufactured the QUY200 crawler crane, the then largest crawler crane in the PRC.
March 2005	We developed and manufactured a 12-ton high pressure washing vehicle ZLJ520GQX.
July 2005	The Company received CE certification for pumping machines and entered into the European market.
July 2006	We implemented our share reform, where the non-tradable Shares of our Company were converted into tradable Shares.
August 2006	Our Company's tower crane was first exported to Europe.
October 2006	We successfully manufactured and developed the QUY600 crawler crane, the then largest crawler crane in the PRC.
November 2006	Our Company manufactured the YZ27 road roller with the largest vibrating power in the PRC.
September 2008	We acquired CIFA.
August 2009	We manufactured a four-bridge chassis six-joint jibs 56m pump-truck.
September 2009	We manufactured the QUY1000 crawler crane, the first crawler crane with a lifting capacity of over 1,000 tons.
March 2010	We manufactured the D5200 tower crane, which was the first tower crane with a lifting capacity of over 5,200 tons-meters.

Background

The history of our Company traces back to August 1999 when our Company was established pursuant to the "Approval of the Establishment of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd." (關於同意設立長沙中聯重工科技發展股份有限公司的復函) (Guo Jing Mao Qi Gai [1999] No.743) which was issued by State Economic and Trade Commission on August 2, 1999. On August 31, 1999, our Company was jointly established with an initial registered capital of RMB100 million by Research Institute, Zhongbiao, Beijing Ruixinjian Technology Development Co., Ltd. (北京瑞新建技術開發有限公司), Beijing Zhongli Sida Technology Development Co., Ltd. (北京中利四達科技開發有限公司), Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd. (廣州黃埔中聯建設機械產業有限公司), and Guangzhou Tianhe District Xinyitong Machinery Equipment Co., Ltd. (廣州市天河區新怡通機械設備有限公司), which held approximately 74.7%, 23.7%. 0.4%, 0.4%, 0.4% and 0.4% of the share capital of our Company, respectively.

As at the Latest Practicable Date, we had a registered share capital of approximately RMB4,927.64 million.

Listing on the SZSE

As approved by an extraordinary general meeting of the Company held on January 16, 2000 and according to the "Notice Regarding the Approval of the Public Offering of Shares by Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd." (《關於核准長沙中聯重工科技發展股份有限公司公開發行股票的通知》) (Zheng Jian Fa Xing Zi [2000] No.128) issued by CSRC on September 10, 2000, our Company initially offered 50,000,000 A Shares to the public for subscription in the PRC and completed the listing of these A Shares on the SZSE on October 12, 2000. Upon the completion of the A Share offering, the share capital of our Company increased from RMB100 million to RMB150 million.

Major Equity Transfers and Conversion as a Foreign-invested Joint-Stock Limited Company

Major equity transfers were carried out by our promoters and shareholders from June 2004 to July 2006 leading to the change of our Company to a foreign-invested joint-stock limited company on July 5, 2006. These transfers are summarized below:

On June 23, 2004 and June 25, 2004, one of our promoters, Zhongbiao, entered into the Equity Transfer Agreement and the Equity Transfer Supplementary Agreement with Shenzhen Jin Xinan Investment Co., Ltd. (深圳市金信安投資有限公司) ("**Jin Xinan Investment**"), pursuant to which Zhongbiao transferred 80,301,702 Shares in our Company (representing approximately 15.83% equity interest in our Company and Zhongbiao's entire equity interests in our Company), to Jin Xinan Investment. Jin Xinan Investment is a limited liability company ultimately owned by 2 individuals who were all Independent Third Parties. The total consideration for the above equity transfer was approximately RMB196 million, which was determined with reference to the 2003 audited net assets value of our Company. Zhongbiao ceased to hold any interest in our Company following the registration of the above equity transfer with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on November 1, 2004.

Subsequent to the above transfer, Jin Xinan Investment entered into the Equity Transfer Agreement with Beijing Jiahe Joint Investment Consulting Co., Ltd. (北京佳和聯創投資顧問有限公司) ("**Joint Investment**") on April 30, 2006, pursuant to which Jin Xinan Investment transferred 80,301,702 Shares in our Company (representing approximately 15.83% equity interest in our Company and Jin Xinan Investment's entire equity interests in our Company), to Joint Investment. Joint Investment is a limited liability company owned by three individuals who were all Independent Third Parties. The total consideration for the above equity transfer was approximately RMB274 million, which was determined with reference to the 2005 audited net assets value of our Company. Jin Xinan Investment ceased to be our shareholder when the above equity transfer was registered with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on May 11, 2006.

On May 11, 2006, Joint Investment entered into the Agreement on the Transfer of the Legal Person Shares of Listed Company with Good Excel, pursuant to which Joint Investment transferred 80,301,702 shares in our Company (representing approximately 15.83% equity interest in our Company and Joint Investment's entire equity interests in our Company), to Good Excel. Please refer to note 1 of "Our Group Structure Chart" below for the information relating to Good Excel. The total consideration for the above equity transfer was approximately RMB274 million, which was determined with reference to the 2005 audited net assets value of our Company. The above equity transfer was approved by the "Approval of the Equity Transfer of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. by the Ministry of Commerce" (《商務部關於同意長沙中聯重工科技發展股份有限公司股權轉讓的批復》) (Shang Zi Pi [2006] No.1437) on July 4, 2006. Our Company was changed to a foreign-invested joint-stock limited company following the registration of the above equity transfer on July 5, 2006.

Reform of Non-tradeable Shares

Pursuant to the "Administrative Measures on the Split Share Structure Reform of Listed Companies" (上市公司股權分置改革管理辦法) promulgated by the CSRS on September 4, 2005, we completed the reform of our non-tradable Shares in July 2006.

According to such reform plan announced by our Company on May 18, 2006, the holders of tradable Shares holding every 10 tradable Shares were to be granted 3.2 Shares by the holders of the non-tradable Shares. The plan was approved by Hunan SASAC on May 26, 2006, by the extraordinary general meeting of our Company held on June 6, 2006, and by the MOFCOM on July 4, 2006, respectively. Upon the completion of such reform, the non-tradable Shares of our Company were converted into tradable Shares subject to certain lock-up undertakings of the relevant shareholders. Under the lock-up undertakings, (i) all previous holders of non-tradable Shares (namely, the Research Institute, Good Excel, Beijing RuiXinjian Technology Development Co., Limited, Beijing Zhongli Sida Technology Development Co., Ltd., Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd., and Guangzhou Tianhe District Xinyitong Machinery Equipment Co., Ltd.) are subject to trading and transfer restrictions for a period of 12 months ("**Lock-up Period**") from July 13, 2006; and (ii) in respect of each of the previous holders of non-tradable Shares which held more than 5% of the share capital of our Company (namely of Research Institute and Good Excel), following the expiry of the said Lock-up Period, it shall not transfer its Shares (which were converted from non-tradable Shares) through the stock exchange in aggregate exceeding 5% of the total number of Shares of the Company within 12 months, and shall not transfer its Shares (which were converted from non-tradable Shares) in aggregate exceeding 10% of the total number of Shares of the Company within 24 months.

Issue of Corporate Bonds

Under the "Approval for the Public Issue of the Corporate Bonds by Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd." (《關於核准長沙中聯重工科技發展股份有限公司公開發行公司債券的批復》) (Zheng Jian Xu Ke [2008] No 373) issued by CSRC, the Company issued unsecured corporate bonds at a par value of RMB100 each during the period from April 21, 2008 to April 25, 2008. Such corporate bonds are for a term of 8 years at a fixed coupon rate of 6.5% per annum, and the bondholders are entitled to re-sell to the Company all or part of the bonds at par value on the fifth year's interest payment day during the term of the corporate bonds. The corporate bonds became listed on the SZSE on May 9, 2008, and we raised approximately RMB1,100 million from the issue of the bonds.

Issue of Bonus Shares

Our Company had issued bonus shares in various occasions during the Track Record Period. These bonus shares issues are summarized below:

In March 2007, our Company announced a stock split in the form of bonus shares on the basis of 0.5 A Share for every outstanding A Share. The total number of A Shares issued was approximately 254 million and was approved by an annual general meeting held on March 20, 2007.

In May 2008, our Company announced a stock split in the form of bonus shares on the basis of 1 A Share for every outstanding A Share. The total number of A Shares issued was approximately 760 million and was approved by an annual general meeting held on May 15, 2008.

In May 2009, our Company announced a stock split in the form of bonus shares on the basis of 0.1 A Share for every outstanding A Share. The total number of A Shares issued was approximately 152 million and was approved by an annual general meeting held on May 21, 2009.

De-registration of Research Institute

One of our promoters, Research Institute, was deregistered on December 31, 2008. The deregistration was carried out mainly for the purposes of streamlining the corporate structure and enhancing the overall operation efficiency of our Group. According to the "Approval of the Change of Shareholders of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd." (《關於長沙中聯重工 科技發展股份有限公司股東變更有關問題的批復》) (Guo Zi Chan Quan [2009] No.182), upon the deregistration of Research Institute, its 636,711,894 Shares held in our Company were distributed to its shareholders, namely Hunan SASAC, Changsha Hesheng, Changsha Yifang, Hunan Development Group and Real Smart based on their respective percentage of capital contribution to Research Institute as of August 31, 2008. Upon completion of such shares distribution, each of Hunan SASAC, Changsha Hesheng, Changsha Yifang, Hunan Development Group and Real Smart held 380,117,000 Shares, 114,862,826 Shares, 76,150,743 Shares, 14,644,373 Shares, 50,936,952 Shares respectively, representing approximately 59.7%, 18.04%, 11.96%, 2.3% and 8% respectively of the 636,711,894 Shares held by Research Institute in our Company and corresponding to their respective percentage shareholding interests in Research Institute as of August 31, 2008.

Major Increases in Share Capital and Non-Public Offering of A Shares

The continual expansion of our Company was reflected through various occasions of share capital increase. During the period from August 2001 to May 2009, the share capital of our Company was increased from RMB150 million to RMB1,673.10 million by way of capitalization of capital reserve fund and/or retained earnings. For information relating to bonus shares issues during the Track Record Period, please refer to the foregoing paragraph headed "Issue of Bonus Shares".

We issued 297,954,705 A Shares at a subscription price of RMB18.70 per share to nine institutional investors on January 28, 2010.

The following table sets out the details regarding the shareholding information of the nine institutional investors:

No	Institutional Investors	Number of Shares Subscribed	Total Amount Paid (RMB)	% of the Total Issued Share Capital of Our Company Immediately Following the Completion of the Non-public Offering
1.	Hony Capital Fund I (Tianjin), L.P. (弘毅投資產業一期基金(天津) (有限合夥))	52,630,000	984,181,000.00	2.67
2.	China Jianyin Investment Co., Ltd. (中國建銀投資有限責任公司)	51,000,000	953,700,000.00	2.59
3.	Xiangjiang Industrial Investment Co., Ltd. (湘江產業投資有限責任公司)	35,000,000	654,500,000.00	1.78
4.	Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有 限公司)	31,000,000	579,700,000.00	1.57
5.	Youngor Group Co., Ltd. (雅戈爾集團股份有限公司)	30,000,000	561,000,000.00	1.52
6.	Anhui Province Investment Group Co., Ltd. (安徽省投資集團有限責任公司)	29,300,000	547,910,000.00	1.49
7.	Zhonghai Fund Management Co., Ltd. (中海基金管理有限公司)	25,641,100	479,488,570.00	1.30
8.	PICC Asset Management Co., Ltd. (中國人保資產管理股份有限公司)	25,641,025	479,487,167.50	1.30
9.	Bainian Cosmetics and Personal Care Co., Ltd. (百年化妝護理品有限公司)	17,742,580	331,786,246.00	0.90
	Total	297,954,705	5,571,752,983.50	15.12

The non-public offering of A Shares raised net proceeds of approximately RMB5,479.42 million. The net proceeds were applied for the upgrade and expansion of our existing production facilities, the construction of new production facilities, and to fund working capital and other general corporate purpose. These A Shares were listed on the SZSE on February 12, 2010 and were subject to a lock-up period of 12 months. Upon completion of the non-public offering of A Shares, our share capital increased from RMB1,673.10 million to RMB1,971.05 million.

In July 2010, a further increase of our Company's share capital from RMB1,971.05 million to RMB4,927.64 million by way of capitalization of our retained earnings and a stock split in the form of bonus shares on the basis of 1.5 A Shares for every outstanding A Share, were approved in an extraordinary general meeting. Such increase of share capital has been completed and registered with the Administration for Industry and Commerce of Hunan Province in October 2010.

Acquisitions and Disposals in the PRC

Our Company conducted the following major acquisitions and disposals in the PRC during the Track Record Period:

Date of Agreement	Type of Interest	Transferor	Transferee	Amount of Consideration[(1)]	Date of Acquisition/ Disposal
March 3, 2007	Disposal of 68% of the equity interest in Changsha Guanyingu Real Estate Development Co., Ltd.[(2)]	Company	Changsha COFCO Property Development Co., Ltd.	Approximately RMB175 million	March 2007
June 18, 2007	Acquisition of certain fixed assets, land use rights and long term investment held by Research Institute	Research Institute	Company	Approximately RMB176 million	December 2007
June 18, 2007	Acquisition of 90% of the equity interest in Changsha High-tech Development Area Zhongwang Co., Ltd.[(3)]	Research Institute	Company	Approximately RMB22 million	December 2007
July, 2007	Acquisition of 10% of the equity interest in Changsha High-tech Development Area Zhongwang Co., Ltd.[(3)]	Labour Union of Research Institute	Company	Approximately RMB4 million	December 2007
June 18, 2007	Acquisition of 45.2% of the equity interest in Hunan Teli[(4)]	Hunan Puyuan Construction Machinery Co., Ltd.	Company	Approximately RMB48 million	December 2007
June 18, 2007	Acquisition of 6.47% of the equity interest in Hunan Teli[(4)]	Research Institute	Company	Approximately RMB7 million	December 2007
June 18, 2007	Acquisition of 67.43% of the equity interest in Hunan Puyuan Construction Machinery Head Factory Shanghai Branch Factory	Puyuan Group	Company	Approximately RMB13 million (plus profits accrued from the date of the agreement to the date of acquisition)	December 2007

Date of Agreement	Type of Interest	Transferor	Transferee	Amount of Consideration[1]	Date of Acquisition/ Disposal
June 18, 2007	Acquisition of 75.5% of the equity interest in Hunan Changde Wuling Second Factory[5]	Puyuan Group	Company	Approximately RMB20 million (plus profits accrued from the date of the agreement to the date of acquisition)	December 2007
June 18, 2007	Acquisition of 24.5% of the equity interest in Hunan Changde Wuling Second Factory[5]	Guanxi Xiangrui (as defined below)	Company	Approximately RMB6 million	December 2007
June 18, 2007	Acquisition of 40% of the equity interest in Zhongchen Steel Engineering	Research Institute	Company	Approximately RMB10 million	December 2007
June 18, 2007	Acquisition of the entire net assets and business of Special Vehicle Factory of Puyuan Group (the predecessor of Zoomlion Special Vehicle)[6]	Puyuan Group	Company	Approximately RMB56 million	December 2007
June 27, 2007	Disposal of 45.8% of the equity interest in Huan Construction Group Co., Ltd.[2]	Company	Luan Zhongwen (栾仲文)	Approximately RMB35 million	November 2007
August 12, 2007	Disposal of assets and liabilities of Huji Branch of our Company[2]	Company	Hunan Taijia New Material Science and Technology Co., Ltd.	Approximately RMB54 million	August 2007
March 26, 2008	Acquisition of the entire equity interest of Zoomlion Earth Working[7]	(1) Shanghai Tongyue Automobile Sales Co., Ltd. (2) Weichai Power Co., Ltd.	Company	RMB34 million	June 2008

Date of Agreement	Type of Interest	Transferor	Transferee	Amount of Consideration[1]	Date of Acquisition/ Disposal
June 16, 2008	Disposal of 90% of the equity interest in Changsha Zoomlion Haiqiang Concrete Co., Ltd.[2]	Beijing Zoomlion Leasing	Tangshan Jidong Cement Company Limited	Approximately RMB15 million	June 2008
June 24, 2008	Acquisition of 82.73% of the equity interest in Hunan Automobile Axle Factory (the predecessor of Zoomlion Axle)[8]	Hunan Jinshi People's Government	Company	Approximately RMB154 million	June 2008
July 1, 2008	Acquisition of 82% of the equity interests in Zoomlion Material Handling	Changsha Xinfeng Investment Co., Ltd.	Company	Approximately RMB119 million	July 2008
December 23, 2008	Acquisition of 75% of the equity interest in Changde Hydraulic	36 individual shareholders	Company	Approximately RMB30 million	January 2009
December 29, 2008	Disposal of 65% of the equity interest in Zoomlion Beidou (as defined below)[2]	Company	Skyworth Mobile (as defined below)	Approximately RMB20 million	December 2008

Notes:

(1) The considerations of all these acquisitions and disposals were determined with reference to valuation reports prepared by independent valuers.

(2) These disposals carried out by our Group during the Track Record Period in aggregate gave rise to a gain of RMB12 million, a gain of RMB3 million, and a loss of RMB6 million to our Group for the year ended December 31, 2007, 2008 and 2009, respectively.

(3) The acquisition was carried out to streamline our Group's operations and to reduce related party transactions. Changsha High-tech Development Area Zhongwang Co., Ltd. was deregistered in June 2009. Thereafter, its assets, liabilities and operations were taken up by our Company.

(4) On February 6, 2007, our Company injected a total of RMB32.66 million into Hunan Teli to increase its registered capital. After the capital increase, Hunan Teli became a 66.8% owned subsidiary of our Company.

(5) The acquisition was carried out to streamline the Group's operations and to reduce related party transactions. Hunan Changde Wuling Second Factory was deregistered in October 2008. Thereafter, its assets, liabilities and operations were taken up by our Company.

(6) On December 11, 2007, Zoomlion Special Vehicle was established by our Company with the registered capital of RMB68.7 million as a wholly-owned subsidiary of our Company.

(7) In March 2008, our Company injected a total of RMB190 million into Zoomlion Earth Working to increase its registered capital. The injection formed part of the acquisition.

(8) On July 1, 2008, Zoomlion Axle was established by our Company and Dongfeng Motor with the registered capital of RMB213.2 million. Our Company and Dongfeng Motor contributed approximately RMB181 million and RMB32 million respectively. The RMB181 million contributed by our Company comprised of assets contribution (which are the acquired net assets of Hunan Automobile Axle Factory) valued at approximately RMB154 million and cash contribution of approximately RMB27 million. The injection formed part of the acquisition. After the capital contribution, Zoomlion Axle became a 84.9% owned subsidiary of our Company.

As the aggregate turnover contributed by the above acquired businesses and CIFA (please refer to the paragraph headed "Acquisition of CIFA" below) accounted for only 10%, 19%, and 10% to our consolidated turnover in 2008, 2009 and the six months ended June 30, 2010, respectively, our Group's significant revenue growth during the Track Record Period was therefore to a large extent not attributable to these acquisitions conducted during the same period.

Acquisition of CIFA

We established our global presence through the acquisition of CIFA in 2008. CIFA was a concrete machinery manufacturer based in Italy and the acquisition of CIFA enabled us to become a leading concrete machinery manufacturer in the world. On June 20, 2008, Magenta SGR S.p.A., Fadorè S.àr.l., Intesa Sanpaolo S.p.A., Immobiliare BA.STE.DO. S.r.l., Immobiliare Duemila S.r.l., Immobiliare Novanta S.r.l., Pasquale Di Iorio, Simone Rafael Emdin and Maurizio Ferrari (as the sellers), and, Hony Capital Fund III, L.P., Mandarin Capital Partners, GS Hony Holdings I Ltd. and our Company (as buyers), entered into the Sale and Purchase Agreement to transfer 100% of issued and fully paid-in share capital and voting rights of CIFA.

For the purpose of the above acquisition, ZoomlionCifa (Hong Kong) was established as an investment vehicle on July 31, 2008, and a Contribution and Subscription Agreement dated June 20, 2008 was signed between our Company and Hony Capital Fund III, L.P., Mandarin Capital Partners and GS Hony Holdings I Ltd. to govern matters relating to the establishment of ZoomlionCifa (Hong Kong) and the funding contribution made by each of the above parties in ZoomlionCifa (Hong Kong). Pursuant to the Contribution and Subscription Agreement, our Company has contributed EUR162.6 million to the total purchase price of EUR271 million of CIFA, and each of Hony Capital Fund III, L.P., Mandarin Capital Partners and GS Hony Holdings I Ltd. contributed EUR48.9 million, EUR24.5 million, EUR35 million respectively to the remaining balance. The purchase price was determined by the parties after arm's length negotiation and on a fair and reasonable basis with reference to a combination of factors including (i) industry environment in which CIFA operates; (ii) business operations of CIFA; (iii) financial results of CIFA; (iv) industry comparables, and (v) commonly accepted valuation methods of enterprises operating in the construction machinery industry. The acquisition of CIFA was approved by an extraordinary general meeting of our Company held on July 10, 2008 and was completed in September 2008. The CIFA acquisition gave rise to a goodwill of RMB1,816 million to our Group.

Hony Capital Fund III, L.P. is controlled by Hony Capital Fund III, G.P. L.P., which is controlled by Hony Capital Fund III, G.P. Limited. Hony Capital Fund III, G.P. Limited is wholly-owned by Hony Capital Management III Limited. Hony Capital Management III Limited is owned as to 55% by Mr. John Huan Zhao and 45% indirectly by Legend Holdings Limited through Right Lane Limited. Legend Holdings Limited is ultimately controlled and is owned as to 35% by the Employees' Shareholding Society of Legend Holdings Limited, 36% by the Chinese Academy of Sciences (whose interests in Legend Holdings Limited are held through its wholly-owned subsidiary, Chinese Academy of Sciences Holdings Co., Ltd.,) and 29% by China Oceanwide Holdings Group. Upon reasonable enquires of the Company, neither Legend Holdings Limited, Mr. John Huan Zhao nor Hony Capital Fund III, L.P. is a Connected Person of the Company and each of them is an Independent Third Party.

Mandarin Capital Partners is a Chinese-European private equity fund with a fund size of EUR328 million whose investors are all institutional investors. Upon reasonable enquires of the Company, Mandarin Capital Partners is an Independent Third Party. GS Hony Holdings I Ltd is a company incorporated in the Cayman Islands which is an indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc. GS Hony Holdings I Ltd is interested in approximately 12.8% of the equity interest in ZoomlionCifa (Hong Kong) which is a non-wholly owned subsidiary of our Company. Please refer to Note (13) under the paragraph headed "Our Group Structure Chart" below. GS Hony Holdings I Ltd is therefore a substantial shareholder of ZoomlionCifa (Hong Kong) and hence a Connected Person of the Company and it is not an Independent Third Party.

Subsequently in June 2009, five management personnel of CIFA namely Mr. Maurizio Ferrari, Mr. Stefano Marcon, Mr. Eugenio Bertino, Mr. Davide Cipolla and Mr. Delfino Corti entered into an Investment Agreement with our Company, Zoomlion Overseas and ZoomlionCifa (Hong Kong) pursuant to which such five individuals have completed an aggregate capital injection of EUR3.1 million in shares of ZoomlionCifa (Hong Kong). It is expected that such investment by the five management personnel would align their interests in ZoomlionCifa (Hong Kong) with the interests of the entity's existing shareholders, including our Company, and provide them with incentives to actively participate in the day to day management of CIFA. Following such investment, ZoomlionCifa (Hong Kong) was held as to approximately 59.3% by Zoomlion Overseas.

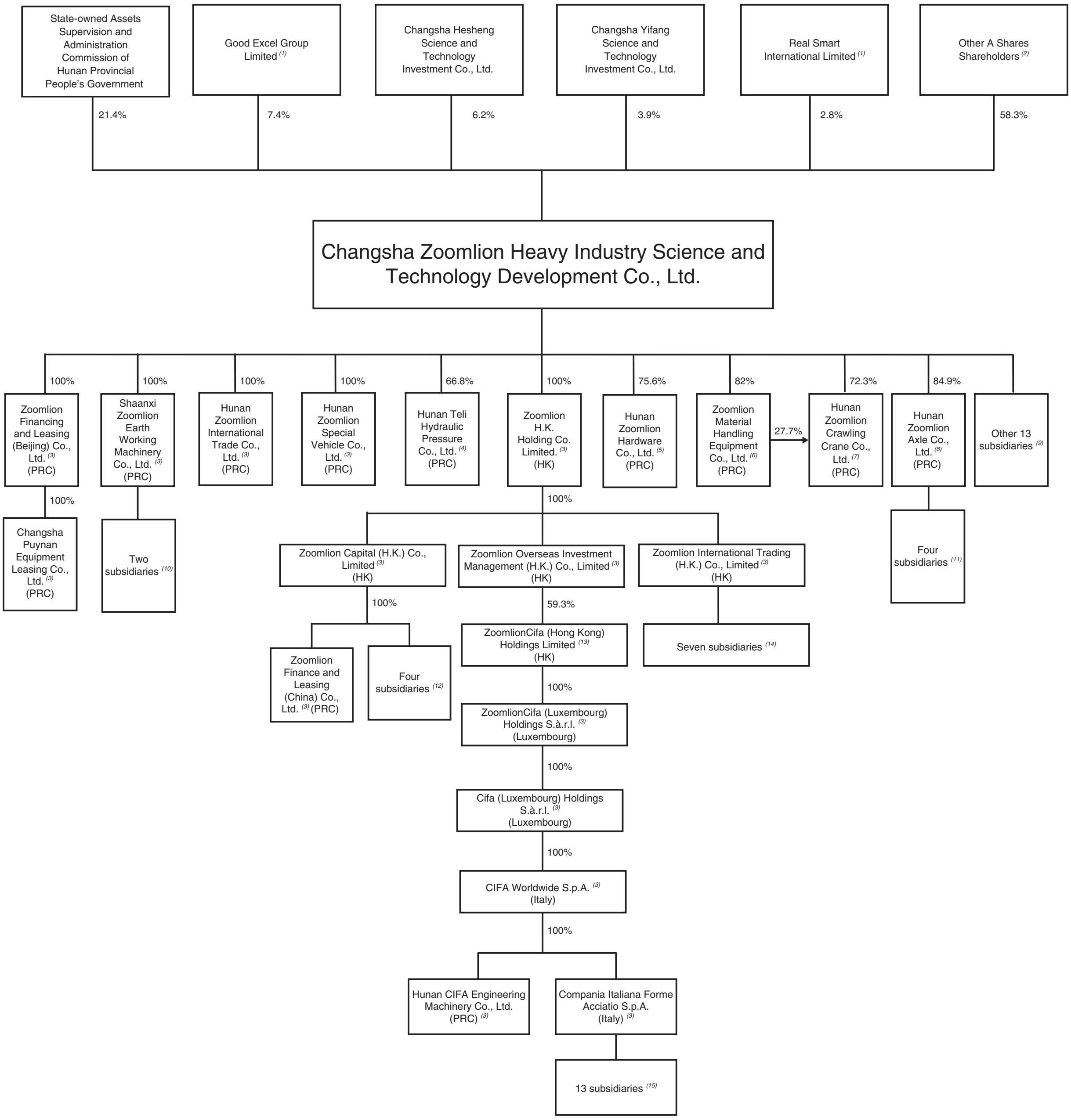
In September 2008, a shareholders' agreement was entered into among the Company, Hony Capital Fund III, L.P., Mandarin Capital Partners and GS Hony Holdings I Ltd. (the "Co-Investors") to govern their rights and obligations as shareholders of ZoomlionCifa (Hong Kong). Such agreement was subsequently amended to include the five management shareholders of CIFA upon completion of their investment in ZoomlionCifa (Hong Kong) in June 2009. The shareholders' agreement contains customary minority shareholders' rights such as nomination rights, reserved matters protection rights, pre-emptive rights, tag-along rights, drag-along rights and anti-dilution rights. Save as disclosed above, there is currently no arrangement in respect of the purchase of shares in ZoomlionCifa (Hong Kong) held by the Co-Investors.

The Shareholding Structure of our Company

Please refer to the section headed "Substantial Shareholders" in this prospectus for the shareholding structure of our Company as at the Latest Practicable Date.

Our Group Structure Chart

As at the Latest Practicable Date, we had 28 subsidiaries established in the PRC and 36 overseas subsidiaries. The following chart sets out our shareholding structure and our principal subsidiaries as at the Latest Practicable Date:



Notes:

(1) Good Excel and Real Smart each is a 67.71% owned subsidiary of Rise Honour Investments Limited, a company incorporated in the British Virgins Islands with limited liability, Rise Honour Investments Limited in turn is controlled by Hony Capital II L.P. Hony Capital II L.P. is a Cayman Islands exempted limited partnership and is controlled by its general partner Hony Capital II G.P. Ltd.. Hony Capital II G.P. Ltd. is ultimately owned by Legend Holdings Limited. Legend Holdings Limited is an investment holding company established in the PRC and with its subsidiaries primarily engaged in information technology, equity investment and real estate investment.

(2) Amongst the "other A Shares Shareholders", Hunan Development Group, holds 40,272,025 A Shares of our Company, representing approximately 0.8% interest in the issued share capital of the Company.

(3) The details of 15 subsidiaries directly or indirectly owned by our Company are as follows:

Subsidiary	Registered / Share Capital	Shareholdings	Principal Business	Place of Incorporation
Beijing Zoomlion Leasing	RMB1,502.0 million	Our Company holds 100% of its equity interest	Leasing of construction equipment and machinery	PRC
Zoomlion Earth Working	RMB473.94 million	Our Company holds 100% of its equity interest	Manufacture of earth working machinery	PRC
Zoomlion International Trade	RMB4.5 million	Our Company holds 100% of its equity interest	Trading of equipment and machinery	PRC
Zoomlion Special Vehicle	RMB68.7 million	Our Company holds 100% of its equity interest	Manufacture of specialized vehicle	PRC
Changsha Puyuan Equipment Leasing Co., Ltd.	RMB5 million	Beijing Zoomlion Leasing holds 100% of its equity interest	Leasing and repairing of construction equipment and machinery	PRC
Zoomlion Finance and Leasing (China)	USD80.0 million	Zoomlion Capital (H.K.) holds 100% of its equity interest	Leasing of equipment and machinery	PRC
Hunan CIFA	USD2.2 million	CIFA Worldwide S.p.A. holds 100% of its equity interest	Research, production, sales of concrete machinery and provision of after-sale service	PRC
Zoomlion H.K. Holding Co., Limited	HKD603,225,000.03	Our Company holds 100% of its equity interest	Investment holding	Hong Kong
Zoomlion Capital (H.K.)	HKD39,000,000.01	Zoomlion H.K. Holding Co., Limited holds 100% of its equity interest	Investment holding	Hong Kong
Zoomlion Overseas	HKD448,500,000.01	Zoomlion H.K. Holding Co., Limited holds 100% of its equity interest	Investment holding	Hong Kong
Zoomlion Trading (H.K.)	HKD31,200,000.01	Zoomlion H.K. Holding Co., Limited holds 100% of its equity interest	Investment holding	Hong Kong
ZoomlionCifa (Luxembourg) Holdings S.à.r.l.	EUR12,500	ZoomlionCifa (Hong Kong) holds 100% of its equity interest	Investment holding	Luxembourg
Cifa (Luxembourg) Holdings S.à.r.l.	EUR12,500	ZoomlionCifa (Luxembourg) Holdings S.à.r.l. holds 100% of its equity interest	Investment holding	Luxembourg
CIFA Worldwide S.p.A.	EUR15.1 million	Cifa (Luxembourg) Holdings S.à.r.l. holds 100% of its equity interest	Investment holding	Italy
CIFA	EUR15 million	CIFA Worldwide S.p.A. holds 100% of its equity interest	Manufacture of concrete machinery	Italy

(4) Hunan Province Changde City Guanxi Xiangrui Investment Co., Ltd. (湖南省常德市灌溪祥瑞投資有限公司) ("Guanxi Xiangrui") (a state-owned enterprise which is an Independent Third Party and ultimately owned by the Guanxi Town Government) holds approximately 5.4% of the equity interest of Hunan Teli, and other three individuals, namely Liao Julin (廖巨林), Lu Xiaolan (蘆曉嵐) and Yang Xueqing (楊學清), all of whom are Independent Third Parties, hold approximately 11.7%, 8.4% and 7.7% of the equity interest of Hunan Teli, respectively. Hunan Teli has a registered capital of RMB104.66 million, and is principally engaged in research, design, manufacture, sales and heat treating of hydraulic components.

(5) Guanxi Xiangrui holds 24.4% of the equity interest of Zoomlion Hardware. Zoomlion Hardware has a registered capital of RMB100 million, and is principally engaged in design, manufacturing and sales of sheet and structural parts of cab and operator cabin.

(6) Changsha Fengde Investment Management Consultant Firm (長沙豐德投資管理諮詢合夥企業) (a partnership firm owned by several individuals, all of whom are Independent Third Parties) and Liang Yuhou (梁裕厚), both of which are Independent Third Parties, hold 15% and 3% of the equity interest of Zoomlion Material Handling, respectively. Zoomlion Material Handling has a registered capital of RMB100 million. Zoomlion Material Handling is principally engaged in research and development, design, manufacturing, sales and contracting of bulk material handling equipment, port automation equipment, and crane machinery and equipment.

(7) According to the joint venture contract, our Company and Zoomlion Material Handling hold approximately 72.3% and 27.7% of the equity interest of Zoomlion Crawling Crane, respectively. As Zoomlion Material Handling has not injected any capital into Zoomlion Crawling Crane, our Company is entitled to 100% of the equity interest of Zoomlion Crawling Crane under the PRC Company Law. Zoomlion Crawling Crane has a registered capital of RMB360 million out of which RMB72 million is paid up by our Company, and is principally engaged in research, development, sales and leasing services of crawling cranes and components.

(8) Dongfeng Motor (a state-owned enterprise ultimately owned by the SASAC) holds 15.1% of the equity interest of Zoomlion Axle. Zoomlion Axle has a registered capital of RMB213,188,108, and is principally engaged in manufacture and sales of automotives and automotive components.

(9) The details of the other 13 subsidiaries directly owned by our Company are as follows:

Subsidiary	Registered / Share Capital	Shareholdings	Principal Business	Place of Incorporation
Changsha Puyuan Waste Co., Ltd. (長沙浦沅廢舊物資有限公司)	RMB500,000	Our Company holds 100% of its equity interest.	Waste acquisition (except scrap automobile and hazardous waste); and processing and sales of general machinery parts	PRC
Changsha Puyuan Import and Export Co., Ltd. (長沙浦沅進出口有限公司)	RMB5 million	As of the Latest Practicable Date, this subsidiary is in liquidation and deregistration process; our Company holds 100% of its equity interest.	Sales of electromechanical products, complete set of equipment, mechanical equipment, instrument and meters, spare parts, components, building materials, hardware, and automotive parts	PRC
Guangdong Zoomlion South Construction Machinery Co., Ltd. (廣東中聯南方建設機械有限公司)	RMB10 million	Our Company holds 100% of its equity interest.	Sales, repairing and installation of construction machineries and parts.	PRC
Changde Hydraulic	RMB14.6 million	Our Company holds 75% of its equity interest; two individuals, namely Zhang Xinquan (張新權) and Zeng Qingbi (曾慶碧), both of whom are Independent Third Parties, hold 10% and 3% of its equity interest respectively; each of six individuals, Yang Hong (楊紅), Ma Zhongyong (馬忠勇), Mi Juan (米娟), Jin Yuling (靳玉玲), Tian Qiuying (田秋英), Liu Xian'ai (劉先愛), all of whom are Independent Third Parties, each holds 2% of the equity interest, respectively.	Manufacture, repair, machining of hydraulic components for engineering works, as well as the procurement and sales of electromechanical products	PRC
Shanghai Haoda	RMB72 million	This subsidiary is in liquidation and deregistration process; currently, our Company holds approximately 90.3% of its equity interest; Shanghai Jianhong Economy Development Co., Ltd (上海建宏經濟發展有限公司) (a state-owned enterprise ultimately owned by Shanghai Fengxian District Government), an Independent Third Party, holds approximately 9.7% of its equity interest.	Manufacture, sales and leasing of construction machineries and equipment	PRC

Subsidiary	Registered / Share Capital	Shareholdings	Principal Business	Place of Incorporation
Zhongchen Steel Engineering	RMB10 million	Our Company holds 62% of its equity interest; two individuals, namely Li Honghu (李洪虎) and Liu Xiaoping (劉小平), both of whom are Independent Third Parties, hold 29% and 9% of its equity interest respectively.	Research, development, manufacturing, sales, installation and repairing of structural steel products, and crane machineries and parts	PRC
Puyuan Construction Machinery Head Factory Shanghai Branch Factory (浦沅工程機械總廠上海分廠)	RMB8.84 million	Our Company holds approximately 67.4% of its equity interest, Shanghai Rongcheng Assets Operation Co., Ltd. (上海茸城資產經營有限公司) (a state-owned enterprise ultimately owned by Shanghai Songjiang Town Government), an Independent Third Party, holds approximately 32.6% of its equity interest.	Production of various models of truck cranes, construction machineries and spare parts	PRC
Changsha Zoomlion Used Equipment Sales Co., Ltd. (長沙中聯重科二手設備銷售有限公司)	RMB10 million	Our Company holds 100% of its equity interest.	Recycling and sales of recycled construction machineries and parts.	PRC
Changsha Zoomlion Engineering Machinery Remanufacturing Co., Ltd. (長沙中聯工程機械再製造有限公司)	RMB10 million	Our Company holds 100% of its equity interest.	Recycling, repairing, renovation and sales of recycled construction machinery spare parts and components	PRC
Shanghai Zoomlion Pile Foundation Machinery Co., Ltd. (上海中聯重科樁工機械有限公司)	RMB50 million	Our Company holds 100% of its equity interest.	Development, production, sales of construction machinery and equipment (except for special equipment), general machinery and equipment (except for special equipment), leasing of self-owned mechanical equipment (except financial leasing)	PRC
Zoomlion Ru Co., Ltd.* (Общество с ограниченной ответственностью 《Зумлион Ру》)	RUR2.5 million	Our Company holds 100% of its equity interest.	Provision of after-sales services, supply of spare parts and components, data collection, leasing and assembling and processing	Russia
Zoomlion Powermole Limited	GBP600,000	Our Company holds 100% of its equity interest.	Manufacturing and sales of trenchless technology equipment such as directional drilling rigs	United Kingdom
Zoomlion Gulf FZE	AED1 million	Our Company holds 100% of the equity interest.	Assembly and processing, sales, after-sales services, components supply, leasing, and market development	Dubai

* For identification purpose only.

(10) The details of two subsidiaries directly owned by Zoomlion Earth Working are as follows:

Subsidiary	Registered Capital	Shareholdings	Principal Business	Place of Incorporation
Xi'an Yellow River Jinhong Excavator Co., Ltd. (西安黃河錦宏挖掘機有限公司)	USD10 million (USD4.6 million paid-up)	As of the Latest Practicable Date, this subsidiary is in liquidation and deregistration process; Zoomlion Earth Working holds 100% of its equity interest.	Manufacture of a range of excavator products; sales of self-manufactured products, and provision of repairing services	PRC
Shaanxi Huanggong Great Import & Export Co., Ltd. (陝西黃工格力特進出口有限公司)	RMB3 million	Zoomlion Earth Working holds 100% of its equity interest.	Import and export of various products and technologies and provision of related agency service	PRC

(11) The details of the four subsidiaries directly owned by Zoomlion Axle are as follows:

Subsidiary	Registered Capital	Shareholdings	Principal Business	Place of Incorporation
Hunan Zoomlion Axle Casting Co., Ltd. (湖南中聯車橋鑄造有限公司)	RMB5 million	Zoomlion Axle holds 100% of its equity interest	Manufacture and sales of components and cast products for automotives and machineries	PRC
Xiangfan Bangle Axle Co., Ltd. (襄樊邦樂車橋有限公司)	RMB30 million	Zoomlion Axle holds 51% of its equity interest, Shanghai Jiahua Investment Co., Ltd. (上海嘉華投資有限公司) (a limited liability company ultimately owned by Dongfeng Moter), an Independent Third Party, holds 49% of its equity interest.	Design, manufacture, processing and sales of automotive axles and automotive components	PRC
Zoomlion Ziyang	RMB23 million	Zoomlion Axle holds 51% of its equity interest, Nanjun Automobile, an Independent Third Party, holds 49% of its equity interest.	Design, manufacture, processing, repairing and sales of automotive axles, automotive vehicles and chassis and their components	PRC
Suzhou Bangle Automobile Axle Co., Ltd. (蘇州邦樂汽車車橋有限公司)	RMB30 million	Zoomlion Axle holds 51% of its equity interest, Chengdu Anda Special Vehicle Co., Ltd. (成都安達特種車輛有限責任公司) (a limited liability company owned by several individuals, and all of whom are Independent Third Parties), Shenzhen City Liyan Industrial Co., Ltd. (深圳市利延實業有限公司) (a limited liability company owned by three individuals, all of whom are Independent Third Parties) and Qiang Li (強力), all of which are Independent Third Parties, hold 39.5%, 5% and 4.5% of its equity interest, respectively.	Development, manufacture and sales of chassis for passenger vehicles, automotive axles, parts and components for automotives	PRC

(12) The details of the other four subsidiaries directly owned by Zoomlion Capital (H.K.) are as follows:

Subsidiary	Share Capital	Shareholdings	Principal Business	Place of Incorporation
Zoomlion Capital (Australia) Pty Ltd (formerly known as Zoomlion Finance & Leasing (Australia) Pty Ltd)	AUD1,000	Zoomlion Capital (H.K.) holds 100% of its equity interest.	Equipment finance and hire purchase	Australia
Zoomlion Finance & Leasing (RU) LLC* (Общество с ограниченной ответственностью《Зумлион Финанс и Лизинг Ру》)	RUR2.5 million	Zoomlion Capital (H.K.) holds 99% of its equity interest and Wan Jun (萬鈞), a member of the existing senior management team of the Group, holds 1% of its equity interest.	Equipment finance: finance lease	Russia
Zoomlion Capital (Italy) S.p.A. (formerly known as Zoomlion Finance & Leasing (Italy) S.p.A.)	EUR1 million	Zoomlion Capital (H.K.) holds 100% of its equity interest.	Financial services and finance lease	Italy
Zoomlion Capital (U.S.A.) Corp. (formerly known as Zoomlion Finance & Leasing (U.S.A.) Corp.)	USD1 million	Zoomlion Capital (H.K.) holds 100% of the equity interest.	Equipment finance leasing	U.S.

(13) Sunny Castle International Limited, a 60.74% owned subsidiary of Hony Capital Fund 2008, L.P., holds approximately 17.8% of the equity interest of ZoomlionCifa (Hong Kong), GS Hony Holdings I Ltd. holds approximately 12.8% of the equity interest of ZoomlionCifa (Hong Kong), Ace Concept Holdings Limited, a subsidiary of Mandarin Capital Partners, holds approximately 8.9% of the equity interest of ZoomlionCifa (Hong Kong), Mr. Maurizio Ferrari, Mr. Stefano Marcon, Mr. Eugenio Bertino, Mr. Davide Cipolla and Mr. Delfino Corti hold approximately 0.6%, 0.3%, 0.1%, 0.1% and 0.1% of the equity interest of ZoomlionCifa (Hong Kong), respectively. The issued share capital of ZoomlionCifa (Hong Kong) is EUR27,410.00.

(14) The details of seven subsidiaries directly owned by Zoomlion Trading (H.K.) are as follows:

Subsidiary	Share Capital	Shareholdings	Principal Business	Place of Incorporation
Zoomlion Australia-New Zealand Pty Ltd	AUD100	Zoomlion Trading (H.K.) holds 100% of its equity interest.	Import and export of machinery and equipment, leasing, trading in its widest sense	Australia
Zoomlion South Africa (Proprietary) Limited	R1,000	Zoomlion Trading (H.K.) holds 100% of its equity interest.	Trading in its widest sense	Republic of South Africa
Zoomlion Europe BVBA	EUR73,000	Zoomlion Trading (H.K.) holds 99% of its equity interest and Chen Peiliang (陳培亮), a member of the existing senior management team of the Group, holds 1% of its equity interest.	Sales and distribution of machinery, electronic equipment, hardware and chemical	Kingdom of Belgium
Zoomlion Vietnam Company Limited	USD500,000	Zoomlion Trading (H.K.) holds 100% of its equity interest.	Import of construction machinery	Vietnam
Zoomlion West Africa Limited	N50 million	Zoomlion Trading (H.K.) holds 99% of its equity interest and Chen Peiliang (陳培亮), a member of the existing senior management team of the Group, holds 1% of its equity interest.	Import and export of construction machinery and equipments, sanitation machinery, fire fighting equipments, machinery spare parts	Federal Republic of Nigeria
Zoomlion Trade (India) Private Limited	Rs.6,000,000	Zoomlion Trading (H.K.) holds approximately 99.9% of its equity interest and Chen Peiliang (陳培亮), a member of the existing senior management team of the Group, holds approximately 0.1% of its equity interest.	Import and export, leasing, trading in its widest sense	India

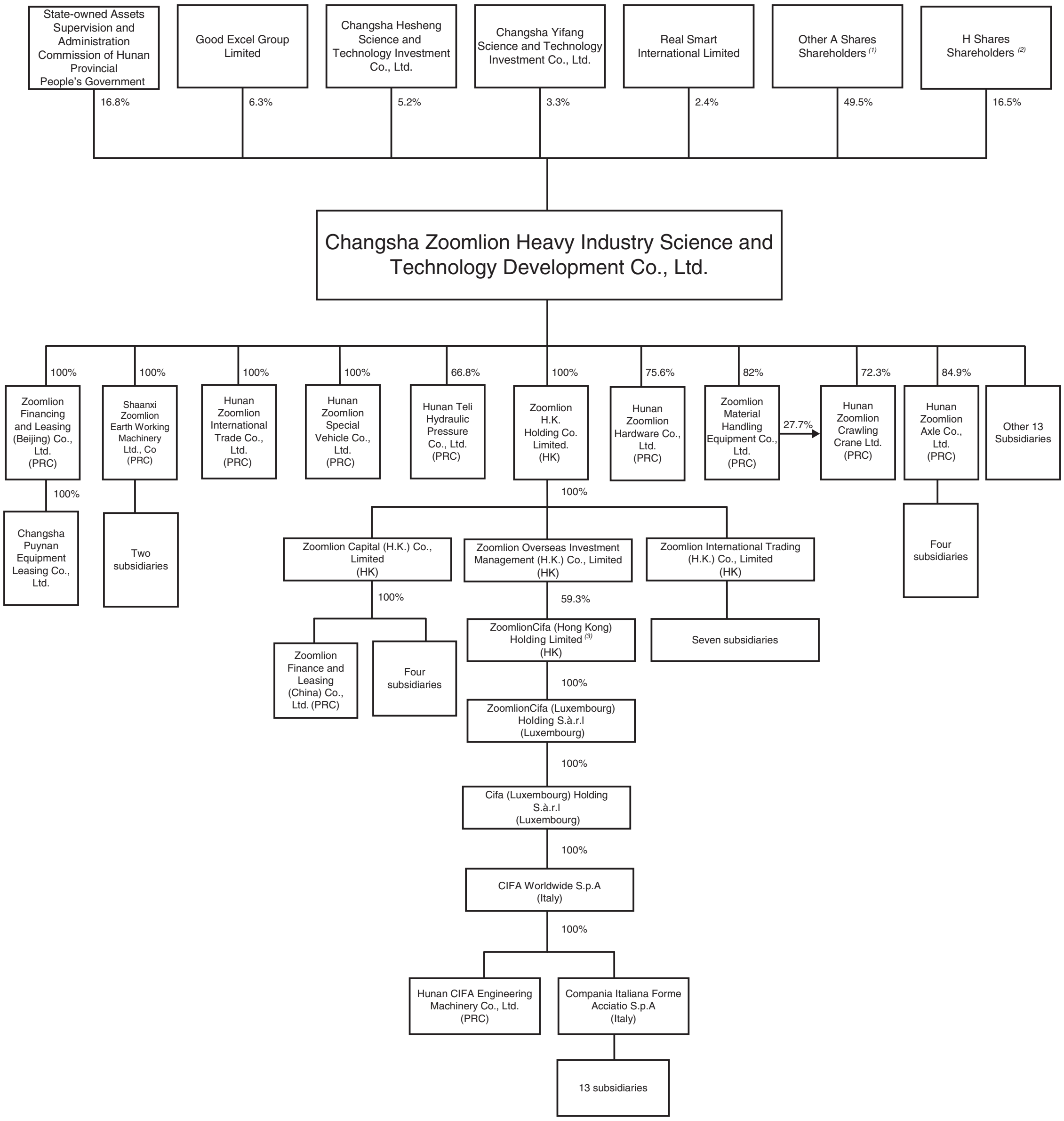
* For identification purpose only.

Subsidiary	Share Capital	Shareholdings	Principal Business	Place of Incorporation
Zoomlion Do Brasil Representacao E Consultoria LTDA. (formerly known as Zoomlion Do Brasil - Importacao E Exportacao De Equipamentos Para Construcao Civil LTDA.)	BRL700,000	Zoomlion Trading (H.K.) holds 99% of its equity interest and Chen Peiliang (陳培亮), a member of the existing senior management team of the Group, holds 1% of its equity interest.	Wholesale trade in articles of apparel and accessories, electronic components and telephone equipment, construction materials in general, machines and other equipment	Federative Republic of Brazil

(15) The details of the 13 subsidiaries directly owned by CIFA are as follows:

Subsidiary	Share Capital	Shareholdings	Principal Business	Place of Incorporation
CIFA Mixers S.r.l.	EUR530,400	CIFA holds 100% of its equity interest.	Manufacture of mixers	Italy
CIFA Pumps S.r.l.	EUR10,400	CIFA holds 100% of its equity interest.	Manufacture of pumps	Italy
Carpenteria S.Antonio S.p.A.	EUR900,000	CIFA holds 100% of its equity interest.	Manufacture of pump assembles	Italy
EFFE 2 Service S.r.l.	EUR10,400	CIFA holds 60% of its equity interest, Mario Facca and Marisa Onor, both of whom are Independent Third Parties, hold 35% and 5% of its equity interest respectively.	Provision of after-sales services	Italy
CIFA Tunnelling S.r.l.	EUR51,480	CIFA holds 100% of its equity interest.	Manufacture of tunnelling	Italy
CIFA Plants S.r.l.	EUR10,400	CIFA holds 100% of its equity interest.	Manufacture of plants	Italy
Valme S.r.l.	EUR25,822	CIFA holds 100% of its equity interest.	Manufacture of pipeline and services	Italy
Recoil S.r.l.	EUR25,000	CIFA holds 100% of its equity interest.	Provision of after-sales services	Italy
Biesse Beton Service S.r.l.	EUR93,600	CIFA holds 70% of its equity interest, Emilio Grazioli, an Independent Third Party, holds 30% of its equity interest.	Provision of after-sales services	Italy
CIFA Centro S.r.l.	EUR104,000	CIFA holds 50% of its equity interest, Italo Pazzo, EDIL MACCHINE S.p.A. Giuseppe Sabbioni, all of whom are Independent Third Parties, hold 25%, 20% and 5% of its equity interest respectively.	Provision of after-sales services	Italy
CIFA USA Inc.	USD1,000,000	CIFA holds 100% of its equity interest.	Sales of spare parts of construction machinery equipment and provision of after-sales services	United States
CIFA L.A. S. de R. L. de C. V.	110,000 Mexican Pesos	CIFA holds 99% of its equity interest, Ignacio Gamborino Alvarenga, an Independent Third Party, holds 1% of its equity interest.	Sales of spare parts of construction machinery equipment and provision of after-sales services	Mexico
Comercio Intenacional Fornecimento Aparelhagens Ltda	20,700 Brazilian Real	CIFA holds 100% of its equity interest.	Sales of spare parts of construction machinery equipment and provision of after-sales services	Brazil

The following chart sets out our shareholding structure and our principal subsidiaries immediately after completion of the Global Offering on the assumption that (i) the Over-allotment Option has not been exercised, (ii) there is no change in shareholding held by each of the existing Shareholders in our Company subsequent to the Latest Practicable Date other than the conversion and transfer of state-owned A Shares to the NSSF; and (iii) the transfer and conversion of A Shares to NSSF is completed immediately after completion of the Global Offering (please see the section entitled "Share Capital—Transfer of the State-owned Shares to the NSSF" in this prospectus for more details).



Notes:

(1) After the conversion and transfer of A Shares to NSSF, Hunan Development Group holds 37,046,153 A Shares of our Company, representing approximately 0.64% interest in the issued share capital of the Company.

(2) Includes an approximate 1.5% interest held by NSSF.

(3) Sunny Castle International Limited, a 60.74% owned subsidiary of Hony Capital Fund 2008, L.P., holds approximately 17.8% of the equity interest of ZoomlionCifa (Hong Kong), GS Hony Holdings I Ltd. holds approximately 12.8% of the equity interest of ZoomlionCifa (Hong Kong), Ace Concept Holdings Limited, a subsidiary of Mandarin Capital Partners, holds approximately 8.9% of the equity interest of ZoomlionCifa (Hong Kong), Mr. Maurizio Ferrari, Mr. Stefano Marcon, Mr. Eugenio Bertino, Mr. Davide Cipolla and Mr. Delfino Corti hold approximately 0.6%, 0.3%, 0.1%, 0.1% and 0.1% of the equity interest of ZoomlionCifa (Hong Kong), respectively.

OVERVIEW

We are a leading China-based construction machinery manufacturer providing diversified products, including concrete machinery, crane machinery and environmental and sanitation machinery, with a presence in Asia, Europe and other regions. Since our listing on SZSE on October 12, 2000, we have experienced significant growth benefiting from China's ongoing urbanization. During the Track Record Period, our consolidated turnover increased from RMB8,973 million in 2007 to RMB20,762 million in 2009, representing a CAGR of approximately 52.1%. Our profit for the year increased from RMB1,437 million in 2007 to RMB2,419 million in 2009, representing a CAGR of approximately 29.7%. For the six months ended June 30, 2010, our consolidated turnover and profit for the period amounted to RMB16,089 million and RMB2,163 million, respectively.

Our Product Offerings and Market Position

We have one of the most diversified and comprehensive product offerings in China's construction machinery industry. We currently offer more than 640 models of machinery and equipment covering 83 different product types across 13 product lines, which include concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery, earth working machinery and material handling machinery and systems. Our diversified and comprehensive product offerings position us well to take advantage of the future development of the domestic and overseas construction machinery markets. Moreover, we enjoy a leading market position across all of our core product lines in China, including concrete machinery, crane machinery and environmental and sanitation machinery. According to CCMA, we were the:

- Second largest construction machinery manufacturer in China in terms of annual turnover in 2009; and
- The tenth largest construction machinery manufacturer in the world in terms of annual turnover in 2009.

Furthermore, according to CCMA, among all China-based construction machinery manufacturers, we ranked:

- First in medium- to large-capacity tower cranes in terms of turnover in 2009;
- Second in truck-mounted and trailer-mounted concrete pumps (excluding our CIFA line of products) and truck cranes in terms of unit sales volume in 2009; and
- Fourth in crawler cranes in terms of unit sales volume in 2009.

In addition, according to Liaoning Yitong, we have been the largest environmental and sanitation machinery manufacturer in China since 2007 in terms of annual unit sales volume. Turnover generated from sales of environmental and sanitation machinery accounted for 6.3%, 6.4%, 5.9% and 4.4% of our consolidated turnover in 2007, 2008, 2009 and the six months ended June 30, 2010, respectively.

Our acquisition of CIFA in 2008 also helped to position us become a global leading concrete machinery manufacturer by strategically combining our leading market position in the large and fast-growing construction machinery market in China with CIFA's overseas operational and technological capabilities and extensive distribution and service network in Europe.

The table below sets forth the breakdown of our consolidated turnover by our major product lines, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB[(1)]	%
	(in millions, except for percentages)									
Concrete machinery	3,509	39.1	4,682	34.6	7,157	34.5	7,037	43.7	10,744	45.0
Crane machinery	4,206	46.9	6,237	46.0	8,298	40.0	5,910	36.7	8,203	34.3
Environmental and sanitation machinery	564	6.3	871	6.4	1,230	5.9	710	4.4	1,251	5.2
Road construction and pile foundation machinery	487	5.4	610	4.5	787	3.8	539	3.4	880	3.7
Earth working machinery	—	—	116	0.9	445	2.1	450	2.8	652	2.7
Material handling machinery and systems	—	—	261	1.9	873	4.2	281	1.7	359	1.5
Other machinery products	193	2.1	635	4.7	1,575	7.6	808	5.1	1,159	4.9
Finance income under finance lease	14	0.2	136	1.0	397	1.9	354	2.2	653	2.7
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**16,089**	**100.0**	**23,901**	**100.0**

Note:

(1) The financial data for the nine months ended September 30, 2010 is based on unaudited IFRS interim financial statements reviewed by the reporting accountants, as set out in Appendix II to this prospectus.

The table below sets forth the respective market size as measured by sales volume in 2009 (except with respect to medium to large capacity tower cranes), our ranking, our market share and the respective revenue contribution for each of our core product lines in China, including concrete machinery, crane machinery, and environmental and sanitation machinery.

	Ranking	Market Share	Market Size (units)	Turnover (RMB in millions)	Revenue Contribution
Concrete Machinery					
—truck-mounted concrete pump	2	37.7%	4,893	3,509	16.9%
—trailer-mounted concrete pump[(1)]	2	25.6%	5,252	190	0.9%
—truck-mounted concrete mixer	4	14.3%	22,152	998	4.8%
—concrete mixing plant	4	8.7%	4,561	762	3.7%
Crane Machinery					
—truck crane	2	23.1%	27,263	5,925	28.5%
—crawler crane	4	16.4%	1,043	773	3.7%
—tower crane (medium to large capacity)[(2)]	1	9.8%	12,800	1,046	5.0%
Environmental and Sanitation Machinery	1	12.7%	13,873	1,230	5.9%

Source: CCMA, Liaoning Yitong

(1) Including truck-mounted line concrete pumps. In 2009, the sales volume of our trailer-mounted concrete pumps and our truck-mounted line concrete pumps were 952 units and 393 units, respectively.

(2) Tower cranes with lifting capacity above QTZ40, calculated based on sales turnover, in millions.

Our Manufacturing Capabilities

We currently own and operate eight industrial parks located in Hunan Province, Shaanxi Province and Shanghai Municipality, China and one located in Senago, Italy. These industrial parks include Guanxi Industrial Park, Lugu Industrial Park, Huayin Industrial Park, Quantang Industrial Park, Maqiaohe Industrial Park, Yuanjiang Industrial Park, Zoomlion Industrial Park, Songjiang Industrial Park and CIFA Industrial Park. In addition, we have an industrial park under construction in Weinan, Shaanxi Province, with a gross floor area of approximately 1,120,000 square meters to manufacture and assemble excavators with a planned annual production capacity of 20,000 units. We expect phase one of our industrial park at Weinan to be completed and commence production by the end of 2010, and phase two to be completed and commence production by the end of 2012. We have another industrial park under construction in Hanshou, Hunan Province, with a gross floor area of approximately 260,960 square meters to manufacture and assemble concrete mixing plants and special vehicles with a planned annual production capacity of 11,800 special vehicles and 1,500 concrete mixing plants. We expect our industrial park at Hanshou to be completed by mid-2011 and commence production of concrete mixing plants and special vehicles by the end of 2011. We have already obtained all necessary land use right certificates for these two industrial parks. These specialized industrial parks allow us to manufacture and assemble different products in order to increase efficiency and enhance product quality.

Our large-scale operations enable us to achieve cost-effective manufacturing and maintain a reliable and high-quality supply chain. Our stringent quality control system ensures the high quality of our products, which is evidenced by various domestic and international certifications for our product quality, including the China Compulsory Certifications for product quality and safety from the China Quality Certification Center and the CE Certification for product quality from TüV Rheinland and TüV SüD, independent certification institutions based in Germany.

Our Brands and Distribution Network

We market our products globally under our "Zoomlion" and "CIFA" brand names, each of which has strong customer recognition and loyalty because of the track-record of high quality and performance of the products sold under those two brands. Two of our trademarks were recognized as "Well-Known Trademarks" nationwide. Our trademark "中联", the Chinese characters for Zoomlion, was recognized as a "Well-Known Trademark" (馳名商標) nationwide by the Trademark Office of the State Administration for Industry and Commerce of the PRC, and our trademark "Zoomlion" was recognized as a "Well-Known Trademark" nationwide in a judgment by the Intermediate People's Court of Zhuzhou, Hunan Province on January 13, 2009, relating to a lawsuit which we initiated to protect our trademark from infringement by a third party. This court decision is final as the defendant did not appeal to a higher court. Under the PRC laws, courts have the authority to recognize a "Well-Known Trademark" in an infringement claim on a case-by-case basis. Similarly, our "CIFA" brand has enjoyed strong brand recognition in Europe and globally through over 80 years of operational history and is associated with the introduction of the first truck-mounted concrete mixer pumps in the world.

Both our Zoomlion line and CIFA line of products are sold through an extensive distribution network in China which, as of September 30, 2010, consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third parties, which are located in more than 300 cities covering all provinces and autonomous regions in China. Our third-party dealers in China operated a total of 39, 115, 279 and 408 outlets as of December 31, 2007, 2008 and 2009 and June 30, 2010, respectively. We also sell our products to over 70 different countries through an established and extensive overseas distribution and service network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers.

Our Overseas Operations

We are one of the few construction machinery manufacturers headquartered in China that have established a presence in overseas markets, as evidenced by our strong overseas distribution and service network as described in the paragraph above. In addition, prior to the global financial crisis, which negatively impacted the demand of our products in the overseas markets in 2009, we were able to generate more than 20% of our total turnover from sales to end-users in overseas countries and regions in 2008. In 2007, 2008 and 2009 and the six months ended June 30, 2010, sales to end-users in overseas markets, which include direct sales made outside of the PRC as well as sales to overseas end-users through our third-party dealers in the PRC, amounted to RMB757 million, RMB2,768 million, RMB2,615 million and RMB923 million, respectively, and accounted for 8.4%, 20.4%, 12.6% and 5.7% of our consolidated turnover for the respective periods. In the same periods, direct sales made outside the PRC alone amounted to nil, RMB531 million, RMB1,769 million and RMB784 million, respectively, which accounted for nil, 3.9%, 8.5% and 4.9% of our consolidated turnover for the respective periods.

Our Research and Development Capabilities

We have established a global research and development platform with facilities in China and Italy. We are a leading participant in the establishment of national and industry standards for construction machinery in China. We have contributed to the establishment of over 180 national and industry standards that are currently in effect, including the first industry standard for truck-mounted concrete pumps in China and the industry standard for chassis specially designed for truck cranes. In addition, our technology center has been jointly accredited as a national technology enterprise center by the NDRC, the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation since 2005. We also own and operate the National Key Laboratory on Key Technologies for Construction Machinery, the only national key laboratory in China's construction machinery industry, as well as the National Engineering Technology Research and Development Center for Concrete Machinery, the only national concrete machinery engineering technology research and development center in the construction machinery industry. As of October 31, 2010, we had been granted 327 patents in China and have applied for over 20 new patents every year since 2002. In 2007, 2008, 2009 and the six months ended June 30, 2010, we recorded research and development expenses of RMB83 million, RMB120 million, RMB194 million and RMB116 million, respectively.

Our Acquisition of CIFA

On June 20, 2008, Magenta SGR S.p.A., Fadorè S.àr.l., Intesa Sanpaolo S.p.A., Immobiliare BA.STE.DO. S.r.l., Immobiliare Duemila S.r.l., Immobiliare Novanta S.r.l., Pasquale Di Iorio, Simone Rafael Emdin and Maurizio Ferrari, as the sellers, and Hony Capital Fund III, L.P., Mandarin Capital Partners, and GS Hony Holdings I Ltd. and our Company, as the buyers, entered into the Sale and Purchase Agreement relating to 100% of the issued and fully paid-in share capital and voting rights of CIFA, a concrete machinery manufacturer based in Italy, for a total purchase price of EUR271 million, of which our Company has contributed EUR162.6 million. We currently hold 59.3% of equity interest in CIFA. The purchase price was determined by the parties after arm's length negotiation and on a fair and reasonable basis with reference to a combination of factors including (i) the industry environment in which CIFA operates; (ii) the business operations of CIFA; (iii) the financial results of CIFA; (iv) industry comparables, and (v) commonly accepted valuation methods of enterprises operating in the construction machinery industry, which resulted in a goodwill of RMB1,816 million to our Group. The goodwill is the difference between the purchase price and the fair value of identifiable assets acquired and liabilities assumed, based on a valuation performed by an independent appraiser, and relates to the assembled workforce of CIFA and the synergies expected to be achieved from integrating CIFA's concrete machinery business with our existing business. In September 2008, a shareholders' agreement was entered into among the Company, Hony Capital Fund III, L.P., Mandarin Capital Partners and GS Hony Holdings I Ltd. (the "Co-Investors") to govern their rights and obligations as shareholders of ZoomlionCifa (Hong Kong). Such agreement was subsequently amended to include the five management shareholders of CIFA upon completion of their investment in ZoomlionCifa (Hong Kong) in June 2009. The shareholders' agreement contains customary minority shareholders' rights such as nomination rights, reserved matters protection rights, pre-emptive rights, tag-along rights, drag-along rights and anti-dilution rights. Save as disclosed above, there is currently no arrangement in respect of the purchase of shares in ZoomlionCifa (Hong Kong) held by the Co-Investors. The acquisition of CIFA enabled us to take advantage of CIFA's extensive distribution and service network in Europe, strong research and development capabilities and proprietary technologies, and become a leading concrete machinery manufacturer in the world.

Our Finance Lease Services and Liquidity Management

Although our turnover and profits from operations increased during the Track Record Period, we recorded negative net operating cash flow in 2008, 2009 and the six months ended June 30, 2010. This is primarily because since 2008, sales of our products through finance lease services as a percentage of our consolidated turnover has been increasing. In 2007, 2008, 2009 and the six months ended June 30, 2010, sales of our products through finance lease services amounted to RMB381 million, RMB2,068 million, RMB7,463 million and RMB5,407 million, respectively, which accounted for 4.3%, 15.4%, 36.6% and 34.4% of turnover from sales of our products for the respective periods. We factored a portion of our receivables under finance lease to banks starting from 2008. In 2008, 2009 and the six months ended June 30, 2010, we obtained net cash of RMB971 million, RMB3,501 million and RMB2,822 million, respectively, through factoring of receivables under finance lease, which, together with cash obtained from bank borrowings and the non-public offering of our A Shares, generated sufficient cash flow for our normal operations and capital commitments.

Our finance lease services have been one of the reasons for our negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, and may expose us to additional risks and uncertainties. For a detailed description of the risks associated with finance lease services, please see "Risk Factors — Risks Related to Our Company — We provide our customers with various payment options, including credit sales, installment payments, financial guarantees and finance lease services, which expose us to additional risks and uncertainties." and "— We recorded negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, as our sales of machinery products through finance lease services increased significantly. There can be no assurance that we will record positive operating cash flow in the future." However, our stringent risk management system for finance lease services and our ability to factor receivables under finance lease will help to reduce our exposure to such risks and uncertainties. We have a risk control committee to control and oversee the risks associated with our finance lease services. Our risk control committee is chaired by Mr. Wan Jun, the general manager of Zoomlion Finance Leasing (China) and currently consists of 15 members. We will continue to strictly implement our risk management policies and measures in place, including pre-lease investigation, lease approval procedures, lease payment collection and management as well as repossession and subsequent sale of repossessed machinery and forfeiture of related customer deposits in case of customer default. We will constantly update our risk management policies based on stringent risk management principles, performance of our underlying business, applicable laws and regulations, and prevailing market conditions. For a detailed discussion regarding the regulatory regime for the financial lease industry in China, see "Regulatory Overview — Regulations as to Finance Lease Industry."

Going forward, we plan to prudently manage the growth of our finance lease services, which is expected to be in proportion with the growth of the underlying business, and we also expect the sales of our products through finance lease services as a percentage of our consolidated turnover to remain stable. We plan to continue to factor our receivables under finance lease to banks in the normal course of our business, subject to terms offered by banks and our working capital needs. If we are able to negotiate with banks for factoring terms that meet the conditions for de-recognition of financial assets, the cash proceeds will be presented as cash flow from operating activities. In addition, we aim to take measures to speed up collection of credit sales and installment sales accounts receivable such that our operating cash flow will be further improved to fund our operations and future capital commitments. We plan to increase the proportion of upfront payments in future sales contracts, assign designated staff members to closely monitor and collect payments overdue for more than 90 days, including initiating necessary legal proceedings to collect such overdue debts, and strengthen our year-end payment collection measures.

The following table sets forth the breakdown of turnover from sales of our products by different payment options, and each expressed as a percentage of turnover from sales of our products, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Credit payment	3,934	43.9	6,394	47.7	6,896	33.9	5,395	34.3	7,504	32.3
Installment payment	2,256	25.2	2,215	16.5	2,666	13.1	2,329	14.8	3,555	15.3
Sales under financial guarantee arrangement	2,388	26.6	2,735	20.4	3,340	16.4	2,604	16.5	4,635	19.9
Sales under finance lease arrangement(1)	381	4.3	2,068	15.4	7,463	36.6	5,407	34.4	7,554	32.5
Total	**8,959**	**100.0**	**13,412**	**100.0**	**20,365**	**100.0**	**15,735**	**100.0**	**23,248**	**100.0**

Note:

(1) The interest income from finance lease service is not included in the sales under finance lease arrangement in the above table as such income is not directly derived from product sales under the finance lease payment option. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our Group's interest income under finance lease amounted to RMB14 million, RMB136 million, RMB397 million and RMB354 million, respectively. For the nine months ended September 30, 2010, our Group's interest income under finance lease amounted to RMB653 million.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and will continue to enable us to capitalize on future growth opportunities in the global construction machinery industry.

Leading China-based Construction Machinery Manufacturer with an Established Presence in Asia, Europe and Other Regions and Strong Brand Recognition

We are a leading China-based construction machinery manufacturer that has grown rapidly by capitalizing on China's ongoing urbanization and significant growth in the infrastructure sector. We enjoy a leading market position across substantially all of our core product lines in China, including concrete machinery, crane machinery and environmental and sanitation machinery. According to CCMA, we were the second-largest construction machinery manufacturer in China and the tenth largest construction machinery manufacturer in the world in terms of turnover in 2009. Furthermore, according to CCMA, we ranked first in medium- to large-capacity tower cranes in terms of turnover in 2009, and second in truck-mounted and trailer-mounted concrete pumps and truck cranes and fourth in crawler cranes in terms of sales volume in 2009, among all China-based construction machinery manufacturers. In addition, according to Liaoning Yitong, we have been the largest environmental and sanitation machinery manufacturer in China since 2007 in terms of annual sales volume. We grew significantly during the Track Record Period. Our consolidated turnover increased by 51.0% from 2007 to 2008, by 53.2% from 2008 to 2009, and by 74.4% in the six months ended June 30, 2010, as compared to the six-months ended June 30, 2009. We believe our leading position will enable us to continue to capitalize on the rapid economic growth in China in the future.

We believe we are among the first China-based construction machinery manufacturers that have established a global operational and research platform and sales and distribution network. Our products are currently sold to over 70 different countries through our strong overseas distribution and service network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers. We have also established our research and development facilities in China and Italy, which grant us access to advanced technologies and large pool of highly skilled engineering and technical personnel. In 2007, 2008 and 2009 and the six months ended June 30, 2010, sales to end-users in overseas markets, which include direct sales made outside of the PRC as well as sales to overseas end-users through our third party dealers in the PRC, amounted to RMB757 million, RMB2,768 million, RMB2,615 million and RMB923 million, respectively, and accounted for 8.4%, 20.4%, 12.6% and 5.7% of our consolidated turnover for the respective periods. In the same periods, sales occurring outside the PRC amounted to nil, RMB531 million, RMB1,769 million and RMB784 million, respectively, which accounted for nil, 3.9%, 8.5% and 4.9% of our consolidated turnover for the respective periods. CIFA, one of our subsidiaries, is a major global concrete machinery manufacturer based in Italy, as evidenced by its 80 years of history, advanced proprietary technology, including its carbon fiber boom technology, and strong research and development capabilities in the concrete machinery sector. The acquisition of CIFA has enabled us to integrate CIFA's extensive distribution and service network in Europe, its strong research and development capabilities and its proprietary technologies, and helped us become a leading concrete machinery manufacturer in the world.

We have two widely recognized brands, Zoomlion and CIFA. Our leading market position in the construction machinery industry in China, together with the high quality of our products and advanced technology features have rewarded us with strong recognition of our Zoomlion brand in China. We believe our Zoomlion brand is widely regarded by our Chinese customers as representing innovation, reliability and integrity. Two of our trademarks were recognized as "Well-Known Trademarks" nationwide. Our trademark "中联", the Chinese characters for Zoomlion, was recognized as a "Well-Known Trademark" nationwide by the Trademark Office of the State Administration for Industry and Commerce of the PRC, and our trademark "Zoomlion" was recognized as a "Well-Known Trademark" nationwide in a judgment by the Intermediate People's Court of Zhuzhou, Hunan Province on January 13, 2009, relating to a lawsuit which we initiated to protect our trademark from infringement by a third party. This court decision is final as the defendant did not appeal to a higher court. Under the PRC laws, courts have the authority to recognize a "Well-Known Trademark" in an infringement claim on a case-by-case basis. Our Zoomlion brand has also received international recognition as evidenced by the sales and export of our products in certain overseas countries and regions and we believe we are among the first few China-based construction machinery manufacturers to have gained such international recognition. As of October 31, 2010, we maintained 507 trademark registrations of our Zoomlion brand overseas. In addition, our CIFA brand has been a well-recognized brand in the global concrete machinery industry, representing advanced design and technology and our CIFA-branded products have enjoyed a leading global market position. This differentiation in perception enables us to employ a dual-branding strategy, with our Zoomlion-branded products targeting the mid-end and mass markets and our CIFA-branded products targeting the high-end market.

We believe our leading market position in China, our established presence in Asia, Europe and other regions and our strong brand recognition in China and overseas provide us with a solid foundation to establish and strengthen our leading market position in the global construction machinery industry.

Comprehensive Product and Service Offerings and Systematic Solutions to Capitalize on Various Aspects of China's Urbanization and Infrastructure Sector

We have one of the most diversified and comprehensive product offerings in China. We currently offer more than 640 models of machinery and equipment covering 83 different product types across 13 product lines, which include concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery, earth working machinery, material handling machinery and systems and other machinery products, including special vehicles and vehicle axles. Our products are widely utilized in various aspects of infrastructure construction activities in China. In response to the changing market demand and customer needs, we are also committed to designing and producing new and innovative products. Our broad range of product offerings in and across product lines can satisfy various needs of our customers and are complementary to each other in certain cases, which help us to provide complete and systematic solutions for our customers. For example, in our concrete machinery product line, we offer concrete mixing plants, truck-mounted concrete mixers, concrete pumps and concrete placing booms, thereby satisfying our customers' needs that may arise throughout the full concrete production process, including mixing, transportation, pumping and placing. We believe our diversified and comprehensive product offerings position us well to take advantage of the future development of the domestic and overseas construction machinery markets.

Leveraging our broad range of products offerings, we are able to provide our customers with systematic solutions that can satisfy their specific needs, which have helped and will continue to help establish and maintain strong long-term relationships with such customers, thereby increasing the sales of our products to them. In our environmental and sanitation machinery product line, we offer road sweepers, washing vehicles, refuse transfer vehicles, snow removal vehicles and sewer dredging vehicles, which help us provide government clients with systematic solutions to address their urban sanitation needs. For example, we were engaged by the government of Zhuzhou City, Hunan Province ("**Zhuzhou**") to provide systematic solutions to satisfy the needs for a total environmental and cleaning plan for Zhuzhou. We designed a comprehensive urban-cleaning operation system and a procurement solution plan for the environmental and sanitation machinery for Zhuzhou, specifically tailored to the city's road and geographical conditions, environmental and sanitation conditions and the government's specific needs. Thereafter, we were designated by the government as its preferred supplier of environmental and sanitation machinery and our sales of such products to Zhuzhou increased significantly. We believe that our ability to provide systematic solutions tailored to our customers' various needs, combined with our diversified and comprehensive product offerings, allows us to generate more recurring revenues. In addition, we provide our customers with finance lease services as part of our value-added solutions. Based on an official approval issued by the MOFCOM and the State Administration of Taxation on April 21, 2006, we believe we are among the second group of enterprises, but one of the first few construction machinery manufacturers, in China that have received licenses to provide finance lease services in the equipment leasing market in China, as none of the enterprises in the first group of enterprises that have received the licenses is a construction machinery manufacturer. In addition, we have started extending finance lease services to overseas markets. Our finance lease services provide our customers with more flexible payment options and have helped generate strong customer recognition and loyalty for our products and boost our overall product sales. We believe that we will enjoy a competitive advantage as an early market mover in this field to capture future growth in the promising equipment leasing market in China.

Leading Developer and Setter of Industry Standards in China with Innovation Capabilities to Capture Potential Market Opportunities

We are the leading institution in developing and setting national and industry standards for construction machinery in China. We have participated in and contributed to the setting of over 180 national and industry standards that are currently in effect, including the first industry standard for truck-mounted concrete pumps in China and the industry standard for chassis specially designed for mobile cranes. Our technology center has been accredited as a national technology enterprise center. We own the National Key Laboratory on Key Technologies for Construction Machinery, the only national key laboratory in the field of construction machinery; and the National Engineering Technology Research and Development Center for Concrete Machinery, the only national concrete machinery engineering technology research and development center in the construction machinery industry. We believe our active participation in setting industry standards and our nationally accredited research and development laboratories allow us to be an industry leader in addressing prevailing market trends and developing products with industry-leading technologies.

We have strong research and development and innovation capabilities stemming from our historical roots with the Research Institute, a leading state-owned research and development institution for construction machinery in China for over 50 years. As of October 31, 2010, we had 327 effective patents in China and had applied for over 20 new patents every year since 2002. Since we commenced operations, we have brought 78 new types of machinery to the market. In 2007, 2008, 2009 and the six months ended June 30, 2010, we offered 133, 165, 238 and 242 new models of machinery, respectively. We currently hold numerous world-class core technologies in the construction machinery industry, including our advanced high-pressure concrete pumping technology and our placing boom design, which significantly increase the maximum height our concrete pumps can reach, and our proprietary single-cylinder multi-level telescopic boom design and control technologies, which reduce the weight and increase the reliability and accuracy of the boom for our crane machinery. Based on reports in China Industry News, Construction Machinery Technology and Management and Construction Machinery Today, we believe that our trailer-mounted concrete pumps had the highest vertical range for the pumping of a certain type of CP100 ultra high performance concrete of any concrete pump in the world in 2008 and 2009. In addition to the product-specific efforts, we are also committed to the research and development of technologies with general applications across different product lines, such as those relating to welding of high-strength steel, metal structural strength and fatigue resistance, hydraulics and transmission and intelligent control. We are able to leverage the results achieved in such research endeavors to upgrade and enhance the overall performance of our products. In addition, CIFA has leading research and development capabilities in Europe with over 80 years of experience in concrete machinery. We have been selectively applying CIFA's proprietary technologies to our Zoomlion line of concrete machinery. For example, we have introduced the carbon fiber concrete placing boom for truck-mounted concrete pumps, which significantly reduces the weight of the boom and consequently improves its fuel efficiency levels. We have also introduced the K-Tronic electrical control systems, which is capable of coordinating the concrete placing boom and the stabilizer in our concrete machinery products.

We currently employ over 3,000 engineering and technical personnel, including 17 "Leading Experts Subsidized by the State Council (享受國務院政府特殊津貼的專家)." We believe our corporate culture of strong commitment to research and development has created a strong degree of employee loyalty from our research and development team. Our core research and development team has 25 chief research personnel who have spent an average of more than ten years with our Group. We believe our dedicated and stable research and development team and prevailing corporate culture, which fosters an environment of innovation and excellence, will serve as key elements driving our long-term growth.

Highly Competitive Cost Structure and Product Quality Control System

Our large-scale operations enable us to enjoy economies of scale and maintain a reliable, cost-effective manufacturing line and high-quality supply chain. Leveraging our purchasing power, we are able to enter into strategic cooperation framework agreements with certain suppliers of key raw materials, parts and components that are important to our manufacturing process. Such agreements allow us to procure quality raw materials, parts and components at relatively competitive prices on a sustainable basis. In addition, we are able to attract certain suppliers to establish their manufacturing facilities in proximity to our assembly facilities so that we can closely monitor the quality of the parts and components and minimize the transportation and inventory and storage costs. Through the acquisition of key parts and components manufacturers, we are also able to further secure a stable supply of high quality parts and components.

With a focus on resource integration, our advanced management system helps us achieve optimal resource allocation and highly effective cost control. We have established specialized industrial parks to manufacture and assemble various products to increase efficiency and enhance product quality. To avoid duplication of processing facilities in our different specialized industrial parks, we also group certain pre-assembly processing and treatment steps of the raw materials, parts and components, such as coating, before dispatching to the specialized industrial park for assembly. In addition, we put together our production and procurement plans in accordance with our master production schedule, which allows us to optimize our utilization rates and inventory levels.

Through our stringent quality control system, we are able to assure high product quality. We employ standardized work processes and comprehensive quality control systems throughout our supply chain and manufacturing process. This allows us to quickly detect any quality issues, and thereby minimize any associated costs. Our stringent quality control practices are also evidenced by the fact that our products have received various domestic and international certifications from the relevant PRC government agencies and independent international certification authorities, including but not limited to the China Compulsory

Certification for product quality and safety from the China Quality Certification Center and the CE certification for product quality from TüV Rheinland and TüV SüD, independent certification institutions based in Germany.

Extensive and Effective Distribution and Service Network Providing Value-added Services

We have established an extensive distribution network in China and an overseas distribution network with wide coverage across the globe. As of September 30, 2010, our distribution and service network in China consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third parties, which are located in more than 300 cities covering all provinces and autonomous regions in China. Our third-party dealers in China, in aggregate, operated 39, 115, 279 and 408 outlets, respectively, as of December 31, 2007, 2008 and 2009 and June 30, 2010. Meanwhile, we currently sell our products to over 70 different countries through an extensive overseas distribution network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers.

We utilize different combinations of direct sales outlets and dealers for different types of products and geographic areas to meet local customers' demands and maximize our market penetration. As part of our efforts to integrate resources across different operating segments, since 2008, we have established various all-products sales and service centers in major cities across the key markets where there is strong demand for more than one line of our products and our important customers are located, allowing us to fully leverage our customer relationships and information across our total product portfolio and to cross-sell our products.

We provide comprehensive after-sales services through our outlets and dealers in our distribution network, including various value-added services aimed at lowering costs for our customers and increasing their productivity and operating efficiency. Our value-added services include the provision of on-site technical and product training sessions for the use and maintenance of our products, preventive maintenance and diagnostics, the procuring of product insurance and other necessary certifications, and the remanufacturing of existing products upon a customer's request. We implement a "24 Hours On-call" policy that aims to respond to customers with 24 hours. We also provide on-site consultation support to our customers within two hours for urban areas covered by our service centers.

Proven Ability to Acquire and Integrate Strategic Targets to Augment our Growth

We have supplemented the organic growth of our business with domestic and overseas strategic acquisitions during the last several years. In 2008, 2009 and the six months ended June 30, 2010, turnover contributed by the businesses we acquired during the Track Record Period accounted for, in aggregate, approximately 10%, 19% and 10% of our consolidated turnover for the respective periods. While the acquisitions were not the major contributing factor of the significant growth in our consolidated turnover during the Track Record Period, we believe they supplemented our organic growth. In order to broaden our product offerings, we have made several acquisitions in China, and we have successfully integrated those businesses into our existing operations and effectively increased their sales and profitability. For example, in 2003, we acquired Hunan Puyuan Construction Machinery Co., Ltd. with its truck crane business and Zhongbiao with its environmental and sanitation machinery business. Leveraging our large-scale operations, cost-effective manufacturing facilities and strong research and development capabilities, as evidenced by our active involvement in research projects and national government research and development initiatives since 1999, we were able to strengthen the market positions of those products. Currently, these acquired businesses have become integral parts of our core business and we have achieved a leading market position for those acquired product lines in China. In 2009 and the six months ended June 30, 2010, sales of truck cranes accounted for approximately 28.5% and 25.9% of our consolidated turnover, and sales of environmental and sanitation machinery accounted for 5.9% and 4.4% of our consolidated turnover, respectively. In order to strengthen our global operations and increase our market share in the global concrete machinery market, we acquired CIFA in 2008 and have integrated its businesses into our existing operations. For example, CIFA's research and development capabilities have been integrated into our concrete machinery research and development platform, and certain manufacturing facilities in Changsha, Hunan Province have been used to produce certain components for our CIFA products. In addition, we currently sell our CIFA line of products in China through our extensive distribution network. The CIFA acquisition is the largest outbound acquisition by a Chinese construction machinery manufacturer so far. The integration of CIFA into our business has enabled us to strategically combine CIFA's well recognized brand, global sales and distribution network, innovative technology and experienced management team with our leading market position and our manufacturing expertise in China, thereby strengthening our leading market position in concrete machinery and better positioning us to capture the growth opportunities globally.

With our extensive experience in strategic acquisitions and integration of acquired businesses in China and overseas markets, we have established sound approaches and principles with respect to strategic acquisitions. We focus on domestic targets that can broaden our existing range of products and help us achieve a leading market share for such products, and focus on overseas targets that can further strengthen our existing product offerings and global footprint. Furthermore, we believe that the strong recognition of our Zoomlion and CIFA brands in the overseas markets will give us a competitive edge over other potential bidders and/or buyers for future acquisitions and alliances. We believe that the global construction machinery industry will continue to experience consolidation and, as such, our acquisition principles together with our hands-on experience and proven execution capability will enable us to capitalize on this trend.

Experienced Management Team with Proven Track Record and Strong Corporate Governance

Our management team has in-depth industry knowledge and sector expertise, with an average of approximately 20 years of experience in the construction machinery industry, and has successfully led our operations. Dr. Chunxin Zhan, chairman of our Board of Directors and our chief executive officer, has over 32 years of experience in the construction machinery industry. In 2010, Dr. Zhan received the Yuan Baohua Gold Award, the most distinguished award for corporate executives in China from the China Business Administration Science

Foundation (中國企業管理科學基金會), a foundation focused on improving business administration and management and corporate governance of Chinese enterprises. In 2005, 2006 and 2009, our Board of Directors received the Golden Roundtable Award, an award for outstanding boards of directors from Directors and Boards, a Chinese magazine focusing on board practices and corporate governance. We believe the industry knowledge, operating experience and technological know-how of our Directors and senior executives provide the strong leadership necessary to sustain our future growth.

We have established a strong corporate culture focused on fostering collaboration, innovation, integrity, transparency, professionalism, excellence, accountability and maintaining strong, long-term customer relationships. We believe that our corporate governance standards and culture will continue to serve as the key elements for the future development of our Company.

OUR BUSINESS STRATEGIES

We aim to become the largest Chinese construction machinery manufacturer, and one of the top-five global construction machinery manufacturers offering comprehensive and diversified products and systematic solutions in different sectors, including construction machinery, environmental and sanitation machinery and various other machinery industries to capitalize on China's increasing trends of urbanization and industrialization, as well as growth opportunities around the world. We intend to achieve this objective by pursuing the following strategies:

Solidify and Strengthen Our Leading Market Position in China

We will continue to solidify and strengthen our leading market position in China's construction machinery industry and capitalize on the expected continued strong economic growth and ongoing urbanization in China. We aim to become the largest Chinese construction machinery manufacturer.

We plan to further expand our distribution network in China, particularly in second- and third-tier cities and in the central and western regions, where we believe there will be stronger demand for our products due to the faster rate of urbanization, stronger economic growth and higher expected level of construction activity in the near to medium term. In particular, we aim to focus our sales and marketing efforts in these markets on concrete machinery, crane machinery and environmental and sanitation machinery. In addition, we plan to form strategic alliances with certain major customers, third-party dealers and finance lease services providers to increase our market share. For example, we will continue to strengthen our relationships with existing third-party dealers and help them to strengthen their after-sale services and quality control capabilities so as to better serve and support our customer base.

Furthermore, we plan to continue to supplement the organic growth of our business in China with selective strategic acquisitions. We plan to focus on targets that (i) can significantly strengthen one or more of our existing product lines, (ii) manufacture products that we believe have substantial commercial potential but we do not currently offer, (iii) possess advanced technologies that can be used for our existing product lines, or (iv) manufacture parts and components that are important to our manufacturing process. We will also actively search for underperforming and undervalued players in the construction machinery industry. We believe that with our proven integration capability coupled with our strong track record in domestic strategic acquisitions, we can successfully revitalize acquired underperforming companies and rapidly assimilate their operations. By leveraging our strong brand recognition and sales channels, we can also effectively improve the market position of our acquired product lines. As of the Latest Practicable Date, we had not identified any definite acquisition target for expansion purposes.

Strategically Expand our Global Presence in Diverse Overseas Markets

We will leverage our current global business platform and accelerate the strategic expansion of our overseas presence in order to enhance our brand recognition, increase our turnover and maximize the synergies from our global operations.

We plan to expand our overseas operations with different strategies tailored to different overseas markets, including Asia, North America, the Middle East, South America and Africa. In particular, we plan to expand our operations in Singapore, India, Australia, the United Arab Emirates, South Africa, Italy, Russia, Brazil and the United States. In the emerging markets, we aim to increase our market share to quickly capitalize on the rapid growth opportunities leveraging our technologically advanced and high-quality products, outstanding cost control capabilities and successful client experiences in the fast-growing PRC market. We plan to acquire or establish manufacturing facilities and further expand our distribution network in these markets. In developed countries, we aim to leverage our CIFA platform to further develop and optimize our supply chain and distribution and service network. We plan to focus our sales efforts on certain markets through offering our existing leading line of products, including concrete machinery and crane machinery, thereby enhancing the brand recognition of Zoomlion and CIFA in these markets. We also aim to improve our management systems and research and development capabilities through our expanded operations achieved in developed countries.

We plan to expand our operations internationally through strengthening our overseas distribution and service network and selective strategic acquisitions and alliances with certain overseas targets that (i) can increase the sales of our existing product lines overseas, (ii) can significantly increase the geographic coverage of our distribution and service networks, (iii) have advanced technologies, or (iv) offer products with strong market potential. We believe such strategic acquisition focus will enable us to achieve greater operational synergies.

Enhance Our Global Research and Development Platform and Efforts

We aim to expand our global research and development platform to strengthen our innovation capabilities and integrate our research and development resources across the globe. We aim to focus on establishing additional research facilities in the United States and Europe in the next three to five years, which we believe will provide us with a better understanding of local market demands, better access to advanced technologies and facilities as well as world-class talent. We plan to finance our research facilities in the United States with our cash generated from operations, equity or debt offering or bank borrowings, and finance our research facilities in Europe primarily with the proceeds of this Offering. Furthermore, we plan to use CIFA's research center and personnel as a base for growing our research and development capabilities in Europe. The research facility in the United States will focus on concrete machinery and crane machinery, and the one in Europe will focus on crawler cranes, all-terrain truck cranes, truck cranes, derrick cargo trucks and aerial working platforms. We will also consider opportunities to cooperate with certain overseas companies, top universities or independent research facilities. We will introduce those advanced technologies developed by our overseas research facilities into our manufacturing bases in China, enabling us to provide such innovations to our domestic and overseas customers at a more affordable price. For example, we have introduced concrete pumps with carbon fiber booms developed at CIFA's research center to the PRC market.

We will continue to develop new products and additional features in response to changes in customer needs, industry trends and business conditions. We will focus on developing products with better safety and reliability, higher fuel efficiency and larger capacity. In addition, we plan to strengthen our research and development efforts for our key parts and components, including initiatives to improve the quality and standardization levels of the key parts and components used across our product lines, including hydraulic cylinders, chassis for concrete pumps and truck-mounted concrete mixers and valves for truck cranes. Furthermore, we will strengthen our research and development initiatives aimed at streamlining our manufacturing and assembly processes.

Continue to Broaden Our Product Offerings and Strengthen Our Manufacturing Capabilities

We are committed to expanding our product offerings in each product line and broadening our coverage in various industries. Below are some examples of the endeavors we plan to undertake:

- In the concrete machinery product line, we will continue to introduce concrete machinery products to satisfy the various needs of customers across the globe by integrating our Zoomlion line of products and our CIFA line of products and leveraging our advanced technology and strong manufacturing capabilities. We will increase our manufacturing capacity for truck-mounted concrete pumps, trailer-mounted concrete pumps, truck-mounted line concrete pumps, truck-mounted concrete mixers and concrete mixing plants by approximately 1,000 units, 400 units, 350 units, 2,700 units and 500 sets, respectively, by the end of 2011. The total investment is approximately RMB400 million, which will be funded by our own capital and bank loans.

- In the crane machinery product line, we will continue to optimize our product mix and develop products with higher maximum lifting capacity, and further strengthen our manufacturing capabilities. We are currently upgrading the manufacturing technology and optimizing the manufacturing process of large-capacity crane machinery, including large-capacity tyre cranes, crawler cranes and tower cranes. We expect that upon completion of the upgrading in 2011, our production capacity for large-capacity crane machinery is expected to increase to 613 units per year, including 216 units of all-terrain truck cranes, 101 units of large-capacity crawler cranes, 175 units of large-capacity tyre cranes and 121 units of large-capacity tower cranes. The total investment in the project is approximately RMB800 million and is solely funded by the proceeds from the non-public offering of our A Shares completed in February 2010.

- In the environmental and sanitation machinery product line, we plan to introduce refuse transfer equipment, more fuel-efficient products, such as hybrid vehicles, and integrated waste treatment solutions, including garbage burning and disposal equipment. We will increase our manufacturing capacity for road sweepers, high-pressure washing vehicles and waste treatment equipment by approximately 12,000 units, 300 units and 770 sets, respectively, by 2012. The total investment for this project is approximately RMB250 million, which is solely funded by the proceeds from the non-public offering of our A Shares completed in February 2010. Ultimately, we aim to develop into a domestic waste treatment solutions provider.

- In the earth working machinery product line, we plan to increase our manufacturing capacity in medium- and large-capacity excavators in order to gain a significant market share in China. We are currently constructing a manufacturing line for excavators. It is expected to be completed in 2012, and the planned annual production capacity is approximately 20,000 units. The total investment for this project is approximately RMB770 million, approximately RMB600 million of which is funded by the proceeds from the non-public offering of our A Shares completed in February 2010, and the rest is planned to be funded by our own capital and bank loans.

- We aim to further expand our product offerings, based on the prevailing industry trends and our strategic targets, into more industries, such as compact multi-functional construction machinery and emergency rescue machinery. We are currently constructing a manufacturing line for emergency rescue machinery, including aerial emergency rescue machinery, road emergency rescue machinery and underground emergency rescue machinery. We expect the manufacturing line to commence production in 2012, with a planned annual production capacity of 140 units of aerial emergency rescue machinery, 2,900 units of road emergency rescue machinery and 100 units of underground emergency rescue machinery. The total investment in connection with the project is approximately RMB550 million, and is solely funded by the proceeds from the non-public offering of our A Shares completed in February 2010.

We aim to further strengthen our manufacturing capabilities through various optimization measures in order to offer technologically advanced products at a reasonable cost. For example, we are in the process of implementing lean, flexible and zero-defect manufacturing measures so that we can optimize the utilization rates of our production lines and our inventory levels while improving our product quality. We plan to optimize our supply chain management by increasing the in-house manufacturing capability of key parts and components, such as hydraulic pumps, valves and cylinders and chassis by acquiring manufacturers of such key parts and components. Based on our current plan, we will increase our manufacturing capacity for hydraulic cylinders and valves by approximately 300,000 units and 150,000 units, respectively, by the end of 2012. The total investment is approximately

RMB920 million, approximately RMB300 million of which is funded by the proceeds from the non-public offering of our A Shares completed in February 2010, and the rest is planned to be funded by our own capital and bank loans.

Prudently Manage the Expansion of Our Finance Lease Services

We will continue to prudently manage the expansion of our finance lease services as an alternative payment option. For products that have typically been subject to finance lease services in China, such as concrete machinery and crane machinery, we expect our finance lease services will increase in proportion to the growth of our business. For other products, we intend to begin offering finance lease services as a payment option for our customers. We have obtained the relevant licenses and/or permits to provide finance lease services in the PRC, Hong Kong, Australia, Italy and Russia, and we expect to obtain such licenses and/or permits in certain new markets such as United States and Brazil. We believe that the provision of finance lease services will attract potential overseas customers and make our products more competitive in the overseas market.

We recorded negative operating cash flow in 2008, 2009, and the six months ended June 30, 2010. This is primarily because since 2008, the proportion of our product sales using the finance lease payment option has been increasing. In 2007, 2008, 2009 and the six months ended June 30, 2010, our sales through finance lease services amounted to RMB381 million, RMB2,068 million, RMB7,463 million and RMB5,407 million, respectively, which accounted for 4.3%, 15.4%, 36.6% and 34.4% of turnover from sales of our products for the respective periods. We factored a portion of our receivables under finance lease to banks starting from 2008. During 2008, 2009 and the six months ended June 30, 2010, we obtained net cash of RMB971 million, RMB3,501 million and RMB2,822 million, respectively, through factoring of receivables under finance lease, which, together with cash obtained from bank borrowings and the non-public offering of our A Shares, generated sufficient cash flow for our normal operations and capital commitments. We expect to continue to grow our finance lease services and factor our receivables under finance leases to banks in the normal course of our business, subject to terms offered by banks and our working capital needs. If we are able to negotiate with banks for factoring terms that meet the conditions for de-recognition of financial assets, the cash proceeds will be presented as cash flow from operating activities. In view of the potential credit and liquidity risks related to finance lease services, we will carefully monitor the expansion of our finance lease services with the growth of our underlying business, and continue to strictly follow our risk management policy while constantly updating our risk management system and controls, based on stringent risk management principles, performance of our underlying business, relevant laws and regulations, and prevailing market conditions.

OUR PRODUCTS

We are engaged in the design, research and development, manufacturing and sale of concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery, earth working machinery, material handling machinery and systems and other types of machinery products. We currently offer more than 640 models of machinery and equipment covering 83 different product types in 13 product lines. Since we commenced our operations, we have brought 78 new types of machinery to the market. In 2007, 2008, 2009 and the six months ended June 30, 2010, we offered 133, 165, 238 and 242 new models of machinery, respectively. Concrete machinery and crane machinery are our current core product lines, together representing 74.5% and 80.4% of our consolidated turnover in 2009 and the six months ended June 30, 2010, respectively. In the nine months ended September 30, 2010, turnover from sales of our concrete machinery products and our crane machinery products represented 79.3% of our consolidated turnover. Generally, our products have an estimated useful life of ten years. However, based on circumstances including working conditions, work load, usage and maintenance, the actual useful life of our products could vary significantly among our end-users. The table below sets forth the breakdown of our consolidated turnover by our major product lines, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB[3]	%
	(in millions, except for percentages)									
Concrete machinery	3,509	39.1	4,682	34.6	7,157	34.5	7,037	43.7	10,744	45.0
Crane machinery	4,206	46.9	6,237	46.0	8,298	40.0	5,910	36.7	8,203	34.3
Environmental and sanitation machinery	564	6.3	871	6.4	1,230	5.9	710	4.4	1,251	5.2
Road construction and pile foundation machinery	487	5.4	610	4.5	787	3.8	539	3.4	880	3.7
Earth working machinery[1]	—	—	116	0.9	445	2.1	450	2.8	652	2.7
Material handling machinery and systems[2]	—	—	261	1.9	873	4.2	281	1.7	359	1.5
Other machinery products	193	2.1	635	4.7	1,575	7.6	808	5.1	1,159	4.9

Notes:

(1) We commenced the manufacture and sale of earth working machinery since our acquisition of 100% of the equity interest of Zoomlion Earth Working in June 2008.

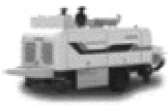
(2) We commenced the manufacture and sale of material handling machinery and systems since our acquisition of 82% of the equity interest of Zoomlion Material Handling in July 2008.

(3) The financial data for the nine months ended September 30, 2010 is based on unaudited IFRS interim financial statements reviewed by the reporting accountants, as set out in Appendix II to this prospectus.

Concrete Machinery

We offer a wide range of concrete machinery used for the production, transportation and laying of concrete in various commercial and residential construction sites and infrastructure projects, primarily including truck-mounted concrete pumps, trailer-mounted concrete pumps, concrete placing booms and truck-mounted concrete mixers. Our concrete machinery is comprised of two product lines: Zoomlion and CIFA, the latter of which we acquired in September 2008. Set forth below are pictures and key features of our major concrete machinery products:

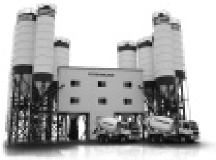
Product	Key Features
Truck-mounted Concrete Pump Zoomlion  CIFA 	• Transport and deliver concrete through a hose attached along a folding boom with a jib that can be rotated in various angles and directions. • 14 models under the Zoomlion brand and nine models under the CIFA brand with different folding boom lengths, concrete pumping heights and concrete output capacities. • Enhanced strength and reliability of the folding boom through the use of selected materials combined with our proprietary technology. • Industry-leading maximum concrete pumping capacity. • Folding boom length ranges from 22 to 58 meters. • Industry-leading nominal output capacity ranges from 60 to 170 cubic meters per hour as a result of our proprietary pumping technology. • Maximum concrete output pressure ranges from 7 to 12 MPa.

Product	Key Features
Trailer-mounted Concrete Pump Zoomlion  CIFA 	● Deliver and pump concrete. ● Higher maximum concrete delivery height compared with our truck-mounted concrete pumps. ● 11 models under the Zoomlion brand and one model under the CIFA brand with different concrete output capacity, maximum pressure on concrete and type of driving power. ● Maximum nominal concrete output capacity ranges from 26 to 136 cubic meters per hour. ● Maximum pressure on concrete ranges from 7 to 40MPa.
Concrete Placing Boom Zoomlion 	● Used in conjunction with various types of concrete pumps for the delivery and pouring of concrete. ● Eight models under the Zoomlion brand with different mounting structures, folding boom lengths and heights of the placing boom. ● Our line of products includes independently mounted concrete placing, ship-mounted concrete placing and self-climbing concrete placing boom. ● Maximum placing boom length ranges from 19 to 45 meters. ● Maximum height up to 200 meters.

Product | **Key Features**

Concrete Mixing Plant

Zoomlion



- We provide the full set of equipment and machinery for concrete mixing plants. We also design the plants and install and commission the equipment and machinery. However, we are not responsible for the actual construction of concrete mixing plants.
- Capable of mixing hard concrete, semi-hard concrete, plastic concrete and other kinds of concrete in different ratios.
- Six models under the Zoomlion brand.
- Maximum nominal concrete production capacity that ranges from 60 to 270 cubic meters per hour.

Truck-mounted Concrete Mixer

Zoomlion

CIFA

- Transport concrete from the concrete mixing plant to the construction site while continuously mixing the concrete during transport.
- Twenty models under the Zoomlion brand with different mixer drum capacity.
- Capacity of mixer drum ranges from 8 to 15 cubic meters.

Truck-mounted Line Concrete Pump

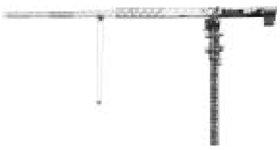
- Our truck-mounted line concrete pumps combine the mobility of our truck-mounted concrete pumps with the broader delivery range of our concrete pumps.
- Eleven models under the Zoomlion brand.
- Concrete output capacity ranges from 50 to 100 cubic meters per hour.
- Maximum output pressure for concrete that ranges from 9 to 18 MPa.

Product	Key Features
Self-propelled Boom Concrete Pump 	● Designed for the construction of rail systems with ballast-less tracks and can move easily on railways to transport and deliver concrete. ● Special chassis design facilitating wheel switching. ● Maximum concrete output capacity ranges from 40 to 80 cubic meters per hour. ● Maximum concrete output pressure ranges from 6 to 12.5 MPa.

Crane Machinery

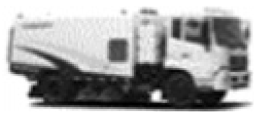
We offer truck cranes, crawler cranes and tower cranes. Our truck cranes and crawler cranes are primarily used in the construction, repair and maintenance of infrastructure, buildings and manufacturing facilities to lift and transport equipment and materials. Our tower cranes are stationary and assembled on the construction or work site and are able to carry greater loads and reach greater heights due to increased stability. Set forth below are pictures and key features of our major crane machinery products:

Product	Key Features
Truck Crane (including all-terrain truck crane) 	● Lift through a telescopic boom with an attached scalable jib that can reach varying maximum heights. ● 15 models with different maximum lifting capacities, maximum lifting heights and the maximum load of the boom to meet various construction needs. ● Maximum lifting capacity ranges from 12 to 150 tons. ● Maximum lifting height ranges from 35.8 to 86 meters. ● Maximum load ranges from 465.5 to 5,400 KN-m. Key features of our all-terrain truck cranes: ● Capable of traveling across rough terrains as well as on roadways as compared with our truck cranes. ● Five models with different lifting capacities, lifting heights and loads. ● Maximum lifting capacity of telescopic boom ranges from 180 to 500 tons. ● Maximum lifting height ranges from 88.5 to 150 meters. ● Maximum load ranges from 6,480 to 17,000 KN-m.

Product	Key Features
Crawler Crane 	• Capable of moving materials and equipment on rough or uneven terrain, and are often located for long periods of time on a single construction or work site such as a building site, highway or utility project. • Eleven models with a maximum lifting capacity that ranges from 50 to 1,000 tons.
Tower Crane 	• Used in space-constrained urban areas and in long-term or high-rise building sites. • They include a vertical tower with a horizontal jib with a counterweight at the top. On the jib is a trolley which runs a load carrying cable that moves the load along the jib length. • Thirty models. • Maximum working radius ranges from 50 to 80 meters. • Maximum load ranges from 804 to 5,316 KN-m.

Environmental and Sanitation Machinery

Environmental and sanitation machinery is used for the cleaning and maintenance of urban areas as well as processing domestic solid waste. We offer a wide range of environmental and sanitation machinery, including road sweepers, washing vehicles, waste treatment equipment, including garbage compactors and transporting stations, refuse compression and transfer vehicles, sewer dredging maintenance vehicles and snow removal vehicles. Set forth below are pictures and key features of our major environmental and sanitation machinery products:

Product	Key Features
Road Sweeper 	• 20 models with various maximum sweeping widths, hopper capacities and sweeping and dust-removal methods employed. • Sweeping width ranges from 1.8 to 3.5 meters. • Hopper capacity ranges from 0.7 to 5 cubic meters.
Washing Vehicle 	• 13 models with various working width, spraying width and water pressure system used. • Working width ranges from 2.5 to 3.5 meters. • Spraying width ranges from 14 to 24 meters.

Product	Key Features
Waste Treatment Equipment	

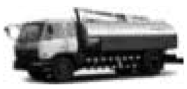
Complete Equipment of Garbage Compacting and Transporting Station

Snow Removal Vehicle

- Comprehensive range of waste treatment equipments to provide complete waste treatment systems for our customers.
- Customized design.
- Vertical and horizontal refuse compression collecting and transfer complete equipment for waste treatment stations, with daily processing capacity ranges from 60 to 150 tons per day.
- 35 models of refuse compression and transfer vehicle.
- Two models of kitchen waste disposal system with different processing capacity.

Refuse Compression and Transfer Vehicle

Sewer Dredging Maintenance Vehicle

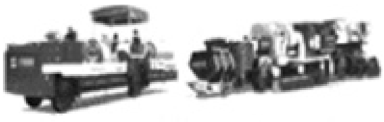
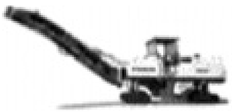
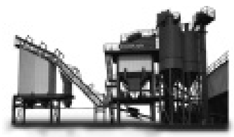


Kitchen Waste Disposal System

- Three models of snow removal vehicle.
- Two models of sewer dredging maintenance vehicle.

Road Construction and Pile Foundation Machinery

We offer a wide range of road construction machinery, including road surface heaters, graders, road rollers, pavers, road surface cold planers and asphalt mixing equipment, used for the construction and maintenance of roads and highways. We also offer pile foundation machinery, which is currently primarily comprised of rotary drilling rigs. Set forth below are pictures and key features of our major road construction and pile foundation machinery products:

Product	Key Features
Road Surface Heater 	• Used to heat asphalt to a high temperature in order for the asphalt to bind with the other materials used in road pavement. • Heating width ranges from 2.8 to 4.5 meters.
Motor Grader 	• Used to create a flat surface during road construction. • Two models with maximum torque ranges from 701.5 to 946 N-m.
Road Roller 	• Two models of double-drum road roller and eight models of single-drum road roller with different drum width, vibrating power and operation weight.
Paver 	• Nine models with various pacing width.
Road Surface Cold Planer 	• Used to remove worn or deteriorated pavement to a specified grade and slope that can be opened immediately to traffic or overlay with new asphalt. • Three different with various maximum milling width and maximum deliver capacity.
Asphalt Mixing Equipment 	• Three different models with various production capacity and mixing capacity.
Rotary Drilling Rig 	• Five models with various maximum drilling depth and maximum drilling diameter.

Earth Working Machinery

Earth working machinery is widely used in road construction, mining and other types of construction. Our earth working machinery includes five models of excavators and two models of mini-excavators, two models of loaders with various loading capacity and power, and five models of bulldozers with various maximum net flywheel power, blade lengths and loading capacities. Set forth below are pictures of our major earth working machinery products:

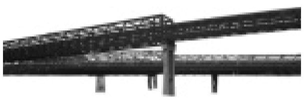
Product	Key Features
Excavator 	• Used to dig trenches, holes or foundations, handle bulky materials, demolish buildings, dredge rivers or ports and lift heavy materials. • Five models with maximum torque ranging from 614 to 1106 N-m. • Two models of mini-excavator. • Easy to adjust the power output in accordance with different working loads and reduce fuel consumption of the engine.
Bulldozer 	• Five models with different maximum net flywheel power, blade length and loading capacity.
Loader 	• Used to shovel, load and deliver bulky materials. • Two models with maximum loading capacity of 3.2 cubic meters and maximum designed loading power of 6.5 tons.

Material Handling Machinery and Systems

We provide complete material handling system design services and manufacture a wide range of machinery used for material handling including stackers and reclaimers, tube belt conveyors, port loading and unloading equipment and portal cranes. We currently offer six models of stackers and reclaimers with different types of piling and recovering mechanisms, as well as pipe conveyors that are used to transport bulk materials where a closed transportation is required, port loading/unloading equipment and portal cranes. Set forth below are pictures of our major material handling machinery and system products:

Stacker and Reclaimer

Pipe Conveyor



Port Loading/Unloading Equipment

Portal Crane

Other Machinery Products

We manufacture other types of machinery products, mainly including special vehicles and vehicle axles. Our special vehicles include derrick cargo trucks, aerial working platform vehicles, cable trucks, container cranes, articulated mobile cranes for smaller containers, tyre cranes, reach stackers, road wreckers and roll-off dump trucks. Our axles are widely used for the manufacturing of construction vehicles and commercial vehicles. We currently offer two main types of vehicle axles. We currently offer seven models of axles for construction vehicles and 24 models of axles for commercial vehicles with various fixed loads. Set forth below are pictures of our major special vehicles and axle products:

Derrick Cargo Truck

Articulated Mobile Crane

Tyre Crane

Reach Stacker

Aerial Working Platform Vehicle

Road Wrecker

Cable Truck

Hook Loader Loading and Unloading Device

Vehicle Axles

MANUFACTURING FACILITIES AND PROCESS

Manufacturing Facilities and Production Capacity

We have established specialized industrial parks to manufacture and assemble various products to increase efficiency and enhance product quality. We currently own and operate eight industrial parks located in China and one industrial park located in Italy. In addition, we have two industrial parks under construction. One is located in Weinan, Shaanxi Province, with gross floor area of approximately 1,120,000 square meters to manufacture and assemble excavators and with a planned production capacity of 20,000 units. The other is located in Hanshou, Hunan Province, with gross floor area of approximately 260,960 square meters to manufacture and assemble concrete mixing plants and special vehicles and with a planned production capacity of 11,800 special vehicles and 1,500 concrete mixing plants. We expect phase one of our industrial park at Weinan to be completed and commence production by the end of 2010, and phase two to be completed and commence production by the end of 2012. We expect our industrial park at Hanshou to be completed by mid-2011 and commence production of concrete mixing plants and special vehicles by the end of 2011. We have already obtained all necessary land use right certificates for of these two industrial parks. The table below sets forth certain information relating to our existing facilities:

Name	Location	Commencement Date of Operation	Approximate Gross Floor Area (m^2)	Products
Guanxi Industrial Park	Guanxi, Hunan Province, China	August 2008	729,103	Cranes, concrete machinery and others
Lugu Industrial Park	Changsha, Hunan Province, China	August 2005	685,766	Concrete machinery, road construction machinery and others
Huayin Industrial Park	Huayin, Shaanxi Province, China	January 2002(1)	507,363	Earth working machinery
Quantang Industrial Park	Changsha, Hunan Province, China	July 1997(2)	420,670	Mobile cranes
Maqiaohe Industrial Park	Wangcheng, Hunan Province, China	November 2007	137,056	Road construction machinery
Yuanjiang Industrial Park	Yuanjiang, Hunan Province, China	December 2007	125,876	Concrete machinery
Zoomlion Industrial Park	Changsha, Hunan Province, China	September 1992	109,862	Environmental and sanitation machinery
Songjiang Industrial Park	Shanghai, China	May 2010	98,397	Rotary drilling rigs
CIFA Industrial Park	Senago, Italy	May 2006(3)	23,000	Concrete machinery

Notes:

(1) The establishment date of Zoomlion Earth Working, which was acquired by the Company in June 2008.

(2) Acquired by the Company in November 2003.

(3) The establishment date of CIFA, which was acquired by the Company in September 2008.

The table below sets forth the annualized production capacity, production volume and utilization rate for the specified product categories and major parts and components for the periods indicated:

	Year Ended December 31,									Nine Months Ended September 30,			
	2007			2008			2009			2010			
Products(1)	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate(3)	Utilization Rate(4)
							(Units)						
Concrete Machinery													
Truck-mounted concrete pump . . .	780	1,186(2)	152%	1,044	939	90%	2,580	1,812	70%	3,900	2,551	65%	87%
Trailer-mounted concrete pump . . .	950	800	84%	950	812	85%	950	947	100%	1,200	1,173	98%	130%
Truck-mounted concrete mixer . . .	1,100	966	88%	1,600	1,587	99%	5,760	3,220	56%	8,760	4,506	51%	69%
Concrete mixing plant . . .	110	94	85%	250	227	91%	450	395	88%	1,200	667	56%	74%
Crane Machinery													
Truck crane (including all-terrain truck crane) . .	3,000	4,323(2)	144%	4,000	4,872(2)	122%	6,000	7,804(2)	130%	6,000	7,672	123%	170%
Crawler crane . . .	200	118	59%	200	319(2)	160%	600	182	30%	600	222	37%	49%
Tower crane . . .	1,100	1,070	97%	1,600	1,548	97%	1,800	1,678	93%	3,500	3,814	109%	145%
Environmental and Sanitation Machinery													
Road sweeper	1,000	744	74%	1,000	1,124(2)	112%	1,800	1,433	80%	2,500	1,660	66%	89%
Washing vehicle . .	500	387	77%	500	793(2)	159%	1,000	836	84%	1,500	748	50%	67%
Refuse Compression and transfer vehicle . .	500	512(2)	102%	500	554(2)	111%	1,000	946	95%	1,500	860	57%	76%
Road construction and pile foundation machinery													
Road construction machinery	260	290(2)	112%	360	359	100%	400	279	70%	480	348	73%	97%
Rotary Drilling Rig	240	87	36%	240	103	43%	385	142	37%	400	169	42%	56%
Earth working machinery													
Excavator .	—	—		300	30	10%	1,000	602	60%	2,790	1,112	40%	53%
Bulldozer .	—	—		800	225	28%	800	325	41%	800	395	49%	66%
Hydraulic cylinder	40,000	44,234	111%	50,000	48,060	96%	60,000	68,871	115%	100,000	85,178	85%	114%
Hydraulic valve	—	—	—	—	—	—	7,000	6,370	91%	11,000	9,340	85%	113%

Notes:

(1) We aggregate the production volume and production capacity of all types of products in a specific product line to arrive at the production volume and production capacity for the line of product.

(2) For certain products, the actual production volume was larger than our production capacity, which is primarily due to the fact that the actual working hours exceeded the working hours being used as a presumption to calculate the production capacity, which is 16 hours per day, five days a week for processing of raw materials, parts and components and assembly into semi-finished products, eight hours per day, five days a week for assembly into finished products and eight hours for commission.

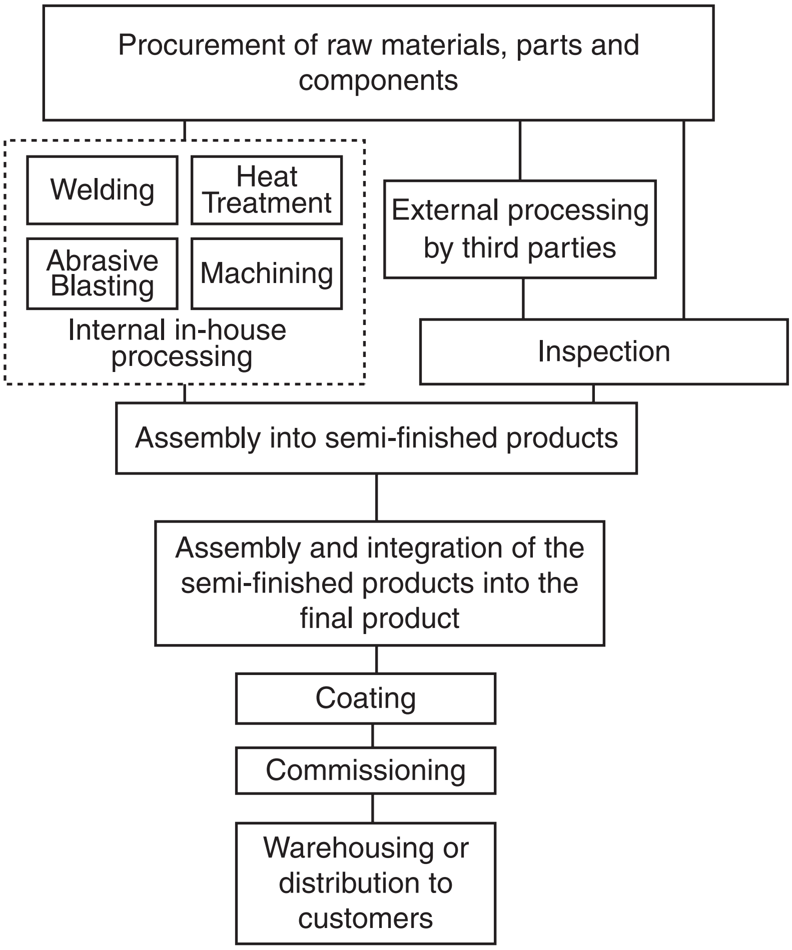
(3) The utilization rate has not been annualized.
(4) Annualized utilization rate for 2010 is based on the production volume of the first three quarters of 2010.

Primary factors affecting the utilization rate of our manufacturing facilities include the market demand and our ability to utilize our newly ramped-up capacity. In particular, the utilization rate for our manufacturing facility for truck-mounted concrete pumps decreased from 152% for the year ended December 31, 2007 to 90% for the year ended December 31, 2008 as the market demand for our products decreased and we reduced the overtime hours in response. The utilization rate for our manufacturing facility for road sweepers increased from 74% in 2007 to 112% in 2008 as a result of strong market demand. In 2009, the utilization rate decreased to 80% as we expanded our production capacity in response to the strong market demand. The utilization rate for our manufacturing facility for washing vehicles increased from 77% for the year ended December 31, 2007 to 159% for the year ended December 31, 2008, and decreased to 84% for the year ended December 31, 2009. The increase in 2008 was primarily due to stronger market demand and longer working hours. In 2009, although the demand for our products continued to increase, we were not able to fully utilize the newly ramped up capacity. In addition, we ramp up our production capacity in anticipation of the market demand, so that we will be able to capitalize on the increased market demand. As a result of our expectation about the increase in market demand for crawler cranes, we increased our annual production capacity for crawler cranes from 200 units to 600 units in 2009. The market demand for crawler cranes did not increase as expected in 2010, which resulted in a lower utilization rate for the production facilities for crawler cranes. However, in view of the infrastructure projects and emission reduction measurements the PRC government committed to implement, including large-scale nuclear power plant projects, we expect the market demand for crawler cranes to increase significantly. As a result, we plan to continue to increase our production capacity for crawler cranes to capitalize on the expected growth.

To continue supporting our growth, we have undertaken and will continue to expand our manufacturing capabilities so as to meet the market demand for our products and the manufacturing capacity for key parts and components used in our products. For example, we are currently expanding our manufacturing facility at Quantang Industrial Park to increase our annual production capacity for large- and medium-capacity cranes to approximately 613 units, including 216 units of all-terrain truck cranes, 101 units of large-capacity crawler cranes, 175 units of tyre cranes and 121 units of large-capacity tower cranes. We are also expanding our manufacturing facility at Guanxi Industrial Park to increase our manufacturing capacity for hydraulic cylinders and hydraulic valves by 300,000 units and 150,000 units. We expect to complete the expansion of our manufacturing capacities at Quantang Industrial Park in 2011 and Guanxi Industrial Park in 2012. We believe that our manufacturing facilities are well maintained, in good operating condition and suitable for their current purposes. In addition to expanding our manufacturing capacity, we also plan to further improve our manufacturing efficiency and processes by reducing our manufacturing cycle times and upgrading existing technologies. Given that most of the expanded production capacity are for parts and components, including hydraulic cylinders and hydraulic valves, we believe we are able to take up the extra capacities by decreasing our external procurement of such parts and components required for the production of all of our machinery. Moreover, the additional manufacturing facilities to be funded by the proceeds of this Offering are for the manufacture of new products, including certain crane machinery products, to meet the market demand or for the manufacture of parts and components to increase the proportion of parts and components manufactured in-house.

Manufacturing Process

The diagram below illustrates the major manufacturing process of our principal products:



Generally, our manufacturing process can be broadly categorized into the following steps:

- *Procurement of raw materials, parts and components.* Principal raw materials, parts and components include steel sheets, round steel, steel pipes, electrical parts, hydraulic cylinders and valves and chassis. Some of the raw materials, parts and components do not need to be processed. They can be assembled into semi-finished products upon completion of quality inspection.

- *Processing of raw materials, parts and components.* Raw materials, parts and components are processed according to the necessary technical specifications to form the specified components. Such treatment process includes cutting, drilling, gas cutting, welding, bending, abrasive blasting, polishing, pre-coating, machining and heat treatment. While we purchase some components processed by third parties, the processing of raw materials, parts and components is typically either carried out by us or is outsourced to external third parties who conduct the processing based on our designs and technical specifications. We typically outsource procedures that do not involve our proprietary technologies to third parties, including surface treatment, painting and zinc plating. We perform strict quality control measures to inspect the raw materials, parts and components processed by third parties.

- *Assembly of parts and components into semi-finished products.* Raw materials, parts and components are further processed to form semi-finished parts ready for final assembly. These materials will undergo processes including welding and drilling.

- *Assembly and integration of semi-finished products.* All semi-finished parts and components, such as electric motors, electric controls, hydraulic cylinders and valves and chassis, are assembled and integrated to form the finished products.

- *Coating.* Finished products are sent to the coating factory.

- *Commissioning.* Finished products are sent for commissioning, further adjustments and fine tuning before being dispatched to the manufacturing sites for evaluative testing and quality inspection. For additional information as to the testing and quality inspection of our products, please see "—Quality Control."

- *Warehousing.* The painted final products are sent to our warehouses for storage and distribution to our customers.

To avoid duplication of processing facilities in our different specialized industrial parks, we also group certain pre-assembly processing and treatment steps of the raw materials, parts and components, such as coating, before dispatching them to the specialized industrial park for assembly. The lead manufacturing time for our products varies. The lead manufacturing time for our concrete machinery, excluding concrete mixing plants, ranges from 10 to 33 days, the lead manufacturing time for our mobile cranes ranges from 30 to 210 days, the lead manufacturing time for our crawler cranes ranges from 45 to 180 days, and the lead manufacturing time for our tower cranes ranges from 7 to 30 days. Every stage of our manufacturing process is subject to quality control procedures and adheres to our strict quality control standards. See "—Quality Control" for additional information.

In order to utilize our manufacturing facilities more effectively and enhance our manufacturing efficiencies, we are continuously improving our manufacturing processes. We have hired experts in relevant areas to implement lean manufacturing and zero-defect manufacturing measures. Our headquarters develops general directional strategies to improve our manufacturing efficiencies, which are then adjusted and implemented by each of our business divisions, with the approval from our headquarters, to best suit their manufacturing activities. We believe that enables our business divisions to tailor the implementation of the strategies and improve their manufacturing processes, and thus, allocate resources more efficiently and help address the practical business needs.

Manufacturing System

We have developed and implemented an advanced manufacturing system based on the master production schedule ("**MPS**") model. At the end of the third quarter of each year, our senior management first sets the overall business plan as well as a target for our domestic and international sales plan for the next year based on the prevailing macro economic outlook, industry forecast and our strategic targets. The manufacturing division would then set an MPS to implement the overall business plan and to achieve the domestic and international sales targets. The MPS sets out the quantity of each model to be completed in a given month. At the end of each month, our manufacturing division sets the detailed manufacturing plan that covers each phase of the manufacturing process for the following month in order to implement the MPS. In order to minimize inventory levels, our manufacturing department also adjusts the MPS based on the actual orders we receive.

We utilize automated and computerized systems in our manufacturing lines for many stages of our manufacturing processes in most of our manufacturing facilities. As a result, certain specific manufacturing processes, such as the processing of machinery, changing of manufacturing tools along the manufacturing line, automatic movement of parts along the manufacturing line, parameters for welding and drilling, and the assembly of parts, can all be programmed and automated. Such parameters can then be repeated precisely for each subsequent manufacturing cycle. We believe by automating our manufacturing processes, we are able to effectively control our manufacturing parameters, increase the quality of our products and shorten the manufacturing time for our products. In addition, this also allows for greater manufacturing flexibility as the parameters may be changed easily according to any changes in product specifications, thereby allowing us to quickly shift and adjust our manufacturing capacity between different products to take into account any changes in demand.

QUALITY CONTROL

We have implemented stringent quality control measures to identify and solve potential quality issues. Our senior management is actively involved in setting internal quality control policies and has established a dedicated quality control department at our headquarters that sets forth general quality control guidelines, manages our quality control practices and oversees the performance of the dedicated quality control departments of each of our business divisions. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product recall that adversely impacted our reputation, business operations or financial condition. Our quality control procedures start with quality assurance of raw materials, parts and components, which includes annual evaluation of our major suppliers and inspection of raw materials, parts and components upon their arrival at our facilities. We regularly dispatch quality control personnel to our key suppliers in order to ensure the quality of the raw materials, parts and components we procure externally. Raw materials, parts and components that fail our inspection are returned to suppliers. We also established quality control measures in all key stages of our manufacturing process, and test all finished products before delivery to customers. If a problem is detected, a failure analysis is performed to determine the cause. We distribute internal quality control publications on a weekly and monthly basis that inform, examine, and analyze quality control issues and problems that are identified in order to continuously improve our quality control measures. During the Track

Record Period, the value of raw materials, parts and components returned to our suppliers accounted for less than 1% of our total costs for raw materials, parts and components.

We have received ISO9001:2008 certification for the quality management system, ISO10012 for the measurement management system, ISO14001 certification for the environmental management system and BSOHSAS18001 certification for the occupational health and safety management system covering substantially all of our products. We have also received many other domestic and international certifications for our products from PRC government agencies and independent international certification authorities, including the China Compulsory Certification for product quality and safety from the China Quality Certification Center and the CE certification from TüV Rheinland and TüV SüD, independent certification institutions based in Germany, as well as GOST certification from Russia and Korea Product Safety Certification. We believe all of these certifications demonstrate the technological capabilities of our manufacturing processes and help build customer confidence.

SUPPLIES

Raw Materials, Parts and Components

The principal raw materials, parts and components that we use to manufacture our products include steel, branded chassis, hydraulic pumps, valves and cylinders, engines, tires, electric controls, and a variety of other commodities and fabricated or manufactured parts and components. We currently source our raw materials and a portion of the parts and components used in our products from multiple suppliers located in and outside of the PRC. We also manufacture certain key parts and components that are used in our products, especially for hydraulic cylinders and valves. We have also recently increased our efforts to manufacture chassis for our products as well. We may continue to subcontract and outsource the manufacturing of additional non-key parts and components to external parties in the future as we believe it can be more cost effective and a more efficient use of resources. In 2007, 2008, 2009 and the six months ended June 30, 2010, major raw materials, parts and components we manufactured included hydraulic cylinders and valves, structural parts and machined parts, the value of which, in aggregate, amounted to approximately RMB1,000 million, RMB1,500 million, RMB2,500 million and RMB3,000 million in the respective periods. In the same periods, major raw materials, parts and components we outsourced included steel and chassis, and the value of which, in aggregate, amounted to approximately RMB800 million, RMB1,500 million, RMB2,000 million and RMB2,500 million in the respective periods.

Procurement Control

We adopt different policies to manage our procurement for raw materials, parts and components. We typically have multiple suppliers for each of our raw materials, parts and components so as to minimize any potential disruption of our operations, maintain sourcing stability and secure competitive prices from suppliers. For certain raw materials, parts and components with limited supply sources or which are manufactured specifically for an individual product type, including steel, chassis and hydraulic pumps, we enter into strategic framework agreements to ensure a sufficient supply. Our strategic cooperation framework agreements express the parties' intention to explore future cooperative opportunities and normally specify favorable pricing terms, supply priority, quantity, and quality of raw materials, parts and components to be provided, and post-sales service assurance. Our strategic cooperation framework agreements also provide for minimum purchase volumes. Our strategic cooperation framework agreements typically have a term of one to three years. We make our raw materials, parts and components procurement plan based on the MPS. Depending on the type and lead time of raw materials, parts and components, purchase orders are issued on a weekly or monthly basis. The lead time for our individual purchases ranges from one day to 30 days.

For parts and components that we subcontract to external third parties, we typically enter into two types of subcontracting arrangements. Both types of arrangements typically provide for subcontracting volumes and pricing terms within a fixed period of time. Under the first type, we provide the designs of the parts and components we require, along with the raw materials required for the manufacturing of such parts and components, and the subcontractors are only required to manufacture the products in accordance with our specifications. Under the second type, the subcontractors procure the specified raw materials and manufacture the parts and components in accordance with our required standards and suitable for our specifications. In 2007, 2008, 2009 and the six months ended June 30, 2010, we had a total of 122, 171, 182 and 145 subcontractors covering both types of subcontracting arrangements, and the processing fees we incurred from these subcontracting arrangements amounted to RMB106 million, RMB146 million, RMB172 million and RMB105 million for the same respective periods. During the Track Record Period, we maintained a contractual relationship for services to be rendered by the subcontractors, each acting in the ordinary course of its business as an independent third-party contractor.

In addition, after our acquisition of CIFA, we have established a global supply sourcing platform, which we believe will allow us to increase and strengthen our purchasing power on a global scale and increase our raw materials, parts and components supply channels.

For the years ended December 31, 2007, 2008, and 2009, and the six months ended June 30, 2010, our single largest supplier accounted for approximately 5.1%, 2.6%, 3.1% and 4.5%, respectively, of our total purchases, and our five largest suppliers together accounted for approximately 13.1%, 9.8%, 10.4% and 16.5%, respectively, of our total purchases. None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital, has any interest in any of our five largest suppliers in 2007, 2008 and 2009 and the six months ended June 30, 2010.

The operation department at our headquarters is responsible for the procurement of standardized raw materials, parts and components that can be used by several of our business divisions. Each of our business divisions in turn is responsible for the procurement of the specialized raw materials, parts and components that are only needed to manufacture their respective products. We constantly monitor and evaluate current and potential suppliers on their ability to meet our requirements and standards. Our headquarters' supply procurement department constantly evaluates our suppliers based on their size, production capabilities, quality control capabilities, financial stability and ability to timely deliver raw materials and components. Each of our business divisions also actively monitors and evaluates its supply sources for raw materials, parts and components as well as provides feedback to our headquarters as to the quality and suitability of the commonly purchased raw materials, parts and components. We enjoy stable relationships with our suppliers, generally averaging five years of business relationships with our key suppliers.

Inventory Management

We undertake inventory control in order to reduce the risks of under- and over-stocking. Our advanced manufacturing system is based on the MPS, which is adjusted by the actual purchase orders we receive. As our raw materials and components procurement plan is based on the MPS, our inventory of raw materials, parts and components required is minimized and kept at an appropriate level to facilitate the manufacturing process. For certain small key parts and components that we use on a recurring or regular basis, we typically maintain stock at a level based on our inventory policy. For imported parts and components, including hydraulic pumps, valves and cylinders, we typically maintain a stock for our production needs of 15 to 30 days. For parts and components manufactured in China, including engines, we typically maintain a stock for our production needs of seven to 15 days. This is to ensure a ready and sufficient inventory level when we need to significantly adjust our MPS. For certain of our operation segments, we have also installed an enterprise resource planning ("**ERP**") system which provides us with real-time information about purchases, production schedules and supplies of our raw materials, parts and components. By providing us with quick access to various data and easy formulation of operating models, the ERP system has substantially improved our inventory controls.

CUSTOMERS, DISTRIBUTION NETWORK AND SALES AND MARKETING

Customers

We sell our products to customers around the world. In 2007, 2008, 2009 and the six months ended June 30, 2010, sales to end-users in China accounted for 91.6%, 79.6%, 87.4% and 94.3%, respectively, of our consolidated turnover. We currently market and sell a majority of our products under the Zoomlion brand to domestic customers in China. On the other hand, our products under the CIFA brand are primarily sold to customers that are located outside China. In addition, our products under the CIFA brand are sold in China through our extensive distribution network.

Our concrete machinery, crane machinery and certain other construction machinery such as rotary drilling rigs, earth working machinery and special vehicles are typically sold, either directly or through dealers, to property developers, infrastructure construction companies, construction contractors or government agencies. Our road construction machinery is typically sold, either directly or through dealers, to infrastructure construction companies or government agencies. Our material handling machinery and systems are typically sold to mining companies and port construction companies. Most of our environmental and sanitation machinery is sold to government agencies. The sales of our products to government agencies and certain customers are achieved through competitive bidding and tender processes. We have established a dedicated team that specializes in such government or private competitive bidding and tender processes. In certain cases, our products are also sold to leasing companies. We also consider certain large-scale state-owned enterprises, such as China Railway Engineering Group Co., Ltd., China Railway Construction Corporation Limited and China Communication Construction Company Limited to be our major customers. While direct purchases from these major customers do not account for a significant percentage of our consolidated turnover during the Track Record Period, we have been able to sell several lines of products to the contractors engaged by these customers based on their recommendations. In 2007, 2008, 2009 and the six months ended June 30, 2010, none of these major customers was one of our five largest customers, and sales to these customers, in aggregate, amounted to RMB150 million, RMB227 million, RMB237 million and RMB96 million, respectively, which represented 1.7%, 1.7%, 1.1% and 0.6% of the consolidated turnover for the respective periods.

Currently, we have over 30,000 customers that varied widely in terms of their contribution to our total turnover. In 2007, 2008, and 2009 and the six months ended June 30, 2010, sales to our five largest customers accounted for approximately 4.3%, 6.7%, 4.6% and 5.9%, respectively, of our consolidated turnover, and our largest customer accounted for approximately 1.4%, 3.3%, 1.2% and 1.7%, respectively, of our consolidated turnover for the respective periods. None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital, has any interest in any of our five largest customers in 2007, 2008, 2009 and the six months ended June 30, 2010.

Sales and Distribution

We have established an extensive distribution network in China. As of September 30, 2010, the distribution network consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third parties, which are located in more than 300 cities covering all provinces and autonomous regions in China. Our third-party dealers in China, in aggregate, operated 39, 115, 279 and 408 outlets, respectively, as of December 31, 2007, 2008 and 2009 and June 30, 2010. As of September 30, 2010, we employed over 3,400 marketing, sales and after-sales services personnel in China. In addition, we sell our products to over 70 different countries and have also established an extensive overseas distribution network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers. Our dealers generally have experience in the sales of construction machinery or other machinery and all of our dealers in the Track Record Period are independent third parties.

The table below sets forth the numbers of outlets, service centers and parts and components depots by geographical location in the PRC and overseas as of September 30, 2010:

	Outlets			Service Centers			Parts and Components Depots		
	Owned and operated by us	Owned and operated by third-party dealers	Total	Owned and operated by us	Owned and operated by third-party dealers	Total	Owned and operated by us	Owned and operated by third-party dealers	Total
Inside China									
Northern China	142	90	232	138	68	206	78	43	121
Eastern China	133	88	221	126	81	207	66	67	133
Southern China	78	50	128	75	39	114	46	21	67
Western China	113	115	228	108	93	201	59	60	119
Central China	82	67	149	77	58	135	60	32	92
Total	**548**	**410**	**958**	**524**	**339**	**863**	**309**	**223**	**532**
Overseas									
North America	—	3	3	1	2	3	—	2	2
Oceania	2	5	7	1	5	6	1	4	5
Africa	5	13	18	2	12	14	3	10	13
South America	3	32	35	1	32	33	2	28	30
Europe	7	60	67	5	52	57	3	40	43
Asia	14	77	91	4	77	81	6	55	61
Total	**31**	**190**	**221**	**14**	**180**	**194**	**15**	**139**	**154**

The table below sets forth our sales by geographical location in China and overseas and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
China										
—North	2,127	23.7	3,275	24.2	5,350	25.8	4,249	26.3	5,831	24.4
—South	1,354	15.1	1,525	11.3	2,498	12.0	1,923	12.0	3,019	12.6
—East	2,199	24.5	2,659	19.6	3,654	17.6	3,260	20.3	4,810	20.1
—West	961	10.7	1,798	13.3	3,441	16.6	3,049	19.0	4,265	17.9
—Central	1,575	17.6	1,523	11.2	3,204	15.4	2,685	16.7	4,678	19.6
Sub-total	**8,216**	**91.6**	**10,780**	**79.6**	**18,147**	**87.4**	**15,166**	**94.3**	**22,603**	**94.6**
Overseas										
—Europe[1]	83	0.9	794	5.9	1,929	9.3	587	3.6	750	3.1
—Asia[2]	513	5.7	1,372	10.1	335	1.6	168	1.0	254	1.1
—Others[3]	161	1.8	602	4.4	351	1.7	168	1.1	294	1.2
Sub-total	**757**	**8.4**	**2,768**	**20.4**	**2,615**	**12.6**	**923**	**5.7**	**1,298**	**5.4**
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**16,089**	**100.0**	**23,901**	**100.0**

Note: The presentation of geographic location above is based on the location of the end-users of our products, and is different from the geographic analysis on the geographic location of the sales. Under the sales location method, the products that are ultimately sold to end-users located in the overseas markets through our dealers located in the PRC are presented as turnover from the PRC and the amounts and the percentages of the PRC and the overseas sales are higher and lower, respectively, for the relevant periods than the amounts and percentages presented in the table above. We believe the geographic classification method used in the above presentation provides investors with additional information about the turnover from our domestic and overseas end-users.

(1) Including Italy, Germany and Russia.
(2) Including Japan, India and Korea.
(3) Including South Africa, Australia, Brazil and the United States.

The table below sets forth our sales by outlets owned and operated by us and outlets owned and operated by third party dealers and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Sales by outlets owned and operated by us	7,439	82.9	10,627	78.4	16,206	78.1	12,451	77.4	19,219	80.4
Sales by outlets owned and operated by third party dealers	1,534	17.1	2,921	21.6	4,556	21.9	3,638	22.6	4,682	19.6
	8,973	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**16,089**	**100.0**	**23,901**	**100.0**

We provide personalized and tailored purchasing experiences for our customers by offering consultations to design comprehensive solutions in accordance with each customer's specific needs, industry and business operations. For example, our engineers will accompany our customers to their construction sites to understand work requirements and recommend the most suitable products. We also provide technical advisory services to our customers and assist them in designing construction plans based on available equipment. For special projects, we work with our customers to design and manufacture tailored products to address the customers' unique needs. Some of our products are sold to customers who, as a result of our reputation or customer referrals, approach us directly. However, we also actively source business through open or invited tenders where competitive bidding processes are arranged by potential customers.

We select our dealers in China based on their reputation, market coverage, sales experience and ability to foster relationships with local customers, financial strength and existing or potential size of their distribution force. As of December 31, 2007, 2008 and 2009 and June 30, 2010, we had a total of 30, 54, 66 and 70 third-party dealers in China, respectively. Our dealers include specialized construction machinery retailers, car dealers and electrical engineers, including special equipment service providers. We typically require a deposit when we engage a dealer. We have two types of arrangements with our dealers. Under the first type, our dealers in China purchase our products from us and subsequently sell our products within a designated region to end-users. Under the second type, we sell our products through dealers to particular customers or projects, and the sales contracts for our products are between the customer and us. Our dealers under the second type of arrangement are compensated by commissions paid by us. We usually determine the type of arrangement based on the dealer's experience, relevant expertise and customer bases. For the first type of arrangement with our dealers, we typically enter into written distribution agreements for a one-year term with our dealers in China that are generally renewed annually. The second type of arrangement with our dealers is typically customer and/or project based and the contract terms vary from dealer to dealer. These distribution agreements set forth guidelines for the sale and distribution of our products, including restrictions on the territories in which our products may be sold to end-users by such dealers. Our distribution agreements also allow our dealers to sell our products to overseas end-users. Dealers who sell our products to overseas end users are typically subject to the same terms and conditions under the first type of arrangement, and have similar rights and obligations to the other dealers under the first type of arrangement. Under the first type of arrangement, we typically enter into non-exclusive agreements under which we are not bound to only sell to such dealers within a defined territory. Our distribution agreements typically have certain periodic sales targets to facilitate our evaluation of the performance of our dealers. Failure of our dealers to achieve the sales targets would not result in any penalty, but may result in non-renewal of the distribution agreement. In addition, if the dealers sell competing products from other companies, we also reserve the right to terminate the distribution agreements. Under the second type of arrangement, we typically enter into non-exclusive agreements with our dealers.

We utilize different combinations of direct sales outlets and dealers for different types of products, customers' demand and geographic areas to maximize our market penetration. As part of our efforts to integrate resources across different operating segments, since 2008, we have established various all-products sales and service centers in major cities across the key markets where there is strong demand for more than one line of our products and our important customers are located, allowing us to fully leverage our customer relationships and information and to cross-sell our products.

Our products are typically sold internationally through dealers supported by certain of our own distribution outlets staffed with our own personnel. As of December 31, 2007, 2008 and 2009 and June 30, 2010, we had a total of 16, 74, 94 and 88 third-party dealers outside of China, respectively. Our international distribution network is comprised of 88 third-party dealers as of September 30, 2010. Our international third-party dealers typically purchase our products from us and subsequently sell our products within a designated region to end-users. The contractual arrangements with our international third-party dealers are similar to the first type of contractual arrangement with our third-party dealers in China in this respect. Certain of our international dealers also engage sub-dealers to further broaden the market reach of our products. We typically enter into written exclusive distribution agreements with our international dealers for either one- or two-year terms that can be renewed upon expiration of the agreements. International distribution agreements contain similar terms as our domestic distribution agreements, but many of the international dealers are also required to construct a parts and components depot in their designated territories under the agreement and we can terminate the exclusive distribution agreement with our international dealers if they fail to achieve certain sales targets.

In 2007, 2008, 2009 and the six months ended June 30, 2010, we had 45, 123, 154 and 156 third-party dealers under the first type of arrangement, and five, eight, seven and two third-party dealers under the second type of arrangement, respectively. Among these third-party dealers four, three and one third-party dealers entered into both types of distribution agreements with us in 2007, 2008 and 2009, respectively. Under the contractual arrangements with our international dealers, the sales contracts for our products are entered into between the international dealers and the end-users. Therefore, all of our international dealers are considered dealers under the first type of arrangement.

The table below sets forth the sales under the first and second types of arrangements in the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Sales under the first type of arrangement	1,251	2,676	4,225	3,335
Sales under the second type of arrangement	283	245	331	303

We actively manage our distribution network and regularly review the performance of each of our own distribution outlets and our dealers as well as monitor customer satisfaction with the performance of our services. We divide the sales and support of our products into our respective business divisions, which we believe allows us to better formulate and implement our sales strategy to target our customers and provide the necessary after-sales services. During the Track Record Period, all of our third-party dealers were in compliance with the distribution agreements in all material aspects. In addition, we believe that the increase in our consolidated turnover during the Track Record Period was not caused by accumulation of inventory at the dealers' level, as we did not experience any product returns from our third-party dealers during the Track Record Period.

The table below sets forth the movement of the number of our third-party dealers inside China and overseas during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,	
	2007		2008		2009		2010	
	PRC	Overseas	PRC	Overseas	PRC	Overseas	PRC	Overseas
Dealers under first type of arrangement								
Addition	8	13	22	60	17	25	9	16
Non-renewal	10	—	2	2	6	5	1	22
Opening balance	31	3	29	16	49	74	60	94
Net increase/(decease)	(2)	13	20	58	11	20	8	(6)
Closing balance	**29**	**16**	**49**	**74**	**60**	**94**	**68**	**88**
Dealers under second type of arrangement								
Addition	3	—	5	—	—	—	—	—
Non-renewal	—	—	2	—	1	—	5	—
Opening balance	2	—	5	—	8	—	7	—
Net increase/(decease)	3	—	3	—	(1)	—	(5)	—
Closing balance	**5**	—	**8**	—	**7**	—	**2**	—
Overlapping	(4)	—	(3)	—	(1)	—	—	—
Total	**30**	**16**	**54**	**74**	**66**	**94**	**70**	**88**

The primary reason for non-renewal of a distribution agreement is the failure of the dealer to meet the sales target. In particular, we did not renew the distribution agreements with five and 22 international dealers in 2009 and the six months ended June 30, 2010, respectively, for reasons including the slowdown in the sales of our products in the particular region covered by those dealers and the potential competition between the dealers and us.

Customer Services

We typically sell our products with warranty terms covering three to 12 months after the sale, except for parts that are subject to special warranty terms that range from 15 days to 12 months. For example, tires, batteries and friction plates in our mobile cranes are subject to warranty terms of 30 days, 45 days and three months, respectively. In addition, our product warranty does not cover normal wear and tear during the products' use. Our product warranty typically requires us to provide after-sales services covering parts and labor for non-maintenance repairs, provided operator abuse and improper use or negligence did not necessitate the repair. Certain parts and components of our products, however, are not covered by us but are covered by the warranties of the manufacturers of such parts and components, such as the branded chassis used in our products. In accordance with the relevant return procedures, our customers can return defective components of our products to us during the warranty period. Following the expiration of the warranty period, we may provide repair and maintenance services and supply parts and components for a fee based on the services required. Product warranty provisions in 2007, 2008, 2009 and the six months ended June 30, 2010 were RMB30 million, RMB127 million, RMB87 million and RMB93 million, respectively. The product warranty provision increased in 2008 as compared to 2007, because we were upgrading the medium to large capacity tower cranes and the concrete placing booms in 2008, which led to more repairs and parts and components replacements for those products and therefore caused us to incur additional warranty claims during 2008. Since the quality issue of the products was resolved after the upgrading was accomplished in 2008, our product warranty provision in 2009 decreased and remained stable in the six months ended June 30, 2010.

We provide a comprehensive suite of after-sales services to our customers, which includes many value-added services aimed at lowering costs to our customers and increasing their productivity and operating efficiency. When our products arrive at our customers' locations, our technical personnel are present on-site to provide any required installation and assembly services. Furthermore, to ensure that our customers understand the operation and functions of our products, we provide on-site technical and product training. We also perform preventive maintenance and diagnostics for our customers, instead of waiting for our customers to request maintenance services. Other value-added after-sales services include the procurement of product insurance and other necessary certifications and providing ongoing relevant industry advice and analysis. Furthermore, we are one of the few construction machinery manufacturers' in China to offer remanufacturing services as a value-added service to our customers, including technological upgrades and extending the life of their products at the request of customer.

As part of our commitment to provide quality after-sales services, we implement a "24 Hours On-call" policy under which we aim to respond to customers within 24 hours. We also provide on-site support to our customers within two hours for urban areas covered by our service centers.

After-sales services overseas are currently provided either through over 180 service centers and 139 parts and components depots of our international dealers or through 14 of our own service centers and 15 parts and components depots located across Italy, Russia, the United Arab Emirates, Belgium, Vietnam and 21 other countries.

In order to ensure that our brand is associated with high quality and both reliable and responsive service levels, we constantly provide training to our own and our dealers' after-sales services personnel. We expect our dealers to provide the same, if not higher, levels of service than our own personnel, with such capability an important criterion in our selection of dealers. We also continuously catalog and archive our customers' product usage history which assists us in improving the quality of our services and enhancing our knowledge as to such customers' preferences, needs, constraints and strategies and the field performance of our products.

Pricing Strategy

We formulate and adjust the prices for most of our products based on such product's life cycle and in a market-oriented manner. As a majority of our products remain in the growth stage of their life cycle, we adopt a pricing strategy focused on maximizing our profitability and margins. We also take into account factors such as product capabilities, degree of competition, market demand and changes and improvements in technical innovations in pricing our products. The sales prices of our products are formulated at the sales center level. The prices of our products are not subject to official price guidelines under PRC laws and regulations. The sales prices of our products are generally the same within each designated region in China but may be affected by variation in transportation costs. However, the sales prices of our products outside of China are generally higher than the sales prices for the same products in China. For most of our machinery, we set a suggested sale price, while giving our sales personnel and third party dealers the flexibility to offer certain discounts. We also provide volume discounts to certain of our customers as well as a discount from the retail purchase price to our dealers.

Payment Options

We currently provide certain of our customers, including our dealers, with installment payment options or credit payment options, or provide financial guarantees for such customers' bank loans to purchase our products, depending on the credit quality of our customers or dealers and the general business practices in the region in which the products are sold.

In addition, starting from May 2007, we began to provide finance lease services directly to our end-user customers in China covering all products manufactured and sold by us through our subsidiary Beijing Zoomlion Leasing. We also established Zoomlion Finance and Leasing (China) in February 2009 to further expand our finance lease services domestically, and Zoomlion Capital (H.K.) in May 2008 to expand our finance lease services overseas. Our two PRC subsidiaries, Beijing Zoomlion Leasing and Zoomlion Finance and Leasing (China), have obtained prior approvals from MOFCOM to conduct finance lease business, and have complied with all the other requirements under PRC laws as to registered capital, relevant experience for senior management and specialists of the enterprise and periodic inspection from MOFCOM. For more details, please refer to "Regulatory Overview — Regulations as to Finance Lease Industry". In addition, we have obtained the relevant licenses and/or complied with the requirements and conditions in order to provide finance lease services in Hong Kong, Australia, Italy and Russia. Pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), any person in Hong Kong must apply to the authority for a money lender's licence in order to engage in the operation of financial leasing business. Our

Company has strictly complied with the Basic Law and the relevant laws of Hong Kong and obtained the money lender's license issued by the Registrar of Money Lenders by the end of May 2009. We are therefore in compliance with the relevant regulatory requirements for our financial leasing operation in Hong Kong. In Australia, providers of finance lease services are not subject to special requirements, but their operations must comply with the law and policies of Australia. According to Art. 106 of the Consolidated Banking Act of Italy, carrying out financial activity (including leasing business) in Italy is restricted to banks and to institutions enrolled in the register of financial intermediaries as non-banking institutions which is kept by Bank of Italy. Zoomlion Capital (Italy) S.p.A., a wholly owned subsidiary of Zoomlion Capital (H.K.), is regularly registered as a non-banking institution in the general register of financial intermediaries kept by Bank of Italy and has included leasing services in its corporate register in Italy. In Russia, providers of finance lease services do not have to obtain special licenses, but have to include leasing services in the scope of business in their corporate constituent documents. Zoomlion Finance & Leasing (Russia) Co., Ltd. has included finance lease services and loan services in the business scope in its corporate constituent documents. In addition, our financial guarantee arrangement does not violate any laws and regulations in the PRC.

The following table sets forth the breakdown of total turnover from sales of our products by different payment options, and each expressed as a percentage of turnover from sales of our products, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,		Nine Months Ended September 30,	
	2007		2008		2009		2010			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Credit payment	3,934	43.9	6,394	47.7	6,896	33.9	5,395	34.3	7,504	32.3
Installment payment	2,256	25.2	2,215	16.5	2,666	13.1	2,329	14.8	3,555	15.3
Sales under financial guarantee arrangement	2,388	26.6	2,735	20.4	3,340	16.4	2,604	16.5	4,635	19.9
Sales under finance lease arrangement(1)	381	4.3	2,068	15.4	7,463	36.6	5,407	34.4	7,554	32.5
Total	**8,959**	**100.0**	**13,412**	**100.0**	**20,365**	**100.0**	**15,735**	**100.0**	**23,248**	**100.0**

Note:

(1) The interest income from finance lease service is not included in the sales under finance lease arrangement in the above table as such income is not directly derived from product sales under the finance lease payment option. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our Group's interest income under finance lease amounted to RMB14 million, RMB136 million, RMB397 million and RMB354 million, respectively. For the nine months ended September 30, 2010, our Group's interest income under finance lease amounted to RMB653 million.

- Under the credit payment option, credit terms granted to our customers normally range from one to three months from the date of billing, and an upfront payment ranging from 10% to 30% of the product price is required based on the different terms agreed with the customers.
- Under the installment payment option, our customers are required to make an upfront payment ranging from 30% to 60% of the product price and settle the remaining balance on a monthly equal installment basis within up to 24 months.
- Under the financial guarantee arrangement, our customers are required to make an upfront payment ranging from 20% to 30% of the product price and arrange

bank loans for the remaining balance to finance the purchase of machinery, and we will provide financial guarantees for such customers' bank loans. The terms of these guarantees coincide with the tenure of bank loans that generally range from 2 to 4 years.

- Under the finance lease arrangement, the length of the lease is generally two to four years, although for certain products that have a longer useful life, such as tower cranes, crawler cranes and large-capacity truck cranes, we may extend the length of the lease to five years. Our finance lease services cover all our product lines, including concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery, earth working machinery, material handling machinery and systems and other types of machinery products. Generally, our products have an estimated average useful life of ten years. However, based on circumstances including working conditions, work load, usage and maintenance, the actual useful life of our products could vary significantly among our end-users. The length of the lease, which ranges from two to four years is typically much shorter than the useful life of the leased equipment. An upfront payment ranging from 5% to 20% of product price is required. Also, we require a security deposit equal to 5% to 10% of the product price from the customers, which will be released upon completion of the lease period and the receipt of final lease payment. At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. Terms of the finance lease services provided are determined based on our relationship with and the credit quality of the customer. We believe finance lease services provide customers with a more flexible payment option that increase the attractiveness of our products, especially overseas, where the typical payment option of choice is a finance lease.

By offering varying payment options, we are exposed to business and credit risks including default risks. Accordingly, individual credit evaluations are performed on all customers requiring credit over a certain amount, customers choosing our installment payment option and financial guarantee arrangement. These evaluations focus on each customer's background and financial strengths, past payment history and current ability to pay, and take into account information specific to each customer as well as the economic environment in which such customer operates.

- Under the credit payment option, we evaluate the creditworthiness of customers to which we grant credit in the normal course of business by performing credit checks. Credit exposure limits are established to avoid concentration risk with any single customer. To reduce our credit risk, we may request certain customers to pay with bank acceptance notes, which are guaranteed by banks with a maturity period ranging from one to six months.

- Under the installment payment option, credit evaluation, exposure limits and debt chasing procedures are in place, and collateral such as properties, machinery or third party guarantees are generally required for customers with lower credit ratings.

We evaluate impairment loss of trade receivables arising from credit and installment payment options quarterly. Impairment losses in respect of trade receivables are recorded using an allowance account, unless we conclude that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The following table sets out the movement in our allowance for doubtful debts for the Track Record Period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Balance as of January 1	(90)	(153)	(255)	(340)
Impairment losses recognized	(65)	(104)	(87)	(247)
Uncollected amounts written off	2	2	2	15
Balance as of December 31/June 30	**(153)**	**(255)**	**(340)**	**(572)**

As of December 31, 2007, 2008, 2009 and June 30, 2010, the allowance for doubtful debts represented 8.4%, 6.5%, 6.3% and 7.0% of our gross accounts receivable as of the respective balance sheet dates.

- Under the financial guarantee arrangement, we require the customers to provide a counter guarantee such that the customers agree to be responsible for the outstanding principal, interest, penalties, legal expenses etc., should the customers default on payments to the bank and if the sales proceeds of repossessed machinery are insufficient to cover the guarantee payments made by us to the banks. In the event of customer default, we are entitled to repossess the machinery collateralizing the bank loans, sell the machinery and retain any net proceeds in excess of the guarantee payments made to the banks. During the Track Record Period, there has been no significant difference between the sales proceeds of the repossessed machinery and the guaranteed payments to banks for defaulted customers. In 2007, 2008, 2009 and the six months ended June 30, 2010, as a result of customer default, we made payments of RMB39 million, RMB101 million, RMB117 million and RMB61 million, respectively to banks under the financial guarantee arrangement, which accounted for 3.9%, 5.2%, 4.3% and 3.6%, of our maximum amounts guaranteed as at the end of the respective preceding periods.
- Under the finance lease arrangement, we implement stringent review procedures to ensure the credit rating of the applicant for finance lease services is satisfactory. In evaluating whether to provide finance lease services to an applicant, individual credit evaluations are performed similar to those of credit and installment sales. Our risk control committee is responsible for the establishment of credit risk management policies, supervision of the implementation of such relevant policies and determination of the key terms of lease contracts. The Company enjoys a stronger protection against customer defaults as compared to other payment options as we continue to hold titles to our products until final payments are made. Furthermore, we actively negotiate with customers who show signs of financial difficulties to ensure timely collection of the lease payments. In addition, we install global positioning tracking devices on our products so that we will be able to track down and repossess such equipment in the event of customer

defaults. In 2007, 2008, 2009 and the six months ended June 30, 2010, the amounts of defaulted receivables under finance lease were RMB3 million, RMB13 million, RMB94 million and RMB313 million, respectively. Defaulted receivables refer to those receivables as to which any payment or part thereof remains unpaid after the relevant payment date, including those receivables that are overdue for only one day. Most of the defaulted receivables were remedied in a timely manner. For other defaulted receivables under finance lease that were not timely remedied, some finance lease customers converted their payment method to installment payment by complying with all the relevant requirements for installment payments after negotiating with the Company, and some defaulted customers' machinery was repossessed. In 2007, 2008, 2009 and the six months ended June 30, 2010, the amounts of defaulted trade receivables under finance lease which were converted to installment payments were nil, nil, RMB36 million and RMB66 million, respectively. Generally, if the customer payment is overdue by more than 90 days and such default is not timely remedied, we will repossess such customers' machinery. We dispose of or recycle such repossessed used equipment after refurbishing or remanufacturing, or in certain cases, sell such used equipment as is. In 2007, 2008, 2009 and the six months ended June 30, 2010, the amount of defaulted receivables under finance lease which resulted in repossession of leased machinery were nil, nil, RMB17 million and RMB3 million, respectively. Cumulatively, we sold such repossessed machinery for aggregate proceeds of RMB19 million and forfeited customer deposits of RMB2 million during the Track Record Period. Therefore, we recorded a gain of RMB1 million as a result of repossessing the defaulted customers' machinery under finance lease services during the Track Record Period.

Our risk control committee is responsible for risk evaluation for each credit investigation report submitted to them, the establishment of credit risk management policies, the supervision on the implementation of such policies, and risk management for finance leases, including determination of the key terms of the lease contracts such as interest rate, lease period and amount of security deposit. The risk control committee members are also responsible for approval of each leasing transaction within their respective authority. Our risk control committee currently consists of 15 members and is chaired by Mr. Wan Jun, who is the general manager of Zoomlion Finance Leasing (China). For a detailed description of Mr. Wan Jun's background, please refer to "Directors, Supervisors, Senior Management and Employees—Directors, Supervisors and Senior Management—Senior Management—Mr. Wan Jun." The risk control committee comprises two other members from Zoomlion Finance Leasing (China) in Changsha and regional managers of Zoomlion Finance Leasing (China) around China. All the 15 members hold bachelor's degrees, two of them also hold master's degrees and three hold MBA or EMBA degrees. The risk control committee members generally have degrees in finance, economics, accounting and law and have had prior working experience in relation to risk control and management. The members of our risk control committee have an average of over five years of experience in areas relating to risk control and management. Our credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. Our credit risk management procedures with respect to finance lease services include pre-lease investigation, lease approval, lease payment collection and management, as well as repossession and subsequent sale of machinery and forfeiture of related customer deposits in case of customer default.

Marketing

We place great emphasis on the promotion of end-users' awareness of our brands and products. Our headquarters sets general strategies to promote our brands and approve marketing and promotional activities that are formulated and carried out by our respective business divisions, which vary according to our customer targets for the specific product type. Our marketing and promotional activities include offering extended warranties and participating in or organizing seminars, tradeshows and exhibitions to showcase our products and to seek end-user feedback for our products. Our headquarters also strategically pursues advertising campaigns through various media outlets such as trade publications, outdoor advertising, television and trade-related websites. For the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010, our marketing and advertising expenses amounted to approximately RMB79 million, RMB91 million, RMB148 million and RMB141 million, respectively. As we launched nationwide television advertisement campaigns, participated in engineering machinery exhibitions and organized nationwide marketing roadshows to promote our brand name and products, marketing and advertising expenses in 2009 and six months ended June 30, 2010 increased significantly.

We assist our dealers to establish market demand for our products by providing the necessary marketing support and developing marketing and promotional strategies. We conduct periodic and intensive training and provide technical support seminars to our dealers in order to enable them to proactively educate potential customers as to the features and benefits of our products and adequately address our customers' need for after-sales services and repairs.

RESEARCH AND DEVELOPMENT

Research and Development Platform

We place significant emphasis on the research and development of new products, technology and designs. In 2007, 2008, 2009 and the six months ended June 30, 2010, we recorded research and development expenses of RMB83 million, RMB120 million, RMB194 million and RMB116 million, respectively. Our global research and development platform currently has over 3,000 engineering and technical personnel, including 17 "Leading Experts Stipended by the State Council (享受國務院政府特殊津貼的專家)." Our global research and development efforts are led by a team of senior scientists located in our research and development facilities in China and Italy. These scientists have extensive relevant experience, and many of them have received recognition in their respective fields. Our core research and development team has 25 chief research personnel that have spent an average of more than ten years with our Group. As a result of our global research and development platform, we have access to advanced technologies and a large pool of highly skilled international engineering and technical personnel. Our research and development facilities in China focus on research and development projects across all of our product segments, and our facilities in Italy focus on research and development projects relating to concrete machinery.

Technology and Industry Standards Development

We deploy a customer-oriented approach to research and development. Since 1999, we have completed 69 major research projects, including over 22 PRC national government research and development initiatives. We focus our technology research and development efforts on continuing to upgrade the technology of our products, increase the technology and performance of parts and components used in our products, increase the standardization of key components across our product lines, reduce product complexity and facilitate more efficient product manufacturing and assembly processes. We will also focus on developing new product lines that we believe are commercially feasible and profitable, as well as continue to engage in important government-sponsored research and development initiatives. The primary focuses of our current major technology research and development projects include welding techniques for high-strength steel, structural stability and rigidity of steel, and performance and functionality of hydraulic parts and components.

As recognition of our research and development capabilities, we have won numerous national awards in China, such as the National Scientific and Technological Progress Award in 1998 from the national reward office for Science and Technology Awards, seven Construction Machinery Industry Science and Technology Awards in 2007, 2008, and 2009, from the CCMA, and five Huaxia Construction Science and Technology Prizes in 2007, 2008 and 2009, from the Ministry of Housing and Urban-Rural Development of the PRC.

Furthermore, we have been accredited as a national research and development enterprise center in 2005, and we own the National Key Laboratory on Key Technologies for Construction Machinery, the only national key laboratory in the field of construction machinery; and the National Engineering Technology Research and Development Center for Concrete Machinery, the only national concrete machinery engineering technology research and development center in the field of construction machinery industry. We established a post-doctoral station in China to foster and attract top academic talent to join our company to engage in advanced research and development projects.

We have also carried out research and development projects in collaboration with several domestic institutions. Currently, we maintain the following cooperative relationships in connection with various research and development projects:

- Zhejiang University;
- Shanghai Jiao Tong University;
- Tongji University;
- Beijing University of Aeronautics and Astronautics;
- Hunan University;
- Dalian University of Technology; and
- Dalian Maritime University.

Our cooperation with these domestic institutions relates to the research and development of technologies that are crucial to our product development and enhancement. For specific research and development projects, we typically enter into cooperation agreements that typically require us to pay a fixed amount of service fees to the domestic institutions, and we have the exclusive rights to use the proprietary technology or patent resulting from such research and development projects. We also outsource certain processes in connection with our research and development efforts, including product testing, designing of data analysis systems and software development, to these domestic institutions. In 2007, 2008, 2009 and the six months ended June 30, 2010, the service and subcontracting fees we paid to these domestic institutions, which were included in our research and development expenses, in aggregate, amounted to approximately RMB2 million, RMB2 million, RMB12 million and RMB2 million, respectively. In 2007, 2008, 2009 and the six months ended June 30, 2010, we entered into cooperation or outsourcing arrangements with 3, 6, 8 and 8 domestic institutions, respectively, and all these institutions were independent third parties. The results of the research and development projects are either solely owned by us or co-owned by the domestic institution and us. In certain limited circumstances, we also enter into cooperation agreements which require us to share a specified percentage of our profit from the sales of our products incorporating the technology from the research and development project during a specified period after completion of the project.

Our strength in research and development has allowed us to become a leading institution in the development and establishment of national and industry standards for construction machinery and environmental and sanitation machinery in China. We have participated in and contributed to the establishment of over 180 national or industry standards that are currently in effect, such as the national standard for concrete pumps, the first industry standard for truck-mounted concrete pumps in 2004 and the industry standard for chassis specially designed for mobile cranes. Furthermore, we are currently in the process of authorizing new national and industry standards in China for products such as road surface planers, asphalt mixing equipment and truck-mounted concrete mixers with major industry players, including XCMG (徐工集團), Shaanxi Construction Machinery Co., Ltd. and Tianjin Dingsheng Construction Machinery Co., Ltd., and research and development institutions such as Hanyang Special-Purpose Vehicle Institute and Tianjin Research Institute of Construction Machinery.

As a result of our leading market position and our active involvement in the establishment of national and industry standards, we are also an important member of the CCMA, the official construction machinery industrial organization in China under the SASAC which has over 1,500 members in total. However, given that all the major industry players are members of CCMA, we do not believe we are able to influence the data collection and publication process of CCMA. We believe our active participation in establishing industry standards and our nationally accredited research and development laboratories allow us to focus our research and development efforts on addressing prevailing market trends and develop products with industry-leading technological capabilities.

Product Research and Development

We focus our product research and development on improving product performance, features and controls to satisfy evolving and differentiated customer requirements and fine tune our product models to maximize product performance in varying working environments and conditions. We have developed and launched over 800 different products since the founding of our Group, which included a number of new products and product upgrades that have generated significant turnover, been commercially successful, and both realized a technology breakthrough in China and opened new opportunities, such as:

- truck-mounted concrete pumps with six-joint jibs, which significantly enhanced the maximal concrete placing range;
- QAY180, QAY220 and QAY350 all-terrain truck cranes with the then industry-leading lifting capacity;
- D5200 tower crane, which was the first tower crane with a lifting capacity of over 5,200 ton-meters; and
- QUY1000 crawler crane, the first crawler crane with a lifting capacity of over 1,000 tons.

Our acquisition of CIFA has further bolstered our research and development capabilities. CIFA's research and development capabilities and efforts have led to the introduction of several commercially successful and innovative products on a global basis, such as:

- truck-mounted concrete mixer and pumps;
- concrete spraying machinery; and
- truck-mounted concrete pump with carbon fiber concrete placing boom.

We have selectively applied CIFA's proprietary technologies to the research and development efforts of our Zoomlion line of concrete machinery products including:

- carbon fiber concrete placing booms;
- K-Tronic intelligent electrical control systems;
- boom fatigue test beds;
- pumping unit test beds; and
- finite element calculation.

While most of our products are not tailored to meet specific needs of individual customers, we may, from time to time, enter into arrangements with our customers to design and manufacture products based on their specific needs. The development of such products, while based on requests from our customers, are actually designed by us, and the intellectual property rights arising from the development of such products are usually owned by us and not by our customers. As part of our arrangements with our customers, our customers generally will arrange for their own technicians and engineers to participate in an appraisal of our new product designs, provide us with industrial testing fields for the testing of our new products, and after using our products, provide us with periodic updates and information so as to assist us in the development of new technology to upgrade the performance of the product. In return, we provide our customers with certain benefits or discounts for them to purchase such products.

INTELLECTUAL PROPERTY RIGHTS

We are committed to the development and protection of our intellectual property portfolio. We rely on a combination of patents, trademarks, copyrights and trade secret laws, employee and third-party non-disclosure/confidentiality and non-competition agreements to protect our intellectual property. We own and have applied for patents to protect the technologies, inventions and improvements that we believe are significant to our business. Under PRC laws, there are three types of patents, namely, the invention patent, the utility patent and the design patent. The “invention patent” refers to any new technical solution relating to a product, a process or an improvement; “utility patent” refers to any new technical solution relating to a product’s shape, structure or any combination, which is fit for practical use; and “design patent” refers to any new design of a product’s shape, pattern or any combination, as well as the combination of the color and the shape or pattern of a product, which creates an aesthetic feeling and is fit for industrial application. Furthermore, the examination procedure of the three patent applications is different. After the preliminary examination conducted by the PRC patent bureau, only the invention patent application is subject to substantive examination, which is more strict and time-consuming. Usually a granted invention patent has a validity period of twenty years from the date of its application, while a granted utility patent or a granted design patent has a validity period of ten years from the date of its application. As of October 31, 2010, we held 327 patents in China, including 31 invention patents, 275 utility patents and 21 design patents. In addition, as of October 31, 2010, we had six patents held by CIFA in Italy. We also had 174 pending patent applications in China as of October 31, 2010. To the best of our knowledge, we do not foresee any material legal impediments for the granting of rights to our patents under application. We anticipate we will apply for additional patents in the future as we develop new products, technology and designs.

We hold a number of registered trade names, brand names and registered trademarks. As of October 31, 2010, we maintained 575 trademark registrations in China, including nine trademark registrations for our CIFA brand in China, and 507 trademark registrations overseas. Our subsidiary CIFA maintained 24 trademarks registrations in Italy. In addition, as of October 31, 2010, we had 31 trademark applications in China, 148 trademark applications overseas, and we are also applying for trademark registrations in member countries of the Madrid Agreement, the European Union and the African Regional Intellectual Property Organization. Save as otherwise disclosed in Appendix IX—“Statutory and General Information—Further information about our Business—B. Our intellectual property rights” to this prospectus, to the best of our knowledge, we do not foresee any material legal impediments for the registration of our trademarks under application. Two of our trademarks were recognized as “Well-Known Trademarks” nationwide. Our trademark “中联”, the Chinese characters for Zoomlion, was recognized as a "Well-Known Trademark" nationwide by the Trademark Office of the State Administration for Industry and Commerce of the PRC, and our trademark "Zoomlion" was recognized as a "Well-Known Trademark" nationwide by a judgment of the Intermediate People's Court of Zhuzhou, Hunan Province on January 13, 2009, relating to a lawsuit which we initiated to protect our trademark from infringement by a third party. This court decision is final as the defendant did not appeal to a higher court. Under the PRC laws, courts have the authority to recognize a "Well-Known Trademark" in an infringement claim on a case-by-case basis. As our trade names, brand names and trademarks are becoming more recognized in China and overseas, we are devoting additional resources to enhance the enforcement and protection of our trademark rights.

We have also obtained 12 copyrights for our software in China used to control the various electrical components in our products as of October 31, 2010.

With respect to proprietary know-how that is not patentable or for which patents are difficult to enforce, we rely on trade secret protection and non-disclosure/confidentiality and non-competition agreements in order to safeguard our interests. All of our personnel who have access to sensitive and confidential information have entered into non-disclosure/confidentiality and non-competition agreements with us. We also take other precautions, such as internal document controls and network assurance procedures, including the use of a separate dedicated server for technical data.

Please refer to Appendix IX—"Statutory and General Information—Further information about our Business—B. Our intellectual property rights" to this prospectus for additional information.

COMPETITION

The industry in which we operate is highly competitive. We face direct competition both in China and internationally across all product lines and price ranges. In China, our competitors include domestic Chinese companies, such as XCMG Group, Sany Group and other domestic manufacturers that either offer a range of construction machinery and environmental and sanitation machinery or some specific types of competing products, and occasionally, certain multinational companies. In the international market, our major competitors include multinational companies such as Caterpillar Inc, Komatsu Machinery Corporation, Putzmeister Holding GmbH, Schwing Group, Liebherr Group, Terex Corporation and Manitowoc Company Inc, regional manufacturers and certain domestic Chinese companies. Moreover, the industry is becoming increasingly competitive as new foreign entrants are currently seeking to enter the PRC market while more domestic Chinese manufacturers are enhancing their international penetration and competitiveness.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to extensive national and local environmental laws and regulations where we operate concerning, among other things, emissions to the air, discharges to land, surface water and subsurface water, the generation, handling, storage, transportation, treatment and disposal of waste and other materials, and the remediation of environmental pollution relating to our properties and operations. Our products will need to comply with the applicable safety, exhaust and performance standards adopted by the respective jurisdictions into which we sell, which may differ depending on their respective characteristics. See "Regulatory Overview" for additional information. However, for certain parts and components used in our products, such as branded chassis, it is the manufacturers of such parts and components who are responsible for ensuring that their parts and components are in compliance with the safety, exhaust and performance standards set forth by the relevant jurisdictions in which we sell our products. In 2007, 2008, 2009 and the six months ended June 30, 2010, our annual cost of compliance with environmental protection rules and regulations was approximately RMB9 million, RMB31 million, RMB78 million and RMB15 million, respectively. The annual environmental compliance cost increased significantly in the years 2008 and 2009 as we constructed new manufacturing facilities such as Guanxi Industrial Park which resulted in additional environmental compliance costs, including the cost of the construction of a sewage treatment plant. We expect our annual cost of compliance with environmental protection rules and regulations in 2010, 2011 and 2012 to be RMB50 million, RMB35 million and RMB35 million, respectively.

The PRC national and local environmental laws and regulations impose fees for the discharge of waste substances above prescribed levels, require the payment of fines for serious violations and provide that the PRC national and local governments may at their own discretion close or suspend the operation of any facility that fails to comply with orders requiring it to cease or remedy operations causing environmental damage. The Italian environmental laws and regulations impose fees for the discharge of waste substances above prescribed levels, require the payment of administrative fines or impose criminal sanctions for serious violations and provide that the governmental or local authorities may require specific actions to be taken to remedy or discontinue any course of action that is causing environmental damage. We have installed various types of anti-pollution equipment in all our facilities to reduce, treat, and where feasible, recycle the wastes generated in our manufacturing process. We have also built appropriate facilities to filter and treat waste water and recycle the water back into our manufacturing process, as well as treat gaseous waste to reduce contaminant levels to below the applicable environmental protection standard before emission. As advised by our PRC legal advisors, Fangda Partners, and our Italian legal advisors, we have obtained all material environmental permits to conduct our manufacturing activities and we complied with the applicable environmental laws and regulations in the PRC and Italy during the Track Record Period. We received ISO 14001 certification, the internationally recognized standards for the design and implementation of effective environmental management systems, covering the manufacturing process for all of our products. During the Track Record Period, we had not received any notifications or warnings, nor had we been subject to any fines or penalties in relation to any breach of any applicable environmental laws or regulations which had materially and adversely affected our financial condition or business operations.

We are subject to the PRC laws and regulations regarding labor, safety and work-related incidents. Our subsidiary CIFA in Italy is subject to Italian health and safety laws and regulations, which impose a number of strict safety standards and regulations that need to be followed within any premises or facilities or areas where work is conducted, so as to prevent accidents to employees and workers. Italian health and safety laws and regulations provide for administrative fines and even criminal sanctions against an employer who does not comply with the health and safety laws. We provide safety protection to our employees working in our manufacturing facilities, which includes providing them with adequate safety equipment and ensuring that our manufacturing facilities have adequate precautionary measures. In addition, we provide safety-related education to our employees to increase awareness as to safety in the workplace. Relevant warning signs, such as those against smoke and heat emissions are always used at required locations. During the Track Record Period, we had complied with the relevant PRC and Italian workplace safety regulatory requirements in all material respects and have not had any incidents or complaints which had materially and adversely affected our financial condition or business operations.

INSURANCE

We maintain insurance policies on certain of our vehicles that cover losses arising from fire, earthquake, flood and a wide range of other natural disasters. We also maintain insurance policies in respect of transit risks of our products and personal injury insurance for our employees. Our subsidiary CIFA maintained insurance for inventories and production facilities, as well as product liability insurance. We do not maintain insurance on other properties and fixed assets of our other subsidiaries, including our production facilities, equipment and inventory. We also do not maintain product liability insurance, business interruption insurance, key-man life insurance or insurance covering potential liability relating to the release of hazardous materials, which we believe is in line with industry practices in China. During the Track Record Period, we have not experienced any product liability claims. We plan to increase our insurance coverage in the near future to cover losses arising from potential liability of our Company and secure our assets. As advised by our PRC legal advisors, Fangda Partners, and our Italian legal advisors, our insurance policies are in compliance with relevant laws and regulations in the PRC and Italy.

PROPERTIES

Owned Properties in the PRC

Our head office is located at No. 361, South Yin Pen Road, Changsha, Hunan Province, PRC. As of November 11, 2010, we owned, held or occupied land with an aggregate site area of approximately 5,348,482.86 square meters, and our offices, production, residential and other ancillary buildings or units had an aggregate gross floor area of approximately 1,191,791.08 square meters in the PRC. We also had 18 buildings or units under construction with an aggregate gross floor area of approximately 242,346.92 square meters. Please refer to the valuation report prepared by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, in Appendix V — "Property Valuation" to this prospectus for further details on the valuation.

Land use rights

As of November 11, 2010, we held land use right certificates for land with an aggregate site area of approximately 5,289,027.76 square meters. We plan to apply for the land use right certificate for a parcel of land with a site area of approximately 59,455.1 square meters located in Shaanxi Province. This parcel of land is being occupied and used by us but is registered under a third party, who obtained the relevant land use right by way of allocation. In order to be the legal holder of such land use right, such third party and we will need to go through the requisite procedures, in accordance with the applicable PRC laws. However, we may not necessarily obtain the land use right certificate and the timing for obtaining the certificate is beyond our control. Before we obtain the land use right certificate of such land, our right on such land might not be entirely protected. This parcel of land is mainly used for office and storage purposes and is not crucial to our core business. In addition, we are constructing a new industrial park in the nearby area (the first phase of which will be fully completed by the end of 2010), and relevant assets and business operations on such land are being moved into the new industrial park. Therefore, no material adverse impact will be caused to our business even if we cannot obtain the land use right certificate.

Buildings (excluding buildings under construction)

As of November 11, 2010, among the 560 buildings or units that we owned, held or occupied in the PRC, we have obtained the building ownership certificates or real estate ownership certificates for 494 buildings or units, with an aggregate gross floor area of approximately 1,076,363.81 square meters. We are in the process of obtaining the building ownership certificates for all the 66 buildings or units, with an aggregate gross floor area of approximately 115,427.27 square meters, including buildings for industrial use with a total gross floor area of 69,639.30 square meters, office buildings or units with a total gross floor area of 15,556.8 square meters, residential buildings or units with a total gross floor area of 13,393.94 square meters and buildings or units for other affiliated uses with a total gross floor area of 16,837.23 square meters. Among such 66 buildings without building ownership certificate, 7 buildings with a total gross floor area of 58,431.2 square meters in Shanghai for industrial, office and residential uses were completed in late June 2010. We believe that there is not any significant legal impediment for us to obtain ownership certificates for such 66 buildings or units upon the completion of formal procedures, although the requisite procedures may be complex under the relevant PRC laws, and the timing for obtaining such certificates may be beyond our control, except for one building with a gross floor area of approximately 5,572 square meters, which is located on a parcel of land in Changsha, and for which the land use right is registered under a third party. As advised by our PRC legal advisors, Fangda Partners, it would be difficult for us to obtain the ownership certificate for such building unless the relevant land use right is transferred to us, and our use of such building may subject us to a dispute with the relevant third party. Nevertheless, the building is used as a workers' canteen and is not crucial to our business. For the remaining 65 buildings or units, our PRC legal advisors further advise that our occupation and use of them will not breach the PRC laws upon completion of required procedures and receipt of relevant governmental permits and certificates. Please refer to the notes in Appendix V — "Property Valuation" to this prospectus for details. In addition, none the above 66 buildings and units for which we are in the process of obtaining the building ownership certificates are crucial to our core business. Therefore, no material adverse impact will be caused to our business even if we cannot obtain such ownership certificates.

Buildings under construction

As of November 11, 2010, we had 18 buildings with an aggregate gross floor area of approximately 242,346.92 square meters that were under construction at various stages and expected to be completed by mid-2011, of which 11 buildings with a total gross floor area of 102,944.74 square meters are located in Weinan City, 2 buildings with a total gross floor area of 90,119.73 square meters are located in Hanshou County, Changde City and 5 buildings with a total gross floor area of 49,282.45 square meters are located in Shanghai, Changde and Changsha. We have already obtained the relevant construction permits and construction planning permits of 17 buildings, with an aggregate gross floor area of approximately 240,725.22 square meters under construction, and we are in the process of obtaining the appropriate construction permit for the remaining building, with a gross floor area of approximately 1,621.7 square meters under construction. Such building is not used for production purposes and no material adverse impact will be caused to our business even if we cannot obtain the relevant permit.

Overseas Owned Properties

As of November 11, 2010, we owned, held and occupied one piece of land of approximately 32,375.0 square meters and one building with a total gross floor area of approximately 3,349.0 square meters in the United States.

Leased Properties in and outside of the PRC

As of November 11, 2010, we leased two parcels of land with a site area of approximately 154,744.00 square meters and 486 buildings with a total gross floor area of approximately 166,484.56 square meters in the PRC, and 57 buildings or units with a total gross floor area of approximately 305,660.44 square meters in Italy, Russia, Iran, Belgium, the United Arab Emirates, Saudi Arabia, South Africa, Angola, Turkey, Australia, Singapore, Vietnam, Indonesia, Libya, India and Mexico, most of which we lease from various independent third parties and use as offices, production and service centers, parts and components depots, storage or for residential purposes. The land and buildings are leased for various terms, expiring from 2010 to 2021, at a total annual rental of approximately RMB82.9 million. Please refer to the valuation report, in Appendix V—"Property Valuation" to this prospectus for further details.

We have obtained all the lease agreements for the leased properties in the PRC, of which relevant certificates and licenses have been obtained for one parcel of leased land (with a site area of approximately 66,700.0 square meters) and 169 leased buildings (with a total gross floor area of approximately 48,784.28 square meters), and are in the process of collecting other relevant certificates or other documents to prove the landlord's ownership or other authority to the leased properties. For the leased properties for which we have not obtained the relevant certificates from the landlords, a parcel of land with a site area of approximately 88,044.0 square meters is for industrial use, 11 buildings with a total gross floor area of 69,661.23 square meters are for industrial use, 157 buildings or units with a total gross floor area of approximately 26,038.41 square meters are for office use, 70 buildings or units with a total gross floor area of approximately 7,273.61 square meters are for residential use and 79 buildings or units with total gross floor area of approximately 14,727.03 square meters are for other affiliated uses.

Due to the lack of the appropriate certificates, licenses and relevant registrations of such leases with relevant government agencies, we would not be able to prove the landlords' ownership to such leased properties, nor can we be certain that the landlord's ownership of these properties is not subject to any dispute or that all requisite governmental approvals have been obtained in connection with the construction of these properties. We have already obtained warranties from lessors for one parcel of leased land (with a site area of approximately 88,044.0 square meters) and 103 leased buildings (with a total gross floor area of approximately 39,488.52 square meters) without relevant certificate or license, stating that such lessors will indemnify us for losses we will suffer from such leased properties. In addition, only approximately 6% of the properties used for production purposes, whether leased or owned, are leased without building ownership certificates or licenses or lease authorization. Therefore, we are of the view that such leased properties without appropriate building ownership certificates are not crucial to our business operations, and as advised by our PRC legal advisors, Fangda Partners, no penalty will be imposed under the current PRC law due to our leasing of those properties from such landlords without ownership certificates. Besides, even if we are evicted from occupying such properties due to their defective titles, we believe that we will be able to lease replacement properties in nearby locations expeditiously, without substantial cost or loss of profits incurred, and accordingly, it is not expected that any such relocation will have any material adverse impact on the operations and financial position of the Group as a whole.

We are continuing to request the landlords of the above leased properties to provide ownership certificates or warranties as specified above. We are also implementing more strict internal control policies to ensure that all the lease agreements are entered into with eligible landlords.

LEGAL PROCEEDINGS AND COMPLIANCE

Prior to our acquisition of Zoomlion Earth Working, Zoomlion Earth Working provided guarantees for two loans to Xi'an Boai Pharmaceutical Co., Ltd. (西安博愛製藥有限責任公司) ("**Xi'an Boai**"), a pharmaceutical company and an independent third party of the Company, in an aggregate amount of RMB13.48 million. Zoomlion Earth Working provided the guarantee to Xi'an Boai as part of a mutual guarantee arrangement. The mutual guarantee arrangement was entered into between both parties that need to obtain bank loans. As advised by Fangda Partners, our PRC legal advisers, such mutual guarantee arrangement was not in violation of the relevant PRC laws and regulations. Subsequently, Xi'an Boai defaulted on the repayment of the two loans. The lenders instituted legal proceedings in a court against Xi'an Boai and Zoomlion Earth Working and after a series of legal proceedings received favorable final judgments dated February 1, 2007 and November 28, 2008, respectively, ordering Zoomlion Earth Working to perform its obligations under the guarantees and pay the lenders the principal of the loans, the interest thereon and expenses in the amount of approximately RMB17.9 million. The lenders have applied with relevant courts for enforcement of the judgment. As of the Latest Practicable Date, the court has ordered the enforcement of the judgment, and we were in the process of negotiating with the lenders for the repayment. The maximum financial impact to us is approximately RMB17.9 million and such impact has been taken into account when we acquired Zoomlion Earth Working in June 2008, and a full provision has been made in our financial statements.

On December 29, 2008, we entered into an Equity Transfer Agreement with Skyworth Mobile Communication (Shenzhen) Limited (創維移動通信技術（深圳）有限公司) ("**Skyworth Mobile**"), a mobile phone producer and an independent third party of the Company. Pursuant to the Equity Transfer Agreement, we shall transfer 65% of the equity interests in Changsha New High-tech Industrial Development Zone Zhongke Beidou Hangdian Technology Co., Ltd. (長沙高新技術產業開發區中科北斗航電科技有限公司) ("**Zoomlion Beidou**"), which was all of our equity interest in Zoomlion Beidou, to Skyworth Mobile for a purchase price of RMB20.15 million. We have transferred the 65% equity interests to Skyworth Mobile and such equity interests were registered in the name of Skyworth Mobile on December 30, 2008 with relevant registration authorities in China. After the sale of all of our equity interest in Zoomlion Beidou, we ceased to be a shareholder of Zoomlion Beidou and did not retain any control in this entity. Hence, we have ceased to consolidate this entity since then and did not enter into any shareholders agreements with Skyworth Mobile. The Equity Transfer Agreement provides that RMB10.0 million of the purchase price is due within 60 days of the effective date of the agreement, and RMB6.0 million is payable within 45 days of the completion of the registration with the relevant authority in China. The rest of the purchase price is payable within 45 days after the due date of the RMB6.0 million. However, Skyworth Mobile failed to pay us the purchase price in due course and we filed a case against Skyworth Mobile at a court in Changsha. The court entered into a judgment in our favor on July 24, 2009 ordering Skyworth Mobile to pay us RMB21,070,598.44 for the purchase price, interest accrued thereon and reasonable expenses. Skyworth Mobile appealed to a higher court which dismissed the appeal and upheld the original judgment. On January 15, 2010, we have applied with the relevant court for the enforcement of this judgment. As of the Latest Practicable Date, we were still in the process of enforcing the judgment. Currently, Zoomlion Beidou is controlled by Skyworth Mobile. Having considered the court's favorable judgment, as well as the assets of Skyworth Mobile frozen by the court to secure the settlement of the outstanding receivable balance, we have made a RMB3 million impairment provision against the RMB20.15 million receivable balance, which we believe is adequate.

In March 2010, local tax authorities issued formal tax inspection assessment reports to Cifa Mixers S.r.l., one of our subsidiaries located in Italy. The assessment reports challenged the deductibility of certain costs incurred by this entity for income tax and value added tax purposes for tax years 2003 through 2007. The amount of additional taxes charged by the tax authorities in relation to those tax deductions is approximately EUR10.7 million (approximately RMB99.6 million, based on the exchange rate as of the Latest Practicable Date), before interest and penalties, if any. As of the Latest Practicable Date, this tax case is pending a court hearing. We have sought legal advice to defend the subsidiary's tax position. Based on our tax consultant's advice, we consider that it is more likely than not that the subsidiary's tax position can be substantiated because: (i) the claim as to 2003 was served beyond the deadline prescribed by the relevant statute of limitations and the delay was without justification; (ii) the claim was in breach of the taxpayer's rights; (iii) the fundamental grounds for the claim, which should be a criminal condemnation that the cost is related to illicit activities, do not exist; (iv) the subsidiary's right to defense has been violated, as the subsidiary could not take part to the criminal proceedings which would be the grounds for non-deductibility of the costs; (v) the main prerequisite for the non-deductibility of the costs, which is that the cost was used to carry out illicit activities (i.e. the alleged use of labor of unlawful provenance, following a check conducted by the officers of the Mantua tax squad), cannot be established; and (vi) the evidence against the subsidiary is insufficient. In addition, it is expected that any potential tax payments, interest and penalties, if any, would be sufficiently covered by indemnities and warranties paid or payable by the former shareholders of Cifa Mixers S.r.l. and CIFA. Based on the indemnity and warranty provided by CIFA's former shareholder and a settlement agreement, CIFA's former shareholder paid us EUR5.0 million in exchange of our release of their liabilities in connection with the tax claim. The former shareholders of CIFA Mixers S.r.l. also provided indemnity of up to EUR12.0 million, which is guaranteed by banks. Therefore, no provision is considered necessary.

Other than as disclosed in this prospectus, there are no other litigation or arbitration proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our financial condition or results of operations.

In addition, our Directors, as advised by our PRC legal advisors, Fangda Partners, confirm that as of October 31, 2010, except as disclosed above, our Group has complied with all relevant PRC laws and regulations in all material respects, including obtaining all required permits and licenses necessary to conduct our business in the PRC. As advised by our Italian legal advisers, Studio Legale Bird & Bird, our Italian operations have complied with all applicable Italian laws, regulations and rules in all material respects and we have obtained all licenses and permits necessary to conduct our business in Italy.

CONNECTED TRANSACTIONS

During the Track Record Period, our Company had transactions with certain parties who will become Connected Persons of our Company upon completion of the Listing under the Listing Rules. Certain of these transactions are expected to continue on an on-going basis after the Listing.

Further, as our A Shares are listed on the SZSE, we will continue to be subject to and regulated by the SZSE Listing Rules and other applicable laws and regulations in the PRC as long as the A Shares remain listed. However, the requirements of the Listing Rules in relation to connected transactions differ from those of the SZSE. In particular, the definition of Connected Persons pursuant to the Listing Rules is different from the definition of related parties pursuant to the SZSE Listing Rules. Therefore, a connected transaction pursuant to the Listing Rules may not constitute a related party transaction pursuant to the SZSE Listing Rules, and vice versa.

We set out below details of our connected transactions.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Framework Sales Agreement with Dongfeng Motor

Dongfeng Motor holds 15.1% of the equity interest in Zoomlion Axle which is a subsidiary of our Company. Dongfeng Motor is therefore a substantial shareholder of Zoomlion Axle and thus a Connected Person of our Company.

Dongfeng Motor was established in 1969 and is currently one of the top three auto makers in China. Its main businesses include production and sales of passenger vehicles, commercial vehicles, engine, auto parts and components, and equipment in the PRC. Our Group has been supplying axles to, and purchasing steel springs as raw materials from, Dongfeng Motor and its subsidiaries (the "**Dongfeng Group**") from time to time throughout the Track Record Period and our Company expects that such transactions will continue after the Listing.

To regulate the supply arrangement between our Group and the Dongfeng Group after the Listing, our Company has entered into a framework sales agreement (the **"Dongfeng Framework Sales Agreement"**) dated December 6, 2010 with Dongfeng Motor. The Dongfeng Framework Sales Agreement shall take effect from the Listing Date and has a term of three years. Pursuant to the Dongfeng Framework Sales Agreement, the Dongfeng Group will purchase axles and other auto components produced by our Group from time to time. The terms of the Dongfeng Framework Sales Agreement were negotiated on an arm's length basis and on normal commercial terms in the parties' ordinary course of business. The pricing or consideration of the transaction between the parties will be determined on the following basis in order of priority:

- the price prescribed by the State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under State pricing guidelines, when no State-prescribed price is available;

- the market price of similar transactions to be determined on a fair and reasonable basis, when neither the State-prescribed price nor State recommended price is available; or

- the competitive price to be determined on a fair and reasonable basis which is no more favorable and no less favorable than those offered to other purchasers of the Group for similar products, when none of the above is available or applicable.

In addition, Dongfeng Motor also agreed to allow our Company to have access to its financial records related to such connected transactions for the purpose of reporting on the connected transactions as required under the Listing Rules.

Historical Amounts and Proposed Annual Caps

Our Group has only started to supply products to the Dongfeng Group since the establishment of Zoomlion Axle on July 1, 2008. For the two years ended December 31, 2008 and 2009, the aggregate purchase of products by the Dongfeng Group from our Group amounted to approximately RMB168.1 million and RMB442.6 million (excluding Value-added Tax "VAT"), respectively, which accounted for approximately 1.2% and 2.1% of our consolidated turnover for the same period, respectively. For the six months ended June 30, 2010, the aggregate purchase of products by the Dongfeng Group from our Group amounted to RMB318.0 million (excluding VAT), which accounted for approximately 1.98% of our consolidated turnover for the same period.

Our Directors estimate that our sales to the Dongfeng Group will grow gradually in the coming years due to the projected gradual growth in the operation of the Dongfeng Group based on the anticipated demand for domestic auto markets in the PRC and our Group's future expansion plan. Our projected sales to the Dongfeng Group will not exceed the annual caps of RMB650 million, RMB750 million and RMB850 million (excluding VAT) for 2010, 2011 and 2012, respectively. When arriving at these annual caps, our Company has considered (i) our Group's actual sales to the Dongfeng Group during the Track Record Period; (ii) our Group's current production capacity; (iii) the recent macroeconomic policies of the central government and the future development of the motor manufacture industry; (iv) the projected increase in the orders that our Group will receive from the Dongfeng Group in the next three years; and (v) the potential fluctuation of the price of our Group's products.

As the actual sales to the Dongfeng Group for the six months ended June 30, 2010 amounted to RMB318.0 million (excluding VAT), it is estimated that the total sales to the Dongfeng Group for the financial year ending December 31, 2010 would be approximately RMB650.0 million (excluding VAT), representing an approximate 46.9% increase from the actual sales to the Dongfeng Group for the financial year ended December 31, 2009 of RMB442.6 million (excluding VAT). The significant sales increase to the Dongfeng Group in 2010 is mainly due to the large sales increase of medium and light transport vehicles of the Dongfeng Group since they adopted new marketing strategy in 2010. The estimated annual cap for the financial year ending December 31, 2011 is expected to be RMB750 million (excluding VAT), which represents an approximate 15.4% increase from the estimated sales to the Dongfeng Group in 2010 of RMB650 million (excluding VAT) as the Company expects that the rate of such sales growth to the Dongfeng Group will gradually decrease over time due to the maturity of products. Accordingly the estimated annual cap for the financial year ending December 31, 2012 is therefore expected to be RMB850 million (excluding VAT), representing an approximate 13.3% increase from the annual cap for 2011.

Listing Rules Implications

Given that each of the applicable percentage ratios (other than the profits ratio) for the transactions under the Dongfeng Framework Sales Agreement for each of the three years ending December 31, 2010, 2011 and 2012 is expected to be less than 5%, the transactions under the Dongfeng Framework Sales Agreement, which constitute continuing connected transactions after the Listing, will be exempted from the independent shareholders' approval requirements but will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

2. Framework Sales Agreement with Nanjun Automobile

Nanjun Automobile holds 49% of the equity interests in Zoomlion Ziyang which is a subsidiary of our Company, and is therefore a Substantial Shareholder of Zoomlion Ziyang and a Connected Person of our Company. Nanjun Automobile is mainly engaged in production and sales of load automobile. Our Group has been supplying axles and other auto components to Nanjun Automobile from time to time throughout the Track Record Period and our Company expects that such transactions will continue after the Listing.

To regulate the supply arrangement between our Group and Nanjun Automobile after the Listing, our Company has entered into a framework sales agreement (the **"Nanjun Framework Sales Agreement"**) dated December 4, 2010 with Nanjun Automobile. The Nanjun Framework Sales Agreement shall take effect from the Listing Date and has a term of three years. Pursuant to the Nanjun Framework Sales Agreement, Nanjun Automobile will purchase axles and other auto components produced by our Group from time to time. The terms of the Nanjun Framework Sales Agreement were negotiated on an arm's length basis and on normal commercial terms in the parties' ordinary course of business. The pricing or consideration of the transaction between the parties will be determined on the following basis in order of priority:

- the price prescribed by State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under State pricing guidelines, when no State-prescribed price is available;
- the market price of similar transactions to be determined on fair and reasonable basis, when neither the State-prescribed price nor State recommended price is available; or
- the competitive price to be determined on fair and reasonable basis which is no more favorable and no less favorable than those offered to other purchasers of the Group for similar products, when none of the above is available or applicable.

In addition, Nanjun Automobile also agreed to allow our Company to have access to its financial records related to such connected transactions for the purpose of reporting on the connected transactions as required under the Listing Rules.

Historical Amounts and Proposed Annual Caps

Our Group has only started to supply products to Nanjun Automobile since July 2008. For the two years ended December 31, 2008 and 2009, the aggregate purchase of products by Nanjun Automobile from our Group amounted to approximately RMB87.6 million and RMB228.2 million (excluding VAT), respectively, which accounted for approximately 0.7% and 1.1% of our consolidated turnover for the same period, respectively. The significant sales increase to Nanjun Automobile in 2009 was mainly due to the large demand for the light and medium transport vehicles produced by Nanjun Automobile for the reconstruction of the areas affected by the Sichuan earthquake in May 2008. For the six months ended June 30, 2010, the aggregate purchase of products by Nanjun Automobile from our Group amounted to RMB113.0 million (excluding VAT), which accounted for approximately 0.7% of our consolidated turnover for the same period.

Our Directors estimate that our sales to the Nanjun Automobile will grow gradually in the coming years due to the projected gradual growth in the operation of Nanjun Automobile based on the anticipated demand for domestic auto markets in the PRC and our Group's future expansion plan. Our projected sales to Nanjun Automobile will not exceed the annual caps of RMB233.0 million, RMB300.0 million and RMB360.0 million (excluding VAT) for 2010, 2011 and 2012, respectively. When arriving at these annual caps, our Company has considered (i) our Group's actual sales to Nanjun Automobile during the Track Record Period; (ii) our Group's current production capacity; (iii) the recent macroeconomic policies of the central government and the future development of the motor manufacture industry; (iv) the projected increase in the orders that our Group will receive from Nanjun Automobile in the next three years; and (v) the potential fluctuation of the price of the products.

In light of the actual amount of orders from Nanjun Automobile and the expected business growth trend, the sales to Nanjun Automobile during the second half year of 2010 is estimated to be RMB120.0 million (excluding VAT), representing an approximate 6.2% increase from the actual sales to the Nanjun Automobile in the first half year of 2010. It is therefore expected that the total sales to Nanjun Automobile for the financial year ending December 31, 2010 would be approximately RMB233.0 million (excluding VAT), representing an approximate 2.1% increase from the actual sales to Nanjun Automobile for financial year ended December 31, 2009 of RMB228.2 million (excluding VAT). As the construction of light vehicle manufacturing base of Nanjun Automobile is expected to be completed in early 2011, according to the Nanjun Automobile's 2011 production plan, it is expected that its production output of transportation vehicles in 2011 would be approximately 150,000 vehicles, representing an approximate 50% increase from its production output in 2010. To fulfill the anticipated substantial increase of demand from Nanjun Automobile, our Zoomlion Ziyang has been conducting a technical reform which will upgrade our annual axle's production capacity to 200,000 axles per year. Such technical reform is expected to be completed in 2011. We intend to supply approximately 50% of Zoomlion Ziyang's products to Nanjun Automobile in 2011. Accordingly, it is expected that the estimated annual cap for the financial year ending December 31, 2011 is expected to be RMB300.0 million, which represents an approximate 28.8% increase from the annual cap for 2010. Our Company expects that the rate of such sales growth to Nanjun Automobile will gradually decrease over time due to the maturity of the product, the estimated annual cap for the financial year ending December 31, 2012 is therefore expected to be RMB360.0 million (excluding VAT), representing an approximate 20.0% increase from the annual cap for 2011.

Listing Rules Implications

Given that each of the applicable percentage ratios (other than the profits ratio) for the transactions under the Nanjun Framework Sales Agreement for each of the three years ending December 31, 2010, 2011 and 2012 is expected to be less than 5%, the transactions under the Nanjun Framework Sales Agreement, which constitute continuing connected transactions after the Listing, will be exempted from the independent shareholders' approval requirements but will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Application for Waivers

As the transactions described above are entered into in the ordinary course of business on a continuing basis, our Directors are of the view that compliance with announcement requirements would impose unnecessary administrative costs to us and would hence be impracticable. Our Company has accordingly applied for and the Hong Kong Stock Exchange has granted to us a waiver from strict compliance with the announcement requirements under Rule 14A.47 of the Listing Rules in connection with each of the Dongfeng Framework Sales Agreement and Nanjun Framework Sales Agreement for a period of three years provided that the annual value of the transactions does not exceed the caps for the relevant period as set out above.

Our Company will comply with the requirements set out in Chapter 14A of the Listing Rules, including Listing Rules 14A.35(1), 14A.35(2), 14A.36 to 14A.40 and 14A.45 as amended from time to time governing such continuing connected transactions.

Confirmations from our Directors and the Joint Sponsors

Our Directors (including our independent non-executive Directors) and the Joint Sponsors confirm that (i) each of the Dongfeng Framework Sales Agreement and the Nanjun Framework Sales Agreement was entered into in the ordinary and usual course of business and on normal commercial terms; (ii) the terms of each of the Dongfeng Framework Sales Agreement and the Nanjun Framework Sales Agreement are fair and reasonable and in the interests of our Shareholders as a whole; and (iii) the proposed annual caps for the continuing connected transactions described above are fair and reasonable and in the interest of the Shareholders as a whole.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Framework Purchase Agreement with Dongfeng Motor

To regulate the purchase arrangement between our Group and the Dongfeng Group after the Listing, our Company has entered into a framework purchase agreement (the "**Dongfeng Framework Purchase Agreement**") dated December 6, 2010 with Dongfeng Motor. The Dongfeng Framework Purchase Agreement shall take effect from the Listing Date and has a term of three years. Pursuant to the Dongfeng Framework Purchase Agreement, our Group will purchase steel springs, chassis, engines and other auto components, which will be used as raw materials for the manufacture of our various products, from the Dongfeng Group from time to time. The terms of the Dongfeng Framework Purchase Agreement were negotiated on an arm's length basis and on normal commercial terms in the parties' ordinary course of business. The pricing or consideration of the transaction between the parties will be determined on the following basis:

- the price prescribed by State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under State pricing guidelines, when no State-prescribed price is available;
- the market price of similar transactions to be determined on fair and reasonable basis, when neither the State-prescribed price nor State recommended price is available; and
- the competitive prices to be determined on fair and reasonable basis which is no less favorable to our Group than those available from independent third parties.

Our Group has only started to purchase raw materials from the Dongfeng Group for the manufacture of our products since the establishment of Zoomlion Axle on July 1, 2008. For each of the two years ended December 31, 2008 and 2009, the total purchases by our Group from the Dongfeng Group amounted to approximately RMB16.1 million and RMB43.7 million (excluding VAT), respectively, which accounted for approximately 0.15% and 0.26% of our total purchases during the same period, respectively. For the six months ended June 30, 2010, the aggregate purchase of products by our Group from the Dongfeng Group amounted to RMB2.8 million (excluding VAT), which accounted for approximately 0.03% of our total purchases during the same period. The main reason for the substantial decrease in purchases of raw materials from the Dongfeng Group from RMB43.7 million for the year ended December 31, 2009 to RMB2.8 million for the six months ended June 30, 2010 is that we have been able to source similar raw materials at a lower unit price from other independent suppliers and we have therefore reduced our relevant purchases from the Dongfeng Group to steel springs as supplied by one of its group members only for the six months ended June 30, 2010.

Our Directors estimate that our purchases from the Dongfeng Group under the Dongfeng Framework Purchase Agreement will grow gradually in the coming years due to the projected gradual growth and future expansion plan of our Group's business. Our projected purchases from the Dongfeng Group will not exceed the annual caps of RMB32.0 million, RMB36.0 million and RMB50.0 million (excluding VAT) for each of the three years ending December 31, 2010, 2011 and 2012, respectively. When arriving at these annual caps, our Company has considered (i) our Group's actual purchases from the Dongfeng Group during the Track Record Period; (ii) our production plan of concrete machinery products in the next three years; and (iii) the stable purchase plans for the auto components.

Listing Rules Implications

Given that Dongfeng Motor is a Connected Person of the Company purely by virtue of it being a Substantial Shareholder of Zoomlion Axle, and each of the applicable percentage ratios (other than profits ratio) for such transactions under the Dongfeng Framework Purchase Agreement for each of the three years ending December 31, 2010, 2011 and 2012 is expected to be less than 1%, the transactions under the Dongfeng Framework Purchase Agreement, which constitute continuing connected transactions after the Listing, will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules.

2. Tenancy Agreement with Nanjun Automobile

A property tenancy agreement (the "**Tenancy Agreement**") dated January 1, 2010 was entered into between Zoomlion Ziyang, a subsidiary of our Company, as the lessee and Nanjun Automobile as the lessor. The Tenancy Agreement has taken effect since January 1, 2010 and has a term of one year. Pursuant to the Tenancy Agreement, Nanjun Automobile agreed to lease a total gross floor area of approximately 6,658.4 square meters in buildings situated at Nanjun Automobile Industrial Park to Zoomlion Ziying for office and production uses at an annual rental of RMB750,000, including machinery rental, management fee and relevant tax.

Jones Lang LaSalle Sallmanns Limited, the independent property valuer of our Company, has reviewed the rental payable pursuant to the Tenancy Agreement and confirmed that the rental payable by Zoomlion Ziyang to Nanjun Automobile is no higher than the prevailing market rates of comparable properties.

Listing Rules Implications

Given the annual transaction amount under the Tenancy Agreement is expected to be RMB750,000 and each of the applicable percentage ratios (other than the profits ratio) for the transaction for the year ending December 31, 2010 is expected to be less than 0.1%, the transaction under the Tenancy Agreement, which constitutes a continuing connected transaction after the Listing, will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules.

GENERAL

Board of Directors

The Board currently consists of two executive Directors, one non-executive Director, and four independent non-executive Directors. The Directors were all elected at our Shareholders' meetings for a term of three years, which is renewable upon re-election and re-appointment. The independent non-executive Directors shall not serve on the Board of Directors for more than six years. The duties and powers conferred on the Board of Directors include: convening the Shareholders' meeting and reporting its work to the Shareholders, implementing Shareholders' resolutions, determining our Company's business plans and investment plans, preparing our Company's annual budget and final accounts, formulating our Company's proposals for profit distributions and recovery of losses, formulating our Company's proposals for the increase or reduction of registered capital, as well as exercising other powers as conferred by the Articles of Association.

Supervisory Board

The PRC Company Law requires a joint stock limited liability company to establish a Supervisory Board, and this requirement is also contained in our Articles of Association. Our Supervisory Board is responsible for monitoring our Company's financial matters and overseeing the actions of the Board of Directors and our management personnel. Our Supervisory Board consists of three Supervisors, one of whom is elected by the employees of our Company. The term of office of the Supervisors is three years renewable upon re-election. The duties and powers conferred on the Supervisors include: examining the periodic reports of our Company prepared by the Board of Directors and providing written comments, proposing resolutions to the Shareholders' meeting, proposing to convene a meeting of the Board of Directors, as well as overseeing the actions of the Board of Directors and senior management of our Company in carrying out their duties. In the case of any conflict of interest between our Company and any of the Directors, the Supervisors shall negotiate or initiate legal proceedings against such Directors on behalf of our Company as well as exercising other powers as conferred by the Articles of Association and the Shareholders' meetings. A resolution of our Supervisory Board may be adopted only if it is approved by voting by two-thirds or more of the members of our Supervisory Board.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The table below sets forth information regarding the Directors:

Name	Age	Position	Date of Appointment
Dr. Zhan Chunxin (詹純新)	55	Chairman, Chief Executive Officer and Executive Director	August 8, 1999
Mr. Liu Quan (劉權)	47	Executive Director	August 8, 1999
Mr. Qiu Zhongwei (邱中偉)	42	Non-executive Director	July 13, 2006
Mr. Liu Changkun (劉長琨)	67	Independent non-executive Director	July 13, 2006
Dr. Qian Shizheng (錢世政)	58	Independent non-executive Director	November 16, 2007
Mr. Wang Zhile (王志樂)	62	Independent non-executive Director	May 21, 2009
Mr. Lian Weizeng (連維增)	64	Independent non-executive Director	May 21, 2009

EXECUTIVE DIRECTORS

Dr. Zhan Chunxin (詹純新), aged 55, is the Chairman of our Board of Directors and Chief Executive Officer of our Company. Dr. Zhan has been appointed as a Director of our Company since the establishment of our Company in 1999, and the Chairman of our Board of Directors since 2001. Currently, Dr. Zhan also chairs various subsidiaries of our Company including Zoomlion Powermole Limited, Hunan Teli and Zhongchen Steel Engineering, and he is a director of Zoomlion H.K. Holding Co., Limited, Zoomlion International Trade, Zoomlion Trading (H.K.) and Zoomlion Capital (H.K.). Dr. Zhan became an expert entitled to special government subsidy granted by the State Council in January 1994, a senior engineer (高級工程師) as recognized by the Ministry of Construction in 1995 and a researcher-level senior engineer (研究員級高級工程師) specialized in management and engineering as recognized by the Ministry of Construction in September 1997. Dr. Zhan has previously served various senior positions in Research Institute, including the deputy head of Research Institute from February 1992 to July 1996 and head of Research Institute from July 1996 to December 2008. Dr. Zhan has been serving various public functions. He was appointed as a representative at the 10th National People's Congress in 2003. Dr. Zhan has also served as the deputy chairman of China Entrepreneurs Association and China Enterprise Confederation since September 2008. Dr. Zhan has received various titles and awards including 1994-1995 Annual Outstanding Leading Cadre of the Ministry of Construction awarded in March 1996, the National Advanced Worker awarded in April 2000, the 1st Session of National Outstanding Entrepreneur in Construction Machinery Industry awarded in 2002, the 2003 Top 10 News Figures of China awarded in December 2003, the 3rd Session of National Outstanding Pioneering Entrepreneur awarded in March 2004, the National Star Entrepreneur in Construction Machinery Industry in December 2004, the Young- and Middle-Aged Experts in Science Technology and Management with Outstanding Contribution to the Ministry of Construction in 2008, the 2008 China's Most-watched Entrepreneur awarded in January 2009, and the Yuan Baohua Enterprises Management Gold Award awarded in May 2010 which is the most distinguished award for corporate executives in China. Dr. Zhan obtained a master's degree in aeronautical engineering from Northwestern Polytechnical University in Xian City, the PRC in 2000, and a doctorate degree in system engineering from Northwestern

Polytechnical University in Xian City, the PRC in December 2005. Dr. Zhan possesses more than 32 years of experience in the construction machinery industry, and has a deep understanding of the construction machinery industry. Dr. Zhan is interested in approximately 30% of the issued share capital of Changsha Hesheng, which together with Changsha Yifang, held approximately 10.0% of the entire issued share capital of our Company as at the Latest Practicable Date.

Mr. Liu Quan (劉權), aged 47, is an executive Director of our Company. Mr. Liu has been appointed as a Director of our Company since August 1999. Currently, Mr. Liu is also a director of Beijing Zoomlion Leasing and deputy general manager of the mobile crane branch of our Company. Mr. Liu has become an expert entitled to special government subsidy granted by the State Council since April 1999. Mr. Liu has previously served various senior positions in Research Institute and our Group including the head of the concrete machinery research institute of Research Institute from 1993 to 1995, deputy general manager of the concrete machinery branch of our Company from 1999 to 2001, and chief engineer and chief researcher of our Company from 2002 to 2005. Mr. Liu has received various titles and awards including Changsha City Science and Technology Advancement Award (Grade I) awarded in December 1996, the Science and Technology Advancement Award of Hunan Province Grade I awarded in October 1997 and Grade III awarded in December 2001, the Outstanding Young- and Middle-Aged Experts of Hunan Province awarded in January 1998, the National Science and Technology Advancement Award (Grade III) awarded in December 1998, the Outstanding Youth for the Science and Technology Innovation of Hunan Province in December 2001, the Outstanding Inventor with Great Contribution to the Invention of Patents of Hunan Province awarded in December 2002, the National Labor Day Medallion awarded in April 2003, the Advanced Worker of Hunan Province awarded in April 2003, the Hunan Province Technology Innovation Advanced Individuals in June 2004, the Top 10 Talented Youths with Scientific Innovation in Changsha City awarded in July 2005, the 2005 Huaxia Construction, the Science and Technology Award (Grade II) awarded in January 2006, the Outstanding Leader in Quality Group Activities of Hunan Province awarded in August 2006, and the Outstanding Leader in National Quality Management Group Activities awarded in September 2006. Mr. Liu received his bachelor's degree in construction machinery from Harbin University of Civil Engineering and Architecture in Harbin City, the PRC in 1984. Mr. Liu has approximately 26 years of experience in the construction machinery industry. Mr. Liu is interested in approximately 4.6% of the issued share capital of Changsha Hesheng, which together with Changsha Yifang, held approximately 10.0% of the entire issued share capital of our Company as at the Latest Practicable Date.

NON-EXECUTIVE DIRECTOR

Mr. Qiu Zhongwei (邱中偉), aged 42, is a non-executive Director of our Company. Mr. Qiu has been appointed as a Director of our Company since July 2006. Mr. Qiu is currently the managing director of Beijing Hony Future Investment Advisor Ltd. Beijing Hony Future Investment Advisor Ltd. currently provides advisory services to Hony Capital Fund III, L.P.. Prior to 2005, Mr. Qiu was the vice president of China Yintai Investments from 2000 to 2004, chairman of the board of directors and CEO of Metro Land Corporation Ltd. (stock code: 600683), a company listed on the Shanghai Stock Exchange, from 2003 to 2004. Mr. Qiu was the section chief of China Huaneng Group, a diversified energy conglomerate listed on the New York Stock Exchange, from 1990 to 2000 and vice president of Goldpark

China Limited (stock code: GKC.H) , a subsidiary of China Huaneng Group and listed on the Toronto Stock Exchange, from 1999 to 2000. Mr. Qiu was also a non-executive director of Digital China Holdings Ltd. (stock code: 861), a company listed on the Hong Kong Stock Exchange from February 2009 to September 2010. Mr. Qiu received a bachelor's degree in technology economics from Xi'an Jiaotong University in Xi'an City, the PRC in 1990, a master's degree in business administration jointly awarded by the Kellogg School of Management at Northwestern University and the Hong Kong University of Science and Technology in Hong Kong in April 2003. Mr. Qiu has approximately 20 years of experience in corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Changkun (劉長琨), aged 67, is an independent non-executive Director of the Company. Mr. Liu has been appointed as a Director of our Company since July 2006. Mr. Liu has been acting as senior officers of various public bodies including the chairman of the China Association of Chief Financial Officers since December 2007, associate professor in enterprise management of Jiangxi University of Finance and Economics and Shandong University of Finance since October 2003, and deputy director of China National Committee for the Well Being of the Next Generation since May 2004. Mr. Liu has previously held senior positions in various governmental bodies including the assistant to the Ministry of Finance from 1996 to 1998, special inspector appointed by the State Council from 1998 to 2000, and chairman of the supervisory boards of various major state-owned large-scaled enterprises from 2000 to 2004. Mr. Liu received a bachelor's degree in Chinese language and literature from Beijing Normal College in Beijing, the PRC in 1965, and a master's degree in comparative studies on Chinese and foreign cultures from Renmin University of China in Beijing, the PRC through the correspondence course in 1989.

Dr. Qian Shizheng (錢世政), aged 58, is an independent non-executive Director of the Company. Dr. Qian has been appointed as a Director of our Company since November 2007. Dr. Qian was an associate professor at Fudan University specialized in accounting from 1995 to 1997. Dr. Qian joined Shanghai Industrial Investment (Group) Co., Ltd. in January 1998 and has served as its vice president since January 2002. Dr. Qian has been appointed as the executive director and deputy chief executive officer of Shanghai Industrial Holdings Limited (stock code: 363), a company listed on the Hong Kong Stock Exchange and deputy chairman of the board of directors of Haitong Securities Company Limited (stock code: 600837), a company listed on the Shanghai Stock Exchange, since July 2007. Dr Qian has been also the executive director since July 2010 of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited (stock code: 563), a company listed on the Hong Kong Stock Exchange, and an independent non-executive director since February 2005 of Lonking Holdings Limited (stock code: 3339), a company listed on the Hong Kong Stock Exchange. Dr. Qian received a bachelor's degree in accounting from Shanghai University of Finance and Economics in Shanghai, the PRC in 1983, and obtained a doctorate degree in management science and engineering from Fudan University in Shanghai, the PRC in July 2001. Dr. Qian has over 20 years of experiences in accounting and finance including reviewing and analyzing financial statements of public companies as director, chief financial officer and/or member of the audit committees of various Hong Kong and PRC listed companies. Dr. Qian is our independent non-executive Director who possesses related accounting and financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules.

Mr. Wang Zhile (王志樂), aged 62, is an independent non-executive Director of our Company. Mr. Wang has been appointed as a Director of our Company since May 2009. Mr. Wang has become an expert entitled to special government subsidy granted by the State Council since October 1995. Mr. Wang was the lecturer and associate professor of the history department of Renmin University of China from 1982 to 1995, researcher and head of Research Centre on Transnational Corporations of Chinese Academy of International Trade and Economic Cooperation from 1992 to March 2008. Mr. Wang is currently the head of Beijing New-century Academy on Transnational Corporations. He holds senior management positions in various public companies, including the supervisor of China Oilfield Services Limited (stock code: 2883; 601808), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, since June 2009 and independent director of Gemdale Corporation (stock code: 600383), a company listed on the Shanghai Stock Exchange, since May 2009. Mr. Wang was an independent director of SGSB Group Co., Ltd. (stock code: 600843), a company listed on the Shanghai Stock Exchange, from November 2004 to November 2010. Mr. Wang received the Scientific Research Achievement Award from the Ministry of Commerce in 2000. Mr. Wang received his master's degree in history from Liaoning University in Shenyang City, the PRC in 1982.

Mr. Lian Weizeng (連維增), aged 64, is an independent non-executive Director of our Company. Mr. Lian has been appointed as a Director of our Company since May 2009. Since April 2009, Mr. Lian has served as an external director of China National Machinery Industry Corporation, a state-owned enterprise. Mr. Lian has become an economist (經濟師) as recognized by the Personnel Bureau of the State Economic Commission since 1988. Mr. Lian had previously served senior positions in governmental bodies including the vice-director and director of the coordination office of the Personnel Bureau of the State Economic Commission from December 1982 to May 1988, director of office of cadres directly subordinated to the Personnel Bureau of the State Planning Commission from May 1988 to May 1991, deputy head of Personnel Department of the State Planning Commission from May 1991 to March 1994, deputy head and head of Personnel Department of the State Economic and Trade Commission from March 1994 to March 2003, and head of Personnel Bureau of SASAC from May 2003 to January 2007, Mr. Lian acted as an external director of China Railway Engineering Group Co., Ltd. from January 2007 to February 2008. Mr. Lian received a diploma in economics and management from Beijing Committee Party School in Beijing, the PRC in January 1988 and received a bachelor's degree in leadership through the correspondence course in economics and management from Party School of the Chinese Communist Party Central Committee in Beijing, the PRC in 1997.

None of the above Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group.

SUPERVISORS

The table below sets forth information regarding the Supervisors:

Name	Age	Position	Date of Appointment
Mr. Cao Yonggang (曹永剛)	38	Chairman of the Supervisor Board	July 22, 2010
Mr. Luo Anping (羅安平)	49	Employee Supervisor	July 22, 2010
Mr. Liu Chi (劉馳)	53	Supervisor	July 13, 2006

Mr. Cao Yonggang (曹永剛), aged 38, is the Chairman of the Supervisory Board of our Company. Currently Mr. Cao is the general manager of risk management department of Beijing Hony Future Investment Advisor Ltd. Mr. Cao has been qualified as a lawyer in the PRC since 1996. Prior to joining Beijing Hony Future Investment Advisor Ltd. in September 2004, Mr. Cao acted as a corporate legal counsel of Sinochem Tianjin Corporation from 1995 to 1997 and a project lawyer of Beijing Jingtian & Gongcheng Attorneys at Law from March 2002 to September 2004. Mr. Cao graduated from Nankai University with a bachelor's degree in laws in Tianjin City, the PRC in 1995, two master's degrees in international law from Peking University in Beijing, the PRC in September 2001 and Erasmus University Rotterdam in the Netherlands in February 2002 respectively, and a master's degree in Executive MBA from China Europe International Business School in Beijing, the PRC in September 2010.

Mr. Luo Anpin (羅安平), aged 49, is an employee Supervisor of our Company. He is also the deputy general manager of the concrete machinery branch of our Company. Mr. Luo was the deputy chief of the administrative security department of Research Institute, head of the administration department of Research Institute and the deputy head of Research Institute successively from January 1996 to December 2008. Mr. Luo was also the general manager of Changsha High-tech Development Area Zhongwang Co., Ltd. from May 2000 to January 2003. Mr. Luo has been the Supervisor of our Company since July 2006. Mr. Luo graduated from Central South University in Changsha City, the PRC with a diploma in administrative management in 1989. Mr. Luo is interested in approximately 1.7% of the issued share capital of Changsha Hesheng, which together with Changsha Yifang, held approximately 10.0% of the entire issued share capital of our Company as at the Latest Practicable Date.

Mr. Liu Chi (劉馳), aged 53, is a Supervisor of our Company. Mr. Liu has become an engineer as recognized by Research Institute since October 1988, and a senior engineer (高級工程師) as recognized by the Ministry of Construction in December 1992. Mr. Liu was the head of the general affairs division and science research management division of the Science and Technology Department of the Ministry of Construction from 1992 to 2002. Mr. Liu was a member of the 2nd session of the Board of Directors and head of executive office of our Company from October 2002 to September 2004. Mr. Liu was the managing deputy general manager of environmental and sanitation machinery branch of our Company from 2004 to 2008. Mr. Liu was our employee Supervisor from July 2006 to July 2010. Mr. Liu was previously a senior visiting scholar at the University of Queensland, Australia from 1989 to 1992. Mr. Liu received the National Science and Technology Advancement (Grade III) Award in November 1992, and was awarded as the National Advanced Management Officer of Technology Innovation under the National 8th Five-year Plan in March 1997. Mr. Liu graduated from Hunan Agricultural College (currently known as Hunan Agricultural University) in Changsha City, the PRC with a bachelor's degree in agricultural machinery in July 1982, and received his master's degree in architectural and civil engineering from Chongqing Architecture University (currently known as Chongqing University) in Chongqing, the PRC in January 2000. Mr. Liu is interested in approximately 1.3% of the issued share capital of Changsha Hesheng, which together with Changsha Yifang, held approximately 10.0% of the entire issued share capital of our Company as at the Latest Practicable Date.

Save as disclosed in the prospectus, each of our Directors and Supervisors has confirmed with respect to himself that: (a) he has not held any directorships, current or past, since the beginning of the Track Record Period up to the date of this prospectus in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas; (b) he is not related to any other Director, Supervisor, senior management or substantial Shareholder of our Company; (c) there is no information to be disclosed for him pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules; (d) there are no other matters that need to be brought to the attention of holders of securities of our Company; and (e) all the requirements under Rule 13.51(2) of the Listing Rules have been fulfilled.

SENIOR MANAGEMENT

The table below sets forth information regarding our senior management:

Name	Age	Position	Date of joining our Group	Date of Appointment
Dr. Zhan Chunxin (詹純新)	55	Chairman and Chief Executive Officer	August 31, 1999	August 8, 1999
Dr. Zhang Jianguo (張建國)	51	Senior President	August 31, 1999	August 1, 2007
Mr. Yin Zhengfu (殷正富)	54	Senior President	September 9, 2004	August 1, 2007
Mr. He Jianming (何建明)	47	Senior President	April 17, 2001	August 1, 2007
Ms. Du Youqi (杜幼琪)	52	Senior President	August 31, 1999	November 13, 2007
Mr. Fang Minghua (方明華)	53	Senior President	August 31, 1999	September 1, 2008
Mr. Wang Chunyang (王春陽)	55	Senior President	September 27, 2004	September 1, 2008
Mr. Xu Wuquan (許武全)	53	Senior President	August 31, 1999	July 23, 2010
Mr. Xiong Yanming (熊焰明)	46	Vice-president	August 31, 1999	August 20, 2006
Dr. Su Yongzhuan (蘇用專)	38	Vice-president	September 9, 2004	August 20, 2006
Mr. Guo Xuehong (郭學紅)	48	Vice-president	September 9, 2004	August 20, 2006
Dr. Sun Changjun (孫昌軍)	48	Vice-president	January 1, 2005	August 20, 2006
Mr. Li Jiangtao (李江濤)	47	Vice-president	August 31, 1999	September 1, 2008
Ms. Hong Xiaoming (洪曉明)	47	Vice-president and Chief Financial Officer	October 30, 2009	January 5, 2010
Mr. He Wenjin (何文進)	40	Vice-president	June 15, 2008	July 23, 2010
Mr. Wan Jun (萬 鈞)	37	Vice-president	February 5, 2007	July 23, 2010
Mr. Chen Xiaofei (陳曉非)	47	Vice-president	August 31, 1999	July 23, 2010
Mr. Chen Peiliang (陳培亮)	38	Vice-president	September 23, 2002	July 23, 2010
Mr. Wang Yukun (王玉坤)	44	Chief Information Officer	August 25, 2008	July 23, 2010
Mr. Shen Ke (申柯)	39	Company Secretary	December 23, 1999	December 1, 2010

Dr. Zhan Chunxin (詹純新), is the chairman of our Board of Directors and Chief Executive Officer of our Company. See the subsection above under the heading of "Executive Directors".

Dr. Zhang Jianguo (張建國), aged 51, is a senior president of our Company. He is also the general manager of the concrete machinery branch of our Company and Hunan CIFA and head of supervisor board of Hunan Teli. He became a senior engineer (高級工程師) as recognized by Research Institute in December 1997, and has been an expert entitled to government special subsidy granted by the State Council since July 2001. Dr. Zhang was the deputy head of the Research Institute from November 1998 to November 1999. Dr. Zhang was the deputy general manager of our Company from August 1999 to July 2000, secretary to the Board of Directors of our Company from August 1999 to March 2001 and a member of the 1st and 2nd sessions of the Board of Directors of our Company from August 1999 to July 2006. He was appointed as an executive president of our Company in August 2006, and has become a senior president of our Company since August 2007. Dr. Zhang was also a director of Zoomlion Fire Control from April 2004 to December 2007 and director of Research Institute from August 2006 to December 2008 respectively. Dr. Zhang has received various titles and awards including Changsha City Science and Technology Advancement Award (Grade I) awarded in December 1996, the Science and Technology Advancement (Grade I) Award of Hunan Province in October 1997, the National Science and Technology Advancement (Grade III) Award in December 1998, and the Young- and Middle-Aged Experts in Science Technology and Management with Outstanding Contribution awarded by the Ministry of Construction in September 1999. Dr. Zhang obtained a master's degree in technology from Shanghai University of Technology in Shanghai, the PRC in 1991, and a doctorate degree in systems engineering from Northwestern Polytechnical University in Xi'an City, the PRC in 2005.

Mr. Yin Zhengfu (殷正富), aged 54, is a senior president of our Company. Currently, Mr. Yin is also a director of both Hunan Teli and Changde Hydraulic, and the chairman of the board of directors of Zoomlion Axle. Mr. Yin obtained the qualification certificate of senior professional manager of machinery enterprises issued by CMEMA in May 2006. Mr. Yin was previously the head of factory office and deputy general manager of Hunan Puyuan Factory from April 1988 to May 1995, general manager of Changsha Heavy Equipment Factory from 1995 to August 2001, vice chairman of the board of directors and general manager of Puyuan Group from September 2001 to September 2003, general manager of Hunan Puyuan Construction Machinery Co., Ltd. from September 2003 to September 2004. Mr. Yin was the general manager of our Company from September 2004 to July 2006 and member of the 2nd session of the Board of Directors of our Company from September 2004 to July 2006. He was appointed as an executive president of our Company in August 2006, and has become a senior president of our Company since August 2007. Currently, Mr. Yin is a senior chairman of Changsha Entrepreneurs Association and vice chairman of Hunan Association of Machinery Industry. Mr. Yin has received various titles and awards including the Outstanding Entrepreneur of Hunan Province awarded in 2003, the National Outstanding Entrepreneur in Machinery Systems awarded in 2005 and the Star Entrepreneur of the China Machinery Industry awarded in 2007. Mr. Yin obtained a bachelor's degree in business administration, from the College of Management (secondary bachelor's degree class) of the China University of Geosciences in Wuhan City, the PRC in 2004.

Mr. He Jianming (何建明), aged 47, is a senior president of our Company. He is the chairman of the board of directors of Zoomlion Material Handling and Zoomlion Hardware respectively. Mr. He has become a senior accountant as recognized by the Department of Personnel of Hunan Province since August 2001. He was previously the deputy chief of the business section I and chief of the general administration office of finance inspectors of the Ministry of Finance in Hunan Province from November 1995 to April 2001. Since Mr. He joined our Group in April 2001, he was the chief financial officer of our Company from April 2001 to August 2004 and from August 2006 to July 2007 respectively. He was also a member of the 2nd session of the Supervisory Board of our Company from September 2004 to July 2006. Mr. He has been serving various other roles. Mr. He was a research supervisor of the School of Accounting, Hunan University from December 2003 to December 2006. Mr. He has been a member of senior accountant appraisal committee of Hunan Province since August 2003, managing director of the 3rd session management committee of Hunan Association of Chief Accountants since March 2004 and vice chairman of Listed Company Chapter of Chief Accountants Association of Hunan Province since September 2009. Mr. He obtained a master's degree in business administration for senior management staff from Wuhan University in Wuhan City, the PRC in 2007.

Ms. Du Youqi (杜幼琪), aged 52, is a senior president of our Company. She has become a senior engineer (高級工程師) as recognized by the Ministry of Construction since 1996. She was previously a senior engineer of Research Institute from December 1984 to February 1998, manager of production planning department of Changsha High-tech Industry Development Area Zoomlion Construction Machinery Industry Company ("Zoomlion Construction Machinery Industry Company") from March 1998 to December 1998, assistant to the general manager and manager of integrated planning department of the hoisting machinery branch of Zoomlion Construction Machinery Industry Company from January 1999 to July 1999. Ms. Du was the deputy general manager of the hoisting machinery branch of our Company from August 1999 to January 2000, deputy head and head of the human resources department of our Company from February 2000 to November 2003, deputy general manager of the No.2 manufacturing factory of our Company from November 2003 to April 2004, head of price center of our Company from May 2004 to December 2004, head of the corporate operation department of our Company from January 2005 to February 2006, head of the department for on-going improvement of our Company from March 2006 to October 2007. Ms. Du was appointed as the assistant to the Chairman of our Company in September 2006 and has become a senior president of our Company since November 2007. Ms. Du obtained a bachelor's degree in hydraulic machinery from Huazhong Institute of Technology (currently known as Huazhong University of Science and Technology) in Wuhan City, the PRC in 1982.

Mr. Fang Minghua (方明華), aged 53, is a senior president of our Company. Mr. Fang is also a director of Hunan Teli, Zoomlion Hardware, and chairman of the board of directors of Beijing Zoomlion Leasing. Mr. Fang was a member of the 1st and 2nd sessions of the Board of Directors of our Company from July 2000 to April 2001 and October 2002 to June 2006 respectively. Mr. Fang was the deputy general manager of our Company from February 2000 to April 2001, general manager of our Company from April 2001 to September 2004. Mr. Fang was appointed as a vice president of our Company in August 2006 and has become a senior president of our Company since September 2008. Mr. Fang has received various titles and awards including the Ministry of Science and Technology Outstanding Torch Projects (Grade II) awarded in 1998, the Outstanding Entrepreneur of Changsha New & Hi-Tech Industrial Development Zone awarded in February 2001, the 3rd Grand Prize of the Hunan Young Entrepreneur awarded in October 2006 and the Advanced Worker for the Top Ten Landmark Project construction in Hunan Province in 2007. Mr. Fang completed a bachelor's program in business administration from Jiangnan University in Wuxi City, the PRC through internet education in 2004.

Mr. Wang Chunyang (王春陽), aged 55, is a senior president of our Company. Mr. Wang is a director of Hunan Teli and Zoomlion Hardware, and the chairman of the supervisory board of Zoomlion Axle. He has become a senior engineer (高級工程師) as recognized by the Department of Personnel of Hunan Province since September 1993, and an expert specialized in engineering technology and entitled to government special subsidy granted by the State Council in 1998. Mr. Wang was the deputy head of Hunan Puyuan Factory from June 1995 to January 1996, managing deputy general manager, deputy general manager, director and general manager of Puyuan Group from January 1996 to July 2006. Mr. Wang was a member of the 2nd session of the Board of Directors of our Company from September 2004 to July 2006 and the chief engineer of our Company from August 2006 to August 2008. Mr. Wang was also a director of Zoomlion Fire Control from April 2004 to December 2007, general manager of Zoomlion Special Vehicle from December 2008 to July 2010. Mr. Wang has received various titles and awards including the Science and Technology Advancement (Grade I) Award of Hunan Province in 1994, the Outstanding Young- and Middle-Aged Experts of Changsha City in 1999, and the Award of National Outstanding Worker in the Use and Industrialization of Patents in 2007. Mr. Wang obtained a bachelor's degree in mechanical engineering from Hunan University in Changsha City, the PRC in 1981.

Mr. Xu Wuquan (許武全), aged 53, is a senior president of our Company. Mr. Xu has become a researcher-level senior engineer (研究員級高級工程師) specialized in machinery technology as recognized by the Ministry of Construction since 1996, and an expert entitled to government special subsidy granted by the State Council since 1996. He was previously the head of construction crane research station and chief engineer of Research Institute from October 1996 to December 1998, deputy general manager and general manager of the crane machinery manufacturing branch of our Company from August 1999 to March 2002, a member of the 1st and 2nd sessions of the Board of Directors of our Company from August 1999 to August 2004, deputy general manager of our Company from December 2004 to July 2006, assistant to the president of our Company from August 2006 to August 2008 and the chief engineer and chief of research institute of our Company from September 2008 to July 2010. Mr. Xu was also the chairman of Labor Union of our Company from April 2002 to December 2008. Currently, Mr. Xu is the director-general of the Crane Machinery Chapter of CCMA. Mr. Xu has received various titles and awards including the Science and Technology Advancement Award in Grades I, II, III and IV, at city, provincial and government departmental levels in 1989, 1990, 1993, 1994, 1996 and 2002 respectively, the Grade II Awarded of the Academic Conference granted by Construction Hoisting Machinery Professional Committee in 1992, the Award of Outstanding Technological Development Personnel (Jinniu Award) of Jiangsu Province in 1993, the Outstanding Product of Hebei Province (Grade III) in 1995, the Technological Development Advanced Personnel of Hunan Province in 1997, and the Huaxia Construction Science and Technology Award in 2003. Mr. Xu has obtained a bachelor's degree in construction machinery from Chongqing Architecture Engineering College (currently known as Chongqing University) in Chongqing, the PRC in 1982, and a master's degree in executive business administration from Wuhan University in Wuhan City, the PRC in June 2007.

Mr. Xiong Yanming (熊焰明), aged 46, is a vice-president of our Company. Currently, Mr. Xiong is a director of Hunan Teli and Zoomlion Axle and the general manager of the crane machinery branch of our Company. Mr. Xiong has become a senior engineer (高級工程師) specialized in construction machinery as recognized by the Ministry of Construction since

December 1999 and he obtained the qualification certificate of senior professional manager of machinery enterprises as conferred by CMMA in December 2004. He was previously an assistant engineer then engineer of Research Institute from 1985 to 1998. Mr. Xiong was a member of the 1st session of the Supervisory Board of our Company from August 1999 to March 2001, deputy general manager of our Company from April 2001 to July 2002, managing vice president of our Company from August 2002 to July 2006, member of the 2nd session of the Board of Directors of our Company from September 2004 to July 2006. Mr. Xiong has received various awards including Hunan Province Technology Innovation Advanced Individuals in 1999, Changsha City Advancement Award in Technological Development (Grade II) in 1999, Outstanding Entrepreneur Award granted by the Changsha New & Hi-Tech Industrial Development Zone in 2002, the Award of Leadership Development Target for Academics and Technology of Changsha City in 2007 and the Outstanding Leaders' Award in the Hunan Province Quality Group Activity in 2009. Mr. Xiong obtained a bachelor's degree in port machinery design and manufacturing from Wuhan Marine Engineering College (currently known as Wuhan University of Technology) in Wuhan City, the PRC in 1985 and a master's degree in executive business administration under the BiMBA project from Peking University in Beijing, the PRC in July 2007.

Dr. Su Yongzhuan (蘇用專), aged 38, is a vice-president of our Company. Dr. Su obtained the qualification certificate of senior international finance controller as recognized by International Financial Management Association in 2006. Dr. Su was the head of supplies office, deputy manager of the sales division and managing deputy manager of Puyuan Group from September 1998 to August 2003, director and deputy general manager of Hunan Puyuan Construction Machinery Co., Ltd. from September 2003 to August 2004, the chief financial officer of our Company from September 2004 to July 2006, and the general manager of the concrete machinery branch of our Company from March 2006 to December 2008. Dr. Su was awarded the Top Ten Outstanding Young Persons of Changsha in December 2005 and the Outstanding Enterprise Management Personnel in Machinery Industry issued by CMMA in June 2007. Dr. Su obtained a bachelor's degree in business administration from China University of Geosciences in Wuhan City, the PRC in June 2004, a master's degree in machinery engineering from Wuhan University in Wuhan City, the PRC in June 2004. Dr. Su obtained a doctorate degree in management science and engineering jointly conferred by the Wuhan University of Technology and the China University Geosciences in Wuhan City, the PRC in 2008.

Mr. Guo Xuehong (郭學紅), aged 48, is a vice-president of our Company. Currently, Mr. Guo is the general manager of the earth working machinery branch of our Company, director of Zoomlion Hardware and Zoomlion Finance and Leasing (China), and executive director of Guangdong Zoomlion South Construction Machinery Co., Ltd. Mr. Guo was the head of the technological structure section of technology department of Hunan Puyuan Factory from June 1992 to February 1995, deputy head of technology department of Hunan Puyuan Factory from February 1995 to January 1996, head of technology research centre of Puyuan Group and deputy manager of crane company of Puyuan Group from January 1996 to July 2000, the managing deputy general manager of Puyuan Holding Company from August 2000 to January 2002, the assistant to general manager and deputy general manager of Puyuan Group from January 2002 to August 2004. Mr. Guo was the general manager of the Puyuan branch of our Company from September 2004 to February 2006. Mr. Guo received a diploma from Hunan Radio and TV University in technology and equipment of machinery manufacturing in Changsha City, the PRC in 1985, completed a postgraduate program in machinery engineering and management science and engineering at Hunan University in Changsha City, the PRC in March 2004. Mr. Guo obtained a master's degree in executive business administration at Wuhan University in Wuhan City, the PRC in June 2007.

Dr. Sun Changjun (孫昌軍), aged 48, is a vice-president and head of the risk management department of our Company. Dr. Sun has become a professor as recognized by the Leaders Team of the Working Group on the Titles Reform of Hunan Province since September 2005. Prior to joining us, he had assumed various positions including the deputy head officer and head officer of the legal and labor affairs committee of Hunan People's Congress from July 1990 to July 1995, director of criminal law research office of Hunan University of Finance and Economics from July 1998 to May 2000, vice-director of the industrial economics office of Hunan University from June 2000 to September 2001, deputy head of the law faculty of Hunan University from October 2001 to December 2004, and general legal counsel of Research Institute from January 2005 to July 2006. Dr. Sun serves various other roles, including a member of the expert advisory panel of the People's Procuratorate of Hunan Province, an arbitrator of CIETAC, member of the 5th session committee of Criminal Law Research Chapter of China Law Science Association, chairman of the Criminal Law Research Association of Hunan Province, and vice-chairman of the Association for Studies of Conditions in Hunan Province. Dr. Sun has won various titles and awards including the Research Results (Grade I) Prize of Organization Division of Central Government in October 2001, the 5-Best Project Prize of Hunan Province in October 2001, Social Science Results (Grade I) of Huhan Province in June 2002, Outstanding Achievements (Grade II) of Philosophy and Social Sciences of Hunan Provinces in 2004, the Outstanding Legal Counsels of the Provincial Supervisory Corporations in 2008 and Outstanding Research Paper (Grade I) of Hunan State-owned Assets Forum in 2010. Dr. Sun graduated from College of Law of Southwest of Political Science (currently known as Southwest University of Political Science and Law) in Chongqing, the PRC with a bachelor's degree in laws in 1983, from Wuhan University in Wuhan City, the PRC with a doctorate degree in laws in 1998.

Mr. Li Jiangtao (李江濤), aged 47, is a vice-president of our Company. He has become a senior engineer (高級工程師) as recognized by Ministry of Construction since November 2000. Mr. Li was the vice mayor (in charge of science and technology) of Lengshuitan City, Hunan Province from April 1989 to June 1992, deputy general manager and office head of Zoomlion Construction Machinery Industry Company from September 1992 to January 1995, deputy general manager of the production company and manager of the material supply department of Zoomlion Construction Machinery Industry Company from January 1995 to May 1998, deputy general manager of the environmental and sanitation machinery industry branch of Zoomlion Construction Machinery Industry Company from June 1998 to February 1999, and general manager of Zhongbiao from March 1999 to October 2003. Mr. Li was a member of the 1st and 2nd sessions of the Supervisory Board of our Company from August 1999 to August 2004, general manager of Zhongbiao business department of our Company from November 2003 to February 2006, deputy general manager of our Company from December 2004 to July 2006, human resources chief officer of our Company from August 2006 to August 2008. Mr. Li was appointed as the deputy managing director of China Association of Urban Environmental and Sanitation from September 2004 to December 2008. Mr. Li has received various titles and awards including the Outstanding Entrepreneur Award granted by the Changsha New & Hi-Tech Industrial Development Zone in February 2000, and the Model Worker of Changsha City in April 2004. Mr. Li graduated from Chongqing Construction Engineering College (currently known as Chongqing University) in Chongqing City, the PRC with a bachelor's degree in construction machinery in 1986, and China Europe International Business School with a master's degree in executive business administration in Shanghai, the PRC in September 2009.

Ms. Hong Xiaoming (洪曉明), aged 47, is a vice-president, Chief Financial Officer and head of financial department of our Company. Ms. Hong has become a non-practicing chartered accountant as qualified by Institute of Certified Public Accountant of Shandong Province since 1999. Prior to joining us, Ms. Hong had obtained substantial working experience in accounting. Ms. Hong was the managing accountant of Qingdao Xinhua Printing Factory from 1992 to 1994. She was the assistant to head, deputy head then head of finance department of the Haier Group Technology and Equipment Head Office and chief accountant of Qingdao Household Appliance Technology and Equipment Research Institute from September 1994 to September 2003, and chief accountant and financial officer of Qingdao Haier Co., Ltd (stock code: 600690), a company listed on the Shanghai Stock Exchange, from October 2003 to January 2010. Ms. Hong has various directorship experience, including the directors of Qingdao East Asia Packaging Co., Ltd. from July 2000 to June 2004, Qingdao Overseas Chinese Industrial Joint Stock Co., Ltd. from May 2000 to May 2007 and Haier Italy Factory from May 2007 to October 2009. Currently, she is an independent director of Qingdao Soda Ash Industrial Company Ltd. (stock code: 600229), a company listed on the Shanghai Stock Exchange since November 2009. Ms. Hong completed her postgraduate program in politics and economics at Shandong University in Jinan City, the PRC in May 2001, and she obtained a master's degree in executive business administration from Business School of University of International Business and Economics in Beijing, the PRC in June 2010.

Mr. He Wenjin (何文進), aged 40, is a vice-president of our Company. Currently, Mr. He is the general manager of Zoomlion International Trade. Prior to joining us in 2008, he was a sales and marketing manager of Mannesmann Demag Representative Office Shanghai from February 1994 to April 2000, products marketing manager of MP sales and marketing department of Siemens Shanghai Mobile Communications Ltd., and senior manager of strategic alliance department of Siemens Ltd. China from April 2000 to October 2005, manager of China and North Asia Region of Kodak (China) Investment Company Limited from October 2005 to March 2006, and strategic marketing manager of General Motors (China) Investment Company Limited from May 2006 to May 2008. Mr. He was appointed as the marketing chief officer of our Company in June 2008, and became the vice-president of our Company in July 2010. Mr. He was selected in the first batch list of "313 Plan" Introduced International Talents of Changsha in 2009. Mr. He obtained a master's degree in international banking and financial studies from Heriot-Watt University in Edinburgh, UK in July 1998.

Mr. Wan Jun (萬鈞), aged 37, is a vice-president and the head of credit sales department of our Company. Mr. Wan has been the general manager of Beijing Zoomlion Leasing since February 2007 and Zoomlion Finance and Leasing (China) since February 2009, executive director of Changsha Zoomlion Construction Machinery Remanufacturing Co., Ltd. since June 2009 and Zoomlion International Trade since December 2007. Prior to joining us, he was an assistant to manager in China National Township Enterprises

Corporation from August 1994 to October 1997, chief representative of Dicky-john Beijing Representative Office from October 1997 to October 2001, general manager of the China Region of Bran+Lubbe Company from October 2001 to October 2002, managing director of Beijing European Style Construction Materials Trading Co., Ltd. from October 2002 to September 2005. Mr. Wan was appointed as assistant to the president and general manager of the financing and leasing department of New Times Trust Corporation Ltd. from October 2005 to February 2007. During the period, Mr. Wan had been in charge of a number of large-scaled financial and leasing projects and improved the risk management mechanism of the company. He had also provided consultation service to several equipment manufacturing enterprises on risk management prior to joining our Group. Mr. Wan joined our Group as the assistant to the president of our Company and general manager of Beijing Zoomlion Leasing in February 2007 and became the vice president of our Company in July 2010. In order to improve our risk control system, Mr. Wan was appointed as the chairman of our risk management committee and led the committee to build up our risk management mechanism to prevent the pre-leasing and post-leasing risks. Mr. Wan was also heavily involved in the construction of our re-manufacturing center and the second-hand equipment trading center which improved the exit mechanism for financial lease. Mr. Wan obtained his bachelor's degree in national economy and management from the Renmin University of China in Beijing, the PRC in 1994 and a master's degree in executive business administration from the China Europe International Business School in Beijing, the PRC in October 2003.

Mr. Chen Xiaofei (陳曉非), aged 47, is a vice president of our Company. Currently, Mr. Chen is the deputy general manager of the earth working machinery branch of our Company and general manager of the pile driving business department of our Company. He has become a senior engineer as recognized by the Ministry of Construction since 1996. Mr. Chen was previously the deputy general manager of our Company from 2000 to 2006, executive deputy general manager and vice general manager of concrete machinery branch of our Company from 2006 to December 2008, and head of the marketing department of our Company from January 2010 to May 2010. Mr. Chen was awarded the National Science and Technology Advancement Award (Grade II) in 1989,1996 and 1999 respectively, the Individual's Award in Advanced Development in Technology in Hunan Province in 1997 and the 4th Hunan Province Young Scientists Award in 2003. Mr. Chen graduated from Chongqing Construction and Engineering College (subsequently known as Chongqing Construction University and currently merged with Chongqing University) in Chongqing, the PRC with a bachelor's degree in construction machinery in 1984.

Mr. Chen Peiliang (陳培亮), aged 38, is a vice president of our Company. Currently, Mr. Chen is the executive vice general manager of concrete machinery branch of our Company, vice general manager of Hunan CIFA and director of Zoomlion International Trade. Prior to joining us, Mr. Chen was a manager of the import and export department, deputy general manager and general manager of Hunan Xinhualian International Trade Co., Ltd. from May 1996 to July 2002. Mr. Chen was the general manager of Zoomlion International Trade from September 2002 to May 2010. Mr. Chen was also appointed as the assistant to president in November 2007, and became the vice president of our Company in July 2010. Mr. Chen graduated from Hunan University of Finance and Economics (currently merged with Hunan University) in Changsha City, the PRC with a bachelor's degree in international trade in June 1994.

Mr. Wang Yukun (王玉坤), aged 44, is the Chief Information Officer of our Company. Prior to joining us, Mr. Wang was the assistant to the general manager of AVIC Information Technology Co., Ltd. from December 2000 to October 2007. Mr Wang was also the researcher-level senior engineer (研究員級高級工程師) of Aviation Industry Corporation I of China from October 2004 to September 2006. Mr. Wang joined our Group as the information officer of our Company in September 2008 and was appointed as the chief information officer of our Company in July 2010. Mr. Wang has received various awards including the Individual's Award (Grade III) from China Aviation Industry Corporation of China in 1994, the Technology Advancement Award (Grade II) from State Commission of Science and Technology for National Defense Industry in 1997 and the China AVIC Industry and Technology Advancement (Grade II) in 1994 and 1997. Mr. Wang graduated from Shenyang Aeronautical Engineering Colleague (currently known as Shenyang Aerospace University) with a bachelor's degree in electronic engineering in Shenyang City, the PRC in July 1988 and completed a postgraduate program in management science and engineering at University of Science and Technology of China in Hefei City, the PRC in June 1999.

Mr. Shen Ke (申柯), aged 39, is our Company Secretary and an assistant to the president and the acting secretary to the Board of Directors of our Company. Currently, Mr. Shen is an executive director and legal representative of Zoomlion Special Vehicle, chairman and legal representative of Zoomlion Gulf FZE, director of Zoomlion Material Handling and supervisor of Zoomlion Hardware and Changde Hydraulic. Mr. Shen was the vice manager and head of investment development department of our Company from July 2003 to August 2008, deputy head of investment financing management department of our Company from September 2008 to July 2010. Mr. Shen graduated from Shenyang University of Technology with a bachelor's degree in industrial management in Shenyang City, the PRC in July 1993, and Central South University of Technology (currently known as Central South University) with a master's degree in management science and engineering in Changsha City, the PRC in December 1998.

Recognition as Senior Engineer and Economist

As disclosed above, some of our Directors, Supervisors and senior management were recognized as senior engineer and economist. Subject to the rules and policies of the relevant authorities which may change from time to time, the general criteria for recognition of such titles includes: (1) over ten years of working experience in the relevant field; (2) attendance of continuing education training; (3) passing of an annual qualification test; and (4) passing of the foreign language proficiency examination.

Remunerations of Directors, Supervisors and Senior Management

Our executive Directors, non-executive Directors and Supervisors, if they are also members of our senior management or employees, receive compensation in the form of salaries, bonuses, benefits in cash as well as through our contribution to their social insurance plans and housing funds. If they are not members of our senior management or employees, they do not receive any compensation from us. Our independent non-executive Directors receive director subsidies from us. The aggregate remuneration paid and benefits in kind granted to the Directors and Supervisors during the Track Record Period were approximately RMB3.0 million, RMB3.1 million, RMB5.2 million and RMB2.2 million, respectively.

The aggregate amount of compensation we paid to our five highest paid individuals during the Track Record Period were approximately RMB3.2 million, RMB3.3 million, RMB6.8 million, and RMB3.1 million respectively.

Company Secretary

Mr. Shen Ke, 39, is our Company secretary. See "—Senior Management."

Mr. Chan Yuk Sing, aged 48, is an assistant to Mr. Shen in discharging the duties of a company secretary of the Company. Mr. Chan is a Hong Kong solicitor and is therefore qualified under Rule 8.17(2) of the Listing Rules to act as a company secretary of a listed company. Mr. Chan has been practicing as a solicitor in Hong Kong since 1987, and a partner of an international law firm. He has over 23 years of experience in legal corporate advisory on mergers and acquisitions and initial public offerings. Mr. Chan was appointed as assistant to the company secretary on December 1, 2010. Mr. Chan is not a full-time employee of our Company.

EMPLOYEES

As of September 30, 2010, we employed a total of 20,504 employees which are classified as follows:

Competency	Number of Employees	Appox. % of Total Number of Employees
Technology, research and development	3,869	18.9
Production	10,786	52.6
Sales and marketing	1,792	8.7
Management and administration	3,588	17.5
Finance	469	2.3
Total	**20,504**	**100**

For the three financial years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the staff costs incurred by our Group were approximately RMB721 million, RMB1,094 million, RMB1,383 million and RMB1,052 million, respectively.

We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge. We sign individual employment agreements with our employees, covering, among other things, salaries, benefits, training, workplace safety and hygiene, confidentiality obligations relating to trade secrets and grounds for termination. The remuneration package of our employees includes salary, bonuses and allowances. Our employees also receive welfare benefits including medical insurance, housing subsidies, pension insurance, unemployment insurance, maternity insurance and other miscellaneous benefits. We made contribution to pension plans, which amounted to approximately RMB28 million, RMB82 million, RMB104 million and RMB61 million, respectively during the Track Record Period.

WAIVER FROM THE HONG KONG LISTING RULES REQUIREMENTS

Qualification of Company Secretary

Mr. Shen Ke has been our Company Secretary since December 1, 2010. As Mr. Shen Ke does not possess the qualifications as stipulated under Rule 8.17(1) or (2) of the Hong Kong Listing Rules, our Company has on December 1, 2010 appointed Mr. Chan Yuk Sing to act as an assistant to Mr. Shen in discharging the duties of a company secretary of the Company and in gaining the relevant experience as required under Rule 8.17(3), for a term until the third anniversary of our Listing Date. Mr. Chan is a Hong Kong solicitor and is therefore qualified under Rule 8.17(2) of the Listing Rules to act as a company secretary of a listed company. He is also an ordinary resident in Hong Kong. Upon expiry of the 3-year term, we will evaluate the qualifications and experience of Mr. Shen and whether any on-going assistance is necessary. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements of Rules 8.17 and 19A.16 of the Hong Kong Listing Rules.

Board Committees

Audit Committee

We have established an audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules and specified its terms of reference. The primary duties of our audit committee are to review and supervise our financial reporting process and internal control system. Our audit committee shall comprise three Directors not involved in our day-to-day management, who shall be appointed by the Board. Our audit committee currently comprises Mr. Qian Shizheng, Mr. Liu Changkun and Mr. Qiu Zhongwei, and our audit committee is chaired by Mr. Qian Shizheng.

Remuneration Committee

We have established a remuneration committee according to the requirements of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, and have specified its terms of reference. The primary functions of our remuneration committee include determining the policies in relation to human resources management, reviewing our remuneration policies and determining remuneration packages for the Directors and senior management. Our remuneration committee comprises Mr. Lian Weizeng, Mr. Wang Zhile, our independent non-executive Directors and Mr. Qiu Zhongwei, our non-executive Director and our remuneration committee is chaired by Mr. Lian Weizeng.

Nomination Committee

We have also set up a nomination committee, the primary duties of which are to make recommendations to the Board regarding candidates to fill vacancies on the Board and in senior management. Our nomination committee comprises Mr. Lian Weizeng and Mr. Wang Zhile, our independent non-executive Directors, Dr. Zhan Chunxin, our Chairman, and our nomination committee is chaired by Mr. Lian Weizeng.

Strategy Committee

The primary responsibilities of our strategy committee include: conducting research and submitting proposals regarding our mid-to-long term development strategies and major investment decisions; reviewing our annual operation and investment plans; conducting research and submitting proposals regarding major investments and financing plans, capital operations and assets operation projects. Our strategy committee consists of three Directors, including Dr. Zhan Chunxin, our Chairman, Mr. Qiu Zhongwei, our non-executive Director and Mr. Wang Zhile, our independent non-executive Director, and our strategy committee is chaired by Dr. Zhan Chunxin.

Compliance Adviser

We have appointed Anglo Chinese as our compliance advisor upon the Listing in compliance with Rule 3A.19 and Rule 19.05 of the Listing Rules.

We have entered into a compliance advisor agreement with Anglo Chinese on December 7, 2010. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following matters:

- the publication of any regulatory announcement (whether required by the Listing Rules or requested by the Hong Kong Stock Exchange or otherwise), circular or financial report;

- whether a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated, including share issues and share repurchases;

- where we propose to use the net proceeds to us from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

- where the Hong Kong Stock Exchange makes an inquiry of us in accordance with Rule 13.10 of the Listing Rules regarding unusual movements in the price or trading volume of the Shares.

The material terms of the compliance advisor agreement are as follows:

(a) the term of appointment of the compliance advisor shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date (the "**Fixed Period**"), or until the agreement is terminated, whichever is earlier;

(b) the compliance advisor shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and other applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communications with the Hong Kong Stock Exchange; and

(c) we may terminate the appointment of any compliance advisor if the compliance advisor's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved in 30 days) over fees payable by us to the compliance advisor but will not terminate the role of the compliance advisor until we have appointed a replacement compliance advisor, as permitted by Rules 3A.26 and 19A.05(1)(3)(a) of the Listing Rules.

Pursuant to Rules 3A.26 and 3A.27 (as modified by Rule 19A.05(3)) of the Listing Rules, during the Fixed Period, we and the compliance advisor will immediately notify the Hong Kong Stock Exchange of termination or resignation of the compliance advisor, in each case, stating the reason for termination or resignation, as applicable; and we will notify the Hong Kong Stock Exchange of the new compliance advisor's appointment.

SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, so far as our Directors are aware, the following persons were the Shareholders who were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

Name of Shareholder	Class	Number of Shares Directly or Indirectly Held	Approximate Percentage of Share Capital (%)
Hunan SASAC	A Shares	1,055,815,342	21.4
Good Excel[(1)]	A Shares	363,634,100	7.4
Changsha Hesheng[(2)]	A Shares	303,199,961	6.2
Changsha Yifang[(2)]	A Shares	189,726,962	3.9
Real Smart[(1)]	A Shares	140,076,617	2.8

Notes:

(1) Good Excel and Real Smart each is a 67.71% owned subsidiary of Rise Honour Investments Limited, a company incorporated in the British Virgins Islands with limited liability, Rise Honour Investments Limited in turn is controlled by Hony Capital II L.P. Hony Capital II L.P. is a Cayman Islands exempted limited partnership and is controlled by its general partner Hony Capital II G.P. Ltd.. Hony Capital II G.P. Ltd. is ultimately owned by Legend Holdings Limited. Legend Holdings Limited is an investment holding company established in the PRC with its subsidiaries primarily engaged in information technology, equity investment and real estate investment. Good Excel and Real Smart together held in aggregate 503,710,717 Shares in our Company, representing approximately 10.2% of our entire issued share capital as of the Latest Practicable Date.

(2) Changsha Yifang is owned as to approximately 33.1% by Changsha Hesheng, which is an investment entity controlled and owned by the management of the Group; Changsha Yifang and Changsha Hesheng held in aggregate 492,926,923 Shares of our Company, representing approximately 10.0% of our entire issued share capital as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (and assuming the Over-allotment Option is not exercised), our share capital will comprise 4,840,678,482 A Shares, 869,582,800 newly issued H Shares, and 86,958,280 H Shares converted from A Shares and transferred to the NSSF, representing 83.5%, 15% and 1.5% of the total share capital of our Company, respectively.

Immediately following the completion of the Global Offering, Hunan SASAC shall transfer 83,732,408 A Shares (assuming the Over-allotment Option is not exercised) or 96,292,268 A Shares (assuming the Over-allotment Option is exercised in full) held by it in our Company, and Hunan Development Group shall transfer 3,225,872 A Shares (assuming the Over-allotment Option is not exercised) or 3,709,752 A Shares (assuming the Over-allotment Option is exercised in full) held by it in our Company, to the NSSF (which Shares shall be converted into H Shares upon such transfers).

So far as our Directors are aware, the following person will, immediately following the completion of the Global Offering (assuming there is no change in the shareholding held by the existing Shareholders in our Company subsequent to the Latest Practicable Date other than the conversion and transfer of state-owned A Shares to the NSSF), be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

		Immediately after Completion of Global Offering (Assuming No Exercise of Over-allotment Option)		Immediately after Completion of Global Offering (Assuming Full Exercise of Over-allotment Option)	
Name of Shareholder	**Class**	**Number of Shares directly or indirectly held**	**Approximate percentage of share capital (%)**	**Number of Shares directly or indirectly held**	**Approximate percentage of share capital (%)**
Hunan SASAC[(1)]	A Shares	972,082,934	16.8	959,523,074	16.2

Note:

(1) Pursuant to the *Interim Measures of the State Council on the Management of Reduction of the State-owned Shares for Raising of Social Security Funds (國務院關於減持國有股募集社會保障資金管理暫行辦法)* issued by the State Council (Guofa [2001] No. 22), our state-owned Shareholder, Hunan SASAC shall transfer 83,732,408 A Shares (assuming the Over-allotment Option is not exercised), or 96,292,268 A Shares (assuming the Over-allotment Option is exercised in full) directly held by it in our company, to the NSSF. Such A Shares shall be converted into H Shares immediately following the completion of the Global Offering.

As of the Latest Practicable Date, our Company had no controlling shareholder within the meaning of the Listing Rules.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to the completion of the Global Offering and after the completion of the Global Offering.

Before Global Offering

As of the Latest Practicable Date, the share capital of our Company was approximately RMB 4,927.6 million comprising 4,927,636,762 A Shares.

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,927,636,762	100.0

Upon Completion of Global Offering

Immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised, the share capital of our Company would be as follows:

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,840,678,482	83.5
H Shares issued under the Global Offering	869,582,800	15.0
H Shares converted from A Shares and transferred to the NSSF	86,958,280	1.5
Total number of Shares	5,797,219,562	100

Immediately following the completion of the Global Offering, assuming the Over-allotment Option is exercised in full, the share capital of our Company would be as follows:

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,827,634,742	81.4
H Shares issued under the Global Offering	1,000,020,200	16.9
H Shares converted from A Shares and transferred to the NSSF	100,002,020	1.7
Total number of Shares	5,927,656,962	100

The Shares

According to the Articles of Association, we have two classes of Shares, (i) domestic listed Shares, namely A Shares (Shares issued and subscribed for in RMB to investors within the PRC and listed in the PRC); and (ii) overseas listed Shares, namely H Shares (Shares to be listed in Hong Kong). A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. On the other hand, A Shares can only be subscribed for by or traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As required by the PRC Company Law, the A Shares held by the Directors, Supervisors and senior management are subject to transfer restrictions. In addition, 297,954,705 A Shares held by nine institutional investors are subject to one year's lock-up period commencing from February 12, 2010 when such Shares issued by our Company pursuant to the non-public offering were listed on the SZSE on February 12, 2010.

Shareholders holding different classes of the Shares are considered as different classes of Shareholders. Our Company has two classes of Shareholders, namely holders of A Shares and holders of H Shares. The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of Shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with the Articles of Association. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in Appendix VIII in this prospectus. However, the procedures for approval by separate classes of Shareholders shall not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued A Shares and H Shares, (ii) where our plan to issue A Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the CSRC, and (iii) where the transfer of A Shares for listing and trading on the Hong Kong Stock Exchange as H Shares has been approved by the CSRC. Please see the subsection headed "Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares" below for more details.

The differences between the A Shares and H Shares, including provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different branches of the register of Shareholders, the method of Share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in Appendix VIII to this prospectus. A Shares and H Shares will however rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date in this prospectus. On August 27, 2010, we distributed a special dividend in the amount of approximately RMB 3,292 million which was approved by our Shareholders' general meeting on July 22, 2010, to the holders of A Shares, based on our total shares in issue as of June 30, 2010. Save and except for the aforesaid dividend distribution, the holders of our A Shares and H Shares are equally entitled to our distributable profits accumulated prior to the Listing. For further information on this special dividend, please see the section headed "Financial Information—Dividend Policy" in this prospectus. All dividends in respect of the H Shares are to be calculated in RMB and paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in RMB. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of A Shares, dividends in the form of Shares will be distributed in the form of additional A Shares.

Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering.

However, if any holder of our A Shares is to transfer its A Shares to overseas investors for listing and trading on the Hong Kong Stock Exchange, such transfer and conversion will need to be approved by the relevant PRC regulatory authorities, including the CSRC as well as go through the relevant procedures as disclosed below:

(1) The holder of A Shares is to obtain the requisite approval of the CSRC or the competent securities approval authorities of the State Council for the transfer of all or part of its A Shares into H Shares.

(2) The holder of A Shares is to issue to us a removal request in respect of a specified number of the Shares attaching the relevant documents of title.

(3) Subject to obtaining the approval of the Board, we would then issue a notice to the H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of H Shares.

(4) Such specified number of A Shares to be transferred to H Shares are then re-registered on the H Share register maintained in Hong Kong on the condition that:

(a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and

(b) the admission of the H Shares (converted from A Shares) to trade in Hong Kong will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time.

(5) Upon completion of the transfer and conversion, the shareholding of the relevant holders of A Shares in our A Share register will be reduced by such number of A Shares transferred and the number of H Shares register will correspondingly be increased by the same number of H Shares.

(6) We will comply with the Listing Rules to inform our Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Approval from holders of A Shares regarding the Global Offering

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the extraordinary general meeting of our Company held on July 22, 2010 and is subject to the following conditions:

(1) Size of the offer

The proposed number of H Shares to be offered shall not exceed 15% of the total enlarged issued share capital after the issue of H Shares and the Over-allotment Option shall not exceed 15% of the Shares initially available under the Global Offering if fully exercised.

(2) Method of listing

The method of listing shall be by way of international offering and public offering for subscription in Hong Kong.

(3) Target investors

The H Shares shall be issued to professional, institutional, individual investors and the public.

(4) Price determination basis

The issue price of the H Shares will be determined taking in account the interests of existing Shareholders of our Company, in accordance with the international practice and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on, ie. July 22, 2010.

Other than the Global Offering, our Company has not approved any other Share issue plan.

Transfer of the State-owned Shares to the NSSF

According to the *Interim Measures of the State Council on the Management of Reduction of the State-owned Shares for Raising of Social Security Funds* and the relevant requirements of SASAC on the transfer of State-owned Shares, our Company's State-owned Shareholders, namely Hunan SASAC and Hunan Development Group, shall transfer their State-owned Shares representing in total 10% of the amount of the Offer Shares to the NSSF and convert them into H Shares. Such State-owned Shares will be converted into H Shares on a one-for-one basis and such H Shares converted will not constitute part of the Offer Shares. These State-owned Shareholders will not receive any proceeds from the transfer of H Shares to the NSSF or any subsequent disposal of such H Shares by the NSSF. They have already submitted an application to the SASAC and issued an undertaking letter regarding the transfer of the State-owned Shares. Such conversion and holding of H Shares by NSSF in relation to the Global Offering has been approved by the relevant authorities including CSRC on November 18, 2010[(1)].

Note:

(1) SASAC issued the approval on the transfer of A Shares to NSSF on July 23, 2010 on the condition that the Over-allotment Option is exercised in full and that up to 1,000,020,402 H Shares are issued. If the amount of H Shares issued is less than said 1,000,020,402 H Shares, the number of A Shares transferred by Hunan SASAC and Hunan Development Group will decrease accordingly. According to the letter issued by NSSF on August 13, 2010, the NSSF agreed, among other things, that it will hold the Shares to be transferred by the State-owned Shareholders as approved by SASAC and that it entrust us to apply to CSRC for the conversion of the transferable Shares held by the State-owned Shareholders into H Shares when we submit a listing application to CSRC, and that registration be made with the corporate investor account maintained by the NSSF with HKSCC with respect to such converted Shares.

The table below sets out the number of H Shares to be transferred to the NSSF before and after the exercise of the Over-allotment Option in full:

	The number of H Shares to be Transferred to NSSF	
	(assuming no exercise of the Over-allotment Option)	(assuming full exercise of the Over-allotment Option)
Hunan SASAC	83,732,408	96,292,268
Hunan Development Group	3,225,872	3,709,752
Total	**86,958,280**	**100,002,020**

The Cornerstone Placing

We have entered into four cornerstone investment agreements with the Cornerstone Investors, who agreed to subscribe at the Offer Price for such number of H Shares that may be purchased with an aggregate amount of HK$640 million, assuming an exchange rate of HK$7.80 to US$1.00. Please refer to the appendix headed "Appendix IX—Statutory and General Information—Further Information about the Business—Summary of material contracts" of this prospectus. Assuming an Offer Price of HK$16.48, being the mid-point of the Offer Price range set forth in this prospectus, the total number of H Shares to be subscribed for by the Cornerstone Investors would be 38,834,800 H Shares, representing approximately 0.67% of our issued and outstanding share capital after the Global Offering, or 4.47% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised). The Cornerstone Investors (including its beneficial owner(s)) are Independent Third Parties. None of the Cornerstone Investors will subscribe for any H Shares under the Global Offering other than pursuant to the relevant cornerstone placing agreements. Immediately following the completion of the Global Offering, no Cornerstone Investors will have any board representation in our Company, nor will any Cornerstone Investor become a Substantial Shareholder of our Company. The shareholding of each Cornerstone Investor will be counted towards the public float of our H Shares.

The cornerstone placing forms part of the International Offering. The H Shares to be subscribed for by each Cornerstone Investor will not be affected by any reallocation of the H Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering" in this prospectus. Details of the allocations to the Cornerstone Investor will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on December 22, 2010.

Our Cornerstone Investors

A brief description of our Cornerstone Investors is set out below:

Hillhouse Capital Management, Ltd ("Hillhouse")

Gaoling Fund, L.P. ("Gaoling Fund"), is an Asia focused fund managed by Hillhouse. Pursuant to a cornerstone investment agreement dated December 3, 2010, Gaoling Fund has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased with an aggregate amount of US$20 million (exclusive of the related brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$16.48 (being the mid-point of the Offer Price range set forth in this prospectus), Gaoling Fund would subscribe for approximately 9,466,000 H Shares, representing approximately 1.09% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised and that an exchange rate of HK$7.80 to US$1.00 is being used for illustration purpose).

Hillhouse manages capital for world-class institutional investors, concentrating on making equity investments over a long term investment horizon. Hillhouse takes a research intensive, bottoms-up approach to investing that is highly focused on business fundamentals. As of September 1, 2010, Hillhouse has approximately US$4 billion in invested and committed capital under management.

Keywise Capital Management (HK) Limited ("Keywise")

Pursuant to a cornerstone investment agreement dated November 30, 2010, Keywise has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased with an aggregate amount of US$20 million (exclusive of the related brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$16.48 (being the mid-point of the Offer Price range set forth in this prospectus), Keywise would subscribe for approximately 9,466,000 H Shares, representing approximately 1.09% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised and that an exchange rate of HK$7.80 to US$1.00 is being used for illustration purpose).

Keywise is an asset management company licensed under the Hong Kong Securities and Futures Commission with headquarters office in Hong Kong and a research office in Beijing. Keywise's sources of capital are primarily from international financial institutions, global endowments and foundations. Keywise is a fundamental long-term value investor with an investment focus primarily on companies in Greater China markets.

SIIC Investment Company Limited ("SIIC Investment")

Pursuant to a cornerstone investment agreement dated December 6, 2010, SIIC Investment has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased with an aggregate amount of US$10 million (exclusive of the related brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$16.48 (being the mid-point of the Offer Price range set forth in this prospectus), SIIC Investment would subscribe for approximately 4,733,000 H Shares, representing approximately 0.54% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised and that an exchange rate of HK$7.80 to US$1.00 is being used for illustration purpose).

SIIC Investment is a wholly owned subsidiary of Shanghai Industrial Investment (Holdings) Company Limited, a conglomerate fully funded by the Shanghai Municipality.

Zhong Ke Bright Trinity Enterprises Ltd. ("Zhong Ke")

Pursuant to a cornerstone investment agreement dated December 3, 2010, Zhong Ke has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased with an aggregate amount of HK$250 million (exclusive of the related brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$16.48 (being the mid-point of the Offer Price range set forth in this prospectus), Zhong Ke would subscribe for approximately 15,169,800 H Shares, representing approximately 1.74% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised and that an exchange rate of HK$7.80 to US$1.00 is being used for illustration purpose).

Zhong Ke is an investment company, mainly engaged in venture capital investment, equity investment, asset reorganization and mergers and acquisitions initiatives. Zhong Ke has entrusted China Science and Merchants Capital Management Co., Ltd. ("CSM") to conduct its investment business with full power, and its investment business constitutes a key investment fund under CSM to conduct business in Hong Kong. Zhong Ke is ultimately controlled by Mr. Yu Yapeng.

Conditions Precedent

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and all of the conditions precedent to completion shall have been satisfied (or waived by the relevant parties) and the Hong Kong Underwriting Agreement and the International Underwriting Agreement shall not have been terminated in accordance with their respective terms;

(2) the Listing Committee of the Hong Kong Stock Exchange granted the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked; and

(3) neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated.

Restrictions on the Cornerstone Investors' Investment

Each of the Cornerstone Investor has agreed that, without the prior written consent of our Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone placing agreement) any of the H Shares subscribed for by it pursuant to the relevant cornerstone placing agreement (or any interest in any company or entity holding any of the H Shares), other than transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing to, and such Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on the Cornerstone Investor.

You should read the following discussion and analysis of our Group's financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 and the accompanying notes included in the accountants' report set out in Appendix I to this prospectus. Also, you should read the discussion and analysis of our Group's financial condition and results of operations as of and for the nine months ended September 30, 2010 together with our unaudited interim consolidated financial statements and accompanying notes set out in Appendix II to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS.

The consolidated income statement data and cash flow statement data for the six months ended June 30, 2009 and the nine months ended September 30, 2009 and 2010 have been derived from our unaudited interim consolidated financial statements which have been reviewed by our reporting accountants. We have prepared the unaudited interim consolidated financial statements on the same basis as our audited consolidated financial statements. The unaudited interim consolidated financial statements include all normal and recurring adjustments that we consider necessary to fairly present our financial condition and results of operations for the periods indicated.

Potential investors should read the entire accountants' report set out in Appendix I and the unaudited interim financial information set out in Appendix II to this prospectus and not rely merely on the information contained in this section. Our historical results do not necessarily indicate future results. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading China-based construction machinery manufacturer providing comprehensive and diversified products and value-added services and have experienced significant growth in the last decade benefiting from China's ongoing urbanization and significant growth in the infrastructure sector. During the Track Record Period, we derived our turnover from several business lines, including the following: (i) concrete machinery, (ii) crane machinery, (iii) environmental and sanitation machinery, (iv) road construction and pile foundation machinery, (v) earth working machinery, (vi) material handling machinery and systems, and (vii) finance lease services.

We currently offer more than 640 models of machinery and equipment with 83 different product types in 13 product categories. During the Track Record Period, concrete machinery and crane machinery were our core product lines, which together represented approximately 86.0%, 80.6%, 74.5% and 80.4% of our consolidated turnover in 2007, 2008, 2009 and the six months ended June 30, 2010, respectively. Both our Zoomlion and CIFA line of products are sold through an extensive distribution network in China which, as of September 30, 2010, consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third parties, which are located in more than 300 cities covering all provinces and autonomous regions in China. Our third-party dealers in China, in aggregate, operated 39, 115, 279 and 408 outlets, respectively, as of December 31, 2007, 2008 and 2009 and June 30, 2010. We currently sell our products to over 70 countries through an established distribution network which, as of September 30, 2010, consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers. In 2007, 2008 and 2009 and the six months ended June 30, 2010, sales to end-users in overseas markets, which include direct sales made outside of the PRC as well as sales to overseas end-users through our third-party dealers in the PRC, amounted to RMB757 million, RMB2,768 million, RMB2,615 million and RMB923 million, respectively, which accounted for 8.4%, 20.4%, 12.6% and 5.7% of our consolidated turnover for the respective periods. In the same periods, sales occurred outside the PRC amounted to nil, RMB531 million, RMB1,769 million and RMB784 million, respectively, which accounted for nil, 3.9%, 8.5% and 4.9% of our consolidated turnover for the respective periods.

Our large-scale operations enable us to enjoy economies of scale and maintain a cost-effective and high-quality supply chain. Leveraging on our purchasing power, we are able to enter into strategic cooperation framework agreements with certain suppliers of key raw materials, parts and components that are important to our manufacturing process. Such agreements enable us to procure sufficient quantities of high-quality raw materials, parts and components at relatively lower prices on a sustainable basis.

We have experienced significant growth in our business during the Track Record Period. Our consolidated turnover increased from RMB8,973 million in 2007 to RMB20,762 million in 2009, representing a CAGR of approximately 52.1%. Our profit for the year increased from RMB1,437 million in 2007 to RMB2,419 million in 2009, representing a CAGR of approximately 29.7%. For the six months ended June 30, 2010, our consolidated turnover and profit for the period amounted to RMB16,089 million and RMB2,163 million, respectively.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We believe the most significant factors that directly or indirectly affect our financial performance and results of operations include:

- general economic conditions in China;
- product mix and our ability to offer new products;
- our ability to manage and expand our scale of operation globally;
- our ability to control our production costs; and
- our ability to effectively manage our finance lease services.

General Economic Conditions in China

We have derived the majority of our consolidated turnover from the sales of our products in China during the Track Record Period. Demand for construction machinery is affected by the general economic conditions in China. Historically, our business expansion and the growth of the construction machinery industry have been driven by the rapid economic growth in China and the associated urbanization and increase in fixed asset investments. In recent years, China has been one of the fastest growing economies in the world. Between 2001 and 2009, China's GDP has increased from approximately RMB11.0 trillion to approximately RMB33.5 trillion, representing a CAGR of 9.3%. As a result of the strong economic growth, China has experienced an ongoing urbanization and industrialization process and a significant increase in the general public's spending power. The urbanization level in China increased from 37.0% in 2001 to 46.6% in 2009. The growing trend of urbanization and the increasing spending power have led to increasing demand for infrastructure, industrial, commercial and residential developments. Fixed asset investments in China increased from approximately RMB3.7 trillion in 2001 to approximately RMB19.4 trillion in 2009, according to the National Bureau of Statistics, representing a CAGR of 26.3%. Meanwhile, our growth has benefited from China's favorable government policies toward fixed asset investments and the infrastructure sector, including favorable government infrastructure investment policies to expand, modernize and upgrade China's infrastructure system. We expect the urbanization and the increases in infrastructure and fixed assets investment in China will continue as the economy continues to grow, which in turn will drive the growth of the construction machinery industry and environmental and sanitation machinery industry. As a leading manufacturer of construction machinery and environmental and sanitation machinery in China, we believe we are well positioned to take advantage of the growth of those two industries in China. However, if China's economy slows down, the growth of those two industries may slow down as well, which may materially and adversely affect our financial condition and results of operations.

Product Mix and Our Ability to Offer New Products

Our turnover is primarily affected by the sales volume, and to a lesser extent, by fluctuations in the selling prices of our products. The profitability of our products varies across our product lines. Changes in product mix have in the past affected, and are expected to continue to affect, our turnover and gross margin. During the Track Record Period, we adjusted our product mix across product lines and within specific product lines from time to time to capitalize on the prevailing market demand and maximize our overall turnover. Meanwhile, our capability to offer new products and improve existing products has been and is expected to be an important driver to increase our turnover and profitability.

We derived the majority of our turnover from sales of concrete machinery and crane machinery, which in aggregate accounted for approximately 80% of our consolidated turnover for each period during the Track Record Period. We expect sales of our concrete machinery and crane machinery to continue to increase in absolute terms and continue to be a major source of our turnover. However, we expect the turnover generated from the sales of concrete machinery and crane machinery to decrease as a percentage of our consolidated turnover in the future with the expansion of our other product lines. As China's urbanization continues and the population in the second- and third-tier cities grows, the general public and the central and local governments are becoming more concerned about the environmental protection and sanitation issues in the urban areas, which in turn drive the demand for environmental and sanitation machinery. Furthermore, in view of China's ongoing urbanization and significant investments in infrastructure projects, we believe there is strong growth potential in the earth working machinery market. As a result, we aim to focus on the growth of these two lines of products to capitalize on the prevailing industry trend, and we expect sales of our environmental and sanitation machinery and earth working machinery will increase in absolute terms and as a percentage of our consolidated turnover. However, the increases in market demand for environmental and sanitation machinery and earth working machinery may not meet our expectations or we may not be able to capitalize on any of such opportunities.

We believe that our comprehensive product offerings, including innovative products and the flexibility in adjusting our product mix, allows us to respond to different market conditions in a timely manner and maintain relatively stable and high turnover and profitability.

Our Ability to Manage and Expand our Scale of Operations Globally

In order to capture the market opportunity, we are currently expanding, and will continue to expand, our scale of operations in China and globally by establishing new manufacturing and research and development facilities, expanding our distribution and service network and selectively conducting strategic acquisitions and alliances. By doing so, we may broaden our customer base, expand our product offerings, enhance our research and development capabilities and increase our manufacturing capacity and capabilities. In particular, we intend to devote efforts to expand our global footprint and the overseas sales of our products so as to capitalize on the growing international demand for competitively priced construction machinery manufactured in China. By expanding our distribution and service network overseas, we may strengthen our ability to provide value-added services to our customers in the overseas market and increase our sales in the overseas market. All of the measures mentioned above may increase our turnover or our profitability. An increase in our sales from the overseas market will also diversify the geographic concentration of our sources of turnover, which may help reduce our reliance on the demand for our products within China and limit our exposure to any adverse changes in China's economic conditions and the PRC government's policies which might affect our construction machinery and environmental and sanitary machinery.

However, expanding our scale of operations globally, including strategic acquisitions and alliances, is associated with high investment costs. If we are unable to balance the costs of establishing additional manufacturing and research and development facilities with the growth in demand for our products or if such investment costs were to be higher than we expect, we may be unable to generate an adequate return for such investments and may experience an increase in financial obligations and unit manufacturing costs that may negatively affect our results of operations. In order to sell our products in certain jurisdictions, we may need to refine or enhance certain products to meet the applicable regulatory requirements for that jurisdiction, which would increase our aggregate manufacturing costs. Furthermore, the parts depot or after-sales services centers, as well as the additional overseas branch offices and representative offices we plan to establish as part of our distribution and service network expansion plan will also result in an increase in our operating expenses.

Our Ability to Control Our Production Costs

In 2007, 2008, 2009 and the six months ended June 30, 2010, costs of raw materials, parts and components amounted to RMB5,933 million, RMB9,039 million, RMB14,281 million and RMB10,665 million, respectively, representing 66.2%, 66.7%, 68.8% and 66.3% of our consolidated turnover for the respective periods. The key raw materials, parts and components for our production include steel, branded chassis and hydraulic pumps, valves and cylinders. The production costs of our products are subject to fluctuations in the prices of steel and steel components. In recent years, market demand for steel has been strong and it may be difficult for us to find alternative suppliers for steel. Due to strong market demand, supply of certain imported parts and components, including branded chassis and hydraulic pumps, valves and cylinders, may be limited. As a result, we typically keep higher levels of inventories of certain imported parts and components for which the supply may be limited. As we expand our scale of operation and as we gain better access to foreign-based suppliers through the integration of CIFA, we are able to enter into strategic framework agreements with certain suppliers to ensure a sufficient supply of high-quality raw materials, parts and components at relatively lower prices on a sustainable basis. While we have not experienced significant increases in our cost of labor in the past, the competitive environment in which we operate and the continued economic growth in China will continue to increase demand for skilled labor, which we believe may increase our cost of labor in the future.

We have taken initiatives in recent years to improve our manufacturing efficiency, such as improving our manufacturing technology and equipment and reorganizing our manufacturing activities among different facilities to improve efficiency and manufacturing cycle times and increase the flexibility of our manufacturing processes. However, if we are unable to continue to improve our manufacturing efficiency, thereby controlling our manufacturing costs, we may not be able to maintain or continue to improve our gross margin, which may have an adverse affect on our results of operations.

Our Ability to Effectively Manage Our Finance Lease Services

We started providing finance lease services as a payment option to our customers in 2007. The finance lease contracts are generally for two to four years. For certain products that have a longer useful life, such as tower cranes, crawler cranes and large-capacity truck cranes, we may extend the length of the lease to five years. The length of a finance lease contract is typically much shorter than the useful life of the leased equipment thereunder. Terms of the finance lease contracts are determined based on various factors, including our customer relationship and their credit quality. We believe finance lease services provide customers with an additional flexible payment option, which may help attract more customers and increase the sales of our products. Sales of our products through finance lease services increased rapidly and contributed significantly to our turnover growth during the Track Record Period. In 2007, 2008, 2009 and the six months ended June 30, 2010, sales of our products through finance lease services amounted to RMB381 million, RMB2,068 million, RMB7,463 million and RMB5,407 million, respectively.

We receive the sale proceeds generated through finance lease services in periodic installments. Although our sales of machinery products through finance lease services are recognized as turnover once we deliver the products to our customers, we would not receive the full amount of the sale proceeds in cash until the end of the finance lease contracts. The lease payments we are entitled to but have not yet received under the finance lease contracts are accounted for as receivables under finance leases. As a result, while our turnover and profits from operations continued to grow throughout the Track Record Period, we recorded negative net operating cash flow in the years ended December 31, 2008 and 2009 and the six months ended June 30, 2010. In 2007, 2008 and 2009 and the six months ended June 30, 2010, the balance of our receivables under finance leases increased by RMB381 million, RMB1,866 million, RMB6,096 million and RMB6,030 million, respectively. Starting in 2008, we factored a significant portion of our receivables under finance lease to banks to obtain cash in order to provide additional funding for our operations. As of December 31, 2007, 2008 and 2009, and June 30, 2010, the balance of the loans from factoring of receivables under finance lease amounted to RMB43 million, RMB1,014 million, RMB4,515 million and RMB7,337 million, respectively.

DESCRIPTION OF SELECTED PRINCIPLE COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Turnover

We generate turnover primarily from the following operating segments:

- Concrete machinery;
- Crane machinery;
- Environmental and sanitation machinery;
- Road construction and pile foundation machinery;
- Earth working machinery;
- Material handling machinery and systems; and
- Finance lease services.

The following table sets forth the breakdown of our consolidated turnover by our operating segments, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Concrete machinery	3,509	39.1	4,682	34.6	7,157	34.5	3,534	38.3	7,037	43.7
Crane machinery	4,206	46.9	6,237	46.0	8,298	40.0	3,663	39.7	5,910	36.7
Environmental and sanitation machinery	564	6.3	871	6.4	1,230	5.9	474	5.1	710	4.4
Road construction and pile foundation machinery	487	5.4	610	4.5	787	3.8	391	4.2	539	3.4
Earth working machinery	—	0.0	116	0.9	445	2.1	201	2.2	450	2.8
Material handling machinery and systems	—	0.0	261	1.9	873	4.2	163	1.8	281	1.7
Finance lease services	14	0.2	136	1.0	397	1.9	167	1.8	354	2.2
Total of reportable segments	**8,780**	**97.9**	**12,913**	**95.3**	**19,187**	**92.4**	**8,593**	**93.1**	**15,281**	**94.9**
All other segments	193	2.1	635	4.7	1,575	7.6	634	6.9	808	5.1
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**9,227**	**100.0**	**16,089**	**100.0**

We derived the majority of our consolidated turnover from sales of concrete machinery and crane machinery. As a result of strong market demand and the expansion of our finance lease services, sales volume of products under these two operating segments have increased throughout the Track Record Period.

Sales of our environmental and sanitation machinery and our earth working machinery have also increased significantly throughout the Track Record Period as a result of strong market demand. Such increase was also due to our strategy to devote more sales and marketing and other resources in these two segments in order to capture the growth potential.

Sales of certain of our products have been affected by seasonality. For construction machinery, as construction activities in northern China are curtailed during the winter, sales are typically weaker in the first quarter and stronger in the rest of the year. For environmental and sanitation machinery, as the major customers are local governments that tend to order machinery during the second half of a year, the sales are typically stronger in the third and fourth quarters. For the three months ended March 31, 2007, 2008 and 2009, our consolidated turnover was RMB 1,297 million, RMB 2,537 million and RMB 3,517 million, respectively, and accounted for 14.5%, 18.7% and 16.9%, respectively of the consolidated turnover for the respective years. For the three months ended March 31, 2010, our consolidated turnover was RMB5,899 million and accounted for 36.7% of our consolidated turnover for the six months ended June 30, 2010.

The following table sets forth the sales volume of each of our product line for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2007	2008	2009	2009	2010
			units		
Concrete machinery	3,233	4,545	6,465	3,129	6,646
Crane machinery	5,118	6,827	9,893	4,181	8,046
Environmental and sanitation machinery	1,659	2,381	2,903	1,280	1,741
Road construction and pile foundation machinery	407	412	451	196	285
Earth working machinery	—	131	556	250	802

Note: The sales and production volume of material handling machinery and systems are measured by sales amount, instead of units because the size and nature of customer contracts vary from time to time and are not necessarily comparable.

The sales volume for each of our product lines has been increasing throughout the Track Record Period as the demand for our products continued to increase and our business continued to grow.

Our products are currently sold in China as well as in overseas markets. We have established an extensive distribution network in China. As of September 30, 2010, the distribution network consisted of 548 outlets owned and operated by us, as well as 410 outlets owned and operated by third-party dealers, 524 service centers and 309 components depots owned and operated by us and 339 service centers and 223 components depots owned and operated by third parties, which are located in more than 300 cities covering all provinces and autonomous regions in China. As of September 30, 2010, our overseas distribution network consisted of 31 outlets, 14 service centers and 15 parts and components depots owned and operated by us, as well as 190 outlets, 180 service centers and 139 parts and components depots owned and operated by our 88 third-party dealers.

The following table sets forth the breakdown of our turnover by the geographic sales location, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30 ,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
PRC	8,973	100.0	13,017	96.1	18,993	91.5	8,468	91.8	15,305	95.1
Outside PRC(1)	—	—	531	3.9	1,769	8.5	759	8.2	784	4.9
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**9,227**	**100.0**	**16,089**	**100.0**

Note:
(1) Including Italy, Germany, Japan, India, South Africa, Australia and the United States.

The following table sets forth the breakdown of our turnover by the end-users' geographic location, and each expressed as a percentage of our consolidated turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
China	8,216	91.6	10,780	79.6	18,147	87.4	8,155	88.4	15,166	94.3
Overseas[(1)]	757	8.4	2,768	20.4	2,615	12.6	1,072	11.6	923	5.7
Total	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**9,227**	**100.0**	**16,089**	**100.0**

Notes: The presentation of geographic location above is different from the geographic analysis of sales based on sales location. Under the sales location basis, the products that are ultimately sold to end-users located in the overseas markets through our dealers located in the PRC are presented as turnover from the PRC and the amounts and the percentages of the PRC and the overseas sales are higher and lower, respectively, for the relevant periods than the amounts and percentages presented in the table above. We believe the geographic classification basis used in the above presentation provides investors with additional information about the turnover from our domestic and overseas end-users.

(1) Including Italy, Germany, Japan, India, South Africa, Australia and the United States.

From 2007 to 2008, sales of our products to overseas end-users increased by 266.0% in absolute terms and from 8.4% to 20.4% as a percentage of our consolidated turnover, primarily due to strong demand for construction machinery globally, our acquisition of CIFA, as well as our efforts to increase the overseas sales of our products, including expanding our distribution and service network overseas. In 2008, we engaged 58 additional dealers and established eight additional service centers in certain overseas countries and regions. From 2008 to 2009, sales of our products to overseas end-users decreased by 5.5% in absolute terms and from 20.4% to 12.6% as a percentage of our consolidated turnover, primarily attributable to a weaker market demand for construction machinery in the overseas market as compared to the PRC market, which was the result of the global economic downturn and a stronger economic recovery in China. Turnover from the sales of our products to overseas end-users further decreased by 13.9% for the six months ended June 30, 2010 compared to the same period in 2009, and from 11.6% to 5.7% as a percentage of our consolidated turnover. The decrease was primarily due to (i) the decrease in the purchasing power of customers the overseas markets where our performance has traditionally been strong, such as the Persian Gulf countries, Russia and India, because their own spending restraints resulted in a decrease in sales in these overseas markets, and (ii) a stronger economic recovery and corresponding stronger demand for our products in China, which led to a higher profit margin for our products, and our strategy to prioritize sales to domestic customers. Though we believe overseas sales as a percentage of our consolidated turnover will remain stable for this year, we expect overseas sales of our products to increase in both absolute terms and as a percentage of our consolidated turnover in the future, in view of the economic recovery globally and our emphasis on our global expansion strategy.

Our products have been sold to a diversified customer base and for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, we did not have a single customer, including sales to our dealers, which accounted for more than 10.0% of our consolidated turnover on an individual basis.

Cost of Sales and Services

Our cost of sales and services primarily consists of:

- raw materials, i.e., costs of raw materials, parts and components, including steel, branded chassis, hydraulic parts and components, engines, tires and electric controls, and a variety of other raw materials and fabricated or manufactured components;
- staff costs, including salaries and benefits for personnel directly involved in manufacturing activities;
- depreciation and amortization of property, plant and equipment used for manufacturing purposes;
- costs of finance lease services, including fees, other surcharges and interest related to factoring of receivables under finance lease; and
- others, including manufacturing overhead, such as maintenance of production equipment and utility costs, including electricity, steam and water and costs associated with waste treatment.

The following table sets forth the major components of our cost of sales and services both in absolute terms and as a percentage of the consolidated turnover for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Raw materials	5,933	66.2	9,039	66.7	14,281	68.8	6,406	69.4	10,665	66.3
Staff costs	261	2.9	440	3.2	533	2.6	252	2.7	407	2.5
Depreciation and amortization	57	0.6	80	0.6	150	0.7	64	0.7	115	0.7
Costs of finance lease services	2	—	9	0.1	165	0.8	23	0.3	159	1.0
Others	152	1.7	274	2.0	293	1.4	105	1.1	92	0.6
Total cost of sales and services	**6,405**	**71.4**	**9,842**	**72.6**	**15,422**	**74.3**	**6,850**	**74.2**	**11,438**	**71.1**

Costs of raw materials, parts and components have accounted for the majority of our cost of sales and services throughout the Track Record Period. As a percentage of our consolidated turnover, costs of raw materials, parts and components have been relatively stable during the Track Record Period. In 2009, however, due to the global economic downturn, the products we sold, particularly crane machinery, had lower selling prices in general. As a result, costs of raw materials, parts and components increased as a percentage of our consolidated turnover in 2009. As a percentage of our consolidated turnover, staff costs have also remained relatively stable during the Track Record Period.

The following table sets forth the breakdown of our cost of sales and services by our operating segments, and each expressed as a percentage of the segment turnover, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Concrete machinery	2,383	67.9	3,390	72.4	5,115	71.5	2,549	72.1	4,855	69.0
Crane machinery	3,090	73.5	4,599	73.7	6,335	76.3	2,787	76.1	4,276	72.4
Environmental and sanitation machinery	381	67.6	600	68.9	824	67.0	335	70.7	476	67.0
Road construction and pile foundation machinery	404	83.0	375	61.5	527	67.0	256	65.5	346	64.2
Earth working machinery	—	—	111	95.7	373	83.8	176	87.6	369	82.0
Material handling machinery and systems	—	—	197	75.5	787	90.1	132	81.0	264	94.0
Finance lease services	2	14.3	9	6.6	165	41.6	23	13.8	159	44.9
Total cost of sales and services of reportable segments	**6,260**	**71.3**	**9,281**	**71.9**	**14,126**	**73.6**	**6,258**	**72.8**	**10,745**	**70.3**
All other segments	145	75.1	561	88.3	1,296	82.3	592	93.4	693	85.8
Total cost of sales and services	**6,405**	**71.4**	**9,842**	**72.6**	**15,422**	**74.3**	**6,850**	**74.2**	**11,438**	**71.1**

Our cost of sales and services as a percentage of our consolidated turnover increased from 71.4% in 2007 to 72.6% in 2008 and to 74.3% in 2009. In the six months ended June 30, 2010, such percentage decreased to 71.1%. The fluctuation of cost of sales and services as a percentage of turnover from the sales of our concrete machinery and crane machinery was primarily driven by the change of product mix and the fluctuations in selling prices. For example, in 2008, we increased the sales and production volume of concrete mixing plants and truck-mounted concrete mixers in response to the prevailing market demand. Since these products have lower profit margins, cost of sales and services as a percentage of our consolidated turnover from the sales of our concrete machinery increased from 67.9% in 2007 to 72.4% in 2008. In 2009, the sales of compact truck cranes, which have a lower selling price and lower profit margin, increased in absolute terms and as a percentage of our total sales of crane machinery, due to the global economic downturn that led to a decrease in the number of large-scale construction projects. In the six months ended June 30, 2010, cost of sales and services as a percentage of our consolidated turnover from the sales of our concrete machinery decreased from 72.1% to 69.0%, and cost of sales and services as a percentage of our consolidated turnover from the sales of our crane machinery decreased from 76.1% to 72.4%, mainly because (i) we increased the sales and production volume of certain models of our truck-mounted concrete pumps, which are technologically advanced and have higher profit margins; and (ii) the recovery of China's economy and the stronger customer purchasing power boosted sales of products with higher selling prices, including truck-cranes with larger lifting capacity.

Our cost of sales and services for finance lease services continued to increase in absolute terms since 2008, primarily due to the increased use of factoring to supplement the funding for our operations.

Gross Profit

The following table sets forth the gross profit and gross margin breakdown by operating segments, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Concrete machinery	1,126	32.1	1,292	27.6	2,042	28.5	985	27.9	2,182	31.0
Crane machinery	1,116	26.5	1,638	26.3	1,963	23.7	876	23.9	1,634	27.6
Environmental and sanitation machinery	183	32.4	271	31.1	406	33.0	139	29.3	234	33.0
Road construction and pile foundation machinery	83	17.0	235	38.5	260	33.0	135	34.5	193	35.8
Earth working machinery	—	—	5	4.3	72	16.2	25	12.4	81	18.0
Material handling machinery and systems	—	—	64	24.5	86	9.9	31	19.0	17	6.0
Finance lease services	12	85.7	127	93.4	232	58.4	144	86.2	195	55.1
Total gross profits of reportable segments	**2,520**	**28.7**	**3,632**	**28.1**	**5,061**	**26.4**	**2,335**	**27.2**	**4,536**	**29.7**
Other non-reportable segments	48	24.9	74	11.7	279	17.7	42	6.6	115	14.2
Total gross profits	**2,568**	**28.6**	**3,706**	**27.4**	**5,340**	**25.7**	**2,377**	**25.8**	**4,651**	**28.9**

Our gross margin decreased from 28.6% in 2007 to 27.4% in 2008 and further decreased to 25.7% in 2009. In the six months ended June 30, 2010, our gross margin increased to 28.9%. The fluctuation of gross margin for each segment is directly related to the changes in cost of sales and services as a percentage of consolidated turnover for the respective segment as discussed above.

Other Revenues and Net Income

Other revenues includes government grants and other income. Government grants mainly include value-added tax refunds for enterprises located in certain locations and other grants we receive from the PRC government, which resemble government operating subsidies. In 2007, 2008, 2009 and the first six months of 2010, we recognized government grants in the amount of nil, RMB138 million, RMB74 million and RMB20 million, respectively. This has not been and is not expected to be a steady or significant revenue source for us.

Operating Expenses

Our operating expenses include sales and marketing expenses, general and administrative expenses and research and development expenses.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries and benefits for our sales and marketing personnel, commissions paid to third-party dealers, advertising expenses, sales-related travel expenses, transportation expenses and other sales and marketing expenses.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and benefits for our administrative, finance and human resources personnel, fees and expenses of legal, accounting and other professional services, insurance expenses, general and administrative-related travel expenses, depreciation of equipment and facilities used for administrative purposes, and other expenses associated with our administrative offices.

Research and Development Expenses

Research and development expenses consist of salaries and benefits for our research and development personnel, material costs consumed in our research and development facilities, payments to subcontractors and travel expenses incurred relating to research and development activities.

Net Finance Costs

Our net finance costs represent finance income, consisting primarily of interest income on bank deposits, net of interest expenses on bank borrowings, short-term debentures and other borrowings from other financial institutions less interest expenses capitalized during construction in progress. Our net finance costs are primarily affected by the outstanding amount of borrowings and applicable interest rates. The interest expense related to factoring of receivables under finance lease is not included herein but in the costs of finance lease services because it is considered to be a direct cost of our finance lease services.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial position and results of operations are based on our consolidated financial statements prepared in accordance with IFRS. Our financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. The estimates and assumptions are based on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about matters that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Actual results may differ from those estimates as facts, circumstances and conditions change. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of trade receivables

We review trade receivables that are stated at cost or amortized cost at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to our attention about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in equity instrument below its cost.

If any such objective evidence of impairment exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. We first assesses whether objective evidence of impairment exists for financial assets that are individually significant. The assessment is then made collectively for financial assets carried at amortized cost which are not individually significant but share similar credit risk characteristics, and have not been individually assessed as impaired. We assess future cash flows of financial assets for impairment collectively based on the ageing of the accounts receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs may be higher than expected and could significantly affect the results of future periods.

Warranty provision

We make product warranty provision based on our best estimate of the expected settlement under the sales agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account our recent claim experience, historical warranty data and a weighing of all possible outcomes against their associated probabilities. As we are continually upgrading our product designs and launching new models, it is possible that our recent claim experience is not indicative of future claims that we will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

Write-down of inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We estimate the net realizable value of inventories by taking into account the recent selling prices and forecasted market demand. Based on this review, inventories will be written-down to net realizable value when the net realizable value of inventories is lower than the cost. However, the actual realized value of the inventories may be significantly different from the estimated amount at the balance sheet date.

Impairment of long-lived assets

We review internal and external sources of information at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- investments in subsidiaries;
- property, plant and equipment;
- lease prepayments;
- intangible assets; and
- goodwill.

If any circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the assets may be considered "impaired." The carrying amounts of our long-lived assets (except for goodwill and trademarks with indefinite useful lives) are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. For goodwill and trademarks with indefinite useful lives, the impairment testing is performed at least annually at the end of each year.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

It is difficult to precisely estimate selling prices of our long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue, amount of operating costs and applicable discount rate. We use all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Depreciation and amortization

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual value, if any. We review the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on our historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Amortization of intangible assets with finite useful lives is recognized on a straight-line basis over the respective intangible assets' estimated useful lives. We review the estimated useful lives annually in order to estimate the amount of amortization expense to be recorded during any reporting period. The estimated useful lives are based on the estimated periods over which future economic benefits will be received by us and take into account the level of future competition, the risk of technological or functional obsolescence of its services, and the expected changes in the regulatory and social environment. The amortization expense for future periods is adjusted if there are significant changes from previous estimates.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

TAXATION

During the Track Record period, we were primarily subject to taxation in the PRC, Hong Kong and Italy.

Taxation in the PRC

The PRC statutory income tax rate prior to January 1, 2008 was 33%. Under the EIT Law and its implementation rules that became effective on January 1, 2008, enterprises are typically subject to a uniform tax rate of 25%.

As a designated enterprise converted from research institutions, we were granted an exemption from income tax for the period from October 1, 2000 to September 30, 2007. In addition, as a high-technology enterprise recognized by the PRC government, we were entitled to a preferential income tax rate of 15% for the period from October 1, 2007 to December 31, 2007.

According to the EIT Law and its implementation rules, several entities in our Group qualified as high-technology enterprises under the EIT Law and its implementation rules are entitled to a preferential income tax rate of 15%. In 2008, we and certain of our subsidiaries were recognized as high-technology enterprises from 2008 to 2010 and are consequently subject to a preferential income tax rate of 15% for 2008, 2009 and 2010. Furthermore, under the EIT Law and its implementation rules, a 50% additional tax deduction is allowed for qualified research and development expenses.

In 2009, one of our subsidiaries was recognized as a high-technology enterprise for 2009, 2010 and 2011, and its income tax rate was reduced from 25% in 2008 to 15% for 2009, 2010 and 2011 as a result.

Taxation in Hong Kong and Italy

Our subsidiaries in Hong Kong, which were incorporated in 2008, are subject to Hong Kong profits tax at a rate of 16.5% for 2008, 2009 and 2010. No provision for the Hong Kong profits tax was made during the Track Record Period, as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained tax losses for Hong Kong profits tax purposes during the periods.

Our subsidiaries in Italy, including CIFA and its respective subsidiaries, were subject to income tax at rates ranging from 27.5% to 31.4% for 2008, 2009 and 2010.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Each item has also been expressed as a percentage of our consolidated turnover. Our historical results presented below are not necessarily indicative of future results.

	Year Ended December 31,						Six Months Ended June 30,			
	2007		2008		2009		2009		2010	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
							(unaudited)			
	(in millions, except for percentages)									
Turnover	**8,973**	**100.0**	**13,548**	**100.0**	**20,762**	**100.0**	**9,227**	**100.0**	**16,089**	**100.0**
Cost of sales and services	(6,405)	(71.4)	(9,842)	(72.6)	(15,422)	(74.3)	(6,850)	(74.2)	(11,438)	(71.1)
Gross profit	**2,568**	**28.6**	**3,706**	**27.4**	**5,340**	**25.7**	**2,377**	**25.8**	**4,651**	**28.9**
Other revenues and net income	19	0.2	142	1.0	105	0.5	28	0.3	6	—
Sales and marketing expenses	(691)	(7.7)	(959)	(7.1)	(1,250)	(6.0)	(439)	(4.8)	(986)	(6.1)
General and administrative expenses	(400)	(4.5)	(734)	(5.4)	(878)	(4.2)	(420)	(4.6)	(852)	(5.3)
Research and development expenses	(83)	(0.9)	(120)	(0.9)	(194)	(0.9)	(82)	(0.9)	(116)	(0.7)
Profit from operations	**1,413**	**15.7**	**2,035**	**15.0**	**3,123**	**15.0**	**1,464**	**15.9**	**2,703**	**16.8**
Gain on disposal of lease prepayments	106	1.2	—	—	—	—	—	—	—	—
Gain/(loss) on disposal of subsidiaries and associates	12	0.1	3	—	(6)	—	—	—	—	—
Net finance costs	(60)	(0.7)	(301)	(2.2)	(295)	(1.4)	(174)	(1.9)	(150)	(0.9)
Share of profits less losses of associates	—	—	7	—	6	—	—	—	5	—
Profit before taxation	**1,471**	**16.4**	**1,744**	**12.9**	**2,828**	**13.6**	**1,290**	**14.0**	**2,558**	**15.9**
Income tax expense	(34)	(0.4)	(191)	(1.4)	(409)	(2.0)	(189)	(2.1)	(395)	(2.5)
Profit for the year/period	**1,437**	**16.0**	**1,553**	**11.5**	**2,419**	**11.7**	**1,101**	**11.9**	**2,163**	**13.4**

Six months ended June 30, 2010 compared to six months ended June 30, 2009

Turnover. Our turnover increased by 74.4% from RMB9,227 million for the six months ended June 30, 2009 to RMB16,089 million for the six months ended June 30, 2010. The increase was primarily driven by strong market demand, particularly in the second- and third-tier cities in China, for construction machinery, sales from our new products and the continued expansion of our finance lease services. In particular, turnover from sales of our concrete machinery increased by 99.1% from RMB3,534 million for the six months ended June 30, 2009 to RMB7,037 million for the six months ended June 30, 2010. This was mainly due to the fact that there was a significant increase in the sales volume of our concrete mixing plants and truck-mounted concrete mixers for the six months ended June 30, 2010. Sales volume of certain models of our technologically advanced truck-mounted concrete pumps with higher profit margins also increased. Turnover from sales of our crane machinery increased by 61.3% from RMB3,663 million for the six months ended June 30, 2009 to RMB5,910 million for the six months ended June 30, 2010. In particular, sales of truck cranes increased significantly as the number of infrastructure projects increased.

Cost of sales and services. Our cost of sales and services increased by 67.0% from RMB6,850 million for the six months ended June 30, 2009 to RMB11,438 million for the six months ended June 30, 2010 as a result of our continued growth and expansion, which was in line with the increase in our sales and production volume.

Gross profit. As a result of the foregoing, our gross profit increased by 95.7% from RMB2,377 million for the six months ended June 30, 2009 to RMB4,651 million for the six months ended June 30, 2010, and our gross margin increased from 25.8% for the six months ended June 30, 2009 to 28.9% for the six months ended June 30, 2010, as we continued to optimize our product mix and improve our manufacturing efficiency. In particular, the gross margin for the concrete machinery segment and crane machinery segment, which in aggregate represented 80.4% of our consolidated turnover for the six months ended June 30, 2010, increased to 31.0% and 27.6%, respectively, for the six months ended June 30, 2010 from 27.9% and 23.9%, respectively, for the six months ended June 30, 2009.

Other revenues and net income. Our other revenues and net income decreased by 78.6% from RMB28 million for the six months ended June 30, 2009 to RMB6 million for the six months ended June 30, 2010, primarily due to a decrease in other income and an increase in our loss in disposal of fixed assets.

Sales and marketing expenses. Our sales and marketing expenses increased by 124.6% from RMB439 million for the six months ended June 30, 2009 to RMB986 million for the six months ended June 30, 2010. This increase was primarily due to the fact that we expanded our distribution network and strengthened our sales and marketing efforts, which resulted in increases in salaries and benefits to our sales and marketing personnel and expenses related to advertisement and promotion. The increase in our sales and marketing expenses were also attributable to an increase in payments to third-party dealers as we increased the use of third-party dealers for the six months ended June 30, 2010. In the six months ended June 30, 2010, we had six additional third-party dealers in the PRC. Sales and marketing expenses as a percentage of our consolidated turnover increased from 4.8% for the six months ended June 30, 2009 to 6.1% for the six months ended June 30, 2010.

General and administrative expenses. Our general and administrative expenses increased by 102.9% from RMB420 million for the six months ended June 30, 2009 to RMB852 million for the six months ended June 30, 2010. This increase was due to an impairment loss recognized in the amount of RMB247 million, which consisted primarily of the provision for doubtful debts we made for our increased trade receivables and certain debtors that were individually determined to be impaired during such period. General and administrative expenses as a percentage of our consolidated turnover increased from 4.6% for the six months ended June 30, 2009 to 5.3% in the six months ended June 30, 2010.

Research and development expenses. Our research and development expenses increased by 41.5% from RMB82 million for the six months ended June 30, 2009 to RMB116 million for the six months ended June 30, 2010. This increase was primarily due to our continued efforts in strengthening our research and development capability, which resulted in an increase in salaries and related expenses for our research and development personnel and an increase in design and testing expenses of our products.

Profit from operations. As a result of the foregoing, income from operations increased by 84.6% from RMB1,464 million for the six months ended June 30, 2009 to RMB2,703 million for the six months ended June 30, 2010. The operating margin increased from 15.9% for the six months ended June 30, 2009 to 16.8% for the six months ended June 30, 2010.

Net finance costs. Our net finance costs decreased by 13.8% from RMB174 million for the six months ended June 30, 2009 to RMB150 million for the six months ended June 30, 2010 primarily due to a decrease in interest expenses on bank loans, which resulted from a higher proportion of our loans being foreign currency-denominated loans with lower interest rates. In addition, there were increases in interest income from the unutilized portion of the proceeds from our non-public offering of A Shares and the exchange gains resulting from the appreciation of the Renminbi.

Income tax expenses. Our income tax expenses increased by 109.0% from RMB189 million for the six months ended June 30, 2009 to RMB395 million for the six months ended June 30, 2010, primarily as a result of the increase in our taxable income. Our effective income tax rate increased from 14.7% for the six months ended June 30, 2009 to 15.4% for the six months ended June 30, 2010.

Profit for the year. As a result of the above factors, our profit for the year increased by 96.5% from RMB1,101 million for the six months ended June 30, 2009 to RMB2,163 million for the six months ended June 30, 2010. Our net margin increased from 11.9% in the six months ended June 30, 2009 to 13.4% in the six months ended June 30, 2010.

Year ended December 31, 2009 compared to year ended December 31, 2008

Turnover. Our turnover increased by 53.2% from RMB13,548 million for the year ended December 31, 2008 to RMB20,762 million for the year ended December 31, 2009, primarily due to the continued increase in market demand, partially driven by the PRC government's RMB4 trillion economic stimulus package, and the continued expansion of our finance leases services. Despite the global economic downturn beginning in 2008, our turnover continued to grow rapidly from 2008 to 2009 as we strengthened our sales and marketing efforts for our concrete machinery and crane machinery. As our finance lease services continued to develop and the global economy began to recover, our sales of machinery products through finance leases increased significantly in the second half of 2009. In addition, we consolidated in 2009 the full year results of operations of CIFA, Zoomlion Earth Working, Zoomlion Material Handling and Zoomlion Axle, while their results of operations for the year ended December 31, 2008 were not consolidated in our results of operations until those entities were acquired in the middle of the year. Turnover from sales of our concrete machinery increased by 52.9% from RMB4,682 million for the year ended December 31, 2008 to RMB7,157 million for the year ended December 31, 2009 as a result of the strong market demand. Turnover from sales of our crane machinery increased by 33.0% from RMB6,237 million for the year ended December 31, 2008 to RMB8,298 million for the year ended December 31, 2009, which was primarily driven by an increase in our sales of compact truck cranes.

Cost of sales and services. Our cost of sales and services increased by 56.7% from RMB9,842 million for the year ended December 31, 2008 to RMB15,422 million for the year ended December 31, 2009, primarily due to an increase in the cost of raw materials. The increase in our cost of sales and services was also in line with the increase in turnover because of the consolidation of the acquired companies' results of operations. Our expenditures for raw materials, parts and components, the major component of our cost of sales and services, increased by 58.0% for the year ended December 31, 2009, as our sales and production volume continued to increase.

Gross profit. As a result of the foregoing, our gross profit increased by 44.1% from RMB3,706 million for the year ended December 31, 2008 to RMB5,340 million for the year ended December 31, 2009, and our gross margin decreased from 27.4% for the year ended December 31, 2008 to 25.7% for the year ended December 31, 2009 primarily due to a decrease in gross margin for the crane machinery segment. In 2009, the sales volume of compact truck cranes, which have a lower selling price and profit margin, increased in both absolute terms and as a percentage of our total crane machinery sales. In 2009, the gross margin for crane machinery segment, which represented 40.0% of our consolidated turnover, decreased from 26.3% to 23.7%.

Other revenues and net income. Our other revenues and net income decreased by 26.1% from RMB142 million for the year ended December 31, 2008 to RMB105 million for the year ended December 31, 2009, primarily because a one-time value-added tax refund in 2008 did not recur in 2009.

Sales and marketing expenses. Our sales and marketing expenses increased by 30.3% from RMB959 million for the year ended December 31, 2008 to RMB1,250 million for the year ended December 31, 2009. This increase was primarily due to increases in staff costs, payments to third party dealers, and expenses related to advertisements and promotions, which was in line with our continued growth and expansion. Sales and marketing expenses as a percentage of our consolidated turnover decreased from 7.1% for the year ended December 31, 2008 to 6.0% for the year ended December 31, 2009.

General and administrative expenses. Our general and administrative expenses increased by 19.6% from RMB734 million for the year ended December 31, 2008 to RMB878 million for the year ended December 31, 2009. This increase was primarily due to increases in government levies and other taxes, staff costs and costs for office supplies and consumables, which was in line with our continued growth and expansion. General and administrative expenses as a percentage of our consolidated turnover decreased from 5.4% for the year ended December 31, 2008 to 4.2% for the year ended December 31, 2009.

Research and development expenses. Our research and development expenses increased by 61.7% from RMB120 million for the year ended December 31, 2008 to RMB194 million for the year ended December 31, 2009. This increase was primarily due to increases in staff costs and expenses related to design and testing of our products, as we enhanced our research and development efforts. Research and development expenses remained stable as a percentage of our consolidated turnover, and accounted for 0.9% of our consolidated turnover for the years ended December 31, 2008 and 2009.

Profit from operations. As a result of the foregoing, profit from operations increased by 53.5% from RMB2,035 million in 2008 to RMB3,123 million in 2009. Our operating margin remained stable at 15.0% in 2008 and 2009.

Net finance costs. Despite increases of our bank loans and borrowings and the use of bills as a payment method, our net finance costs decreased by 2.0% from RMB301 million for the year ended December 31, 2008 to RMB295 million for the year ended December 31, 2009. It was mainly due to a significant decrease in interest rates in 2009.

Income tax expenses. Our income tax expenses increased by 114.1% from RMB191 million for the year ended December 31, 2008 to RMB409 million for the year ended December 31, 2009 primarily as a result of an increase in our taxable income. Our effective income tax rate increased from 11.0% in 2008 to 14.5% for the year ended December 31, 2009, primarily due to an income tax deduction for the purchase of domestically manufactured equipment for the year ended December 31, 2008.

Profit for the year. As a result of the above factors, our profit for the year increased by 55.8% from RMB1,553 million for the year ended December 31, 2008 to RMB2,419 million for the year ended December 31, 2009. Our net margin increased from 11.5% for the year ended December 31, 2008 to 11.7% for the year ended December 31, 2009.

Year ended December 31, 2008 compared to year ended December 31, 2007

Turnover. Our turnover increased by 51.0% from RMB8,973 million for the year ended December 31, 2007 to RMB13,548 million for the year ended December 31, 2008. The increase was driven by a strong market demand for construction machinery and our finance lease services, and was also attributable to the consolidation of the results of operations of CIFA, Zoomlion Earth Working, Zoomlion Material Handling and Zoomlion Axle, companies we acquired in the second half of 2008 and the consolidation of the full year results of operations of certain subsidiaries we acquired in 2007. In particular, turnover from sales of our concrete machinery increased by 33.4% from RMB3,509 million for the year ended December 31, 2007 to RMB4,682 million for the year ended December 31, 2008 as a result of the increase in sales generated through our finance lease services. Turnover from sales of our crane machinery increased by 48.3% from RMB4,206 million for the year ended December 31, 2007 to RMB6,237 million for the year ended December 31, 2008, which is primarily driven by the commencement of various large-scale infrastructure projects in China.

Cost of sales and services. Our cost of sales and services increased by 53.7% from RMB6,405 million for the year ended December 31, 2007 to RMB9,842 million for the year ended December 31, 2008, primarily due to a 52.4% increase in the expenditures on raw materials, parts and components. The increase in the expenditures on raw materials, parts and components were in line with the increase in our sales and production volume.

Gross profit. As a result of the foregoing, our gross profit increased by 44.3% from RMB2,568 million for the year ended December 31, 2007 to RMB3,706 million for the year ended December 31, 2008, and our gross margin decreased from 28.6% for the year ended

December 31, 2007 to 27.4% for the year ended December 31, 2008, primarily due to a decrease in gross margin for the concrete machinery segment. In 2008, the gross margin for the concrete machinery segment, which represented 34.6% of our consolidated turnover, decreased from 32.1% to 27.6%.

Other revenues and net income. Our other revenues and net income increased from RMB19 million for the year ended December 31, 2007 to RMB142 million for the year ended December 31, 2008, which was primarily due to the value-added tax refund for certain of our subsidiaries.

Sales and marketing expenses. Our sales and marketing expenses increased by 38.8% from RMB691 million for the year ended December 31, 2007 to RMB959 million for the year ended December 31, 2008. The increase was primarily the result of increases in staff costs, transportation expenses and expenses related to product warranties. Sales and marketing expenses as a percentage of our consolidated turnover decreased from 7.7% for the year ended December 31, 2007 to 7.1% for the year ended December 31, 2008.

General and administrative expenses. Our general and administrative expenses increased by 83.5% from RMB400 million for the year ended December 31, 2007 to RMB734 million for the year ended December 31, 2008, primarily due to an increase in staff costs, the legal and other consulting expenses incurred in connection with our acquisitions in 2008 and our donation for Sichuan earthquake disaster relief in the amount of RMB31 million. General and administrative expenses as a percentage of our consolidated turnover increased from 4.5% for the year ended December 31, 2007 to 5.4% for the year ended December 31, 2008.

Research and development expenses. Our research and development expenses increased from RMB83 million for the year ended December 31, 2007 to RMB120 million for the year ended December 31, 2008. The percentage increase from 2007 to 2008 was due to an increase in the number of our research and development personnel, which in turn led to an increase in salaries and benefits for our research and development personnel. Research and development expenses remained stable as a percentage of our consolidated turnover, at 0.9% for both 2007 and 2008.

Profit from operations. As a result of the foregoing, profit from operations increased by 44.0% from RMB1,413 million for the year ended December 31, 2007 to RMB2,035 million for the year ended December 31, 2008. Our operating margin decreased from 15.7% for the year ended December 31, 2007 to 15.0% for the year ended December 31, 2008.

Net finance costs. Our net finance costs increased significantly from RMB60 million for the year ended December 31, 2007 to RMB301 million for the year ended December 31, 2008 primarily due to the interest costs on loans we incurred in connection with our acquisition of certain subsidiaries and an increase in interest rates for bank loans.

Income tax expenses. Our income tax expenses increased significantly by 461.8% from RMB34 million for the year ended December 31, 2007 to RMB191 million for the year ended December 31, 2008 primarily as a result of the significant increase in our effective applicable tax rate and an increase in our taxable income. Our effective income tax rate increased from 2.3% for the year ended December 31, 2007 to 11.0% for the year ended

December 31, 2008, primarily due to the expiry of the income tax exemption enjoyed by our Company from January 1, 2007 to September 30, 2007.

Profit for the year. As a result of the above factors, our profit for the year increased by 8.1% from RMB1,437 million for the year ended December 31, 2007 to RMB1,553 million for the year ended December 31, 2008. Our net margin decreased from 16.0% for the year ended December 31, 2007 to 11.5% for the year ended December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we have financed our operations primarily through cash proceeds from our operations, proceeds from loans and borrowings, including bank borrowings and factoring of our receivables under finance lease and proceeds from the non-public offering of our A Shares in the PRC. As of June 30, 2010, we had RMB7,041 million in cash and cash equivalents, most of which were denominated in Renminbi. Our cash and cash equivalents primarily consist of cash and demand deposits.

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2007	2008	2009	2009	2010
	RMB (in millions)				
Net cash generated from/(used in) operating activities	273	(1,355)	(1,830)	355	(1,548)
Net cash generated from/(used in) investing activities	(542)	(2,898)	(1,394)	(513)	(2,035)
Net cash generated from financing activities	193	6,463	3,748	528	7,227
Net (decrease)/ increase in cash and cash equivalents	(76)	2,210	524	370	3,644
Effect of foreign exchange rate changes	—	(26)	2	—	(42)
Cash and cash equivalents at the beginning of the period	805	729	2,913	2,913	3,439
Cash and cash equivalents at the end of the period	**729**	**2,913**	**3,439**	**3,283**	**7,041**

Operating Activities

Net cash used in operating activities in the six months ended June 30, 2010 was RMB1,548 million, derived primarily by deducting from the profit before taxation of RMB2,558 million the following items: (i) an increase in receivables under finance lease of RMB6,030 million; (ii) an increase in trade and other receivables of RMB3,227 million; (iii) an increase in inventories of RMB902 million; and (iv) net interest and tax payment of RMB368 million and then adding back (v) depreciation and amortization of RMB215 million; and (vi) an increase in trade and other payables of RMB6,211 million.

Net cash used in operating activities in 2009 was RMB1,830 million, derived primarily by deducting from profit before taxation of RMB2,828 million the following items: (i) an increase in receivables under finance lease of RMB6,096 million; (ii) an increase in trade and other receivables of RMB1,703 million; (iii) an increase in inventories of RMB1,093 million; and (iv) net interest and tax payment of RMB323 million; and then adding back (v) depreciation and amortization of RMB329 million; and (vi) an increase in trade and other payables of RMB4,206 million.

Net cash used in operating activities in 2008 was RMB1,355 million, derived primarily by deducting from profits before taxation of RMB1,744 million the following items: (i) an increase in receivables under finance lease of RMB1,866 million; (ii) an increase in inventories of RMB1,182 million; (iii) an increase in trade and other receivables of RMB576 million; and then adding back; and (iv) net interest and tax payment of RMB340 million; and then adding back (v) depreciation and amortization of RMB216 million; and (vi) an increase in trade and other payables of RMB 448 million.

Net cash generated from operating activities in 2007 was RMB273 million, derived primarily by deducting from profit before taxation of RMB1,471 million the following items: (i) an increase in inventories of RMB979 million; (ii) an increase in trade and other receivables of RMB857 million; (iii) an increase in receivables under finance lease of RMB381 million; and then adding back (iv) an increase in trade and other payables of RMB1,042 million.

Although our turnover and profits from operations were increasing during the Track Record Period, we recorded negative net operating cash flow in 2008, 2009 and the six months ended June 30, 2010. This is primarily because since 2008, the proportion of our product sales using the finance lease payment option has been increasing as a result of our strategy of expanding our finance lease services as a payment option to capture additional market share. For the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010, our product sales through finance lease services were RMB381 million, RMB2,068 million, RMB7,463 million and RMB5,407 million, which amounted for 4.3%, 15.4%, 36.6% and 34.4% of our total product sales in the respective periods. Under the finance lease arrangements, proceeds from sales of our products are collected in monthly payments over the lease terms, which generally range from two to four years. Therefore during the above periods where our finance lease business was in a high growth stage, the balance of our receivables under finance lease was increasing significantly, and our operating cash flow was negatively impacted.

In order to obtain cash to fund our operations, we factored a portion of our receivables under finance leases to banks. The cash we obtained from banks through factoring of receivables under finance lease during the Track Record Period was presented as cash flow from financing activities as the conditions for de-recognition of the financial assets were not met, because we did not transfer substantially all the risks and rewards of ownership of the receivables under finance lease that were factored to banks with recourse under the factoring contract terms. During 2008, 2009 and the six months ended June 30, 2010, we obtained net cash of RMB971 million, RMB3,501 million and RMB2,822 million, respectively, through factoring of receivables under finance lease.

Going forward, we plan to prudently manage the growth of our finance lease business, which is expected to be in proportion to the growth of the underlying business. Therefore, we expect sales of our products through finance lease services as a percentage of our consolidated turnover to remain stable in the future. In addition, we will carefully monitor the expansion of our finance lease services as compared to the growth of our underlying business and continue to strictly follow our risk management policy and measures in place (including pre-lease investigation, lease approval procedure, lease payment collection and management as well as repossession and subsequent sale of repossessed machinery and forfeiture of related customer deposits in case of customer default), which we will continue to update based on stringent risk management principles, performance of our underlying business, relevant laws and regulations and prevailing market conditions. For a detailed description of the regulatory regime of the financial lease industry in China, please see "Regulatory Overview — Regulations as to Finance Lease Industry."

The negative operating cash flow we recorded in 2008, 2009 and the six months ended June 30, 2010, primarily as a result of our finance lease services, may expose us to additional risks and uncertainties. For a detailed discussion about the potential risks associated with finance lease business, please see "Risk Factors — Risks Related to Our Company — We provide our customers with various payment options, including credit sales, installment payments, financial guarantees and finance lease services, which expose us to additional risks and uncertainties." and "— We recorded negative operating cash flow in 2008, 2009 and the six months ended June 30, 2010, as our sales of machinery products through finance lease services increased significantly. There can be no assurance that we will record positive operating cash flow in the future." However, we believe that our stringent risk management system for finance lease services and our ability to factor our receivables under finance leases will help to reduce our exposure to such risks and uncertainties. Our risk control committee is responsible for the risk management for finance leases, is chaired by Mr. Wan Jun, the general manager of Zoomlion Finance Leasing (China) and currently consists of 15 members. We plan to continue to factor our receivables under finance lease to banks in the normal course of business, subject to terms offered by banks and our working capital needs. If we are able to negotiate with banks for factoring terms that meet the conditions for de-recognition of financial assets, the cash proceeds will be presented as cash flow from operating activities, and our operating cash flow will be positively impacted. In addition, we aim to take measures to speed up collection of credit sales and installment sales accounts receivable such that our operating cash flow will be further improved to fund our operations and future capital commitments. We plan to increase the proportion of upfront payments in future sales contracts, arrange for designated staff members in the Company's legal department to monitor and collect payments overdue by more than 90 days (including initiating necessary legal proceedings to collect such overdue debts) and strengthen year-end collection efforts.

A primary factor affecting our operating cash flows is the timing of customer and vendor payments in the ordinary course of business. Our trade and other receivables and inventories increased in the Track Record Period as our sales and production volumes continued to grow. While the increase in balances of trade and other receivables had a negative impact on our operating cash flow, the impact was more than compensated for by the increase in our trade and other payables as our purchase of raw materials, parts and components increased in connection with the expansion of our sales and production and we managed to obtain longer credit terms from suppliers.

Investing Activities

Net cash used in investing activities in the six months ended June 30, 2010 was RMB2,035 million, consisting primarily of an increase in pledged bank deposits of RMB1,433 million, payments for the purchase of property, plant and equipment of RMB417 million and lease prepayments of RMB195 million. The pledged bank deposits represent cash maintained at banks as collateral for our issuance of bills as a payment method as well as collateral for financial guarantees and factoring of receivables under finance lease. The value of pledged bank deposits increased as we increased the use of bills to pay our suppliers for raw materials, parts and components and the use of financial guarantees.

Net cash used in investing activities in 2009 was RMB1,394 million, consisting primarily of payments for the purchase of property, plant and equipment of RMB829 million, an increase in pledged bank deposits of RMB535 million, and payments for purchase of intangible assets of RMB70 million, partially offset by proceeds from disposal of fixed and intangible assets of RMB79 million. Payments for the purchase of property, plant and equipment were related to our industrial parks construction and manufacturing facility upgrades and renovation projects in 2009. The value of pledged bank deposits increased as we increased the use of bills to pay our suppliers for raw materials, parts and components and the use of financial guarantees.

Net cash used in investing activities in 2008 was RMB2,898 million, consisting primarily of net payments for acquisition of subsidiaries of RMB1,938 million, payments for the purchase of property, plant and equipment of RMB720 million, and lease prepayments of RMB173 million. In 2008, we completed the acquisitions of CIFA, Zoomlion Earth Working, Zoomlion Material Handling and Zoomlion Axle.

Net cash used in investing activities in 2007 was RMB542 million, consisting primarily of payments for the purchase of property, plant and equipment of RMB386 million, net payments for acquisition of subsidiaries of RMB165 million, an increase in pledged bank deposits of RMB137 million, and lease prepayments of RMB111 million, partially offset by proceeds from disposal of land use right of RMB192 million and proceeds from disposal of fixed and intangible assets of RMB100 million.

Financing Activities

Net cash generated from financing activities in the six months ended June 30, 2010 was RMB7,227 million, consisting primarily of proceeds from loans and borrowings of RMB7,959 million and net proceeds from the non-public offering of our A Shares of RMB5,479 million, partially offset by repayments of loans and borrowings of RMB5,783 million and dividends paid in the amount of RMB428 million. Proceeds from loans and borrowings consisted primarily of proceeds from factoring of our receivables under finance lease. In the six months ended June 30, 2010, we continued to increase the use of factoring to provide additional funding for our operations. In addition, in June 2010, we repaid a Euro-denominated bank loan we incurred in connection with the acquisition of CIFA.

Net cash generated from financing activities in 2009 was RMB3,748 million, consisting primarily of proceeds from loans and borrowings of RMB11,581 million, including the proceeds from factoring of our receivables under finance lease, partially offset by repayments of loans and borrowings in the aggregate amount of RMB7,712 million.

Net cash generated from financing activities in 2008 was RMB6,463 million, consisting primarily of proceeds from loans and borrowings of RMB7,363 million, including a Euro-denominated bank loan and a US dollar-denominated bank loan in connection with the acquisition of CIFA, and proceeds of RMB1,089 million from the issuance of RMB-denominated bonds, partially offset by repayments of loans and borrowings of RMB824 million.

Net cash generated from financing activities in 2007 was RMB193 million, consisting primarily of proceeds from loans and borrowings of RMB1,279 million, partially offset by repayments of loans and borrowings of RMB1,066 million.

COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2010, our commitments consisted of capital commitments of RMB251 million and operating lease commitments of RMB169 million, of which RMB63 million was payable within one year.

As of June 30, 2010, we had contingent liabilities of RMB3,802 million in connection with our financial guarantees provided for bank loans that certain of our customers used to finance their purchases of our products. Under the guarantee arrangements, the products purchased by our customers are held as collateral, and we are entitled to repossess the collateral in the event of customer default. In the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010, we made payments of RMB39 million, RMB101 million, RMB117 million and RMB61 million, respectively, to banks under the guarantee arrangements as a result of customer defaults. When called upon to fulfill our guarantee obligations, we have historically been able to sell the repossessed machinery at a price not significantly different from the guarantee payments we made to the banks.

In March 2010, Italian tax authorities issued formal tax inspection assessment reports to Cifa Mixers S.r.l., our 59.32%-owned subsidiary. The tax authorities have challenged the deductibility of certain costs incurred by this entity for income tax and value added tax purposes for tax years 2003 to 2007. The amount of additional taxes sought by the tax authorities in relation to these tax deductions is approximately EUR10.7 million before interest and penalties, if any. As of the Latest Practicable Date, this tax case is pending a court hearing. We have sought legal advice to defend the subsidiary's tax position. Based on our tax consultant's advice, we consider that it is more likely than not that our tax position can be substantiated. In addition, it is expected that any potential tax payments, interest and penalties, if any, will be sufficiently covered by indemnities and warranties that were provided by the former shareholders of Cifa Mixers S.r.l. and CIFA. Accordingly, no provision has been made for the contingency as of June 30, 2010.

Other than the commitments and contingent liabilities set forth above, we do not have any other significant contingent liabilities or commitments.

CAPITAL EXPENDITURES

We incurred capital expenditures of RMB467 million, RMB1,135 million, RMB1,056 million and RMB557 million in the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively, for purchase of property, plant and equipment, intangible assets and lease prepayments. A number of our industrial parks construction and manufacturing facility upgrades and renovation projects were completed in 2009. We estimate that our capital expenditures in the year ending December 31, 2010 will be approximately RMB1.2 billion, which will be used primarily for expenditures on construction of manufacturing plants and purchases of equipment. We plan to fund our capital expenditures primarily with proceeds from the non-public offering of our A Shares and proceeds from this Global Offering.

WORKING CAPITAL AND INDEBTEDNESS

The table below sets forth the details of our current assets and liabilities at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Current Assets				
Inventories	2,632	5,171	6,272	7,174
Trade and other receivables	2,437	4,782	6,265	9,415
Receivables under finance lease	126	815	3,283	5,607
Pledged bank deposits	248	356	755	2,141
Cash and cash equivalents	729	2,913	3,439	7,041
Total current assets	**6,172**	**14,037**	**20,014**	**31,378**
Current Liabilities				
Trade and other payables	3,518	6,920	10,632	16,128
Loans and borrowings	847	6,234	8,553	6,868
Income tax payable	80	70	283	444
Total current liabilities	**4,445**	**13,224**	**19,468**	**23,440**
Net current assets	**1,727**	**813**	**546**	**7,938**

Our net current assets significantly increased from RMB546 million as of December 31, 2009 to RMB7,938 million as of June 30, 2010, primarily due an increase in our cash and cash equivalents, trade and other receivables and receivables under finance lease, and a decrease in our loans and borrowings as we replaced a short-term Euro-denominated loan in connection with our acquisition of CIFA with a three-year long-term loan, partially offset by an increase in trade and other payables. Our trade and other receivables, receivables under finance lease and trade and other payables continued to increase as we continued to expand our operations and our business continued to grow.

Our net current assets decreased from RMB813 million as of December 31, 2008 to RMB546 million as of December 31, 2009, primarily due to an increase in our current liabilities, including trade and other payables and loans and borrowings. The increase in our current liabilities was partially offset by an increase in cash and cash equivalents, trade and other receivables and receivables under finance lease. The increase in our trade and other payables in the amount of RMB3,712 million was primarily due to an increase in the amount we owed to our trade creditors and bills payables as we increased our purchases of raw materials, parts and components.

Our net current assets decreased from RMB1,727 million as of December 31, 2007 to RMB813 million as of December 31, 2008, primarily due to an increase in bank loans in connection with our acquisition of certain companies and an increase in our trade and other payables, partially offset by an increase in our inventories, trade and other receivables and cash and cash equivalents.

Our directors confirmed that our current cash and cash equivalents, anticipated cash flow from operations, undrawn committed credit facilities and proceeds from this Global Offering will be sufficient to meet our anticipated cash needs, including our working capital and capital expenditure requirements for at least the next 12 months following the completion of this Global Offering. Our future cash requirements will depend on many factors, including our operating income, costs to establish additional sales and service centers, market acceptance of our products and services or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash to repay existing debt obligations or to re-finance our existing debts or due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our shareholders' interests in our Company. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

As of June 30, 2010, our outstanding short-term loans and borrowings, including the current portion of long-term loans and borrowings, amounted to RMB6,868 million. The following table is a summary of our short-term and long-term loans and borrowings at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
		RMB (in millions)		
Current				
Secured short-term bank loans	28	2,468	2,530	65
Unsecured short-term bank loans	800	2,150	3,726	2,981
Unsecured commercial paper	—	900	—	—
Current portion of long-term bank loans	19	716	2,297	3,822
Total	**847**	**6,234**	**8,553**	**6,868**
Non-current				
Secured long-term bank loans	43	1,014	4,515	8,823
Unsecured long-term bank loans	300	2,767	2,313	3,396
Unsecured bond	—	1,089	1,090	1,091
Less: Current portion of long-term bank loans	(19)	(716)	(2,297)	(3,822)
Total	**324**	**4,154**	**5,621**	**9,488**

As of December 31, 2008 and 2009 and June 30, 2010, our unsecured long-term loan of RMB1,344 million, RMB1,351 million and RMB1,348 million, respectively, was subject to fulfillment of certain semi-annual and annual financial covenants of the Group. In particular, we are required to maintain a current ratio of no less than 1.1, a gearing ratio of no more than 1.0, and an interest coverage ratio of no less than 6.0 based on our PRC GAAP consolidated financial statements. As of June 30, 2010, which was the last examination date as provided by the agreement, we had a current ratio of 1.4, a gearing ratio of 0.6 and an interest coverage ratio of 13.1. During the Track Record Period and as of the Latest Practicable Date, our Group was in compliance with those financial covenants. If we fail to comply with such financial covenants and do not obtain a waiver from the lending bank, we could be required to repay the bank loan immediately and our liquidity could be adversely affected.

ANALYSIS OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

Inventory Analysis

During the Track Record Period, inventories were one of the principal components of our current assets. We typically keep higher levels of inventories of certain imported parts and components for which the supply may become limited. For finished goods, we determine the level of inventory based on our prediction of future market conditions. We believe maintaining appropriate levels of inventories for both raw materials and finished goods can help us manufacture and deliver our products without disruption to meet the changes in the market demand without straining our liquidity.

The following table is a summary of our balance of the carrying value of our inventories at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
		RMB (in millions)		
Raw materials	939	2,398	3,055	3,068
Work in progress	770	1,017	1,620	1,676
Finished goods	923	1,756	1,597	2,430
Total	**2,632**	**5,171**	**6,272**	**7,174**

The carrying value of our inventories increased 96.5% from RMB2,632 million as of December 31, 2007 to RMB5,171 million as of December 31, 2008. The increase in our inventory outpaced the increase in our turnover from 2007 to 2008 as a result of the RMB1,352 million of inventory carried by the companies we acquired in 2008. The carrying value of our inventories further increased by 21.3% to RMB6,272 million as of December 31, 2009 and by 14.4% to RMB7,174 million as of June 30, 2010. The increases in carrying value of our inventories were outpaced by the increases in our turnover for the respective periods because we were able to sell more machinery products as a result of the strong market demand. In particular, the carrying value of our finished goods decreased by 9% from RMB1,756 million as of December 31, 2008 to RMB1,597 million as of December 31, 2009 as a result of the strong market demand for, and increase in sales volume of, our products. The carrying value of our raw materials and work in progress remained relatively stable as of June 30, 2010, as compared to December 31, 2009. As of December 31, 2007, 2008, and 2009 and June 30, 2010, our inventories accounted for approximately 42.6%, 36.8%, 31.3% and 22.9% of our total current assets, respectively. Furthermore, the carrying value of our inventories as a percentage of our current assets continued to decrease throughout the Track Record Period as the increases of our trade receivables and receivables under finance lease outpaced the increase in inventory in absolute terms. Up to October 31, 2010, RMB7,097 million of our inventories as of June 30, 2010 had been utilized.

The following table sets forth our inventory turnover days for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
Inventory turnover days (Note)	118	145	135	108

Note: Inventory turnover days equal the average inventory balance divided by cost of sales and services and multiplied by 365 days, or 183 days for the six months ended June 30, 2010. Average inventory balance is calculated as the simple average of the opening and closing inventory balances as of each reported balance sheet date during the Track Record Period.

Our inventory turnover days increased from 118 days for the year ended December 31, 2007 to 145 days for the year ended December 31, 2008 primarily because an increase in inventory balance attributable to the inventory carried by the companies we acquired in 2008 was not matched with full year cost of sales amounts with respect to these acquired companies in the turnover day calculation. Our inventory turnover days decreased to 135 days for the year ended December 31, 2009 and further to 108 days for the six months ended June 30, 2010, primarily due to the stronger market demand for our construction machinery products because of the favorable government policies toward fixed asset investments, our ability to sell more finished goods and our continued efforts to control the level of inventory by implementing an optimized production and procurement plan. We aim to continue to actively manage our inventory turnover days in the future.

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We estimate the net realizable value of inventories by taking into account the prevailing selling prices and forecasted market demand. Based on this review, inventories will be written-down to net realizable value when the net realizable value of inventories is lower than the cost. However, the actual realized value of the inventories may be significantly different from the estimated amount at the balance sheet date, which would affect the profit or loss in future years.

Trade Receivables Analysis

The following table sets forth our trade receivables at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
		RMB (in millions)		
Trade receivables	1,822	3,936	5,401	8,175
Less: allowance for doubtful debts	(153)	(255)	(340)	(572)
Total net trade receivables	**1,669**	**3,681**	**5,061**	**7,603**
Amount due after one year	(86)	(106)	(229)	(479)
Amount due within one year	1,583	3,575	4,832	7,124

Our trade receivables represent receivables from our customers generated from sales of our products through credit sales and installment payment options. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, product sales through credit sales and installment payment options collectively accounted for approximately 69.1%, 64.2%, 47.0% and 49.1% of our total product sales for the respective periods.

As part of our ongoing control procedures, we monitor the creditworthiness of customers to which we grant credit in the normal course of business. Credit terms normally range from one to three months from the date of billing, except that for certain products, customers are allowed to withhold retention money amounting to 5% to 10% of the invoice amount until the product's warranty period expires. Credit exposure limits are established to avoid concentration risk with respect to any single customer. We allow certain customers with appropriate credit standing to make payments in installments over a period of up to 24 months. As of December 31, 2007, 2008, and 2009 and June 30, 2010, our trade receivables due after one year amounted to RMB86 million, RMB106 million, RMB229 million and RMB479 million, respectively.

Our net trade receivables increased 120.6% from RMB1,669 million as of December 31, 2007 to RMB3,681 million as of December 31, 2008, primarily due to trade receivables in the amount of RMB1,238 million carried by the companies we acquired in 2008, which accounted for 33.6% of the total net trade receivables as of December 31, 2008, and an increase in our sales. Our net trade receivables further increased 37.5% to RMB5,061 million as of December 31, 2009 and 50.2% to RMB7,603 million as of June 30, 2010, as our sales continued to increase. Up to October 31, 2010, RMB5,416 million of our trade receivables and RMB303 million of our bills receivable as of June 30, 2010 had been settled.

The following table sets forth the turnover days of our trade receivables for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
Trade receivables turnover days (Note)	84	122	178	161

Note: Trade receivables turnover days equal the average balance of trade receivables divided by product sales through credit sales and installment sales and multiplied by 365 days, or 183 days for the six months ended June 30, 2010. Average balance of trade receivables is calculated as the simple average of the opening and closing trade receivable balances as of each reported balance sheet date during the Track Record Period.

Our trade receivables turnover days increased from 84 days for the year ended December 31, 2007 to 122 days for the year ended December 31, 2008, primarily due to the significant amount of trade receivables carried by the companies we acquired in 2008. Our trade receivables turnover days further increased to 178 days for the year ended December 31, 2009, which was primarily due to an increase in the balance of longer term trade receivables, as a result of an increase in our installment sales by RMB451 million and the effect of trade receivables from installment sales carried forward from the previous year. Our trade receivables turnover days remained relatively stable at 161 days for the six months ended June 30, 2010 as a result of our enforcement of a more stringent collection policy.

The following table sets out the aging analysis of our trade receivables (net of allowance for doubtful debts) as of December 31, 2007, 2008 and 2009 and June 30, 2010:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Within 1 month	608	1,579	2,133	2,848
Over 1 month but less than 3 months	163	532	382	944
Over 3 months but less than 1 year	594	1,109	1,427	2,630
Over 1 year but less than 2 years	207	392	931	913
Over 2 years but less than 3 years	53	32	161	222
Over 3 years	44	37	27	46
Total	**1,669**	**3,681**	**5,061**	**7,603**

We review trade receivables on a quarterly basis to determine whether there is objective evidence of impairment. Impairment losses in respect of trade receivables are recorded using an allowance account, unless we conclude that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Subsequent recoveries of amounts previously charged to the allowance account will be reversed. Changes in the allowance account are recognized in profit or loss.

In addition to the trade debtors that were individually determined to be impaired when objective evidence of impairment exists and where a corresponding specific provision was made, collective loss allowances were also made according to management's assessment at the balance sheet date based on risk characteristics of the asset group, aging profile, customer credit-worthiness and historical write-off experience for assets with credit risks similar to the collective asset group. For detailed accounting policies for the impairment loss of trade receivables, see "—Critical Accounting Policies and Estimates".

The Directors are of the view that the allowance for doubtful debts under trade receivables as of June 30, 2010 are adequate and that the accounting policies on provisions for impairment of trade receivables are appropriate. The following table sets out the movement in our allowance for doubtful debts for the Track Record Period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Balance as of January 1	(90)	(153)	(255)	(340)
Impairment losses recognized	(65)	(104)	(87)	(247)
Uncollected amounts written off	2	2	2	15
Balance as of December 31/June 30	**(153)**	**(255)**	**(340)**	**(572)**

The increase in our allowance for doubtful debt was due to the increases in our trade receivables during the Track Record Period. The impairment loss recognized in the amount of RMB247 million for the six months ended June 30, 2010 was also due to provision for certain debtors that were individually determined to be impaired.

Receivables under Finance Lease Analysis

The following table sets forth our receivables under finance lease at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Gross investment	429	2,456	9,190	15,929
Unearned finance income	(48)	(209)	(847)	(1,556)
	381	**2,247**	**8,343**	**14,373**
Less: amounts due after one year	(255)	(1,432)	(5,060)	(8,766)
Amounts due within one year	**126**	**815**	**3,283**	**5,607**

We receive the proceeds from our sales of products through finance lease services through monthly installments. The minimum lease payments to which we are entitled but have not yet received under the finance lease contracts are accounted for as receivables under finance lease. Our receivables under finance lease represent gross investment by us less unearned finance income. The finance lease contracts we enter into are typically for a term of two to four years, with an option to our customers to acquire the leased assets at a nominal price at the end of the lease term. As of June 30, 2010, the effective interest rate under our finance lease contracts was 7.8%. The following table sets forth our minimum lease payment receivables under the finance lease contracts of the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Within 1 year	152	930	3,761	6,489
Over 1 year but less than 2 years	150	861	2,917	5,110
Over 2 years but less than 3 years	111	531	1,961	3,312
Over 3 years	16	134	551	1,018
Total	**429**	**2,456**	**9,190**	**15,929**

Up to October 31, 2010, RMB1,873 million of our receivables under finance lease as of June 30, 2010 have been subsequently settled.

The value of receivables under finance lease increased significantly throughout the Track Record Period as the sales of our products through finance lease continued to increase both in absolute amount and as a percentage of our total sales. In addition, the value of receivables under finance lease due within one year increased throughout the Track Record Period as a result of the increase in the sales of machinery products sold through finance lease services in the previous periods. As we aim to increase the sales of machinery products through other payment methods, including financial guarantees, we expect the sales of our products through finance lease to remain relatively stable as a percentage of our total sales of products.

We monitor the credit risk through various control measures. We perform individual credit evaluations with respect to each finance lease contract and our risk control committee is responsible for the establishment of credit risk management policies, supervision of the implementation of such policies and determination of the key terms of the lease contracts, including interest rate, lease period and percentage of deposit. We have not experienced any significant bad debts arising from finance lease services during the Track Record Period. Based on the historical results and our stringent credit review, credit risk management policies and procedures, we have not made any impairment provision for receivables under finance lease.

Trade Payables Analysis

The following table sets forth our trade payables at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Trade creditors	1,519	3,150	4,369	6,662
Bills payable	614	1,539	3,843	5,482
Total trade creditors and bills payable	**2,133**	**4,689**	**8,212**	**12,144**

Our trade payables primarily consist of trade payables to suppliers and bills payable. In general, our suppliers granted us credit terms ranging from 30 days to 120 days during the Track Record Period.

The value of our trade payables increased by 107.4% from RMB1,519 million as of December 31, 2007 to RMB3,150 million as of December 31, 2008, and further increased by 38.7% to RMB4,369 million as of December 31, 2009 and 52.5% to RMB6,662 million as of June 30, 2010. The increase in the balance of our trade payables throughout the Track Record Period was primarily due to the continued expansion of our business and the increase in the sales of our products.

Our bills payable increased by 150.7% from RMB614 million as of December 31, 2007 to RMB1,539 million as of December 31, 2008, and further increased by 149.7% to RMB3,843 million as of December 31, 2009 and 42.6% to RMB5,482 million as of June 30, 2010. The significant increase in our bills payable throughout the Track Record Period was the result of a significant increase in our use of bills as a payment method to our suppliers. Due to the low discount rates of bills and our purchasing power, our suppliers of raw materials, parts and components are willing to receive bills as a payment method and grant us a longer credit period.

Up to October 31, 2010, RMB8,491 million of our trade and bills payable and RMB678 million of our receipts in advance as of June 30, 2010 had been settled.

The following table sets forth our trade and bill payables turnover days at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
Trade and bills payable turnover days (Note)	101	127	153	163

Note: Trade and bills payables turnover days equal the average balance of trade and bill payables divided by cost of sales and services and multiplied by 365 days, or 183 days for the amount for the six months ended June 30, 2010. Average balance of trade and bill payables is calculated as the simple average of the opening and closing trade and bill payable balances as of each reported balance sheet date during the Track Record Period.

Our trade and bills payable turnover days increased from 101 days for the year ended December 31, 2007 to 127 days for the year ended December 31, 2008 as we increased the use of bills as a payment method, and were granted a longer credit period of up to six months for the use of bills. Our trade and bills payable turnover days increased to 153 days for the year ended December 31, 2009 and 163 days for the six months ended June 30, 2010 as we continued to increase the use of bills as a payment method.

The following table sets out the aging analysis of our creditors and bills payable at the end of each reporting period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Due within 1 month or on demand	1,441	2,458	1,901	4,668
Due after 1 month but within 3 months	393	1,043	2,105	2,759
Due after 3 months but within 6 months	241	788	2,238	3,081
Due more than 6 months	58	400	1,968	1,636
Total	**2,133**	**4,689**	**8,212**	**12,144**

OFF-BALANCE SHEET ARRANGEMENTS

Other than disclosed in this prospectus, we have not entered into any material off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS

The table below sets forth our transactions with related parties during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Transactions with Research Institute and its affiliated companies:				
Sales of products	(23)	—	—	—
Purchase of raw materials and components	941	—	—	—
Provision of construction, community and ancillary services	8	7	—	—
Lease of properties and equipment	8	—	—	—
Purchase of subsidiaries	270	—	—	—
Purchase of equity investments	25	—	—	—
Purchase of land use rights	—	125	—	—
Transactions with associates:				
Sales of products	—	(4)	(4)	(5)
Lease of properties and equipment	—	—	(3)	—
Purchase of raw materials	—	1	10	11

Our Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions which are comparable to normal commercial terms. The sales and purchase transactions with associates are expected to continue after the Listing Date.

The table below sets forth our balances with related parties during the Track Record Period:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB (in millions)			
Amounts due from related parties	138	23	29	58
Amounts due to related parties	157	1	—	—

Amounts due from/to related parties arise in our normal course of business and are included in the account captions of trade and other receivables and trade and other payables, respectively. These balances bear no interest, are unsecured and are repayable in accordance with the agreements governing such transactions which are comparable to credit periods with third-party customers/suppliers. Our Directors confirm that based on the terms of agreement entered into with the counter-parties, the outstanding balances as of June 30, 2010, all of which are of trade nature, are expected to be fully settled before the end of 2010.

SELECTED UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

Under the rules of the SZSE on which our A Shares are listed, we are required to publish, on a quarterly basis, reports containing unaudited interim financial statements. Since we published unaudited interim financial statements for the three months and the nine months ended September 30, 2010 in the PRC prior to the date of this prospectus, we have included our unaudited interim consolidated financial statements as of and for the three months and the nine months ended September 30, 2010 in this prospectus. The unaudited interim consolidated financial statements, comprising the unaudited consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2010 and 2009, the unaudited consolidated statements of changes in equity and unaudited consolidated cash flow statements for the nine months ended September 30, 2010 and 2009 and the unaudited consolidated balance sheet as of September 30, 2010, together with selected explanatory notes, have been prepared in accordance with IFRS and are included in Appendix II to this prospectus.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Each item has also been expressed as a percentage of our turnover. Our historical results presented below are not necessarily indicative of future results.

	Nine Months Ended September 30,			
	2009		2010	
	RMB	%	RMB	%
	(unaudited)		(unaudited)	
	(in millions, except for percentage)			
Turnover	14,806	100.0	23,901	100.0
Cost of sales and services	(10,970)	(74.1)	(17,082)	(71.5)
Gross profit	3,836	25.9	6,819	28.5
Other revenues and net income	44	0.3	2	—
Sales and marketing expenses	(781)	(5.3)	(1,567)	(6.6)
General and administrative expenses	(701)	(4.7)	(1,224)	(5.0)
Research and development expenses	(96)	(0.6)	(166)	(0.7)
Profit from operations	2,302	15.6	3,864	16.2
Net finance costs	(258)	(1.7)	(232)	(1.0)
Share of profits less losses of associates	2	—	4	—
Profit before taxation	2,046	13.9	3,636	15.2
Income tax expense	(315)	(2.2)	(572)	(2.4)
Profit for the period	**1,731**	**11.7**	**3,064**	**12.8**

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

Turnover. Our turnover increased by 61.4% from RMB14,806 million for the nine months ended September 30, 2009 to RMB23,901 million for the nine months ended September 30, 2010. The increase was primarily driven by strong market demand, particularly in the second- and third-tier cities in China, for construction machinery, sales from our new products and the continued expansion of our finance lease services. In particular, turnover from sales of our concrete machinery increased by 86.5% from RMB5,760 million in the nine months ended September 30, 2009 to RMB10,744 million for the nine months ended September 30, 2010. Turnover from sales of our crane machinery increased by 45.0% from RMB5,659 million for the nine months ended September 30, 2009 to RMB8,203 million for the nine months ended September 30, 2010.

Cost of sales and services. Our cost of sales and services increased by 55.7% from RMB10,970 million for the nine months ended September 30, 2009 to RMB17,082 million for the nine months ended September 30, 2010 as a result of our continued growth and expansion, which was in line with the increase in our sales and production volume. In particular, our costs for raw materials, parts and components increased by 54.4% from RMB10,272 million for the nine months ended September 30, 2009 to RMB15,858 million for the nine months ended September 30, 2010.

Gross profit. As a result of the foregoing, our gross profit increased by 77.8% from RMB3,836 million for the nine months ended September 30, 2009 to RMB6,819 million for the nine months ended September 30, 2010, and our gross margin increased from 25.9% in the nine months ended September 30, 2009 to 28.5% for the nine months ended September 30, 2010, as we continued to optimize our product mix and improve our manufacturing efficiency. In particular, the gross margin for the concrete machinery segment increased from 28.5% for the nine months ended September 30, 2009 to 29.8% for the nine months ended September 30, 2010, and the gross margin for our crane machinery segment increased from 23.6% for the nine months ended September 30, 2009 to 26.9% for the nine months ended September 30, 2010.

Other revenues and net income. Our other revenues and net income decreased from RMB44 million for the nine months ended September 30, 2009 to RMB2 million for the nine months ended September 30, 2010, primarily due to a decrease in other income and an increase in our loss on disposal of fixed assets.

Sales and marketing expenses. Our sales and marketing expenses increased by 100.6% from RMB781 million for the nine months ended September 30, 2009 to RMB1,567 million for the nine months ended September 30, 2010. This increase was primarily due to the fact that we expanded our distribution network and strengthened our sales and marketing efforts, which resulted in increases in salaries and benefits to our sales and marketing personnel and expenses related to advertisement and promotion. The increase was also due to expenses related to establishing and operating our sales and service centers.

General and administrative expenses. Our general and administrative expenses increased by 74.6% from RMB701 million for the nine months ended September 30, 2009 to RMB1,224 million for the nine months ended September 30, 2010. This increase was due to the continued growth of our business, as well as an impairment loss recognized in the amount of RMB279 million, which consisted primarily of the provision for doubtful debts we made for our increased trade receivables and certain debtors that were individually determined to be impaired during such period.

Research and development expenses. Our research and development expenses increased by 72.9% from RMB96 million for the nine months ended September 30, 2009 to RMB166 million for the nine months ended September 30, 2010. This increase was primarily due to our continued efforts to strengthen our research and development capabilities. The increase was in line with the growth of our business.

Profit from operations. As a result of the foregoing, income from operations increased by 67.9% from RMB2,302 million for the nine months ended September 30, 2009 to RMB3,864 million for the nine months ended September 30, 2010. Our operating margin increased from 15.6% for the nine months ended September 30, 2009 to 16.2% for the nine months ended September 30, 2010.

Net finance costs. Our net finance costs decreased by 10.1% from RMB258 million for the nine months ended September 30, 2009 to RMB232 million for the nine months ended September 30, 2010 primarily due to a decrease in interest expenses on bank loans, as a large proportion of our loans were foreign currency-denominated loans with lower interest rates. In addition, there were increases in interest income from the unutilized portion of the proceeds from the non-public offering of our A Shares and the exchange gains resulting from the appreciation of the Renminbi.

Income tax expenses. Our income tax expenses increased by 81.6% from RMB315 million for the nine months ended September 30, 2009 to RMB572 million for the nine months ended September 30, 2010, primarily as a result of the increase in our taxable income. Our effective income tax rate increased from 15.4% for the nine months ended September 30, 2009 to 15.7% for the nine months ended September 30, 2010.

Profit for the period. As a result of the above factors, our profit for the period increased by 77.0% from RMB1,731 million in the nine months ended September 30, 2009 to RMB3,064 million for the nine months ended September 30, 2010. Our net margin increased from 11.7% for the nine months ended September 30, 2009 to 12.8% in the nine months ended September 30, 2010.

LIQUIDITY AND CAPITAL RESOURCES AS OF SEPTEMBER 30, 2010

The following table sets forth a summary of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2009	2010
	RMB (in millions)	
Net cash used in operating activities	(468)	(3,089)
Net cash used in investing activities	(1,786)	(1,820)
Net cash generated from financing activities	1,150	6,994
Net (decrease)/ increase in cash and cash equivalents	(1,104)	2,085
Effect of foreign exchange rate changes	—	(17)
Cash and cash equivalents at the end of the period	**1,809**	**5,507**

Operating Activities

Net cash used in operating activities in the nine months ended September 30, 2010 was RMB3,089 million, derived primarily by deducting from profit before taxation of RMB3,636 million the following items: (i) an increase in receivables under finance lease of RMB8,057 million, (ii) an increase in trade and other receivables of RMB3,956 million and (iii) an increase in inventories of RMB870 million, and then adding back (iv) an increase in trade and other payables of RMB6,272 million.

Investing Activities

Net cash used in investing activities in the nine months ended September 30, 2010 was RMB1,820 million, consisting primarily of an increase in pledged bank deposits of RMB984 million, payments for the purchase of property, plant and equipment of RMB639 million and lease prepayments of RMB236 million.

Financing Activities

Net cash generated from financing activities in the nine months ended September 30, 2010 was RMB6,994 million, consisting primarily of proceeds from loans and borrowings of RMB9,590 million and net proceeds from the non-public offering of our A Shares of RMB5,479 million, partially offset by repayments of loans and borrowings of RMB7,368 million and dividends paid in the amount of RMB707 million.

WORKING CAPITAL AND INDEBTEDNESS AS OF SEPTEMBER 30, 2010

The table below sets forth the details of our current assets and liabilities at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Current Assets		
Inventories	6,272	7,142
Trade and other receivables	6,265	10,058
Receivables under finance lease	3,283	6,196
Pledged bank deposits	755	1,697
Cash and cash equivalents	3,439	5,507
Total current assets	**20,014**	**30,600**
Current Liabilities		
Trade and other payables	10,632	16,047
Loans and borrowings	8,553	8,072
Income tax payable	283	589
Total current liabilities	**19,468**	**24,708**
Net Current Assets	**546**	**5,892**

Our net current assets increased from RMB546 million as of December 31, 2009 to RMB5,892 million as of September 30, 2010.

As of September 30, 2010, our outstanding short-term loans and borrowings, including the current portion of long-term loans and borrowings, amounted to RMB8,072 million. As of September 30, 2010, we had aggregate undrawn committed banking facilities of approximately RMB31,229 million. The following table is a summary of our short-term and long-term loans and borrowings at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Current		
Secured short-term bank loans	2,530	40
Unsecured short-term bank loans short	3,726	3,539
Current portion of long-term bank loans	2,297	4,493
Total	**8,553**	**8,072**
Non-current		
Secured long-term bank loans	4,515	7,431
Unsecured long-term bank loans	2,313	4,317
Unsecured bond	1,090	1,091
Less: Current portion of long-term bank loans	(2,297)	(4,493)
Total	**5,621**	**8,346**

ANALYSIS OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS AS OF SEPTEMBER 30, 2010

Inventory Analysis

The following table is a summary of our balance of inventories at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Raw materials	3,055	3,316
Work in progress	1,620	1,726
Finished goods	1,597	2,100
Total	**6,272**	**7,142**

The carrying value of our inventories increased by 13.9% from RMB6,272 million as of December 31, 2009 to RMB7,142 million as of September 30, 2010. The increases in carrying value of our inventories were outpaced by the increases in our turnover for the respective periods because we were able to sell more machinery products as a result of the strong market demand. Our inventory as a percentage of our total current assets decreased from 31.3% as of December 31, 2009 to 23.3% as of September 30, 2010 as the increases of our trade receivables and receivables under finance lease outpaced the increase in inventory in absolute terms. Our inventory turnover days decreased from 135 days for the year ended December 31, 2009 to 107 days for the nine months ended September 30, 2010 primarily due to the stronger market demand for our construction machinery products, our ability to sell more finished goods and our continued efforts to control the level of inventory by implementing an optimized production and procurement plan. Inventory turnover days equal the average inventory balance divided by cost of sales and services and multiplied by 365 days, or 273 days for the nine months ended September 30, 2010. Average inventory balance is calculated based on the opening and closing inventory balance for each reported balance sheet for the year ended December 31, 2009 and for the nine months ended September 30, 2010.

Trade Receivables Analysis

The following table sets forth our trade receivables at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Trade receivables	5,401	8,985
Less: allowance for doubtful debts	(340)	(603)
Total net trade receivables	**5,061**	**8,382**
Amount due after one year	229	503
Amount due within one year	4,832	7,879

Our net trade receivables increased by 65.6% from RMB5,061 million as of December 31, 2009 to RMB8,382 million as of September 30, 2010 as our sales continued to increase. Our trade receivables turnover days was 177 days for the nine months ended

September 30, 2010, which remained stable as compared to 178 days for the year ended December 31, 2009. Trade receivables turnover days equal the average balance of trade receivables divided by product sales through credit sales and installment sales and multiplied by 365 days, or 273 days for the nine months ended September 30, 2010. Average balance of trade receivables is calculated based on the opening and closing trade receivables balance for each reported balance sheet for the year ended December 31, 2009 and for the nine months ended September 30, 2010.

The following table sets out the aging analysis of our net trade receivables as of December 31, 2009 and September 30, 2010:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Within 1 month	2,133	2,932
Over 1 month but less than 3 months	382	1,056
Over 3 months but less than 1 year	1,427	3,101
Over 1 year but less than 2 years	931	1,041
Over 2 years but less than 3 years	161	202
Over 3 years but less than 5 years	27	50
Total	**5,061**	**8,382**

Receivables under Finance Lease Analysis

The following table sets forth our receivables under finance lease at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Gross investment	9,190	18,079
Unearned finance income	(847)	(1,679)
	8,343	**16,400**
Less: amounts due after one year	(5,060)	(10,204)
Amounts due within one year	**3,283**	**6,196**

The following table sets forth our minimum lease payment receivables under the finance lease contracts as of December 31, 2009 and September 30, 2010:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Within 1 year	3,283	6,196
Over 1 year but less than 2 years	2,665	5,646
Over 2 years but less than 3 years	1,865	3,485
Over 3 years but less than 5 years	530	1,073
Total	**8,343**	**16,400**

Our receivables under finance lease increased from RMB8,343 million as of December 31, 2009 to RMB16,400 million as of September 30, 2010 as the sales of our products through finance lease continued to increase both in absolute terms and as a percentage of our total sales.

Trade and Other Payables Analysis

The following table sets forth our trade and other payables at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Trade creditors	4,369	6,452
Bills payable	3,843	5,698
Total trade creditors and bills payable	**8,212**	**12,150**

The value of our trade payables increased by 47.7% from RMB4,369 million as of December 31, 2009 to RM6,452 million as of September 30, 2010 as our business continued to grow. Our bills payable increased by 48.3% from RMB3,843 million as of December 31, 2009 to RMB5,698 million as of September 30, 2010 as we continued to increase the use of bills as a payment method. Our trade and bills payable turnover days increased from 153 days for the year ended December 31, 2009 to 163 days for the nine months ended September 30, 2010 as we continued to increase the use of bills as a payment method. Trade and bills payables turnover days equal the average balance of trade and bills payables divided by cost of sales and services and multiplied by 365 days, or 273 days for the nine months ended September 30, 2010. Average balance of trade and bills payables is calculated based on the opening and closing trade and bills payables balance for each reported balance sheet for the year ended December 31, 2009 and for the nine months ended September 30, 2010.

The following table sets out the aging analysis of our creditors and bills payable at the end of each reporting period:

	As of December 31, 2009	As of September 30, 2010
	RMB (in millions)	
Due within 1 month or on demand	1,901	5,508
Due after 1 month but within 3 months	2,105	2,372
Due after 3 months but within 6 months	2,238	3,013
Due after 6 months but within 12 months	1,968	1,257
Total	**8,212**	**12,150**

INDEBTEDNESS AS OF OCTOBER 31, 2010

As of October 31, 2010, the latest practicable date for the purpose of indebtedness statement, our total outstanding loans and borrowings amounted to RMB16,729 million, our capital commitments amounted to RMB630 million, our operating lease commitments amounted to RMB177 million, and our contingent liabilities in respect of financial guarantees issued amounted to RMB4,394 million. As of October 31, 2010, we had aggregate undrawn committed banking facilities of approximately RMB31,411 million. Our Directors confirmed that, since October 31, 2010, there has been no material change in our indebtedness or contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit Risk

Our credit risk is primarily attributable to bank deposits, trade and other receivables, and receivables under finance lease. The maximum exposure to credit risk is represented by the carrying amount of these financial assets.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background and financial strength, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Trade receivables under credit sales arrangement are normally due within 1 to 3 months from the date of billing. For sales under the installment payment method that has a maximum installment payment period of 24 months, customers are required to make an upfront payment ranging from 30% to 60% of the product price. Collateral such as property, machinery or third party guarantees are generally required for customers with lower credit ratings. In addition, credit insurance coverage is required for overseas sales. Certain customers are required to pay by letters of credit or bills guaranteed by banks. Debtors overdue by 3 months or more are handled by our risk management department, which is responsible for recovering debts through legal and other actions.

In respect of receivables under finance lease, individual credit evaluations are performed which are similar to those of credit and installment sales. A risk control committee is responsible for the establishment of credit risk management policies, supervision of the implementation of such policies and determination of the key terms of the lease contracts, including interest rate, lease period and percentage of deposit. The risk control committee members are also responsible for approval of each leasing transaction within their respective authority. Our credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. Our credit risk management procedures include pre-lease investigation, lease approval, lease payment collection and management, as well as repossession and subsequent sale of machinery in case of customer default.

Bank deposits are placed with financial institutions that have high credit ratings. Given their credit ratings, we do not expect any counterparty to fail to meet its obligations.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also influences credit risk to a lesser extent. As of December 31, 2007, 2008 and 2009 and June 30, 2010, 2.1%, 3.1%, 1.9% and 0.7% of the total trade and bills receivables was due from our largest customer and 6.4%, 9.7% 7.3% and 4.7% of the total trade and bills receivables was due from our five largest customers, respectively.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the balance sheet dates of our financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current prevailing rates at the respective balance sheet dates) and the earliest date we would be required to repay them:

	As of December 31, 2007					
	Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years
	RMB (in millions)					
Loans and borrowings	1,171	1,232	893	223	116	—
Trade and other payables	3,518	3,518	3,518	—	—	—
	4,689	**4,750**	**4,411**	**223**	**116**	**—**
Financial guarantee issued Maximum amount guaranteed	—	1,946	1,946	—	—	—

	As of December 31, 2008					
	Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years
	RMB (in millions)					
Loans and borrowings	10,388	11,984	7,159	960	2,599	1,266
Trade and other payables	6,920	6,920	6,920	—	—	—
Other non-current liabilities	61	61	—	10	51	—
	17,369	**18,965**	**14,079**	**970**	**2,650**	**1,266**
Financial guarantee issued Maximum amount guarantee	—	2,696	2,696	—	—	—

	As of December 31, 2009					
	Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years
	RMB (in millions)					
Loans and borrowings	14,174	15,158	9,015	3,458	1,491	1,194
Trade and other payables	10,632	10,632	10,632	—	—	—
Other non-current liabilities	684	684	—	159	525	—
	25,490	**26,474**	**19,647**	**3,617**	**2,016**	**1,194**
Financial guarantee issued Maximum amount guarantee	—	3,369	3,369	—	—	—

	As of June 30, 2010					
	Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years
	RMB (in millions)					
Loans and borrowings	16,356	17,568	7,373	4,873	4,165	1,158
Trade and other payables	16,128	16,128	16,128	—	—	—
Other non-current liabilities	1,205	1,205	—	263	942	—
	34,689	**34,902**	**23,501**	**5,136**	**5,107**	**1,158**
Financial guarantee issued Maximum amount guarantee	—	3,802	3,802	—	—	—

Interest Rate Risk

Our exposure to interest rate risk primarily arises from bank deposits, receivables under finance lease, short-term and long-term loans and borrowings. Such financial instruments bearing interest at variable rates and at fixed rates expose our Company to cash flow interest rate risk and fair value interest rate risk, respectively. We have not used, and do not expect to use in the future, any derivative financial instruments to hedge our interest risk exposure. The following table sets out the interest rate profile of our bank deposits, receivables under finance lease and loans and borrowings at the end of each reporting period:

	As of December 31,						As of June 30,	
	2007		2008		2009		2010	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount
	%	RMB	%	RMB	%	RMB	%	RMB
	(in millions, except for percentage)							
Fixed rate financial instruments:								
Short-term loans and borrowings	7.2	(39)	5.4	(2,712)	3.8	(4,280)	4.6	(5,035)
Long-term loans and borrowings	5.3	(224)	6.4	(1,586)	5.7	(3,320)	5.7	(4,991)
		(263)		(4,298)		(7,600)		(10,026)
Variable rate financial instruments:								
Pledged bank deposits	0.7	322	0.4	454	0.4	989	0.4	2,422
Bank deposits	0.7	729	0.4	2,913	0.4	3,439	0.4	7,041
Receivable under finance lease	7.8	381	7.7	2,247	8.0	8,343	7.8	14,373
Short-term loans and borrowings	6.4	(808)	5.4	(3,522)	3.5	(4,273)	2.8	(1,833)
Long-term loans and borrowings	6.8	(100)	4.3	(2,568)	4.8	(2,301)	2.9	(4,497)
		524		(476)		6,197		17,506
Net		**261**		**(4,774)**		**(1,403)**		**7,480**

As of December 31, 2007, 2008 and 2009 and June 30, 2010, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would increase/decrease our profit after taxation for 2007 and retained earnings by approximately RMB5 million, decrease/increase our profit after taxation for 2008 and retained earnings by approximately RMB4 million, and increase/decrease our profit after taxation for 2009 and retained earnings by approximately RMB44 million, and increase/decrease our profit after taxation for the six months ended June 30, 2010 and retained earnings by approximately RMB27 million.

Currency Risk

We are exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, loans and borrowings and cash balances that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily the US dollar, the Japanese Yen and the Euro. During the Track Record Period, we did not conduct any material foreign exchange hedging transactions.

The following sensitivity analysis includes only outstanding foreign currency-denominated monetary items and adjusts their translation at the year end for a 5% appreciation in RMB against each of the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive (negative) number below indicates an increase (decrease) in profit for the year or period where the RMB strengthens against the relevant foreign currencies. For a 5% weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit after tax and retained profits.

	Year Ended December 31,						Six Months Ended June 30,	
	2007		2008		2009		2010	
	Increase /decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits
	%	RMB	%	RMB	%	RMB	%	RMB
	(in millions, except for percentages)							
U.S. Dollars	5%	(3)	5%	6	5%	(58)	5%	(48)
	(5%)	3	(5%)	(6)	(5%)	58	(5%)	48
Euros	5%	(2)	5%	(7)	5%	(10)	5%	(24)
	(5%)	2	(5%)	7	(5%)	10	(5%)	24
Japanese Yen	5%	(1)	5%	(3)	5%	(28)	5%	(26)
	(5%)	1	(5%)	3	(5%)	28	(5%)	26

Inflation Risk

In 2007 and 2008, the Consumer Price Index in China increased by 4.8%, and 5.9% from the previous year, while in 2009 the Consumer Price Index decreased by 0.7% from 2008, according the PRC National Bureau of Statistics. We are of the view that inflation has not had a material effect on our results of operations.

PROFIT FORECAST FOR 2010

The Directors believe that, in the absence of unforeseen circumstances and on the bases and assumptions as set out in Appendix IV—"Profit Forecast" to this prospectus, our Group's profit after taxation but before extraordinary items for the year 2010 is unlikely to be less than RMB4,300 million. Except for risks disclosed in the prospectus, the Directors are currently not aware of any extraordinary items which have arisen or are likely to arise in 2010 that would affect the prospective financial information presented. On the basis of the prospective financial information and the weighted average number of Shares issued and outstanding during the current financial year of 4,877,651,032 Shares (assuming the Joint Global Coordinators do not exercise the Over-allotment Option), the forecast earnings per Share on a weighted average basis for the year 2010 is unlikely to be less than RMB0.88.

On a pro forma basis and on the assumption that the Global Offering had been completed on January 1, 2010 and a weighted average of 5,725,792,065 Shares assumed to be issued and outstanding during the entire year (not taking into account any Shares which may be issued upon exercise of the Over-allotment Option), the forecast earnings per Share for the year 2010 is unlikely to be less than RMB0.75.

DIVIDEND POLICY

Our Board of Directors will declare dividends, if any, in Renminbi with respect to A Shares and H Shares on a per share basis and will pay such dividends in Renminbi; however, we will pay the dividends in cash to the holders of H Shares in Hong Kong dollars. Any final dividends distribution shall be subject to the Shareholders' approval. The declaration of dividends is subject to the discretion of our Board of Directors. Our Board of Directors will take into account factors including the following:

- general business conditions;
- our financial condition and results of operations;
- capital requirements;
- future prospects;
- statutory and regulatory restrictions;
- contractual obligations and availability of cash resources;
- our Shareholders' interests; and
- other factors our Board of Directors may deem relevant.

We may only distribute dividends out of our after-tax profit, as determined under PRC GAAP or IFRS, whichever is lower, only after we have made allowance for the following:

- recovery of accumulated losses, if any;

- allocations to the statutory surplus reserve equivalent to 10% of our after-tax profit, until the accumulative amount of such reserve reaches 50% of our registered capital; and

- allocations, if any, to a discretionary surplus reserve that are approved by the Shareholders in a Shareholders' meeting.

Any distributable after-tax profits that are not distributed as dividend in a given year are retained and available for distribution in subsequent years. However, ordinarily we will not pay any dividends in a year in which we do not have any distributable after-tax profit. Our Shareholders approved at the extraordinary general meeting on July 22, 2010 a stock split in the form of bonus shares on the basis of 1.5 ordinary shares for every outstanding ordinary share. The total number of ordinary shares issued was 2,956,582,057. The par value of new ordinary shares issued of RMB2,957 million was charged against retained earnings. In addition, a cash dividend of RMB0.17 per ordinary share based on 1,971 million outstanding ordinary shares totalling RMB335 million was also approved at the extraordinary general meeting. Our A Share Shareholders of record as of August 26, 2010 were entitled to such bonus shares and cash dividend, which were distributed to such Shareholders on August 27, 2010.

Under current PRC tax laws and regulations, dividends paid by our Company to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax while the dividends paid to an individual holder of H Shares outside the PRC are currently exempted from PRC income tax. Details of the tax implications are set forth in Appendix VI—"Taxation and Foreign Exchange" to this prospectus.

DISTRIBUTABLE RESERVES

As of June 30, 2010, our retained earnings, which are available for distribution to our Shareholders amounted to approximately RMB6,427 million. As approved by our shareholders in July 2010, we transferred RMB2,957 million from retained profits to share capital through issuance of bonus shares and paid cash dividends of RMB335 million in August 2010, thus reducing our retained profits by RMB3,292 million.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as of September 30, 2010 and is of the opinion that the value of our property interests is an aggregate amount of RMB3,796 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix V — "Property Valuation Report" to this prospectus.

Disclosure of the reconciliation of the aggregate amount of net book value of our Group's property interests and the valuation of such property interests as required under Rule 5.07 of the Listing Rules is set out below:

	RMB (in millions)
Net book value of property interests as of June 30, 2010[1]	3,097
Add: Net additions for the three months ended September 30, 2010	88
Less: Depreciation and amortization for the three months ended September 30, 2010	(26)
Net book value of property interests as of September 30, 2010	3,159
Add: Valuation surplus	637
Valuation as of September 30, 2010 as per Appendix V to this prospectus[2]	3,796

Notes:

(1) Our property interests as of June 30, 2010 included buildings, land use rights and buildings under construction with net book value of RMB1,895 million, RMB1,090 million and RMB112 million, respectively, with or without title certificates.

(2) As of the date of valuation, the Group has not obtained proper title certificates for some of the properties and land. Therefore, Jones Lang LaSalle Sallmanns Limited has attributed no commercial value to these properties. However, for reference purpose, Jones Lang LaSalle Sallmanns Limited is of the opinion that the capital value of these properties, except for the land use rights allocated to the Group, as of the date of valuation would have been RMB361 million assuming all relevant title certificates had been obtained and they could be freely transferred. We have taken into account this valuation of RMB361 million for this reconciliation purpose.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the Shareholders of our Company as of June 30, 2010 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2010 or at any future date.

	Consolidated Net Tangible Assets of Our Group as of June 30, 2010[1]	Estimated Net Proceeds From The Global Offering[2]	Unaudited Pro Forma Adjusted Net Tangible Assets	Unaudited Pro Forma Adjusted Net Tangible Assets Per Share[3]	Unaudited Pro Forma Adjusted Net Tangible Assets Per Share[4][5]
	RMB (in millions)	*RMB (in millions)*	*RMB (in millions)*	*RMB*	*HK$*
Based on Offer Price of HK$13.98 per Share	11,524	9,915	21,439	3.70	4.32
Based on Offer Price of HK$18.98 per Share	11,524	13,509	25,033	4.32	5.04

Notes:

(1) The consolidated net tangible assets attributable to the Shareholders of our Company as of June 30, 2010 is derived from the consolidated net assets attributable to the Shareholders of our Company as of June 30, 2010 of RMB14,411 million as reported in the Accountants' Report set out in Appendix I to this Prospectus, after deducting intangible assets of RMB1,202 million and goodwill of RMB1,812 million, and adding the share of these intangible assets attributable to non-controlling interests of RMB462 million, and deducting the cash dividend of RMB335 million declared by the Company in July 2010.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$13.98 and HK$18.98 per Share, after deducting underwriting fees and other costs directly related to the Global Offering. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds are converted into RMB amounts at the rate of RMB1.00 to HK$1.1673.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustment for the estimated net proceeds from the Global Offering as described in Note (2) and on the basis of 5,797,219,562 Shares expected to be in issue immediately after the Global Offering. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets per Share are converted into HK$ amounts at the rate of RMB1.00 to HK$1.1673.

(5) The Group's property interests as at September 30, 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix V—Property Valuation". The above unaudited pro forma adjusted consolidated net tangible assets do not take into account the valuation surplus attributable to the Group of approximately RMB637 million. The revaluation surplus will not be recorded in the Group's financial statements for the year ending December 31, 2010. If the valuation surplus were to be recorded in the Group's financial statements, additional depreciation and amortization of approximately RMB21 million would be charged against the profit for the year ending December 31, 2010.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO SIGNIFICANT INTERRUPTIONS

Our Directors have confirmed that there had been no material adverse change on our financial position and results of operations since June 30, 2010.

DISCLOSURE OF FINANCIAL INFORMATION RELEASED IN THE PRC

In compliance with Rule 13.09(2) of the Listing Rules, we will publish our annual, semi-annual and quarterly results and other information simultaneously in Hong Kong (in both English and Chinese) when they are released in the SZSE after the Listing. After the Listing, we intend to prepare our annual and semi-annual reports based on both PRC GAAP and IFRS, and prepare our quarterly reports based on PRC GAAP only. We will prepare a reconciliation of our annual, semi-annual and quarterly results under PRC GAAP to IFRS to the extent that there is a material difference between the results under PRC GAAP and IFRS.

FUTURE PLANS

See "Our Business—Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$13,672 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK$16.48 per Share, being the mid-point of the indicative Offer Price range of HK$13.98 to HK$18.98 per Share in this prospectus.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 28.0%, or approximately HK$3,823 million, will be used to expand our operations and services in certain key overseas countries and regions where we intend to strengthen our presence. In particular:

  - approximately 17.1%, or approximately HK$2,335 million, will be used to strengthen our overseas distribution and service network by establishing local distribution networks in not less than 50 cities across the world, and after-sales service centers and parts and components depots in Asia, North America, the Middle East, South America and Africa; and

  - approximately 10.9%, or approximately HK$1,488 million, will be used to strengthen our finance lease services overseas in regions or countries such as Hong Kong, Australia, Italy and Russia where we have obtained the relevant licenses and/or permits, and to fund our financial lease services in certain new markets such as United States and Brazil where we expect to obtain such licenses and/or permits, which will further enhance our overseas sales;

- approximately 45.8%, or approximately HK$6,264 million, will be used to strengthen and enhance our manufacturing capability of key products, parts and components. In particular:

  - approximately 11.6%, or approximately HK$1,588 million, will be used to establish our European research and development and assembly center at Senago, Italy, to develop and produce products other than the concrete machinery currently manufactured by CIFA, including all-terrain truck cranes, crawler cranes, truck cranes and aerial working platforms, to better meet the local clients' needs. The total planned expenditure for our European research and development and assembly center is approximately RMB1,360 million, all of which will be financed by the proceeds of the Global Offering; and

  - approximately 34.2%, or approximately HK$4,676 million, will be used to establish manufacturing bases in Hunan Province, China, for specialty chassis and other key components;

- approximately 5.0%, or approximately HK$684 million, will be used to strengthen our research and development capabilities, develop new technologies and products, and enhance key elements of our information management system. We intend to focus our research and development efforts on the following areas: (i) developing products with better safety and reliability, higher fuel efficiency and larger capacity, (ii) improving the quality and standardization levels of the key parts and components used across our product lines and (iii) enhancing our supply chain information management systems;

- approximately 11.2%, or approximately HK$1,534 million, will be used to repay our bank borrowings, including all of the loan facility in the amount of US$197.9 million, which was used to finance the acquisition of CIFA, with an interest rate of LIBOR plus 0.9%, that is repayable in full in September 2011; and

- approximately 10.0%, or approximately HK$1,367 million, will be used to supplement our working capital for overseas operations.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$2,074 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$11,574 million. Under such circumstances, the net proceeds allocated to working capital will be reduced. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$13,333 million. The additional net proceeds of approximately HK$1,760 million (when compared to the net proceeds to our Company with the Offer Price being determined at the low end of the stated range and assuming the Over-allotment Option is not exercised) will also be allocated to the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with licensed banks or other financial institutions.

HONG KONG UNDERWRITERS

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited

Goldman Sachs (Asia) L.L.C.

J.P. Morgan Securities (Asia Pacific) Limited

Morgan Stanley Asia Limited

BOCI Asia Limited

Credit Suisse (Hong Kong) Limited

Co-Lead Managers

China Merchants Securities (HK) Co., Ltd

Haitong Securities Co., Ltd.

South China Securities Limited

Co-Manager

ABCI Securities Company Limited

INTERNATIONAL UNDERWRITERS

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited

Goldman Sachs (Asia) L.L.C.

J.P. Morgan Securities Ltd.

Morgan Stanley Asia Limited

BOCI Asia Limited

Credit Suisse (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on December 10, 2010. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

(a) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Japan, Italy or European Union and any of the jurisdictions relevant to any member of the Group (each a ***Relevant Jurisdiction***); or

(ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollar) in or affecting any Relevant Jurisdiction; or

(iii) any change or development in the current financial markets in any Relevant Jurisdiction or generally in the current international equity securities or other financial markets; or

(iv) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, riots, public disorder, economic sanction, mining accidents, fire, explosion, flooding, windstorm, snowstorm, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, large scale outbreak of diseases or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome (***SARS***) and H1N1 or swine or avian influenza (and in the case of H1N1 or swine influenza or such related/mutated forms of disease, a material worsening of its current pandemic status) or such related/mutated forms, accident or interruption or delay in transportation in or affecting any Relevant Jurisdiction; or

(v) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(vi) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services or procedures in or affecting any Relevant Jurisdiction; or

(vii) any imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdiction; or

(viii) any suspension of trading of the A Shares of the Company on the Shenzhen Stock Exchange as a result of the breach of the applicable Laws; or

(ix) any change or development, or event involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

(x) any change or prospective change in the assets, liabilities, profits, losses, properties, performance, conditions, results of operations, business, earnings, financial or trading position or prospects of the Company or the Group taken as a whole; or

(xi) the chairman or chief executive officer of the Company vacating his or her office; or

(xii) the commencement or announcement of an intention by any governmental, regulatory or political body or organization of any action, charge or claim against a Director or announcement by any regulatory or political body or organization that it intends to take any such action; or

(xiii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(xiv) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xv) a contravention by any member of the Group of the Hong Kong Listing Rules or applicable laws; or

(xvi) a prohibition on the Company for whatever reason from issuing, allotting or selling the H Shares (including the additional H Shares to be purchased by, or by investors procured by, the International Underwriters from the Company pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xvii) any material adverse change or development involving a reasonably likely material adverse change of any of the risks set out in the section entitled "Risk Factors" in this prospectus; or

(xviii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer) or any aspect of the Global Offering with the Hong Kong Listing Rules or any other applicable law or regulation; or

(xix) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xx) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

and which, in any such case and in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):

(A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the assets, liabilities, profits, losses, properties, performance, conditions, results of operations, business, earnings, financial or trading position or prospects of the Company and its subsidiaries as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(C) makes or will or is likely to make it inadvisable or impracticable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(b) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters:

(i) that any statement contained in the Hong Kong Public Offering Documents, the preliminary offering circular, the final offering circular, the web proof information pack and any announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, inaccurate, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in any of this prospectus, Application Forms, formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplemental or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus or the Application Forms or the formal notice or any announcements issued by the Company in connection with the Hong Kong Public Offering; or

(iii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement is (or might when repeated be) untrue, inaccurate, incorrect or misleading in any material respect or otherwise breached or being alleged to be untrue, inaccurate or misleading; or

(iv) any event, act or omission which gives or may give rise to any material liability of the Company pursuant to the indemnities given by the Company or them under the Hong Kong Underwriting Agreement; or

(v) any material breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement; or

(vi) any material adverse change or prospective material adverse change in the assets, liabilities, profits, losses, performance, conditions, financials, business, properties, results of operations, earnings, trading position, conditions or prospects of the Company and its subsidiaries taken as a whole; or

(vii) any material litigation or claim being threatened or instigated against the Company or any of its subsidiaries; or

(viii) any material breach on the part of the Company of any of the obligations imposed upon it under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(ix) any of the reporting accountants, property valuer in relation to the Global Offering, the legal advisors of the Company on PRC law has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(x) approval for the listing of an permission to deal in the H Shares on the Hong Kong Stock Exchange is refused or not granted, other than subject to customary conditions, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

then the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into our equity securities may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings to the Hong Kong Underwriters

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including the Over-Allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, we will not, without the Joint Global Coordinators' prior written consent (subject to the requirements of the Listing Rules):

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally or repurchase, any share capital of our Company or any securities or any interest therein (including but not limited to any interest convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or securities or any interest therein); or

(b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital of our Company or other such securities; or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in (a) to (d) above is to be settled by delivery of share capital of our Company or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, provided that the foregoing restrictions shall not apply to the issue of H Shares by the Company pursuant to the Global Offering (including pursuant to the Over-Allotment Option), and the Company further agrees that, in the event of an issue or disposal of any H Shares or any interest therein after the date falling six months from the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the H Shares.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement.

Commission and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters). We may also pay in our discretion an incentive fee to any Hong Kong Underwriters for all the H Shares sold in the Hong Kong Public Offering.

The aggregate commissions and the maximum incentive fee (if any), together with the listing fees, SFC transaction levy, the Hong Kong Stock Exchange fee and other expenses of us relating to the Global Offering are estimated to amount to HK$659 million (assuming an Offer Price of HK$16.48 per Offer Share, which is the mid-point of our indicative price range for the Global Offering, and the Over-allotment Option is not exercised) in total.

The International Placing

In connection with the International Placing, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters on or about December 17, 2010. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers to subscribe for, or failing which to subscribe for themselves, their respective applicable proportions of the International Placing Shares being offered pursuant to the International Placing which are not taken up under the International Placing.

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters during the 30-day period from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 130,437,400 additional H shares, representing approximately 15% of the H shares initially available under the Global Offering, at the Offer Price, among other things, to cover over-allocations in the International Offering, if any.

Over-allotment and Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offer. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the

Over-allotment Option, namely, 130,437,400 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Saturday, January 15, 2011. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market share of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Joint Sponsors' and Underwriters' Interest in the Company

China International Capital Corporation Limited, the ultimate holding company of China International Capital Corporation Hong Kong Securities Limited ("CICC") and an associate of CICC (as defined in the Listing Rules), holds approximately 0.001% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.00097% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 0.00095% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is exercised in full). CICC remains impartial and independent as a Joint Sponsor and satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The CICC group holds directly or indirectly less than 5% of the issued share capital of the Company whether before or after the Global Offering. CICC also confirms that none of the other factors affecting independence as specified in Listing Rule 3A.07 is applicable to CICC.

GS Hony Holdings I Ltd holds approximately 12.77% of the total issued share capital of ZoomlionCifa (Hong Kong), a subsidiary of the Company as at the Latest Practicable Date. GS Hony Holdings I Ltd, an associate of Goldman Sachs (Asia) L.L.C., is regarded as a member of the sponsor group of Goldman Sachs (Asia) L.L.C. as defined in the Listing Rules. Accordingly, Goldman Sachs (Asia) L.L.C. does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

A member of J.P. Morgan group holds approximately 0.4316% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.3668% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 0.3588% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is exercised in full).

Affiliates of Morgan Stanley Asia Limited, hold in aggregate approximately 0.1883% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.1600% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 0.1565% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is exercised in full).

Credit Suisse (Hong Kong) Limited, holds approximately 0.0000051% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.0000043% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 0.0000042% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is exercised in full).

Save as disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(a) the Hong Kong Public Offer of 43,479,200 H Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "The Hong Kong Public Offer"; and

(b) the International Placing of an aggregate of 826,103,600 H Shares (subject to adjustment as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A.

Investors may apply for the H Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the H Shares under the International Placing, but may not do both.

Our Company has obtained the requisite PRC governmental approvals, including the approval of the CSRC, in respect of the Global Offering.

The number of H Shares to be offered under the Hong Kong Public Offer and the International Placing respectively may be subject to reallocation as described in the subsection entitled "The Hong Kong Public Offer—Reallocation" below.

THE HONG KONG PUBLIC OFFER

Number of H Shares initially offered

We are initially offering 43,479,200 H Shares at the Offer Price, representing approximately 5% of the H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of H Shares initially offered under the Hong Kong Public Offer will represent approximately 0.75% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the subsection below entitled "Conditions of the Global Offering."

Allocation

Allocation of H Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offer will initially be divided into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of HK$5 million or less; and

- Pool B: The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of more than HK$5 million and up to the value of Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 21,739,600 Offer Shares will be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 of the Listing Rules such that:

- 43,479,200 Offer Shares, representing approximately 5% of the total number of the Offer Shares, are initially available in the Hong Kong Public Offer;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 65,218,800 Offer Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 86,958,400 Offer Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 173,916,800 Offer Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate H Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. In addition, if the Hong Kong Public Offer is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Placing all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offer.

THE INTERNATIONAL PLACING

Number of H Shares initially offered

Subject to the reallocation as described above, the number of H Shares to be initially offered under the International Placing will be 826,103,600 H Shares, representing approximately 95% of the Offer Shares under the Global Offering. Subject to the reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer, the number of H Shares initially offered under the International Placing will represent approximately 14.25% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Placing, the International Placing Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Placing Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Placing is subject to the Hong Kong Public Offer being unconditional.

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, H Shares after the listing of the H Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of H Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offer.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the H Shares in the International Placing. Prospective investors will be required to specify the number of H Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around December 17, 2010 and in any event on or before December 22, 2010, by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer price range

The Offer Price will be not more than HK$18.98 per H Share and is expected to be not less than HK$13.98 per H Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK$18.98 for each Hong Kong Offer Share (plus 1% brokerage, 0.003% SFC transaction levy, and 0.005% Hong Kong Stock Exchange trading fee). If the Offer Price is less than HK$18.98, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before December 22, 2010, the Global Offering will not proceed and will lapse.

Reduction in indicative offer price range and/or number of Offer Shares

The Joint Global Coordinators, on behalf of the Underwriters, may where considered appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, reduce the indicative Offer Price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.zoomlion.com) notices of the reduction. Upon issue of such a notice, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will be fixed within such revised range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Applicants under the Hong Kong Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the indicative Offer Price range and/or number of Offer Shares is so reduced. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of

Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offer and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

Announcement of Offer Price and basis of allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on December 22, 2010 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.zoomlion.com).

UNDERWRITING

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

These underwriting arrangements, and the Underwriting Agreements, are summarized in the section entitled "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on:

- the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

- the Offer Price having been duly agreed between us and the Joint Global Coordinators (on behalf of the Underwriters);

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before December 22, 2010, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection entitled "How to Apply for Hong Kong Offer Shares—Despatch/Collection of H Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on December 23, 2010, provided that (a) the Global Offering has become unconditional in all respects and (b) the right of termination as described in the subsection entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offer—Grounds for Termination" in this prospectus has not been exercised.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on December 23, 2010, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on December 23, 2010.

The H Shares will be traded in board lots of 200 H Shares each.

WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Bookrunners (or their respective agents and nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service **(www.eipo.com.hk)**, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may apply by means of the **White Form eIPO** service only if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

We, the Joint Bookrunners and the designated **White Form eIPO** Service Provider, in their capacity as our agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, the Directors, Supervisors or chief executive or their respective or any of our other Connected Persons or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are four channels to make an application for the Hong Kong Offer Shares:

You may apply for the Hong Kong Offer Shares by using a **WHITE** Application Form. Use a WHITE Application Form if you want the H Shares to be issued in your own name;

Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk.** Use **White Form eIPO** if you want the H Shares to be issued in your own name;

You may apply for the Hong Kong Offer Shares by using a **YELLOW** Application Form. Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or

Instead of using a **YELLOW** Application Form, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through White Form eIPO service or by giving electronic application instructions to HKSCC.

WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 13, 2010 till 12:00 noon on Thursday, December 16, 2010 from:

Any of the following addresses of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road Central
Hong Kong

or any of the following branches of:

(a) **Bank of China (Hong Kong) Limited**

	Branch Name	Address
Hong Kong	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai
	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
	Aberdeen Branch	25 Wu Pak Street, Aberdeen
Kowloon	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
New Territories	East Point City Branch	Shop 101, East Point City, Tseung Kwan O
	Castle Peak Road (Yuen Long) Branch	162 Castle Peak Road, Yuen Long
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
	Castle Peak Road (Tsuen Wan) Branch	201-207 Castle Peak Road, Tsuen Wan

(b) **Bank of Communications Co., Ltd. Hong Kong Branch**

	Branch Name	Address
Hong Kong	Hong Kong Branch	20 Pedder Street, Central
	Quarry Bay Sub-Branch	G/F., 981 C, King's Road
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Mongkok Sub-Branch	Shops A & B, G/F., Hua Chiao Commercial Centre, 678 Nathan Road
	Wong Tai Sin Sub-Branch	Shops 127-129, 1/F., Lung Cheung Plaza, 136 Lung Cheung Road
New Territories	Fanling Sub-Branch	Shop No.84A-84B, G/F., Flora Plaza

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 13, 2010 until 12:00 noon on Thursday, December 16, 2010 from the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have Application Forms and this prospectus available.

HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain an Application Form as described in the subsection above entitled "Where to Collect the Prospectus and Application Forms."

(b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address given on the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the special collection boxes by the time and at one of the locations as described in the subsection above entitled "Where to Collect the Prospectus and Application Forms."

(e) Cheque and banker's cashier order should be crossed "Account Payee Only" and made payable to "Bank of China (Hong Kong) Nominees Limited—Zoomlion Heavy Industry Public Offer."

You should note that by completing and submitting a **WHITE** or **YELLOW** Application Form, among other things:

(a) you agree with our Company and each of the Shareholders, and our Company agrees with each of the Shareholders, to observe and comply with PRC laws, the Companies Ordinance and the Articles of Association;

(b) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(c) you agree that none of our Company, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(d) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Share nor otherwise participated in the International Placing; and

(e) you agree to disclose to our Company, and/or our H Share Registrar, receiving bankers, the Joint Bookrunners, the Underwriters and their respective advisors and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for an application made on a **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(i) the designated CCASS Participant must endorse the Application Form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's full name and Hong Kong Identity Card number; and

(ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

(i) the Application Form must contain all joint CCASS Investor Participants' full names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and

(ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

(i) the Application Form must contain your company name and the Hong Kong business registration number; and

(ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant or (including participant I.D. and/or company chop bearing the Company name) or other similar matters may render your application invalid.

If your application is made through a duly authorized attorney, we and the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and their respective agents or nominees as our agents may accept it at our discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Joint Bookrunners, in their capacity as our agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

APPLYING THROUGH WHITE FORM eIPO SERVICE

General

(a) If you are an individual and meet the criteria set out above in the subsection entitled "Who can apply for the Hong Kong Offer Shares," you may apply through **White Form eIPO** service by submitting an application through designated website at **www.eipo.com.hk.** If you apply through **White Form eIPO** service, the H Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk.** You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk.** You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**), you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our H Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Monday, December 13, 2010 until 11:30 a.m. on Thursday, December 16, 2010 or such later time as described under the subsection entitled "Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, December 16, 2010, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subsection entitled "Effect of bad weather on the opening of the application lists" below.

(g) You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, December 16, 2010, or such later time as described under the subsection entitled "Effect of bad weather on the opening of the application lists" below, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(h) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service (**www.eipo.com.hk**) is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, the Directors, the Joint Bookrunners, the Underwriters and the White Form eIPO Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service (**www.eipo.com.hk**) will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider will contribute HK$2.00 for each "Changsha Zoomlion Heavy Industry Science and Technology Department Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang—Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service (**www.eipo.com.hk**), you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service (**www.eipo.com.hk**), you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please see the subsection entitled "How many applications may be made" below.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (under the procedures contained in HKSCC's

"An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Counter
2nd Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and the H Share Registrar.

Giving electronic application instructions to HKSCC to apply for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that person has not indicated an interest for, applied for or taken up or indicated an interest for, any Offer Shares under the International Placing nor otherwise participated in the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that person has only given one set of **electronic application instructions** for the benefit of that other person and that person is duly authorized to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by our Company, the Directors and the Joint Bookrunners in deciding whether or not to make any allotment of the Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that person may be prosecuted if he makes a false declaration;

- authorizes our Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;

- confirms that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- confirms that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;

- agrees that our Company, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to our Company, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners and/or their respective agents and any information which they may require about that person;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person cannot be revoked on or before Wednesday, January 12, 2011, such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Thursday, December 16, 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before Wednesday, January 12, 2011 if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by our Company;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- agrees with our Company, for ourselves and for the benefit of each of the Shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Company Law, the Companies Ordinance and the Articles of Association;

- agrees with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving electronic application instructions):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agrees with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders;

- authorizes the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per H Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 200 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Allocation of the Hong Kong Offer Shares

For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Timing for Inputting electronic application instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Monday, December 13, 2010	—	9:00 a.m. to 8:30 p.m.(1)
Tuesday, December 14, 2010	—	8:00 a.m. to 8:30 p.m.(1)
Wednesday, December 15, 2010	—	8:00 a.m. to 8:30 p.m.(1)
Thursday, December 16, 2010	—	8:00 a.m.(1) to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 13, 2010 until 12:00 noon on Thursday, December 16, 2010 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** will be 12:00 noon on Thursday, December 16, 2010, the last application day, or if the application lists are not open on that day, by the time and date stated in the subsection entitled “Effects of bad weather conditions on the opening of the application lists” below.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and our H Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, the Directors, the Joint Bookrunners and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions**. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on December 16, 2010, or such later time as described under the subsection entitled "Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

HOW MANY APPLICATIONS MAY BE MADE

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving electronic application instructions to HKSCC (if you are a CCASS Participant) or; (ii) using a WHITE or YELLOW Application Form, and lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed. It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or

YELLOW Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**);

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) and that you are duly authorized to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**); or
- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**); or
- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through White Form eIPO service (**www.eipo.com.hk**) for more than 21,739,600 H Shares, being 50% of the Offer Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the subsection entitled "Structure of the Global Offering—The Hong Kong Public Offer" in this prospectus; or
- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$18.98 per H Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 200 H Shares you will pay HK$3,834.26. The Application Forms have tables showing the exact amount payable for numbers of H Shares up to 21,739,600 H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for the H Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of e-Refund payment instructions/refund cheques/share certificates will be retained for our benefit.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$18.98 per H Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the subsection entitled "Despatch/Collection of H Share Certificates and Refund Monies" below.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, December 22, 2010 in accordance with the various arrangements as described in this section.

MEMBERS OF THE PUBLIC—TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, December 16, or, if the application lists are not open on that day, then by the time and date stated in the subsection entitled "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed under the section entitled "Where to collect the Prospectus and Application Forms" above at the following times:

Monday, December 13, 2010	—	9:00 a.m. to 5:00 p.m.
Tuesday, December 14, 2010	—	9:00 a.m. to 5:00 p.m.
Wednesday, December 15, 2010	—	9:00 a.m. to 5:00 p.m.
Thursday, December 16, 2010	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, December 16, 2010.

No proceedings will be taken on applications for the Offer Shares and no allotment of any such Offer Shares will be made until the closing of the application lists. No allotment of any of the Offer Shares will be made earlier than Thursday, December 16, 2010.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 16, 2010. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon on such day.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

PUBLICATION OF RESULTS

We expect to announce the Offer Price, the indication of the level of interest in the International Placing, the basis of allotment of the Hong Kong Offer Shares and the indication of the level of applications under the Hong Kong Public Offer on Wednesday, December 22, 2010 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese). The allotment results as published in the newspapers will also be posted on the website of the Hong Kong Stock Exchange **(www.hkexnews.hk)** and on the website of our Company **(www.zoomlion.com)** on Wednesday, December 22, 2010.

In addition, we expect to announce the results of applications and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer at the times and dates and in the manner specified below:

(a) Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations websites at **(www.iporesults.com.hk)**, **(www.zoomlion.com)** and **(www.hkexnews.hk)** on a 24-hour basis from 8:00 a.m. on Wednesday, December 22, 2010 to 12:00 midnight on Tuesday, December 28, 2010. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

(b) Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Offer Shares allocated to them, if any, by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, December 22, 2010 to Saturday, December 25, 2010; and

(c) Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, December 22, 2010 to Friday, December 24, 2010 at all the receiving bank branches and sub-branches at the addresses set out in the subsection entitled "Where to collect the Prospectus and the Application Forms" above.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or giving an **electronic application instruction**, you agree that your application or the application made by HKSCC Nominees or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service **(www.eipo.com.hk)** on your behalf cannot be revoked on or before Wednesday, January 12, 2011. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Thursday, December 16, 2010 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before Wednesday, January 12, 2011 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company or our agents to reject or accept your application:**

Our Company, the Joint Global Coordinators, (as our agents) and the **White Form eIPO** Service Provider or the respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Joint Global Coordinators, the Hong Kong Underwriters and the **White Form eIPO** Service Provider in their capacity as our agents, and the respective agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

  The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

  - within three weeks from the closing of the application lists; or
  - within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  - you make multiple applications or suspected multiple applications;
  - you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Placing. By filling in any of the Application Forms or applying by giving **electronic application instructions** you agree not to apply for Hong Kong Offer Shares as well as the International Placing Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;
  - the number of shares you have applied for is not one of the numbers as set out in the payment tables in the Application Forms;
  - your application is not completed in accordance with the instructions as stated in the Application Forms (if you apply by an Application Form) or on the **White Form eIPO** website;
  - your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
  - the Underwriting Agreements do not become unconditional;
  - the Underwriting Agreements are terminated in accordance with their respective terms;
  - our Company or the Joint Global Coordinators believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations; or
  - your application is for more than 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offer.

DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK$18.98 per H Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the subsection entitled "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one H Share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course they will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the application:

(a) for applications on **WHITE** Application Forms or **White Form eIPO:**

  (i) H Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or

  (ii) H Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful; and/or

(b) for applications on **WHITE or YELLOW** Application Forms, refund cheque(s) will be crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per H Share paid on application in the event that the Offer Price is less than the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per H Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and H Share certificates for wholly and partially successful applicants under **WHITE** Application Forms and the White Form eIPO service are expected to be posted on or around Wednesday, December 22, 2010. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s).

H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, December 23, 2010 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the subsection entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offer—Grounds for Termination" in this prospectus has not been exercised.

(a) If you apply using a **WHITE** Application Form:

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form respectively to collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and H Share certificate(s) (where applicable) from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 22, 2010 or such other date as notified by us in the newspapers as the date of collection/dispatch of e-Refund payment instructions/refund cheques/share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. If you do not collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, December 22, 2010, by ordinary post and at your own risk.

(b) If you apply using a **YELLOW** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Wednesday, December 22, 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in the section headed "Publication of Results" above on Wednesday, December 22, 2010. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 22, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you apply through **White Form eIPO** service:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your H Share certificate(s) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 22, 2010, or such other date as notified by our Company in the newspapers as the date of dispatch of e-Refund payment instructions/refund cheque(s)/share certificate(s).

If you do not collect your H Share certificate(s) personally within the specified period for collection, they will be sent to the address specified in your instructions to the **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at

www.eipo.com.hk on Wednesday, December 22, 2010, by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service (**www.eipo.com.hk**) by paying the application monies through a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the offer price initially paid on your application, e-refund payment instructions (if any) will be dispatched to your application payment account on Wednesday, December 22, 2010.

If you apply through the **White Form eIPO** service (**www.eipo.com.hk**) by paying the application monies through multiple bank accounts and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the offer price initially paid on your application, refund cheque(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on Wednesday, December 22, 2010, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in the subsection entitled "Applying through White Form eIPO service—Additional Information" above.

(d) If you apply by giving **electronic application instructions** to HKSCC:

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant stock account on Wednesday, December 22, 2010, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong Identity Card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner described in the subsection entitled "Publication of Results" above on Wednesday, December 22, 2010. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 22, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 22, 2010. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 22, 2010. No interest will be paid thereon.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

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The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

December 13, 2010

The Board of Directors
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.

China International Capital Corporation Hong Kong Securities Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), consisting of the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended December 31, 2007, 2008 and 2009, and the six months ended June 30, 2010 (the "Relevant Period"), and the consolidated balance sheets of the Group and the balance sheets of the Company as at December 31, 2007, 2008 and 2009 and June 30, 2010, together with the notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated December 13, 2010 (the "Prospectus").

The Company was incorporated in the People's Republic of China (the "PRC") on August 31, 1999 by Construction Machinery Research Institute of Changsha and other five founding shareholders as a joint stock limited liability company. Upon the approval of the China Securities Regulatory Commission (the "CSRC"), the Company's A shares were listed on the Shenzhen Stock Exchange on October 12, 2000.

Details of the Company's principal subsidiaries, as at June 30, 2010, including the names of the respective entities' statutory auditors, are set out in Note 34 of Section B. All companies comprising the Group have adopted December 31, as their financial year end date. The statutory financial statements of the Company were prepared in accordance with the relevant accounting rules and regulations applicable to PRC enterprises ("PRC GAAP Financial Statements"). The PRC GAAP Financial Statements of the Company for the years ended December 31, 2007, 2008 and 2009 were audited by Beijing Zhongxi Certified Public

Accountants Co., Ltd. and the PRC GAAP Financial Statements of the Company for the six months ended June 30, 2010 were audited by Vocational International Certified Public Accountants Co., Ltd., respectively, both of which are registered in the PRC.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The Underlying Financial Statements for the Relevant Period were audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate audit procedures as we considered necessary in respect of the Underlying Financial Statements in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to June 30, 2010.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Note 1(c) of Section B below and in accordance with the accounting policies set out in Note 2 of Section B below, gives a true and fair view of the Group's consolidated results and cash flows for the Relevant Period, and the state of affairs of the Group and the Company as at December 31, 2007, 2008 and 2009 and June 30, 2010.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended June 30, 2009, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted as for the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted as for the Financial Information.

A FINANCIAL INFORMATION

1 Consolidated statements of comprehensive income

	Section B Note	For the years ended December 31, 2007 RMB millions	2008 RMB millions	2009 RMB millions	Six months ended June 30, 2009 RMB millions (unaudited)	2010 RMB millions
Turnover	3	8,973	13,548	20,762	9,227	16,089
Cost of sales and services		(6,405)	(9,842)	(15,422)	(6,850)	(11,438)
Gross profit		2,568	3,706	5,340	2,377	4,651
Other revenues and net income	4	19	142	105	28	6
Sales and marketing expenses		(691)	(959)	(1,250)	(439)	(986)
General and administrative expenses		(400)	(734)	(878)	(420)	(852)
Research and development expenses		(83)	(120)	(194)	(82)	(116)
Profit from operations		1,413	2,035	3,123	1,464	2,703
Gain on disposal of lease prepayments		106	—	—	—	—
Gain/(loss) on disposal of subsidiaries and associates		12	3	(6)	—	—
Net finance costs	5(a)	(60)	(301)	(295)	(174)	(150)
Share of profits less losses of associates		—	7	6	—	5
Profit before taxation	5	1,471	1,744	2,828	1,290	2,558
Income tax	6	(34)	(191)	(409)	(189)	(395)
Profit for the year/period		1,437	1,553	2,419	1,101	2,163
Other comprehensive income for the year/period (after tax)						
Change in fair value of available-for-sale equity securities		4	(6)	3	3	(2)
Others		—	—	—	—	10
Exchange differences on translation of financial statements of subsidiaries outside PRC		—	(34)	44	6	(183)
Total other comprehensive income for the year/period		4	(40)	47	9	(175)
Total comprehensive income for the year/period		1,441	1,513	2,466	1,110	1,988
Profit attributable to:						
Equity shareholders of the Company		1,439	1,544	2,447	1,136	2,202
Non-controlling interests		(2)	9	(28)	(35)	(39)
Profit for the year/period		1,437	1,553	2,419	1,101	2,163
Total comprehensive income attributable to:						
Equity shareholders of the Company		1,443	1,518	2,497	1,148	1,996
Non-controlling interests		(2)	(5)	(31)	(38)	(8)
Total comprehensive income for the year/period		1,441	1,513	2,466	1,110	1,988
Basic and diluted earnings per share (RMB)	10	0.34	0.37	0.59	0.27	0.46

2 Consolidated balance sheets

	Section B Note	As at January 1, 2007 RMB millions	As at December 31, 2007 RMB millions	As at December 31, 2008 RMB millions	As at December 31, 2009 RMB millions	As at June 30, 2010 RMB millions
Non-current assets						
Property, plant and equipment	**12**	1,108	1,383	3,006	3,683	3,786
Lease prepayments		291	344	914	907	1,090
Intangible assets	**13**	47	49	1,386	1,432	1,202
Goodwill	**14**	—	—	2,029	2,082	1,812
Interests in associates	**15**	55	87	78	71	70
Other financial assets		2	16	12	15	13
Trade and other receivables	**17**	62	86	106	229	479
Receivables under finance lease	**18**	—	255	1,432	5,060	8,766
Pledged bank deposits	**19**	53	74	98	234	281
Deferred tax assets	**23(b)**	19	67	124	148	264
Total non-current assets		1,637	2,361	9,185	13,861	17,763
Current assets						
Inventories	**16**	1,502	2,632	5,171	6,272	7,174
Trade and other receivables	**17**	1,186	2,437	4,782	6,265	9,415
Receivables under finance lease	**18**	—	126	815	3,283	5,607
Pledged bank deposits	**19**	132	248	356	755	2,141
Cash and cash equivalents	**20**	805	729	2,913	3,439	7,041
Total current assets		3,625	6,172	14,037	20,014	31,378
Total assets		5,262	8,533	23,222	33,875	49,141
Current liabilities						
Loans and borrowings	**21(a)**	921	847	6,234	8,553	6,868
Trade and other payables	**22**	2,085	3,518	6,920	10,632	16,128
Income tax payable	**23(a)**	1	80	70	283	444
Total current liabilities		3,007	4,445	13,224	19,468	23,440
Net current assets		618	1,727	813	546	7,938
Total assets less current liabilities		2,255	4,088	9,998	14,407	25,701
Non-current liabilities						
Loans and borrowings	**21(b)**	9	324	4,154	5,621	9,488
Other non-current liabilities	**25**	—	—	61	684	1,205
Deferred tax liabilities	**23(b)**	—	13	572	550	491
Total non-current liabilities		9	337	4,787	6,855	11,184
NET ASSETS		2,246	3,751	5,211	7,552	14,517
CAPITAL AND RESERVES						
Share capital	**26(a)**	507	761	1,521	1,673	1,971
Reserves	**26(b)**	1,699	2,868	3,550	5,755	12,440
Total equity attributable to equity shareholders of the Company		2,206	3,629	5,071	7,428	14,411
Non-controlling interests		40	122	140	124	106
TOTAL EQUITY		2,246	3,751	5,211	7,552	14,517

3 Company balance sheets

	Section B Note	As at December 31, 2007 RMB millions	2008 RMB millions	2009 RMB millions	As at June 30, 2010 RMB millions
Non-current assets					
Property, plant and equipment, net	**12**	1,174	1,900	2,397	2,538
Lease prepayments		299	457	448	620
Intangible assets	**13**	33	17	59	63
Investments in subsidiaries	**34**	612	1,794	1,882	3,214
Interests in associates	**15**	81	62	52	53
Other financial assets		14	8	11	10
Trade and other receivables	**17**	86	106	215	477
Pledged bank deposits	**19**	74	82	147	177
Deferred tax assets	**23(b)**	56	45	62	99
Total non-current assets		2,429	4,471	5,273	7,251
Current assets					
Inventories	**16**	2,320	3,541	4,209	5,553
Trade and other receivables	**17**	2,587	4,470	8,242	12,244
Pledged bank deposits	**19**	242	327	631	1,893
Cash and cash equivalents	**20**	546	1,799	2,292	5,378
Total current assets		5,695	10,137	15,374	25,068
Total assets		8,124	14,608	20,647	32,319
Current liabilities					
Loans and borrowings	**21(a)**	762	2,379	1,644	2,268
Trade and other payables	**22**	3,328	4,769	9,792	13,573
Income tax payable	**23(a)**	72	47	270	413
Total current liabilities		4,162	7,195	11,706	16,254
Net current assets		1,533	2,942	3,668	8,814
Total assets less current liabilities		3,962	7,413	8,941	16,065
Non-current liabilities					
Loans and borrowings	**21(b)**	300	2,296	1,575	1,462
Other non-current liabilities		—	—	—	91
Deferred tax liabilities	**23(b)**	1	1	5	—
Total non-current liabilities		301	2,297	1,580	1,553
NET ASSETS		3,661	5,116	7,361	14,512
CAPITAL AND RESERVES					
Share capital	**26(a)**	761	1,521	1,673	1,971
Reserves	**26(b)**	2,900	3,595	5,688	12,541
TOTAL EQUITY		3,661	5,116	7,361	14,512

4 Consolidated statements of changes in equity

	Attributable to equity shareholders of the Company								
	Share capital (Section B Note 26(a))	Capital reserve (Section B Note 26(b)(i))	Statutory surplus reserve (Section B Note 26(b)(ii))	Exchange reserve (Section B Note 26(b)(iii))	Fair value reserve (Section B Note 26(b)(iv))	Retained earnings	Total	Non-controlling interests	Total equity
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Balance at January 1, 2007	**507**	**494**	**240**	**2**	**—**	**963**	**2,206**	**40**	**2,246**
Appropriation (Section B Note 26(b)(ii))	—	—	134	—	—	(134)	—	—	—
Cash dividends (Section B Note 26(c)(i))	—	—	—	—	—	(20)	(20)	—	(20)
Bonus shares (Section B Note 26(c)(ii))	254	(254)	—	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	84	84
Total comprehensive income for the year	—	—	—	—	4	1,439	1,443	(2)	1,441
Balance at December 31, 2007	**761**	**240**	**374**	**2**	**4**	**2,248**	**3,629**	**122**	**3,751**
Appropriation (Section B Note 26(b)(ii))	—	—	155	—	—	(155)	—	—	—
Cash dividends (Section B Note 26(c)(i))	—	—	—	—	—	(76)	(76)	—	(76)
Bonus shares (Section B Note 26(c)(ii))	760	(228)	—	—	—	(532)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	23	23
Total comprehensive income for the year	—	—	—	(20)	(6)	1,544	1,518	(5)	1,513
Balance at December 31, 2008	**1,521**	**12**	**529**	**(18)**	**(2)**	**3,029**	**5,071**	**140**	**5,211**
Appropriation (Section B Note 26(b)(ii))	—	—	240	—	—	(240)	—	—	—
Cash dividends (Section B Note 26(c)(i))	—	—	—	—	—	(152)	(152)	—	(152)
Bonus shares (Section B Note 26(c)(ii))	152	—	—	—	—	(152)	—	—	—
Acquisition of non-controlling interest	—	10	—	—	—	—	10	(25)	(15)
Acquisition of subsidiaries	—	—	—	—	—	—	—	11	11
Contributions from non-controlling interests (Section B Note 34)	—	2	—	—	—	—	2	29	31
Total comprehensive income for the year	—	—	—	47	3	2,447	2,497	(31)	2,466
Balance at December 31, 2009 carried forward	**1,673**	**24**	**769**	**29**	**1**	**4,932**	**7,428**	**124**	**7,552**

4 Consolidated statements of changes in equity (continued)

	Attributable to equity shareholders of the Company								
	Share capital (Section B Note 26(a))	Capital reserve (Section B Note 26(b)(i))	Statutory surplus reserve (Section B Note 26(b)(ii))	Exchange reserve (Section B Note 26(b)(iii))	Fair value reserve (Section B Note 26(b)(iv))	Retained earnings	Total	Non-controlling interests	Total equity
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Balance at December 31, 2009 brought forward	**1,673**	**24**	**769**	**29**	**1**	**4,932**	**7,428**	**124**	**7,552**
Appropriation (Section B Note 26(b)(ii))	—	—	215	—	—	(215)	—	—	—
Issuance of new shares in a private placement (Section B Note 26(a))	298	5,181	—	—	—	—	5,479	—	5,479
Cash dividends (Section B Note 26(c)(i))	—	—	—	—	—	(492)	(492)	—	(492)
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	(10)	(10)
Total comprehensive income for the period	—	10	—	(214)	(2)	2,202	1,996	(8)	1,988
Balance at June 30, 2010	**1,971**	**5,215**	**984**	**(185)**	**(1)**	**6,427**	**14,411**	**106**	**14,517**
Unaudited									
Balance at December 31, 2008	**1,521**	**12**	**529**	**(18)**	**(2)**	**3,029**	**5,071**	**140**	**5,211**
Cash dividends (Section B Note 26(c)(i))	—	—	—	—	—	(152)	(152)	—	(152)
Bonus shares (Section B Note 26(c)(ii))	152	—	—	—	—	(152)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	11	11
Contributions from non-controlling interests (Section B Note 34)	—	2	—	—	—	—	2	29	31
Total comprehensive income for the period	—	—	—	9	3	1,136	1,148	(38)	1,110
Balance at June 30, 2009	**1,673**	**14**	**529**	**(9)**	**1**	**3,861**	**6,069**	**142**	**6,211**

5 Consolidated cash flow statements

	Section B Note	For the years ended December 31, 2007 RMB millions	2008 RMB millions	2009 RMB millions	Six months ended June 30, 2009 RMB millions (unaudited)	2010 RMB millions
Operating activities						
Profit before taxation		**1,471**	**1,744**	**2,828**	**1,290**	**2,558**
Adjustments for:						
Depreciation of property, plant and equipment		84	179	245	122	172
Amortization of lease prepayments		9	19	21	11	12
Amortization of intangible assets		4	18	63	28	31
Share of profits less losses of associates		—	(7)	(6)	—	(5)
Interest income		(25)	(165)	(431)	(180)	(395)
Interest expense		65	347	438	215	386
Loss on disposal of property, plant and equipment		26	5	10	4	9
Gain on disposal of lease prepayments		(106)	—	—	—	—
(Gain)/loss on disposal of subsidiaries and associates		(12)	(3)	6	—	—
Impairment loss on property, plant and equipment and intangible assets		5	24	5	—	—
Gain on bargain purchase	14(a)	(29)	—	—	—	—
		1,492	2,161	3,179	1,490	2,768
Increase in inventories		(979)	(1,182)	(1,093)	(215)	(902)
Increase in trade and other receivables		(857)	(576)	(1,703)	(1,545)	(3,227)
Increase in receivables under finance lease		(381)	(1,866)	(6,096)	(1,381)	(6,030)
Increase in trade and other payables		1,042	448	4,206	2,242	6,211
Cash generated from/(used in) operations		317	(1,015)	(1,507)	591	(1,180)
Interest received		25	165	431	180	395
Interest paid		(65)	(231)	(498)	(313)	(415)
Income tax paid		(4)	(274)	(256)	(103)	(348)
Net cash generated from/(used in) operating activities carried forward		**273**	**(1,355)**	**(1,830)**	**355**	**(1,548)**

5 Consolidated cash flow statements (continued)

	Section B Note	For the years ended December 31, 2007 RMB millions	2008 RMB millions	2009 RMB millions	Six months ended June 30, 2009 RMB millions (unaudited)	2010 RMB millions
Net cash generated from/(used in) operating activities brought forward		**273**	**(1,355)**	**(1,830)**	**355**	**(1,548)**
Investing activities						
Payment for the purchase of property, plant and equipment		(386)	(720)	(829)	(670)	(417)
Lease prepayments		(111)	(173)	(3)	(3)	(195)
Payment for purchase of intangible assets		(6)	(12)	(70)	(27)	(13)
Payment for acquisition of investments in associates and equity investments		(41)	(3)	(15)	(2)	—
Proceeds from disposal of investments in associates		12	3	7	—	—
Proceeds from disposal of property, plant and equipment and intangible assets		100	71	79	34	23
Proceeds from disposal of leases prepayments		192	—	—	—	—
Payment for acquisitions of subsidiaries, net of cash acquired		(165)	(1,938)	(28)	(28)	—
Proceeds from disposal of a subsidiary		—	6	—	—	—
(Increase)/decrease in pledged bank deposits		(137)	(132)	(535)	183	(1,433)
Net cash used in investing activities		**(542)**	**(2,898)**	**(1,394)**	**(513)**	**(2,035)**
Financing activities						
Proceeds from loans and borrowings		1,279	7,363	11,581	4,779	7,959
Repayments of loans and borrowings		(1,066)	(824)	(7,712)	(4,282)	(5,783)
Dividends paid		(20)	(76)	(152)	—	(428)
Contribution from non-controlling shareholders		—	—	31	31	—
Net proceeds from private placement of new shares		—	—	—	—	5,479
Net cash generated from financing activities		**193**	**6,463**	**3,748**	**528**	**7,227**
Net (decrease)/increase in cash and cash equivalents		(76)	2,210	524	370	3,644
Cash and cash equivalents at beginning of year/period		805	729	2,913	2,913	3,439
Effect of foreign exchange rate changes		—	(26)	2	—	(42)
Cash and cash equivalents at end of year/period	20	**729**	**2,913**	**3,439**	**3,283**	**7,041**

B NOTES TO THE FINANCIAL INFORMATION

1 Principal activities of reporting entity, organization and basis of preparation

(a) Principal activities of reporting entity

Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the "Company") and its subsidiaries (collectively, referred to as the "Group") are principally engaged in the research, development, manufacturing and sale and leasing of concrete machinery, crane machinery, environmental and sanitation equipment, road construction and pile foundation machinery and other related heavy machinery and capital equipment in the People's Republic of China ("PRC"). Following the acquisition of Compagnia Italiana Forme Acciaio S.p.A ("CIFA") in September 2008 (Note 14(b)(ii)), the Group is also engaged in manufacturing and sale of concrete machinery in Italy.

(b) Organization

The Company was incorporated in the PRC on August 31, 1999 by six founding shareholders with registered and issued share capital of 100 million ordinary shares with a par value of RMB1 per share. Upon the Company's incorporation, Construction Machinery Research Institute of Changsha, the Ministry of Construction ("Research Institute"), a state-owned entity, held 74.7% equity interest in the Company and the other five founding shareholders held 25.3% equity interest in the Company in aggregate. These founding shareholders are hereinafter referred to as the non-public shareholders.

On October 12, 2000, the Company completed an initial public offering of 50 million newly issued ordinary shares with a par value of RMB1 per share to public shareholders. Upon the initial public offering, the public shareholders owned 33.3% of the equity interest in the Company. The equity interest of Research Institute and the other five non-public shareholders in the Company was then reduced to 49.8% and 16.9%, respectively.

During the years from 2001 to 2004, the Company completed several stock splits in the form of bonus shares to achieve wider distribution and improve marketability of the ordinary shares. As a result, the Company's share capital increased from RMB 150 million to RMB 507 million, which remained unchanged up to March 2007 when another stock split in the form of bonus shares took place (see Note 26 (c)(ii)).

In July 2006, the public shareholders accepted the share reform proposal offered by the non-public shareholders whereby the non-public shareholders transferred a total of 54 million ordinary shares to the public shareholders, in exchange for the approval for the listing of all shares held by the non-public shareholders. After the share transfer, the equity interest in the Company held by Research Institute and the other five non-public shareholders was reduced from 49.8% and 16.9% to 41.9% and 14.1%, respectively, while the public shareholders' equity interest in the Company was increased from 33.3% to 44.0%.

In December 2008, Research Institute was deregistered and the then 41.9% equity interest of the Company held by Research Institute was transferred to Research Institute's shareholders, consisting of 25% equity interest transferred to Hunan State-owned Assets Supervision and Administration Commission of the People's Government of Hunan Province ("Hunan SASAC") and 16.9% equity interest transferred to the four other shareholders of Research Institute.

The Company's shares are listed in the Shenzhen Stock Exchange of China.

(c) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). IFRSs include all individual International Financial Reporting Standards, International Accounting Standards ("IASs") and related interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group are set out in Note 2.

These financial statements are the Group's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, results of operations and cash flows of the Group is provided in Note 33.

As set out in Note 35, the IASB has issued certain new and revised IFRSs that are not yet effective for the periods presented. The Group has not early adopted these IFRSs in preparing the financial statements for the periods presented.

(ii) Basis of measurement

The measurement basis used in the preparation of the financial statements is historical cost basis except for the re-measurement of available-for-sale equity securities (Note 2(i)) to fair value.

(iii) Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions and estimates made by management in the application of IFRSs that have significant effect on the financial statements and the major sources of estimation uncertainty are disclosed in Note 32.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the entities in the Group.

(a) Business combinations

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses. When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included on the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate share of the recognized amount of the identifiable net assets at the acquisition date.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

(b) Non-controlling interests

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Profit or loss and each component of comprehensive income are attributed to the equity shareholders of the Company and the non-controlling interests according to their respective interests in the subsidiary, even if this results in the non-controlling interests having an overall deficit balance.

Acquisitions of non-controlling interests are accounted for as transactions with equity shareholders in their capacity as equity shareholders and therefore no goodwill is recognized as a result of such transactions.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses (Note 2(j)).

The details of the Group's principal subsidiaries are set out in Note 34.

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associates' net assets and any impairment loss relating to the investment (Notes 2(e) and (j)). The Group's share of the post-acquisition, post-tax results of the associates for the year are recognized in profit or loss.

When the Group's share of losses exceeds its interests in the associates, the Group's interests are reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates. For this purpose, the Group's interests are the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investments in the associates.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (Note 2(j)).

(e) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units, or groups of cash generating units, that is expected to benefit the synergies of the combination and is tested annually for impairment (Note 2(j)). In respect of goodwill arising on investment in associates, the carrying amount of goodwill is included in the carrying amount of the interests in the associates and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (Note 2(j)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognized immediately in profit or loss.

On disposal of a cash-generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

(f) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (Note 2(g)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (Note 2(j)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (Note 2(j)).

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

—technical know how	14 years
—software, patents and similar rights	4 to 10 years
—customer relationships	12 years
—capitalized development costs	5 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

The Group's intangible asset that is determined to have an indefinite useful life consists of trademarks.

(g) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost, less accumulated depreciation and impairment losses (Note 2(j)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (Note 2(j)). Cost comprises direct costs of construction as well as interest charges and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment, are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized as income or expense on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	25 to 35 years
Machinery, plant and equipment	10 years
Motor vehicles	10 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reassessed annually.

(h) Lease prepayments

Lease prepayments represent cost paid to the relevant government authorities for land use rights. Land use rights are carried at cost less the accumulated amount charged to expense and impairment losses (Note 2(j)). The cost of lease prepayments is charged to profit or loss on a straight-line basis over the respective periods of the rights, which range from 34 to 50 years.

(i) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, receivables under finance lease, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not classified as at fair value through profit or loss, any directly attributable transaction costs.

A financial instrument is recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Investments in equity securities

Investments in quoted securities that are classified as available-for-sale are carried at fair value with any change in fair value recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. When these investments are derecognized or impaired, the cumulative gain or loss is reclassified from equity to profit or loss. Investments in equity securities, other than investments in associates that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are recognized in the balance sheet at cost less impairment losses (Note 2(j)).

Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts (Note 2(j)), except where the effect of discounting would be immaterial. In such case, the receivables are stated at cost less impairment losses for bad and doubtful debts (Note 2(j)).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of borrowings, together with any interest and fees payable, using the effective interest method.

Trade and other payables

Trade and other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized immediately in profit and loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

(j) Impairment of assets

(i) Impairment of investments in equity securities, trade and other receivables and receivables under finance lease.

Investments in equity securities (other than investments in subsidiaries) and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

- For investments in associates recognized using the equity method (Note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with Note 2(j)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with Note 2(j)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade, bills and other receivables, receivables under finance lease and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant. The assessment is then made collectively for financial

assets carried at amortized cost which are not individually significant but share similar credit risk characteristics, and have not been individually assessed as impaired. Future cash flows of financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective asset group, and ageing profile of the collective asset group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

- For available-for-sale equity securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in the profit or loss.

  Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade, and other receivables and receivables under finance lease, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables and receivables under finance lease directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- investments in subsidiaries;
- property, plant and equipment;
- lease prepayments;
- intangible assets;

- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Further information of the Group's retirement plans is set out in Note 24.

Termination benefits, such as employee reduction expenses, are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(m) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(n) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 2(n)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Revenue is recognized when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and is after deduction of any trade discounts.

(ii) Finance income under finance lease

Where the Group provides finance leasing of its machinery products to customers, the Group recognizes profit or loss equivalent to the profit or loss resulting from an outright sale of the machinery products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognized over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease loans is included in the carrying value of the assets and amortized to the profit or loss over the expected life of the lease as an adjustment to finance income.

(iii) Government grants

Government grants are recognized in the balance sheet initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other revenues in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

(p) Translation of foreign currencies

The presentation currency of the Group is Renminbi ("RMB"). The functional currency of the Company and its subsidiaries in the mainland PRC is RMB and the functional currency of the Company's subsidiaries in Europe is Euro ("EUR"). The functional currency of the Company's subsidiaries in the Hong Kong Special Administrative Region ("HKSAR") is United States Dollars ("USD") as the major operating and financing activities of these entities are transacted in USD.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss and are reported in net finance costs on a net basis.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of the Company's subsidiaries outside the mainland PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside mainland PRC, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to the profit or loss when the profit or loss on disposal is recognized.

(q) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance income under finance lease is included in the Group's turnover (Note 2(o)(ii)). Interest expense relating to factoring of receivables under finance lease is considered to be direct cost of finance lease income and is therefore recorded in cost of services.

Finance costs comprise interest expense on loans and borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(r) Lease

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification

Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases that do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases.

(ii) Finance lease (as lessor)

Where the Group provides finance leasing of its machinery products to customers, an amount representing the net investment in the lease is included in the balance sheet as receivables under finance lease. Finance income earned under finance lease is accounted for in accordance with accounting policy as set out in Note 2(o)(ii). Impairment losses of receivables under finance lease are accounted for in accordance with the accounting policy as set out in Note 2(j).

Receivables under finance lease are derecognized when the contractual rights to receive the cash flows from the receivables expire, or where the receivables together with substantially all the risks and rewards of ownership, have been transferred.

(iii) Operating lease (as lessee)

Where the Group has the use of assets held under operating lease, payments made under the lease are charged to profit or loss in equal installments over the accounting periods covered by the lease term.

(s) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Turnover

The principal activities of the Group are research, development, manufacturing and sale and leasing of concrete machinery, crane machinery, environmental and sanitation machinery, road construction and pile foundation machinery and other related heavy machinery and capital equipment in the PRC and manufacturing and sale of concrete machinery in Italy.

Turnover represents revenue from sales and lease of the Group's machinery products, net of value-added tax and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognized in turnover are as follows:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Sales of					
Concrete machinery	3,509	4,682	7,157	3,534	7,037
Crane machinery	4,206	6,237	8,298	3,663	5,910
Environmental and sanitation machinery	564	871	1,230	474	710
Road construction and pile foundation machinery	487	610	787	391	539
Earth working machinery	—	116	445	201	450
Material handling machinery and systems	—	261	873	163	281
Other machinery products	193	635	1,575	634	808
Finance income under finance lease	14	136	397	167	354
	8,973	13,548	20,762	9,227	16,089

4 Other revenues and net income

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Government grants (note)	—	138	74	16	20
Loss on disposal of property, plant and equipment	(26)	(5)	(10)	(4)	(9)
Others	45	9	41	16	(5)
	19	142	105	28	6

Note:
Government grants mainly represent value-added tax refunds and other grants, which are akin to government operating subsidies. There were no unfulfilled conditions and other contingencies attached to these grants.

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions (unaudited)	RMB millions
Finance income:					
Interest income on bank deposits	(11)	(29)	(34)	(13)	(41)
Finance costs:					
Interest on loans and borrowings (note)	65	334	372	212	226
Less: Interest expense capitalized*	—	—	(35)	(21)	—
Net interest expense	65	334	337	191	226
Net exchange losses/(gains)	6	(4)	(8)	(4)	(35)
	71	330	329	187	191
	60	301	295	174	150
* Interest rates per annum at which borrowing costs have been capitalized for construction in progress	—	—	1.0% to 7.2%	1.0% to 7.2%	—

Note:

Interest expense on factoring the Group's receivables under finance lease amounted to nil, RMB9 million, RMB122 million, RMB19 million (unaudited) and RMB147 million for the years ended December 31, 2007, 2008 and 2009, and six-month periods ended June 30, 2009 and 2010, respectively, and are included in cost of sales and services.

(b) Staff costs:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions (unaudited)	RMB millions
Salaries, wages and other benefits	693	1,012	1,279	566	991
Contributions to retirement schemes (Note 24)	28	82	104	40	61
	721	1,094	1,383	606	1,052

(c) Other items:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Cost of inventories	6,409	9,842	15,307	6,849	11,292
Depreciation of property, plant and equipment (Note 12)	84	179	245	122	172
Amortization of lease prepayments	9	19	21	11	12
Amortization of intangible assets (Note 13)	4	18	63	28	31
Operating lease charges	13	35	58	36	49
Auditors' remuneration—audit services	8	13	6	5	10
Product warranty costs (Note 22(b))	68	117	87	17	64
Impairment losses:					
—trade receivables (Note 17(b))	65	104	87	66	247
—intangible assets (Note 13)	—	22	—	—	—
—property, plant and equipment (Note 12)	5	2	5	—	—

6 Income tax

Income tax in the consolidated statements of comprehensive income represents:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Current tax—PRC income tax					
Provision for the year / period	78	167	459	222	504
Current tax—Income tax in other tax jurisdictions					
Provision for the year / period	—	12	9	6	5
Deferred taxation (Note 23(b))					
Origination and reversal of temporary difference	(39)	(10)	(41)	(21)	(114)
Effect on deferred tax balances resulting from a change in tax rate/ tax status	(5)	22	(18)	(18)	—
	34	191	409	189	395

Reconciliation between actual income tax expense and profit before taxation is as follows:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Profit before taxation	1,471	1,744	2,828	1,290	2,558
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (note (a))	485	437	705	323	640
Tax effect of non-deductible expenses	178	35	52	7	11
Tax effect of non-taxable income	(35)	(40)	(5)	(3)	(5)
Tax effect of tax concessions (note (b))	(589)	(164)	(251)	(110)	(234)
Additional deduction for qualified research and development expenses (note (c))	—	(29)	(73)	(10)	(17)
Effect of change in tax rate / tax status (notes (a) and (b))	(5)	22	(18)	(18)	—
Tax credit for PRC equipment purchased	—	(70)	(1)	—	—
Actual income tax expense	34	191	409	189	395

Notes:

(a) The PRC statutory income tax rate prior to January 1, 2008 was 33%. On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the PRC Enterprise Income Tax Law which revised the PRC's statutory income tax rate to 25%. The new tax law became effective from January 1, 2008.

The Company's subsidiaries in Italy, CIFA and its subsidiaries, are subject to income tax at rates ranging from 27.5% to 31.4% for 2008, 2009 and 2010.

The Company's subsidiaries in the HKSAR, which were incorporated in 2008, are subject to Hong Kong profits tax at 16.5% for 2008, 2009 and 2010. No provision for Hong Kong profits tax was made in the consolidated financial statements for 2008, 2009 and 2010 as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained tax losses for Hong Kong profits tax purposes during the periods.

(b) The Company, being one of the designated high-technology enterprises, was granted exemption from income tax for the period from October 1, 2000 to September 30, 2007. In addition, the Company, being a recognized high-technology enterprise, was entitled to a preferential income tax rate of 15% for the period from October 1, to December 31, 2007.

According to the new income tax law and its relevant regulations, entities that qualified as high-technology enterprises under the new tax law are entitled to a preferential income tax rate of 15%. In 2008, the Company and certain of its subsidiaries were recognized as high-technology enterprises from 2008 to 2010 and accordingly are subject to income tax at 15% for the years from 2008 to 2010.

In 2009, a subsidiary of the Company was recognized as a high-technology enterprise for 2009 to 2011 and accordingly, its income tax rate was reduced from 25% in 2008 to 15% for the years from 2009 to 2011.

The 15% preferential tax rate applicable to high-technology enterprises is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations.

(c) Under the new income tax law and its relevant regulations, a 50% additional tax deduction is allowed for qualified research and development expenses.

7 Directors' and supervisors' remuneration

The following table sets out the remuneration received or receivable by the Company's directors and supervisors.

	Directors'/ supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB thousands	RMB thousands	RMB thousands	RMB thousands	RMB thousands
For the year ended December 31, 2007					
Executive directors					
ZHAN Chunxin	—	365	365	11	741
LIU Quan	—	300	300	11	611
Non-executive director					
QIU Zhongwei	—	—	—	—	—
Independent non-executive directors					
LIU Changkun	80	—	—	—	80
WANG Zhongming	80	—	—	—	80
LIU Keli	80	—	—	—	80
QIAN Shizheng^	—	—	—	—	—
Supervisors					
LONG Guojian	—	310	310	11	631
LUO Anping	—	190	190	10	390
LIU Chi	—	190	190	10	390
Total	240	1,355	1,355	53	3,003
For the year ended December 31, 2008					
Executive directors					
ZHAN Chunxin	—	365	365	13	743
LIU Quan	—	300	300	13	613
Non-executive director					
QIU Zhongwei	—	—	—	—	—
Independent non-executive directors					
LIU Changkun*	67	—	—	—	67
QIAN Shizheng^	80	—	—	—	80
WANG Zhongming	80	—	—	—	80
LIU Keli	80	—	—	—	80
Supervisors					
LONG Guojian	—	310	310	13	633
LUO Anping	—	190	190	12	392
LIU Chi	—	190	190	12	392
Total	307	1,355	1,355	63	3,080

	Directors'/ supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB thousands	RMB thousands	RMB thousands	RMB thousands	RMB thousands
For the year ended December 31, 2009					
Executive directors					
ZHAN Chunxin	—	778	778	14	1,570
LIU Quan	—	530	530	14	1,074
Non-executive director					
QIU Zhongwei	—	—	—	—	—
Independent non-executive directors					
QIAN Shizheng	80	—	—	—	80
LIAN Weizeng^	47	—	—	—	47
WANG Zhile^	47	—	—	—	47
WANG Zhongming*	40	—	—	—	40
LIU Keli*	40	—	—	—	40
LIU Changkun*	—	—	—	—	—
Supervisors					
LONG Guojian	—	530	530	14	1,074
LUO Anping	—	312	312	13	637
LIU Chi	—	312	312	14	638
Total	254	2,462	2,462	69	5,247
For the six months ended June 30, 2010					
Executive directors					
ZHAN Chunxin	—	301	301	8	610
LIU Quan	—	167	167	8	342
Non-executive director					
QIU Zhongwei	—	—	—	—	—
Independent non-executive directors					
QIAN Shizheng	40	—	—	—	40
LIAN Weizeng	40	—	—	—	40
WANG Zhile	40	—	—	—	40
Supervisors					
LONG Guojian	—	328	328	8	664
LUO Anping	—	78	78	8	164
LIU Chi	—	163	163	8	334
Total	120	1,037	1,037	40	2,234

	Directors'/ supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB thousands	RMB thousands	RMB thousands	RMB thousands	RMB thousands
For the six months ended June 30, 2009 (unaudited)					
Executive directors					
ZHAN Chunxin	—	301	301	7	609
LIU Quan	—	167	167	7	341
Non-executive director					
QIU Zhongwei	—	—	—	—	—
Independent non-executive directors					
QIAN Shizheng	40	—	—	—	40
LIAN Weizeng^	7	—	—	—	7
WANG Zhile^	7	—	—	—	7
WANG Zhongming*	40	—	—	—	40
LIU Keli*	40	—	—	—	40
LIU Changkun*	—	—	—	—	—
Supervisors					
LONG Guojian	—	265	265	7	537
LUO Anping	—	78	78	6	162
LIU Chi	—	156	156	7	319
Total	134	967	967	34	2,102

* Mr. Wang Zhongming and Mr. Liu Keli retired as independent non-executive directors of the Company on May 21, 2009. Mr. Liu Changkun retired as independent non-executive directors of the Company on July 13, 2009.

^ Mr. Qian Shizheng was appointed as an independent non-executive director of the Company on November 16, 2007. Mr. Lian Weizeng and Mr. Wang Zhile were appointed as independent non-executive directors of the Company on May 21, 2009.

None of these directors and supervisors received any inducements or compensation for loss of office, or waived any emoluments during the periods presented.

8 Individuals with highest emoluments

Of the five highest paid individuals of the Group, three individuals were directors or supervisors of the Company for the years ended December 31, 2007, 2008 and 2009, whose emoluments are disclosed in Note 7. Of the five highest paid individuals of the Group, two individuals were directors or supervisors of the Company for the six-month periods ended June 30, 2009 and 2010.

The aggregate of the emoluments in respect of the remaining two individuals for the years ended December 31, 2007, 2008 and 2009, and the remaining three individuals for the six-month periods ended June 30, 2009 and 2010 respectively, are as follows:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB thousands	RMB thousands	RMB thousands	RMB thousands	RMB thousands
				(unaudited)	
Salaries, allowances and other benefits in kind	1,200	1,300	3,058	1,941	1,779
Retirement scheme contributions	21	13	14	22	26
	1,221	1,313	3,072	1,963	1,805

For the years ended December 31, 2007, 2008 and 2009, and the six-month periods ended June 30, 2009 and 2010, the emoluments of the non-director/supervisor employees among the five highest paid individuals are within the following bands:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				(unaudited)	
Nil—RMB500,000	—	—	—	2	—
RMB 500,001—RMB1,000,000	2	2	—	1	3
RMB1,000,001—RMB1,500,000	—	—	1	—	—
RMB1,500,001—RMB2,000,000	—	—	1	—	—
	2	2	2	3	3

None of these employees received any inducements or compensation for loss of office, or waived any emoluments during the periods presented.

9 Profit attributable to equity holders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB1,442 million, RMB1,537 million, RMB2,395 million, RMB1,127 million (unaudited) and RMB2,155 million recorded in the stand-alone financial statements of the Company for the years ended December 31, 2007, 2008 and 2009, and for the six-month periods ended June 30, 2009 and 2010, respectively.

10 Basic and diluted earnings per share

For the purpose of calculating earnings per share, the number of ordinary shares used in the calculation has been retrospectively adjusted to reflect the stock split in the form of bonus shares issued in March 2007, May 2008, May 2009 and July 2010 (see Notes 26(c) and 36) as if it had occurred at the beginning of the earliest period presented and such shares had been outstanding for all periods.

The calculation of basic earnings per share for the years ended December 31, 2007, 2008 and 2009, and six-month periods ended June 30, 2009 and 2010 is based on the profit attributable to equity shareholders of the Company of RMB1,439 million, RMB1,544 million, RMB2,447 million, RMB1,136 million (unaudited) and RMB2,202 million respectively, and the weighted average number of shares of 4,183 million for years ended December 31, 2007, 2008 and 2009, and 4,183 million (unaudited) and 4,795 million for the six-month periods ended June 30, 2009 and 2010, respectively.

There were no dilutive potential ordinary shares in issue as at December 31, 2007, 2008 and 2009, and June 30, 2009 and 2010.

11 Segment reporting

The Group manages its businesses by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments:

(i) Concrete machinery segment: this segment primarily researches, develops, manufactures and sells various concrete machineries, including truck-mounted concrete pumps, trailer-mounted concrete pumps, concrete placing booms, concrete mixing plants, truck-mounted concrete mixers, truck-mounted line concrete pumps and self-propelled boom concrete pumps.

(ii) Crane machinery segment: this segment primarily researches, develops, manufactures and sells a variety of cranes, including truck cranes, all-terrain truck cranes, crawler cranes and various types of tower cranes.

(iii) Environmental and sanitation machinery segment: this segment primarily researches, develops, manufactures and sells a wide range of environmental and sanitation machineries, including road sweepers, washing vehicles and waste treatment equipment.

(iv) Road construction and pile foundation machinery segment: this segment primarily researches, develops, manufactures and sells different types of road construction and pile foundation machineries, including road surface heaters, motor graders, road rollers, pavers, road surface cold planners, asphalt mixing equipment and rotary drilling rigs.

(v) Earth working machinery: this segment primarily researches, develops, manufactures and sells a variety of earth working machineries, including loaders, bulldozers and excavators.

(vi) Material handling machinery and systems segment: this segment primarily researches, develops, manufactures and sells different types of machineries and systems for handling huge materials, including stackers and reclaimers, pipe conveyors, port loading/unloading equipment and portal cranes.

(vii) Finance lease segment: this segment primarily provides finance lease services to customers for purchasing machinery products of the Group and from other vendors.

Other operating segments of the Group include research, development, manufacturing and sale of other machinery products, including specialized vehicles and vehicle axles. None of these segments met any of the quantitative thresholds for determining reportable segments for the years ended December 31, 2007, 2008 and 2009 and the six-month period ended June 30, 2010.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

The measure used for reporting segment profit is turnover less cost of sales and services.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2007, 2008 and 2009, and the six–month periods ended June 30, 2009 and 2010 is set out below:

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Reportable segment revenue:					
Concrete machinery	3,509	4,682	7,157	3,534	7,037
Crane machinery	4,206	6,237	8,298	3,663	5,910
Environmental and sanitation machinery	564	871	1,230	474	710
Road construction and pile foundation machinery	487	610	787	391	539
Earth working machinery	—	116	445	201	450
Material handling machinery and systems	—	261	873	163	281
Finance lease services	14	136	397	167	354
Total reportable segment revenue	8,780	12,913	19,187	8,593	15,281
Revenue from all other segments	193	635	1,575	634	808
Total	8,973	13,548	20,762	9,227	16,089
Reportable segment profit:					
Concrete machinery	1,126	1,292	2,042	985	2,182
Crane machinery	1,116	1,638	1,963	876	1,634
Environmental and sanitation equipment	183	271	406	139	234
Road construction and pile foundation machinery	83	235	260	135	193
Earth working machinery	—	5	72	25	81
Material handling machinery and systems	—	64	86	31	17
Finance lease services	12	127	232	144	195
Total reportable segment profit	2,520	3,632	5,061	2,335	4,536
Profit from all other segments	48	74	279	42	115
Total	2,568	3,706	5,340	2,377	4,651

(b) Reconciliation of segment profit

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Total segment profit	2,568	3,706	5,340	2,377	4,651
Other revenues and net income	19	142	105	28	6
Sales and marketing expenses	(691)	(959)	(1,250)	(439)	(986)
General and administrative expenses	(400)	(734)	(878)	(420)	(852)
Research and development expenses	(83)	(120)	(194)	(82)	(116)
Gain on disposal of lease prepayments	106	—	—	—	—
Gain/(loss) on disposal of subsidiaries and associates	12	3	(6)	—	—
Net finance costs	(60)	(301)	(295)	(174)	(150)
Share of profits less losses of associates	—	7	6	—	5
Consolidated profit before taxation	1,471	1,744	2,828	1,290	2,558

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, and lease prepayments ("specified non-current assets"). The geographical location of revenue is based on the selling location. The geographical location of specified non-current assets is based on the physical location of the asset. No geographic information is presented for trademarks, technical know-how and goodwill as these assets are commonly used by the Group both in and outside PRC. All other non-current assets are physically located in the PRC, except for customer relationships acquired through business combination of CIFA, which are determined to be outside PRC.

	The Group				
	For the years ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Revenue from external customers					
Mainland PRC	8,973	13,017	18,993	8,468	15,305
Outside PRC, primarily from Italy	—	531	1,769	759	784
Total	8,973	13,548	20,762	9,227	16,089

	The Group			
	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Specified non-current assets				
Mainland PRC	1,727	3,583	4,287	4,639
Outside PRC, primarily in Italy	—	337	303	237
Total	1,727	3,920	4,590	4,876

12 Property, plant and equipment

The Group

	Buildings	Machinery, plant and equipment	Motor vehicles and office equipment	Construction in progress	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Cost:					
Balance at January 1, 2007	564	490	142	197	1,393
Additions	25	53	47	219	344
Transferred from construction in progress	67	28	14	(109)	—
Acquired through business combinations	74	60	7	5	146
Disposals	(2)	(168)	(18)	—	(188)
Balance at December 31, 2007	728	463	192	312	1,695
Balance at January 1, 2008	728	463	192	312	1,695
Additions	20	154	85	691	950
Transferred from construction in progress	102	54	27	(183)	—
Acquired through business combinations	442	412	61	2	917
Disposals	(34)	(55)	(32)	—	(121)
Effect of exchange rate difference	—	(1)	—	—	(1)
Balance at December 31, 2008	1,258	1,027	333	822	3,440
Balance at January 1, 2009	1,258	1,027	333	822	3,440
Additions	45	95	128	706	974
Transferred from construction in progress	555	421	12	(988)	—
Acquired through business combinations	16	15	1	—	32
Disposals	(42)	(39)	(54)	—	(135)
Effect of exchange rate difference	2	7	1	—	10
Balance at December 31, 2009	1,834	1,526	421	540	4,321
Balance at January 1, 2010	1,834	1,526	421	540	4,321
Additions	30	26	43	249	348
Transferred from construction in progress	291	98	7	(396)	—
Disposals	(9)	(21)	(13)	(6)	(49)
Reclassification	—	(37)	37	—	—
Effect of exchange rate difference	(10)	(34)	(9)	—	(53)
Balance at June 30, 2010	2,136	1,558	486	387	4,567

	Buildings	Machinery, plant and equipment	Motor vehicles and office equipment	Construction in progress	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Accumulated depreciation and impairment:					
Balance at January 1, 2007	(85)	(146)	(54)	—	(285)
Depreciation charge for the year	(23)	(42)	(19)	—	(84)
Impairment losses for the year	(1)	(2)	(2)	—	(5)
Written back on disposals	—	55	7	—	62
Balance at December 31, 2007	(109)	(135)	(68)	—	(312)
Balance at January 1, 2008	(109)	(135)	(68)	—	(312)
Depreciation charge for the year	(44)	(101)	(34)	—	(179)
Impairment losses for the year	(1)	—	(1)	—	(2)
Written back on disposals	14	24	21	—	59
Balance at December 31, 2008	(140)	(212)	(82)	—	(434)
Balance at January 1, 2009	(140)	(212)	(82)	—	(434)
Depreciation charge for the year	(70)	(124)	(51)	—	(245)
Impairment losses for the year	—	—	(5)	—	(5)
Written back on disposals	10	24	13	—	47
Effect of exchange rate difference	—	(1)	—	—	(1)
Balance at December 31, 2009	(200)	(313)	(125)	—	(638)
Balance at January 1, 2010	(200)	(313)	(125)	—	(638)
Depreciation charge for the period	(46)	(91)	(35)	—	(172)
Written back on disposals	3	9	5	—	17
Reclassification	—	4	(4)	—	—
Effect of exchange rate difference	2	8	2	—	12
Balance at June 30, 2010	(241)	(383)	(157)	—	(781)
Net book value:					
Balance at December 31, 2007	619	328	124	312	1,383
Balance at December 31, 2008	1,118	815	251	822	3,006
Balance at December 31, 2009	1,634	1,213	296	540	3,683
Balance at June 30, 2010	1,895	1,175	329	387	3,786

The Company

	Buildings	Machinery, plant and equipment	Motor vehicles and office equipment	Construction in progress	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Cost:					
Balance at January 1, 2007	521	460	110	196	1,287
Additions	18	47	48	212	325
Transferred from construction in progress	23	70	13	(106)	—
Disposals	(1)	(143)	(9)	—	(153)
Balance at December 31, 2007	561	434	162	302	1,459
Balance at January 1, 2008	561	434	162	302	1,459
Additions	19	80	70	671	840
Transferred from construction in progress	148	8	7	(163)	—
Disposals	(2)	(29)	(11)	—	(42)
Balance at December 31, 2008	726	493	228	810	2,257
Balance at January 1, 2009	726	493	228	810	2,257
Additions	39	60	113	458	670
Transferred from construction in progress	404	352	4	(760)	—
Disposals	(25)	(19)	(26)	—	(70)
Balance at December 31, 2009	1,144	886	319	508	2,857
Balance at January 1, 2010	1,144	886	319	508	2,857
Additions	29	9	27	223	288
Transferred from construction in progress	284	61	7	(352)	—
Disposals	(2)	(10)	(9)	(6)	(27)
Transferred to subsidiaries	—	(29)	(8)	(2)	(39)
Reclassification	—	(37)	37	—	—
Balance at June 30, 2010	1,455	880	373	371	3,079

	Buildings	Machinery, plant and equipment	Motor vehicles and office equipment	Construction in progress	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Accumulated depreciation and impairment:					
Balance at January 1, 2007	(82)	(136)	(43)	—	(261)
Depreciation charge for the year	(21)	(39)	(16)	—	(76)
Written back on disposals	—	48	4	—	52
Balance at December 31, 2007	(103)	(127)	(55)	—	(285)
Balance at January 1, 2008	(103)	(127)	(55)	—	(285)
Depreciation charge for the year	(20)	(47)	(23)	—	(90)
Impairment losses for the year	—	—	(1)	—	(1)
Written back on disposals	—	9	10	—	19
Balance at December 31, 2008	(123)	(165)	(69)	—	(357)
Balance at January 1, 2009	(123)	(165)	(69)	—	(357)
Depreciation charge for the year	(30)	(55)	(37)	—	(122)
Impairment losses for the year	—	—	(5)	—	(5)
Written back on disposals	3	13	8	—	24
Balance at December 31, 2009	(150)	(207)	(103)	—	(460)
Balance at January 1, 2010	(150)	(207)	(103)	—	(460)
Depreciation charge for the period	(26)	(45)	(25)	—	(96)
Written back on disposals	—	5	3	—	8
Transferred to subsidiaries	—	4	3	—	7
Reclassification	—	4	(4)	—	—
Balance at June 30, 2010	(176)	(239)	(126)	—	(541)
Net book value:					
Balance at December 31, 2007	458	307	107	302	1,174
Balance at December 31, 2008	603	328	159	810	1,900
Balance at December 31, 2009	994	679	216	508	2,397
Balance at June 30, 2010	1,279	641	247	371	2,538

13 Intangible assets

The Group

	Trademarks	Technical know how	Software, patents and similar rights	Customer relationships	Capitalized development costs	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Cost:						
Balance at January 1, 2007	36	33	8	—	—	77
Additions	—	—	6	—	—	6
Balance at December 31, 2007	36	33	14	—	—	83
Balance at January 1, 2008	36	33	14	—	—	83
Additions	—	—	8	—	4	12
Acquired through business combinations	854	93	18	412	15	1,392
Disposals	—	(31)	—	—	—	(31)
Effect of exchange rate difference	(8)	(1)	—	(4)	—	(13)
Balance at December 31, 2008	882	94	40	408	19	1,443
Balance at January 1, 2009	882	94	40	408	19	1,443
Additions	—	—	57	—	13	70
Disposals	—	—	(1)	—	—	(1)
Effect of exchange rate difference	24	3	1	12	1	41
Balance at December 31, 2009	906	97	97	420	33	1,553
Balance at January 1, 2010	906	97	97	420	33	1,553
Additions	—	—	8	—	5	13
Effect of exchange rate difference	(133)	(15)	(4)	(65)	(6)	(223)
Balance at June 30, 2010	773	82	101	355	32	1,343

	Trademarks	Technical know how	Software, patents and similar rights	Customer relationships	Capitalized development costs	Total
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Accumulated amortization and impairment:						
Balance at January 1, 2007	(15)	(13)	(2)	—	—	(30)
Amortization for the year	—	(3)	(1)	—	—	(4)
Balance at December 31, 2007	(15)	(16)	(3)	—	—	(34)
Balance at January 1, 2008	(15)	(16)	(3)	—	—	(34)
Amortization for the year	—	(3)	(5)	(8)	(2)	(18)
Impairment losses for the year	(22)	—	—	—	—	(22)
Written back on disposals	—	17	—	—	—	17
Balance at December 31, 2008	(37)	(2)	(8)	(8)	(2)	(57)
Balance at January 1, 2009	(37)	(2)	(8)	(8)	(2)	(57)
Amortization for the year	—	(7)	(14)	(34)	(8)	(63)
Effect of exchange rate difference	—	—	—	(1)	—	(1)
Balance at December 31, 2009	(37)	(9)	(22)	(43)	(10)	(121)
Balance at January 1, 2010	(37)	(9)	(22)	(43)	(10)	(121)
Amortization for the period	—	(3)	(7)	(16)	(5)	(31)
Effect of exchange rate difference	—	2	1	7	1	11
Balance at June 30, 2010	(37)	(10)	(28)	(52)	(14)	(141)
Net book value:						
Balance at December 31, 2007	21	17	11	—	—	49
Balance at December 31, 2008	845	92	32	400	17	1,386
Balance at December 31, 2009	869	88	75	377	23	1,432
Balance at June 30, 2010	736	72	73	303	18	1,202

The additions of intangible assets in 2008 arose from the acquisition of CIFA. The fair value of the acquired intangible assets was based on a valuation performed by an independent appraiser. Further details of the acquisition of CIFA are set out in Note 14(b)(ii).

The Company

	Trademarks	Technical know how	Software, patents and similar rights	Total
	RMB millions	RMB millions	RMB millions	RMB millions
Cost:				
Balance at January 1, 2007	36	2	8	46
Additions	—	—	5	5
Balance at December 31, 2007	36	2	13	51
Balance at January 1, 2008	36	2	13	51
Additions	—	—	8	8
Balance at December 31, 2008	36	2	21	59
Balance at January 1, 2009	36	2	21	59
Additions	—	—	45	45
Balance at December 31, 2009	36	2	66	104
Balance at January 1, 2010	36	2	66	104
Additions	—	—	8	8
Balance at June 30, 2010	36	2	74	112
Accumulated amortization and impairment:				
Balance at January 1, 2007	(14)	(1)	(2)	(17)
Amortization for the year	—	—	(1)	(1)
Balance at December 31, 2007	(14)	(1)	(3)	(18)
Balance at January 1, 2008	(14)	(1)	(3)	(18)
Amortization for the year	—	—	(2)	(2)
Impairment loss	(22)	—	—	(22)
Balance at December 31, 2008	(36)	(1)	(5)	(42)
Balance at January 1, 2009	(36)	(1)	(5)	(42)
Amortization for the year	—	—	(3)	(3)
Balance at December 31, 2009	(36)	(1)	(8)	(45)
Balance at January 1, 2010	(36)	(1)	(8)	(45)
Amortization for the period	—	—	(4)	(4)
Balance at June 30, 2010	(36)	(1)	(12)	(49)
Net book value:				
Balance at December 31, 2007	22	1	10	33
Balance at December 31, 2008	—	1	16	17
Balance at December 31, 2009	—	1	58	59
Balance at June 30, 2010	—	1	62	63

The impairment loss of trademarks in 2008 relates to the trademark "Zhong Biao" used for environmental and sanitation machinery products, which was acquired in 2003. In 2008, the Group adopted an unified trademark of "Zoomlion" on all of the Group's products manufactured in the PRC and abandoned the use of the "Zhong Biao" trademark. Therefore, a full impairment provision was made against this trademark as the Group expects that there will be no future cash flows arising from the use of this trademark. The impairment loss was recorded in general and administrative expenses.

14 Goodwill

	The Group			
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Balance at January 1	—	—	2,029	2,082
Acquired through business combinations	—	2,029	—	—
Effect of exchange rate difference	—	—	53	(270)
Balance at December 31/June 30	—	2,029	2,082	1,812

During the periods presented, the Company had the following significant business combinations:

(a) Business combinations in 2007

In December 2007, the Company completed the acquisitions of the entities listed below (including the entire assets and business operations of Hunan Zoomlion Special Vehicles Co., Ltd. (formerly known as Puyuan Motor Vehicles Co., Ltd.) from Research Institute and its affiliated companies and certain third parties for total cash consideration of RMB283 million (RMB270 million paid/payable to Research Institute and its affiliated companies), of which RMB214 million was paid and RMB65 million and RMB4 million were included in amounts due to related parties and accrued expenses and other payables, respectively as at December 31, 2007.

Name of entity	Acquired from related parties	Acquired from third parties	Total acquired
Changsha High-tech Development Area Zhongwang Co., Ltd.	90.0%	10.0%	100.0%
Hunan Teli Hydraulic Co., Ltd.	66.8%	—	66.8%
Puyuan Construction Machinery Head Factory Shanghai Branch Factory	67.4%	—	67.4%
Hunan Changde Wuling Second Factory	75.5%	24.5%	100.0%
Hunan Zhongchen Rolled Steel Manufacturing Engineering Co., Ltd. (Note)	40.0%	—	40.0%
Hunan Zoomlion Special Vehicles Co., Ltd.	100.0%	—	100.0%

Note:
Prior to the acquisition, the Group owned 22% equity interest in this entity. After the acquisition, the Group owns 62% equity interest in the entity and has consolidated this entity.

Historically, the above entities were vendors of raw materials and components for the Group's products and providers of procurement services. The Company acquired these entities to streamline the supply of raw materials and components in production and to reduce related party transactions.

The above acquisitions were accounted for under the acquisition method. The Company allocated the purchase price to identifiable assets acquired and liabilities assumed based on their estimated fair values. Management determined the fair values of the identifiable assets acquired and liabilities assumed based on respective valuations performed by an independent appraiser.

The following table summarizes the purchase price allocation of the fair value of the identifiable assets acquired and liabilities assumed in respect of the above acquisitions at the acquisition date.

	RMB millions
Property, plant and equipment	146
Lease prepayments	37
Deferred tax assets	4
Inventories	151
Trade and other receivables	418
Cash and cash equivalents	49
Total assets acquired	805
Loans and borrowings	(28)
Trade and other payables	(364)
Income tax payable	(5)
Deferred tax liabilities	(12)
Total liabilities assumed	(409)
Non-controlling interests	(84)
Gain on bargain purchase	(29)
Total cost of acquisition	283
Considerations payable	(69)
Cash acquired	(49)
Net cash outflow	165

Had the acquisitions of the 2007 acquired entities occurred on January 1, 2007, management estimates that, on a pro forma basis, consolidated turnover of the Group for the year ended December 31, 2007 would have been RMB9,170 million and consolidated profit for the year ended December 31, 2007 would have been RMB1,519 million. In determining these figures it has been assumed that the fair value adjustments at January 1, 2007 would have been the same as the fair value adjustments that arose at the respective dates of acquisitions in respect of the 2007 acquired entities. This pro forma financial information has been prepared taking into account the impact of fair value adjustments on property, plant and equipment, and the related adjustments on deferred taxes and depreciation. The pro forma financial information does not purport to represent the actual results of the Group that would have been had the respective acquisitions taken place on January 1, 2007 and should not be taken to be representative of future results.

(b) Business combinations in 2008

(i) Business combinations in the PRC

In 2008, the Company completed the acquisitions of the entities listed below from third parties for cash consideration of RMB525 million. The primary reason for these acquisitions was to expand the Group's product portfolio of machineries.

Name of entity	Equity interest acquired	Date of acquisition	Principal activities
Shaanxi Zoomlion Earth Working Machinery Co., Ltd. ("Zoomlion Earth Working", formerly known as Shaanxi Xinhuanggong Machinery Co., Ltd.)	100%	June 2008	Manufacture of earth working machinery
Hunan Zoomlion Axle Co., Ltd. ("Zoomlion Axle") ...	84.9%	June 2008	Manufacture of motor vehicle components
Zoomlion Material Handling Equipment Co., Ltd. ("Zoomlion Material Handling", formerly known as Huatai Machinery Manufacturing Co., Ltd.)	82%	July 2008	Manufacture of material handling machinery

The above business combinations were accounted for under the acquisition method. The Company allocated the purchase price to identifiable assets acquired and liabilities assumed based on their estimated fair values. Management determined the fair values of the identifiable assets acquired and liabilities assumed based on valuations performed by an independent appraiser. Goodwill of RMB135 million, RMB11 million and RMB67 million was recognized for the acquisitions of Zoomlion Earth Working, Zoomlion Axle and Zoomlion Material Handling respectively, which relates to the assembled workforce of Zoomlion Earth Working, Zoomlion Axle and Zoomlion Material Handling and the synergies expected to be achieved from integrating the business of these entities with the Group's existing business. The goodwill recognized in connection with the acquisitions of Zoomlion Earth Working, Zoomlion Axle and Zoomlion Material Handling is not deductible for tax purposes. The goodwill arising from the acquisition of Zoomlion Earth Working, Zoomlion Axle and Zoomlion Material Handling respectively is allocated to the related business segments these entities belong to, which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The following table summarizes the aggregate purchase price allocation of the fair value of the identifiable assets acquired and liabilities assumed in respect of the above acquisitions at the acquisition date.

	RMB millions
Property, plant and equipment	577
Lease prepayments	416
Other financial assets	3
Deferred tax assets	7
Inventories	344
Trade and other receivables	599
Cash and cash equivalents	139
Total assets acquired	2,085
Loans and borrowings	(225)
Trade and other payables	(1,377)
Deferred tax liabilities	(74)
Total liabilities assumed	(1,676)
Non-controlling interests	(97)
Goodwill	213
Total cost of acquisition	525
Cash acquired	(139)
Net cash outflow	386

(ii) Business combination in Europe

In September 2008, the Company and other three co-investors acquired 100% of the equity interests in CIFA, an unlisted Italian company. The Company's share of CIFA's equity interest is 60% and the other co-investors' share is 40%. CIFA is engaged in the manufacturing of concrete machinery, including truck-mounted concrete pumps and truck mixers. The Company's cost of acquisition was approximately EUR162.6 million (equivalent to RMB1,680 million) payable in cash. The primary reason for the acquisition was to expand the Group's product portfolio and geographical markets. The business combination was recorded using the acquisition method of accounting. The fair value of the identifiable assets acquired and liabilities assumed of CIFA was based on a valuation performed by an independent appraiser. Goodwill of RMB1,816 million was recorded for the acquisition, which relates to the assembled workforce of CIFA and the synergies expected to be achieved from integrating CIFA's concrete machinery business with the Group's existing business. The goodwill recognized in connection with the business combination of CIFA is not deductible for tax purpose. The goodwill arising from the acquisition of CIFA is allocated to Group's concrete machinery business segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The following table summarizes the aggregate purchase price allocation of the fair value of the identifiable assets acquired and liabilities assumed in respect of the above acquisition at the acquisition date.

	RMB millions
Property, plant and equipment	340
Intangible assets	1,392
Interests in associates	3
Deferred tax assets	68
Inventories	1,008
Trade and other receivables	1,036
Cash and cash equivalents	197
Total assets acquired	4,044
Loans and borrowings	(2,453)
Trade and other payables	(1,218)
Income tax payable	(85)
Deferred tax liabilities	(498)
Total liabilities assumed	(4,254)
Non-controlling interests	74
Goodwill	1,816
Total cost of acquisition	1,680
Cash acquired	(197)
Net cash outflow	1,483

(iii) From the respective acquisition dates of Zoomlion Earth Working, Zoomlion Axle, Zoomlion Material Handling and CIFA (the "2008 acquired entities") to December 31, 2008, the 2008 acquired entities contributed a total of RMB1,414 million to the consolidated turnover and RMB42 million to the consolidated profit of the Group for the year ended December 31, 2008.

Had the acquisitions of the 2008 acquired entities occurred on January 1, 2008, management estimates that, on a pro forma basis, consolidated turnover of the Group for the year ended December 31, 2008 would have been RMB16,894 million and consolidated profit for the year ended December 31, 2008 would have been RMB1,587 million. In determining these figures it has been assumed that the fair value adjustments at January 1, 2008 would have been the same as the fair value adjustments that arose at the respective dates of acquisitions in respect of the 2008 acquired entities. This pro forma financial information has been prepared taking into account the impact of fair value adjustments on property, plant and equipment and intangible assets, and the related adjustments on deferred taxes, depreciation and amortization. The pro forma financial information does not purport to represent the actual results of the Group that would have been had the respective acquisitions taken place on January 1, 2008 and should not be taken to be representative of future results.

(c) Business combination in 2009

In January 2009, the Company acquired from third parties 75% of the equity interests in Changde Zoomlion Hydraulic Pressure Co., Ltd. (formerly known as Changde Xincheng Hydraulic Pressure Co., Ltd.), which is a manufacturer of hydraulic components in the PRC, in order to strengthen the supply chain of hydraulic components. The purchase price was

RMB30 million cash which approximated the Company's share of fair value of the acquiree's identifiable net assets at acquisition date. The financial statements of the acquiree has been consolidated into the Group's consolidated financial statements since January 1, 2009.

(d) Goodwill impairment test

In accordance with the Group's accounting policies, management has assessed the recoverable amount of the goodwill and determined that goodwill has not been impaired. The recoverable amount of the respective cash-generating units has been determined by a value-in-use calculation, which uses cash flow projections based on financial budgets approved by management. For the acquirees in the PRC, the cash flow projections covered a period of five years and adopted a pre-tax discount rate of approximately 19.0%; while for CIFA, the cash flow projections covered a period of three years and adopted a pre-tax discount rate of approximately 11.3%. The discount rates were determined based on the applicable weighted average cost of capital of the acquirees in the PRC and CIFA respectively, which reflect the time value of money and the specific risks relating to the respective acquirees' businesses. The cash flow projections have taken into account the historical financial performance, expected sales growth rates and profit margins of the respective acquirees, market conditions and other available information. The assumptions used are based on management's past experience of the specific market, having made reference to external sources of information. Cash flows beyond the five-year period and three-year period for the acquirees in the PRC and CIFA are extrapolated using estimated growth rate of 3.0% and 2.5% respectively, that do not exceed the long-term average growth rate for the business in which the respective cash-generating units operate.

15 Interests in associates

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Unlisted share, at cost	—	—	—	—	81	62	52	53
Share of net assets	87	78	71	70	—	—	—	—
	87	78	71	70	81	62	52	53

The following contains particulars of the principal associates of the Group as at June 30, 2010:

Name of company	Particulars of issued and paid up capital	The Group's effective interest in the company	Principal activities
	(millions)		
Changsha Zoomlion Fire Control Machinery Co., Ltd.	RMB 11	49%	Manufacture of fire fighting vehicles and equipment
Bichamp Cutting Technology (Hunan) Co., Ltd.	RMB 100	32%	Manufacture of metallic products and materials

None of the associates is individually and in aggregate material to the Group's and the Company's financial condition or results of operations for all periods presented.

16 Inventories

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB Millions	RMB millions	RMB millions
Raw materials	939	2,398	3,055	3,068	724	1,654	1,768	2,143
Work in progress	770	1,017	1,620	1,676	681	686	1,194	1,166
Finished goods	923	1,756	1,597	2,430	915	1,201	1,247	2,244
	2,632	5,171	6,272	7,174	2,320	3,541	4,209	5,553

17 Trade and other receivables

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Trade receivables	1,822	3,936	5,401	8,175	1,702	2,533	3,826	6,689
Less: allowance for doubtful debts (Note (b))	(153)	(255)	(340)	(572)	(133)	(182)	(249)	(479)
	1,669	3,681	5,061	7,603	1,569	2,351	3,577	6,210
Less: trade receivables due after one year	(86)	(106)	(229)	(479)	(86)	(106)	(215)	(477)
	1,583	3,575	4,832	7,124	1,483	2,245	3,362	5,733
Bills receivable (Note (c))	191	308	491	408	163	100	171	215
	1,774	3,883	5,323	7,532	1,646	2,345	3,533	5,948
Amounts due from related parties (Note 31(b))	138	23	29	58	135	23	25	52
Amounts due from subsidiaries	—	—	—	—	473	1,730	4,405	5,500
Prepayments for purchase of raw materials	264	329	394	886	271	190	128	306
Prepayments for purchase of property, plant and equipment	61	8	20	186	37	8	14	148
Prepaid expenses	105	87	113	200	12	22	24	57
VAT recoverable	—	231	81	192	—	131	55	33
Others	95	221	305	361	13	21	58	200
	2,437	4,782	6,265	9,415	2,587	4,470	8,242	12,244

All of the trade and other receivables (including amounts due from subsidiaries), except those described below, are expected to be recovered or recognized as expense within one year.

The Group allows certain customers with appropriate credit standing to make payments in equal monthly installments over a maximum period of 24 months ("installment payment method"). Installment payments with terms more than one year are discounted at a rate which approximates the debtor's borrowing rate in transactions with an independent lender under comparable terms and conditions. For the years ended December 31, 2007, 2008 and 2009, and six-month period ended June 30, 2010, the weighted average discount rates were approximately 5.3%, 5.3%, 5.3% and 5.3% per annum, respectively. As at December 31, 2007, 2008 and 2009, and June 30, 2010, trade receivables due after one year of RMB86 million, RMB106 million, RMB229 million, and RMB479 million were presented net of unearned interest of RMB6 million, RMB7 million, RMB14 million, and RMB30 million, respectively.

(a) Ageing analysis of trade receivables

Ageing analysis of trade receivables (net of allowance for doubtful debts) as at the balance sheet dates is as follows:

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Within 1 month	608	1,579	2,133	2,848	621	593	1,252	2,271
Over 1 month but less than 3 months	163	532	382	944	145	364	259	809
Over 3 months but less than 1 year	594	1,109	1,427	2,630	527	989	1,074	2,120
Over 1 year but less than 2 years	207	392	931	913	197	366	834	779
Over 2 years but less than 3 years	53	32	161	222	44	13	143	193
Over 3 years but less than 5 years	44	37	27	46	35	26	15	38
	1,669	3,681	5,061	7,603	1,569	2,351	3,577	6,210

As part of the Group's ongoing control procedures, management monitors the creditworthiness of customers to which it grants credit in the normal course of business. Credit terms normally range from 1 to 3 months from the date of billing, except that for certain products, customers are allowed to withhold retention money amounting to 5-10 percents of the invoice amount until the product's warranty period expires. Credit exposure limits are established to avoid concentration risk with respect to any single customer.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (Note 2(j)).

The movement in the allowance for doubtful debts during the periods presented, including both specific and collective loss components, is as follows:

	The Group				The Company			
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Balance at January 1	(90)	(153)	(255)	(340)	(75)	(133)	(182)	(249)
Impairment losses recognized	(65)	(104)	(87)	(247)	(60)	(50)	(68)	(245)
Uncollected amounts written off	2	2	2	15	2	1	1	15
Balance at December 31/ June 30	(153)	(255)	(340)	(572)	(133)	(182)	(249)	(479)

(c) To manage credit risk, the Group may from time to time demand customers to pay by bills receivable. Bills receivable primarily represent short-term bank acceptance notes receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 1 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable.

18 Receivables under finance lease

	The Group			
	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Gross investment	429	2,456	9,190	15,929
Unearned finance income	(48)	(209)	(847)	(1,556)
	381	2,247	8,343	14,373
Less: Amounts due after one year	(255)	(1,432)	(5,060)	(8,766)
Amounts due within one year	126	815	3,283	5,607

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement. The finance lease contracts entered into by the Group typically are for a period of 2 to 4 years. At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. The leases do not provide any guarantee of residual values. The Group monitors the credit risk arising from finance lease arrangement through various control measures as set out in Note 28(a). Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, finance income under finance lease is recognized in accordance with the accounting policies as set out in Note 2(o)(ii). The minimum lease payments receivable at the respective balance sheet dates are as follows:

	The Group			
	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Present value of the minimum lease payments				
Within 1 year	126	815	3,283	5,607
Over 1 year but less than 2 years	137	805	2,665	4,654
Over 2 years but less than 3 years	104	501	1,865	3,132
Over 3 years	14	126	530	980
	381	2,247	8,343	14,373
Unearned finance income				
Within 1 year	26	115	478	882
Over 1 year but less than 2 years	13	56	252	456
Over 2 years but less than 3 years	7	30	96	180
Over 3 years	2	8	21	38
	48	209	847	1,556
Gross investment				
Within 1 year	152	930	3,761	6,489
Over 1 year but less than 2 years	150	861	2,917	5,110
Over 2 years but less than 3 years	111	531	1,961	3,312
Over 3 years	16	134	551	1,018
	429	2,456	9,190	15,929

As at December 31, 2007, 2008 and 2009, and June 30, 2010, receivables under finance lease of RMB43 million, RMB1,018 million, RMB4,671 million and RMB7,570 million respectively (included in the above balances) were factored to banks with recourse.

19 Pledged bank deposits

The pledged bank deposits represent cash maintained at banks as security for guarantees of payment relating to the issuance of bills payable to certain vendors of the Group, for guarantees given by the Group to banks in respect of loans provided by such banks to certain customers for purchase of the Group's products (Note 30(a)) and for finance lease receivables that have been factored. Upon maturity of the bills payable, which generally range from 3 to 6 months, or upon full repayment of the customers' loans or finance lease receivables, the restriction on the bank deposits is released.

20 Cash and cash equivalents

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Cash at bank and on hand								
—RMB denominated	701	2,203	2,965	6,305	546	1,798	2,270	5,265
—USD denominated	28	567	344	343	—	—	7	102
—EUR denominated	—	143	112	340	—	1	1	1
—Other currencies	—	—	18	53	—	—	14	10
	729	2,913	3,439	7,041	546	1,799	2,292	5,378

21 Loans and borrowings

(a) *Short-term loans and borrowings:*

		The Group				The Company			
		As at December 31,			As at June 30,	As at December 31,			As at June 30,
		2007	2008	2009	2010	2007	2008	2009	2010
	Note	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Secured short-term bank loans									
—RMB denominated	(i)	28	131	55	65	—	—	—	—
—EUR denominated	(ii)	—	2,337	2,475	—	—	—	—	—
Unsecured short-term bank loans									
—RMB denominated		759	1,340	1,012	30	748	1,020	470	—
—JPY denominated		—	42	568	632	—	—	133	572
—EUR denominated		—	94	144	376	—	—	—	214
—USD denominated		41	674	2,002	1,882	14	259	1,041	1,098
—Other currencies		—	—	—	61	—	—	—	—
Unsecured RMB denominated commercial paper	(iii)	—	900	—	—	—	900	—	—
Current portion of long-term bank loans		19	716	2,297	3,822	—	200	—	384
		847	6,234	8,553	6,868	762	2,379	1,644	2,268

Notes:

(i) The RMB denominated secured short-term bank loans as at December 31, 2007, 2008 and 2009, and June 30, 2010 respectively, were secured by certain properties with an aggregate carrying value of RMB13 million, RMB133 million, RMB85 million and RMB88 million.

(ii) As at December 31, 2008 and 2009, the EUR denominated secured short-term bank loans were secured by trade receivables and 100% equity interests of the Company's certain subsidiaries in Italy. The loans were subject to the fulfillment of certain quarterly financial covenants applicable to the Company's subsidiaries in Italy. Such loans were fully repaid in June 2010.

(iii) The RMB denominated unsecured commercial paper was issued on February 2, 2008 and repaid on February 3, 2009. The commercial paper bore interest at 6.3% per annum and was used to repay bank loans and provide working capital.

(b) Long-term loans and borrowings:

		The Group				The Company			
		As at December 31,			As at June 30,	As at December 31,			As at June 30,
		2007	2008	2009	2010	2007	2008	2009	2010
	Note	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Secured long-term bank loans									
—RMB denominated	(i)	43	1,014	4,515	7,337	—	—	—	—
—EUR denominated	(ii)	—	—	—	1,486	—	—	—	—
Unsecured long-term bank loans									
—RMB denominated	(iii)	300	1,409	486	484	300	1,407	485	483
—EUR denominated	(iv)	—	14	12	831	—	—	—	—
—USD denominated	(v)	—	1,344	1,815	2,081	—	—	—	272
Unsecured bond	(vi)	—	1,089	1,090	1,091	—	1,089	1,090	1,091
		343	4,870	7,918	13,310	300	2,496	1,575	1,846
Less: Current portion of long-term bank loans . . .		(19)	(716)	(2,297)	(3,822)	—	(200)	—	(384)
		324	4,154	5,621	9,488	300	2,296	1,575	1,462

Notes:

(i) The RMB denominated secured long-term bank loans as at December 31, 2007, 2008 and 2009, and June 30, 2010 were secured by certain receivables under finance lease with a carrying value of RMB43 million, RMB1,018 million, RMB4,671 million and RMB7,570 million and had maturities ranging from 1 to 4 years from the respective balance sheet date.

(ii) As at June 30, 2010, the EUR denominated secured long-term bank loans are secured by 100% equity interest of certain Company's subsidiaries in Italy. Such loans bear interest at EURIBOR plus 2.2% per annum and are repayable in full in June 2013.

(iii) The RMB denominated unsecured long-term bank loans as at December 31, 2007, 2008 and 2009, and June 30, 2010 had maturities ranging from 10 months to 4 years from the respective balance sheet date.

(iv) As at June 30, 2010, EUR denominated unsecured long-term bank loan of RMB823 million bore interest at EURIBOR plus 2.0% per annum and are repayable in full in June 2013.

As at December 31, 2008, 2009 and June 30, 2010, EUR denominated unsecured long-term bank loans of RMB14 million, RMB12 million and RMB8 million respectively are repayable in quarterly installments through 2014.

(v) As at December 31, 2008, 2009 and June 30, 2010, the USD denominated unsecured long-term bank loans of RMB1,344 million, RMB1,351 million and RMB1,348 million respectively bears interest at LIBOR plus 0.9% per annum and is repayable in full in September 2011. This long-term bank loan is subject to the fulfillment of certain semi-annual and annual financial covenants of the Group. As at December 31, 2008 and 2009, and June 30, 2010, the Group was in compliance with these financial covenants.

As at December 31, 2009 and June 30, 2010, the remaining unsecured long-term bank loans of RMB464 million and RMB733 million respectively bear interest at LIBOR plus 1.2% to 2.2% per annum and have maturities ranging from 20 months to 2 years from the respective balance sheet date.

(vi) In April 2008, the Company issued bonds with principal amount of RMB1,100 million to public and institutional investors. The bonds bear interest at a fixed rate of 6.5% per annum and mature in April 2016. The holders of the bonds have an option to redeem, in whole or in part, of the principal amount of the bond on the fifth anniversary date of the bond issuance date at par value.

(c) Except as disclosed in Notes 21(a)(ii) and 21(b)(v) above, none of the Group's loans and borrowings contains any financial covenants.

22 Trade and other payables

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Trade creditors	1,519	3,150	4,369	6,662	1,021	1,411	2,108	4,379
Bills payable	614	1,539	3,843	5,482	600	1,379	3,499	5,165
Trade creditors and bills payable (Note (a))	2,133	4,689	8,212	12,144	1,621	2,790	5,607	9,544
Amounts due to related parties (Note 31(b))	157	1	—	—	152	1	—	—
Amounts due to subsidiaries	—	—	—	—	419	823	2,659	1,239
Receipts in advance	430	366	446	1,080	395	271	331	751
Payable for acquisition of property, plant and equipment	13	243	386	438	13	153	358	381
Accrued staff costs	293	494	402	493	262	257	224	332
VAT payable	71	109	265	686	67	44	163	554
Security deposits (Note 25)	147	391	270	417	109	191	217	205
Product warranty provision (Note (b))	30	127	87	93	30	44	36	52
Sundry taxes payable	12	53	63	95	6	22	20	56
Dividend payable	—	—	—	65	—	—	—	65
Other accrued expenses	232	447	501	617	254	173	177	394
	3,518	6,920	10,632	16,128	3,328	4,769	9,792	13,573

Notes:

(a) Ageing analysis of trade creditors and bills payable as at the balance sheet dates is as follows:

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Due within 1 month or on demand	1,441	2,458	1,901	4,668	989	1,145	1,788	3,454
Due after 1 month but within 3 months	393	1,043	2,105	2,759	369	748	1,761	2,240
Due after 3 months but within 6 months	241	788	2,238	3,081	235	659	1,968	2,898
Due after 6 months but less than 12 months	58	400	1,968	1,636	28	238	90	952
	2,133	4,689	8,212	12,144	1,621	2,790	5,607	9,544

(b) Product warranty provision

	The Group	The Company
	RMB millions	RMB millions
Balance at January 1, 2007	19	19
Provision for the year	68	68
Utilization during the year	(57)	(57)
Balance at December 31, 2007	30	30
Balance at January 1, 2008	30	30
Assumed through business combinations	81	—
Provision for the year	117	112
Utilization during the year	(101)	(98)
Balance at December 31, 2008	127	44
Balance at January 1, 2009	127	44
Provision for the year	87	85
Utilization during the year	(127)	(93)
Balance at December 31, 2009	87	36
Balance at January 1, 2010	87	36
Provision for the period	64	54
Utilization during the period	(58)	(38)
Balance at June 30, 2010	93	52

A provision for warranties is recognized when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 12 months from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

23 Income tax in the balance sheets

(a) Income tax payable in the balance sheets represents:

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Provision for PRC income tax	80	62	281	443	72	47	270	413
Provision for income tax in other tax jurisdictions	—	8	2	1	—	—	—	—
	80	70	283	444	72	47	270	413

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheets and the movements during the years and periods are presented as follows:

The Group

Year ended December 31, 2007

	Balance at January 1, 2007	Credited to profit or loss	Charged to reserve	Acquired through business combinations	Balance at December 31, 2007
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:					
Trade and other receivables	18	17	—	4	39
Inventories	1	8	—	—	9
Accrued expenses	—	19	—	—	19
Total	19	44	—	4	67
Deferred tax liabilities arising from:					
Property, plant and equipment	—	—	—	(6)	(6)
Lease prepayments	—	—	—	(6)	(6)
Available-for-sale equity securities	—	—	(1)	—	(1)
Total	—	—	(1)	(12)	(13)

Year ended December 31, 2008

	January 1, 2008	(Charged)/ credited to profit or loss	Credited to reserve	Acquired through business combinations	Effects of exchange rate	Balance at December 31, 2008
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:						
Trade and other receivables	39	(3)	—	—	—	36
Inventories	9	(7)	—	27	—	29
Accrued expenses	19	(5)	—	31	(1)	44
Available-for-sale equity securities	—	—	1	—	—	1
Others	—	(2)	—	17	(1)	14
Total	67	(17)	1	75	(2)	124
Deferred tax liabilities arising from:						
Property, plant and equipment	(6)	3	—	(35)	1	(37)
Intangible assets	—	—	—	(469)	4	(465)
Lease prepayments	(6)	1	—	(48)	1	(52)
Available-for-sale equity securities	(1)	—	1	—	—	—
Others	—	1	—	(20)	1	(18)
Total	(13)	5	1	(572)	7	(572)

Year ended December 31, 2009

	Balance at January 1, 2009	Credited/ (charged) to profit or loss	Acquired through business combinations	Effect of exchange rate	Balance at December 31, 2009
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:					
Trade and other receivables	36	10	—	3	49
Inventories	29	(1)	—	—	28
Accrued expenses	44	(3)	—	5	46
Available-for-sale equity securities	1	—	—	—	1
Tax losses	—	17	—	—	17
Others	14	(7)	—	—	7
Total	124	16	—	8	148
Deferred tax liabilities arising from:					
Property, plant and equipment	(37)	26	—	(1)	(12)
Intangible assets	(465)	17	—	(12)	(460)
Lease prepayments	(52)	4	(1)	—	(49)
Others	(18)	(4)	—	(7)	(29)
Total	(572)	43	(1)	(20)	(550)

Period ended June 30, 2010

	Balance at January 1, 2010	Credited/ (charged) to profit or loss	Effect of exchange rate	Balance at June 30, 2010
	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:				
Trade and other receivables	49	32	(1)	80
Inventories	28	3	(2)	29
Accrued expenses	46	32	(6)	72
Available-for-sale equity securities	1	(1)	—	—
Tax losses	17	37	(6)	48
Others	7	32	(4)	35
Total	148	135	(19)	264
Deferred tax liabilities arising from:				
Property, plant and equipment	(12)	1	—	(11)
Intangible assets	(460)	2	74	(384)
Lease prepayments	(49)	1	—	(48)
Others	(29)	(25)	6	(48)
Total	(550)	(21)	80	(491)

The Company

Year ended December 31, 2007

	Balance at January 1, 2007	Credited to profit or loss	Charged to reserve	Balance at December 31, 2007
	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:				
Trade and other receivables	10	24	—	34
Inventories	1	2	—	3
Accrued expenses	—	19	—	19
Total	11	45	—	56
Deferred tax liabilities arising from:				
Available-for-sale equity securities	—	—	(1)	(1)
Total	—	—	(1)	(1)

Year ended December 31, 2008

	Balance at January 1, 2008	(Charged)/ credited to profit or loss	Credited to reserve	Balance at December 31, 2008
	RMB millions	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:				
Trade and other receivables	34	(6)	—	28
Inventories	3	(1)	—	2
Accrued expenses	19	(6)	—	13
Available-for-sale equity securities	—	—	1	1
Others	—	1	—	1
Total	56	(12)	1	45
Deferred tax liabilities arising from:				
Property, plant and equipment	—	(1)	—	(1)
Available-for-sale equity securities	(1)	—	1	—
Total	(1)	(1)	1	(1)

Year ended December 31, 2009

	Balance at January 1, 2009	Credited/ (charged) to profit or loss	Balance at December 31, 2009
	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:			
Trade and other receivables	28	10	38
Inventories	2	(2)	—
Accrued expenses	13	10	23
Available-for-sale equity securities	1	—	1
Others	1	(1)	—
Total	45	17	62
Deferred tax liabilities arising from:			
Property, plant and equipment	(1)	1	—
Others	—	(5)	(5)
Total	(1)	(4)	(5)

Period ended June 30, 2010

	Balance at January 1, 2010	Credited/ (charged) to profit or loss	Balance at June 30, 2010
	RMB millions	RMB millions	RMB millions
Deferred tax assets arising from:			
Trade and other receivables	38	31	69
Accrued expenses	23	4	27
Available-for-sale equity securities	1	(1)	—
Others	—	3	3
Total	62	37	99
Deferred tax liabilities arising from:			
Others	(5)	5	—

24 Employee benefits plans

As stipulated by the regulations of the PRC, the Company and its subsidiaries in the PRC participate in various defined contribution retirement plans organized by municipal and provincial governments for the Group's PRC employees. These entities are required to make contributions to the retirement plans at rates ranging from 18% to 22% of the salaries, bonuses and certain allowances of the employee, subject to certain salary limits. A member of the above plans is entitled to a pension equal to a fixed percentage of the salary prevailing at his or her retirement date. In addition, pursuant to Italian Law, CIFA and its Italian subsidiaries are required to contribute to a government-mandated pension fund at 7.5% of the employee's salary each month. Contributions to these retirement plans are charged to profit or loss as the related employee service is provided (Note 5(b)). The Group has no other material obligation for the payment of benefits associated with these plans beyond the contributions described above.

25 Other non-current liabilities

Other non-current liabilities primarily represent security deposits received from customers that finance their purchase of the Group's machinery products through finance lease or guarantee sales arrangement (see Note 30(a)). The Group requires such customers to pay deposits as part of the credit risk control measures. The security deposits will be refunded to customers upon receipt of the final lease payment or upon full repayment of the guaranteed bank loans by the customers. The amount of security deposits expected to be refunded after one year are classified as non-current liabilities, and the amounts expected to be refunded within one year are classified as current liabilities under the caption "Trade and other payables".

26 Capital and reserves

(a) Share capital

	The Group and The Company			
	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Registered capital				
1,971,054,705 (2009: 1,673,100,000; 2008: 1,521,000,000; 2007: 760,500,000) ordinary shares of RMB 1.00 each	761	1,521	1,673	1,971
Ordinary shares issued and fully paid:				
At January 1	507	761	1,521	1,673
Bonus shares issued (Note 26(c)(ii))	254	760	152	—
Issuance of new shares in private placement	—	—	—	298
At December 31/June 30	761	1,521	1,673	1,971

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company issued 297,954,705 ordinary shares through a private placement to nine institutional investors at RMB18.70 per share on February 5, 2010. The private placement raised gross proceeds of approximately RMB5,572 million. Direct transaction costs of RMB93 million have been offset against the gross proceeds, giving rise to net proceeds of RMB5,479 million. The amount of net proceeds in excess of the par value of the new shares issued was RMB5,181 million and was recorded in the capital reserve.

(b) Reserves

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Statutory surplus reserve

Under PRC rules and regulations, the Company and its PRC subsidiaries are required to set aside 10% of the net income determined in accordance with the PRC accounting rules and regulations to a statutory surplus reserve until such reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of any dividend to shareholders. For the years ended December 31, 2007, 2008 and 2009, and six-month period ended June 30, 2010, the Company transferred RMB134 million, RMB155 million, RMB240 million and RMB215 million, respectively, being 10% of the respective years' and periods' net profit as determined in accordance with PRC accounting rules and regulations, to this reserve.

The statutory surplus reserve is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders, provided that the balance after such issuance is not less than 25% of the registered capital. No such statutory surplus reserve is required for the Group's subsidiaries outside the mainland PRC.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland PRC which are dealt with in accordance with the accounting policies set out in Note 2(p).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale equity securities held at the balance sheet dates and is dealt with in accordance with the accounting policies in Notes 2(i)(i) and 2(j)(i).

(c) Profit appropriations

(i) Cash dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on March 20, 2007, a final cash dividend of RMB0.04 per share based on 507 million ordinary shares totalling RMB20 million in respect of the year ended December 31, 2006 was declared, and was paid on April 12, 2007.

Pursuant to the shareholders' approval at the Annual General Meeting held on May 15, 2008, a final cash dividend of RMB0.10 per share based on 761 million ordinary shares totalling RMB76 million in respect of the year ended December 31, 2007 was declared, and was paid on June 3, 2008.

Pursuant to the shareholders' approval at the Annual General Meeting held on May 21, 2009, a final cash dividend of RMB0.10 per share based on 1,521 million ordinary shares totalling RMB152 million in respect of the year ended December 31, 2008 was declared, and was paid on July 10, 2009.

Pursuant to the shareholders' approval at the Annual General Meeting held on May 25, 2010, a final cash dividend of RMB0.25 per share based on 1,971 million ordinary shares totalling RMB492 million in respect of the year ended December 31, 2009 was declared, and was paid on June 18, 2010.

(ii) Bonus shares

In March 2007, the Company announced a stock split in the form of bonus shares on the basis of 0.5 share for every outstanding ordinary share. The total number of shares issued was 254 million. The par value of new ordinary shares issued of RMB254 million was charged to capital reserve in accordance with the Board of Directors' resolution as approved by the shareholders in the general meeting.

In May 2008, the Company announced a stock split in the form of bonus shares on the basis of 1 share for every outstanding ordinary share. The total number of shares issued was 760 million. The par value of new ordinary shares issued of RMB760 million was charged to capital reserve (RMB228 million) and retained earnings (RMB532 million) respectively in accordance with the Board of Directors' resolution as approved by the shareholders in the general meeting.

In May 2009, the Company announced a stock split in the form of bonus shares on the basis of 0.1 share for every outstanding ordinary share. The total number of shares issued was 152 million. The par value of new ordinary shares issued of RMB152 million was charged to retained earnings in accordance with the Board of Directors' resolution as approved by the shareholders in the general meeting.

27 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide investment returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost.

Management regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Management monitors its capital structure on the basis of adjusted debt-to-equity ratio. For this purpose, the Group defines debt as total loans and borrowings excluding loans arising from factoring of receivables under finance lease with recourse and loans obtained to finance business combinations. Management considers that although the current finance lease receivable factoring arrangement does not satisfy the derecognition criteria as set out in Note 2(r), the residual risk on these receivables are low. Management also evaluates and manages the loans obtained to finance business combination separately, which take into consideration, the terms of the loans, including interest rate and the related projected cash flows from the acquired business, etc.. As such, loans arising from factoring of receivables under finance lease with recourse and loans obtained to finance business combination are excluded for the purpose of calculating the debt-to-equity ratio. The Group defines equity as all components of equity attributable to equity shareholders of the Company.

For the years ended December 31, 2007, 2008 and 2009, and the six–month period ended June 30, 2010, the Group's strategy was to maintain the adjusted debt-to-equity ratio at the lower end of the range 50% to 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. For 2008, the Group made use of certain bank loans obtained for general working capital purposes to finance its acquisitions in the PRC and thus resulted in the adjusted debt-to-equity ratio exceeding 100%. The Group managed to reduce the ratio within the target range in 2009.

As at December 31, 2007, 2008 and 2009, and June 30, 2010, the Group's adjusted debt-to-equity ratio was as follows:

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Short-term loans and borrowings	847	6,234	8,553	6,868
Long-term loans and borrowings	324	4,154	5,621	9,488
	1,171	10,388	14,174	16,356
Less:				
Loans arising from factoring of receivables under finance lease with recourse	(43)	(1,014)	(4,515)	(7,337)
Loans obtained to finance business combinations	—	(3,681)	(3,826)	(3,657)
Adjusted debt	1,128	5,693	5,833	5,362
Total equity	3,751	5,211	7,552	14,517
Adjusted debt-to-equity ratio	30%	109%	77%	37%

28 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions and receivables from customers.

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables, and receivables under finance lease. The maximum exposure to credit risk is represented by the carrying amount of these financial assets.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background and financial strengths, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Trade receivables under credit sales arrangement are normally due within 1 to 3 months from the date of billing. For sales under installment payment method that has a maximum installment payment period of 24 months, customers are required to make an upfront payment ranging from 30% to 60% of the product price. Collaterals such as properties, machinery or third party guarantees are generally required for customers with lower credit ratings. In addition, credit insurance coverage is required for overseas sales. Certain customers are required to pay by letters of credit or bills guaranteed by banks. Debtors overdue by 3 months or more are handled by risk management department which is responsible for recovering debts through legal and other actions.

In respect of receivables under finance lease, individual credit evaluations are performed which are similar to those of credit and installment sales. A risk control committee is responsible for the establishment of credit risk management policies, the supervision on the implementation of such policies and determination of the key terms of the lease contracts, including interest rate, lease period and percentage of deposit, etc.. The risk control committee members are also responsible for approval of each leasing transaction within their respective authority. Credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. The Group's credit risk management procedures include pre-lease investigation, lease approval, lease payment collection and management, as well as repossession and subsequent sale of machineries in case of customer default.

Bank deposits are placed with financial institutions that have high credit ratings. Given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At December 31, 2007, 2008 and 2009, and June 30, 2010, 2.1%, 3.1%, 1.9% and 0.7% of the total trade and bills receivables was due from the Group's largest customer and 6.4%, 9.7% 7.3% and 4.7% of the total trade and bills receivables was due from the Group's five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

In the normal course of business, certain customers of the Group may finance their purchase of the Group's machinery products through bank loans. The Group provides guarantees for such bank loans drawn by customers. Pursuant to the guarantee arrangement the Group agrees to pay any outstanding loan principal and interest due to the banks should such customers default. Details of the Group's exposure and credit control policy in respect of such guarantees provided are disclosed in Note 30(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The following table sets out the remaining contractual maturities at the balance sheet dates of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current prevailing rates at the respective balance sheet dates) and the earliest date the Group and the Company would be required to repay.

The Group

	As at December 31, 2007					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	1,171	1,232	893	223	116	—
Trade and other payables	3,518	3,518	3,518	—	—	—
	4,689	4,750	4,411	223	116	—
Financial guarantees issued						
Maximum amount guaranteed	—	1,946	1,946	—	—	—

	As at December 31, 2008					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	10,388	11,984	7,159	960	2,599	1,266
Trade and other payables	6,920	6,920	6,920	—	—	—
Other non-current liabilities	61	61	—	10	51	—
	17,369	18,965	14,079	970	2,650	1,266
Financial guarantees issued						
Maximum amount guaranteed	—	2,696	2,696	—	—	—

	As at December 31, 2009					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	14,174	15,158	9,015	3,458	1,491	1,194
Trade and other payables	10,632	10,632	10,632	—	—	—
Other non-current liabilities	684	684	—	159	525	—
	25,490	26,474	19,647	3,617	2,016	1,194
Financial guarantees issued						
Maximum amount guaranteed	—	3,369	3,369	—	—	—

	As at June 30, 2010					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	16,356	17,569	7,373	4,873	4,165	1,158
Trade and other payables	16,128	16,128	16,128	—	—	—
Other non-current liabilities	1,205	1,205	—	263	942	—
	33,689	34,902	23,501	5,136	5,107	1,158
Financial guarantees issued						
Maximum amount guaranteed	—	3,802	3,802	—	—	—

The Company

	As at December 31, 2007					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	1,062	1,120	807	210	103	—
Trade and other payables	3,328	3,328	3,328	—	—	—
	4,390	4,448	4,135	210	103	—
Financial guarantees issued						
Maximum amount guaranteed	—	1,946	1,946	—	—	—

	As at December 31, 2008					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	4,675	5,437	2,558	508	1,105	1,266
Trade and other payables	4,769	4,769	4,769	—	—	—
	9,444	10,206	7,327	508	1,105	1,266
Financial guarantees issued						
Maximum amount guaranteed	—	2,696	2,696	—	—	—

	As at December 31, 2009					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	3,219	3,725	1,749	566	216	1,194
Trade and other payables	9,792	9,792	9,792	—	—	—
	13,011	13,517	11,541	566	216	1,194
Financial guarantees issued						
Maximum amount guaranteed	—	3,369	3,369	—	—	—

	As at June 30, 2010					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Loans and borrowings	3,730	4,200	2,367	181	494	1,158
Trade and other payables	13,573	13,573	13,573	—	—	—
Other non-current liabilities	91	91	—	—	91	—
	17,394	17,864	15,940	181	585	1,158
Financial guarantees issued						
Maximum amount guaranteed	—	3,802	3,802	—	—	—

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's working capital requirements and repay its borrowings and obligations when they become due.

(c) Interest rate risk

The Group's and the Company's interest rate risk exposure arises primarily from bank deposits, receivables under finance lease, short-term and long-term loans and borrowings. These financial instruments bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The following table sets out the interest rate profile of the Group's and the Company's bank deposits, receivables under finance lease and loans and borrowings at the end of each year/period presented.

The Group

	As at December 31,						As at June 30,	
	2007		2008		2009		2010	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount
	%	RMB millions	%	RMB millions	%	RMB millions	%	RMB millions
Fixed rate financial instruments:								
Short-term loans and borrowings	7.2%	(39)	5.4%	(2,712)	3.8%	(4,280)	4.6%	(5,035)
Long-term loans and borrowings	5.3%	(224)	6.4%	(1,586)	5.7%	(3,320)	5.7%	(4,991)
		(263)		(4,298)		(7,600)		(10,026)
Variable rate financial instruments:								
Pledged bank deposits	0.7%	322	0.4%	454	0.4%	989	0.4%	2,422
Bank deposits	0.7%	729	0.4%	2,913	0.4%	3,439	0.4%	7,041
Receivables under finance lease	7.8%	381	7.7%	2,247	8.0%	8,343	7.8%	14,373
Short-term loans and borrowings	6.4%	(808)	5.4%	(3,522)	3.5%	(4,273)	2.8%	(1,833)
Long-term loans and borrowings	6.8%	(100)	4.3%	(2,568)	4.8%	(2,301)	2.9%	(4,497)
		524		(476)		6,197		17,506
Net amount		261		(4,774)		(1,403)		7,480

The Company

	As at December 31,						As at June 30,	
	2007		2008		2009		2010	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount
	%	RMB millions	%	RMB millions	%	RMB millions	%	RMB millions
Fixed rate financial instruments:								
Short-term loans and borrowings	—	—	5.5%	(1,666)	2.2%	(470)	2.6%	(1,201)
Long-term loans and borrowings	5.3%	(200)	6.7%	(1,089)	6.7%	(1,090)	6.7%	(1,091)
		(200)		(2,755)		(1,560)		(2,292)
Variable rate financial instruments:								
Pledged bank deposits	0.7%	316	0.4%	409	0.4%	778	0.4%	2,070
Bank deposits	0.7%	546	0.4%	1,799	0.4%	2,292	0.4%	5,378
Short-term loans and borrowings	6.4%	(762)	5.7%	(713)	1.4%	(1,174)	3.3%	(1,067)
Long-term loans and borrowings	6.8%	(100)	5.5%	(1,207)	4.2%	(485)	3.5%	(371)
		—		288		1,411		6,010
Net amount		(200)		(2,467)		(149)		3,718

As at December 31, 2007, 2008 and 2009, and June 30, 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation for the year 2007 and retained earnings by approximately RMB5 million, decrease/increase the Group's profit after taxation for the year 2008 and retained earnings by approximately RMB4 million, and increase/decrease the Group's profit after taxation for the year 2009 and retained earnings by approximately RMB44 million, and increase/decrease the Group's profit after taxation for the six-month period ended June 30, 2010 and retained earnings by approximately RMB 27 million respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and the change was applied to the Group's debts outstanding at the respective balance sheet date which had exposure to interest rate risk. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next balance sheet date. The analysis is performed on the same basis for the years ended December 31, 2007, 2008 and 2009, and the six-month period ended June 30, 2010.

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, loans and borrowings and cash balances that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US dollars, Japanese Yen and Euro.

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies (expressed in RMB millions)											
	As at December 31,									As at June 30, 2010		
	2007			2008			2009					
	USD	EUR	Yen	USD	EUR	Yen	USD	EUR	Yen	USD	EUR	Yen
Trade debtors	105	—	—	376	8	—	298	4	—	544	52	22
Cash and cash equivalents	29	—	—	119	6	—	99	19	23	144	9	33
Trade creditors	(144)	(40)	(30)	(42)	(188)	(17)	(360)	(151)	(120)	(520)	(258)	(46)
Short-term loans and borrowings	(41)	—	—	(315)	—	(43)	(1,404)	(118)	(568)	(1,288)	(364)	(632)
Net exposure arising from recognized assets and liabilities	(51)	(40)	(30)	138	(174)	(60)	(1,367)	(246)	(665)	(1,120)	(561)	(623)

The Company

	Exposure to foreign currencies (expressed in RMB millions)											
	As at December 31,									As at June 30, 2010		
	2007			2008			2009					
	USD	EUR	Yen	USD	EUR	Yen	USD	EUR	Yen	USD	EUR	Yen
Trade debtors	101	—	—	362	8	—	263	2	—	253	40	3
Cash and cash equivalents	—	—	—	—	1	—	7	1	14	102	1	10
Trade creditors	(61)	—	—	(44)	(8)	—	(9)	(1)	—	(463)	(170)	—
Short-term loans and borrowings	(15)	—	—	(260)	—	—	(1,041)	—	(133)	(1,098)	(214)	(572)
Net exposure arising from recognized assets and liabilities	25	—	—	58	1	—	(780)	2	(119)	(1,206)	(343)	(559)

The following table indicates the change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group's financial assets and liabilities have significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant. The analysis is performed on the same basis for the years ended December 31, 2007, 2008 and 2009, and for the six-month period ended June 30, 2010.

	The Group							
	2007		2008		2009		June 30, 2010	
	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits
		RMB millions		RMB millions		RMB millions		RMB millions
USD	5%	(3)	5%	6	5%	(58)	5%	(48)
	-5%	3	-5%	(6)	-5%	58	-5%	48
EUR	5%	(2)	5%	(7)	5%	(10)	5%	(24)
	-5%	2	-5%	7	-5%	10	-5%	24
Yen	5%	(1)	5%	(3)	5%	(28)	5%	(26)
	-5%	1	-5%	3	-5%	28	-5%	26

Other than the amounts as disclosed above, the amounts of other financial assets and liabilities of the Group are substantially denominated in the functional currency of the respective entity within the Group.

(e) Fair values

(i) Financial instruments carried at fair value

The fair values of the Group's financial instruments (other than long-term loans and borrowings and available-for-sale equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of the Group's non-current receivables under finance lease and non-current trade receivables are stated at discounted present values which are not materially different from their fair values as at December 31, 2007, 2008 and 2009, and June 30, 2010.

The Group's available-for-sale listed equity securities are stated at fair value measured using the quoted market prices on a PRC stock exchange. The fair value of the Group's available-for-sale listed equity securities was RMB7 million, RMB9 million, RMB9 million and RMB5 million as at December 31, 2007, 2008 and 2009, and June 30, 2010 respectively.

(ii) Fair values of financial instruments carried at other than fair value

The disclosures of the fair value estimates, and their methods and assumptions of the Group's financial instruments should be read in conjunction with the Group's consolidated financial statements and related notes. The estimated fair value amounts have been determined by the Group using market information and valuation methodologies considered appropriate. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Group's investments in unlisted equity securities have no quoted market prices and accordingly, a reasonable estimate of their fair values could not be made without incurring excessive costs. Such securities are stated at cost less impairment losses.

The fair values of the Group's long-term bank loans are estimated by discounting future cash flows using current market interest rates, having considered the foreign currency denomination of the loans and borrowings, which ranged between 2.3% to 5.4% for 2007, 4.2% to 7.0% for 2008, 5.3% to 6.8% for 2009 and 5.4% to 6.0% for six-month period ended June 30, 2010 respectively. The fair value of the Group's bond is determined based on quoted market price of the bond in the PRC Stock Exchange as of the balance sheet date. The following table presents the carrying amount and fair value of the Group's long-term loans and borrowings at December 31, 2007, 2008 and 2009, and June 30, 2010:

	As at December 31,						As at June 30, 2010	
	2007		2008		2009			
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB millions		RMB millions		RMB millions		RMB millions	
Long-term bank loans	343	333	3,781	3,766	6,828	6,712	12,219	12,205
Bond	—	—	1,089	1,139	1,090	1,125	1,091	1,175

29 Commitments

(a) Capital commitments

As at December 31, 2007, 2008 and 2009, and June 30, 2010, the Group and the Company had capital commitments as follows:

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Authorized and contracted for								
—property, plant and equipment	120	302	115	207	120	268	102	175
—lease prepayments	63	—	—	—	63	—	—	—
—equity investments	59	31	8	—	59	31	—	—
—intangible assets	—	—	—	3	—	—	—	3
	242	333	123	210	242	299	102	178
Authorized but not contracted for								
—property, plant and equipment	—	—	12	40	—	—	—	40
—lease prepayments	—	—	—	1	—	—	—	1
	—	—	12	41	—	—	—	41

(b) Operating lease commitments

The Group leases business premises and equipment through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

As at December 31, 2007, 2008 and 2009, and June 30, 2010, the future minimum lease payments under operating lease are as follows:

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2007	2008	2009	2010	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Within 1 year	6	34	38	63	5	30	29	27
After 1 but within 2 years	1	21	24	45	—	18	20	18
After 2 but within 3 years	1	17	19	18	—	16	17	16
After 3 but within 4 years	—	15	14	12	—	14	14	12
After 4 but within 5 years	—	13	9	8	—	12	9	8
Thereafter	—	33	26	23	—	32	25	22
	8	133	130	169	5	122	114	103

30 Contingent liabilities

(a) Financial guarantee issued

Certain customers of the Group from time to time may finance their purchase of the Group's machinery products through bank loans. During the periods presented, the Group provided guarantees for such bank loans drawn by customers. Under the guarantee arrangement, in the event of customer default, the Group is entitled to repossess the machinery collateralizing the bank loans, sell the machinery and retain any net proceeds in excess of the guarantee payments made to the banks. At December 31, 2007, 2008 and 2009, and June 30, 2010, the Group's maximum exposure to such guarantees was RMB1,946 million, RMB2,696 million, RMB3,369 million, and RMB3,802 million respectively. The terms of these guarantees coincide with the tenure of bank loans that generally range from 2 to 4 years. The Group, when called upon by the banks to fulfill its guarantee obligations, has historically been able to sell the repossessed machinery for proceeds that are not significantly different from the amount of the guarantee payments. For the years ended December 31, 2007, 2008 and 2009, and the six-month period ended June 30, 2010, the Group made payments of RMB39 million, RMB101 million, RMB117 million, and RMB61 million, respectively, to banks under the guarantee arrangement as a result of customer default. Historically, there has been no significant difference between the sales proceeds of the repossessed machinery and the guaranteed payments to bank for defaulted customers.

(b) Contingent liability in respect of legal claims

In March 2010, Italian tax authorities issued formal tax inspection assessment reports to Cifa Mixers S.r.l., a 59.32% owned subsidiary of the Company. The tax authorities have challenged the deductibility of certain costs incurred by this entity for income tax and value added tax purposes for tax years 2003 to 2007. The amount of additional taxes sought by the tax authorities in relation to these tax deductions is approximately EUR 10.7 million before interest and penalties, if any. As of the approval date of these financial statements, this tax case is pending court hearing. The Group has sought legal advice to defend the subsidiary's tax position. Based on tax consultant's advice, the Group considers that it is more likely than not that the Group's tax position can be substantiated. In addition, it is expected that any potential tax payments, interest and penalties, if any, will be sufficiently covered by indemnities and warranties that were provided by the former shareholders of Cifa Mixers S.r.l. and CIFA S.p.A. Accordingly, no provision is made for the contingency as at June 30, 2010.

Apart from the above tax case, the Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavorable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group. No provision has therefore been recorded in respect of those lawsuits.

31 Related party transactions

(a) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
				(unaudited)	
Transactions with Research Institute and its affiliated companies:					
Sales of products	(23)	—	—	—	—
Purchase of raw materials and components	941	—	—	—	—
Provision of construction, community and ancillary services	8	7	—	—	—
Lease of properties and equipment	8	—	—	—	—
Purchase of subsidiaries (Note 14(a))	270	—	—	—	—
Purchase of equity investments	25	—	—	—	—
Purchase of land use rights	—	125	—	—	—
Transactions with associates:					
Sales of products	—	(4)	(4)	(2)	(5)
Lease of properties and equipment	—	—	(3)	—	—
Purchase of raw materials	—	1	10	5	11

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions which are comparable to normal commercial terms. The sales and purchase transactions with associates are expected to continue after the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(b) Outstanding balances with related parties

Amounts due from/to related parties are arising in the Group's normal course of business and are included in the account captions of trade and other receivables and trade and other payables, respectively. These balances bear no interest, are unsecured and are repayable in accordance with the agreements governing such transactions which are comparable to credit period with third-party customers/suppliers.

(c) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key management personnel compensation are as follows:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	RMB thousands	RMB thousands	RMB thousands	RMB thousands	RMB thousands
				(unaudited)	
Short-term employee benefits	10,750	11,706	19,830	8,295	8,379
Retirement scheme contributions	212	253	274	145	173
	10,962	11,959	20,104	8,440	8,552

Total emoluments are included in "staff costs" as disclosed in Note 5(b).

(d) Contributions to retirement plans

The details of the Group's employee benefit plans are disclosed in Note 24.

32 Accounting estimates and judgments

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The significant accounting policies are set forth in Note 2 to the financial statements. Note 14 contains information about significant assumptions and their risk factors relating to goodwill impairment. Other key sources of estimation uncertainty are as follows:

(a) Impairment of trade receivables

Management estimates impairment losses of trade receivables (which are recorded in an allowance account for doubtful debts) resulting from the inability of the customers to make the required payments. Management bases its estimates on the ageing of the accounts receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs may be higher than expected and could significantly affect the results of future periods.

(b) Warranty provision

As explained in Note 22(b), the Group makes product warranty provision based on its best estimate of the expected settlement under the sales agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighing of all possible outcomes against their associated probabilities. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(c) Write-down of inventories

As described in Note 2(k), the Group writes down the cost of inventories to net realizable value when the net realizable value of inventories is lower than the cost. The Group estimates the net realizable value of inventories by taking into account the recent selling prices and forecasted market demand. However, the actual realized value of the inventories may be significantly different from the estimated amount at the balance sheet date.

(d) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss would be recognized in accordance with accounting policy for impairment of long-lived assets as described in Note 2(j)(ii). The carrying amounts of the Group's long-lived assets, including property, plant and equipment, intangible assets and investments in subsidiaries and associates are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. For goodwill and trademarks with indefinite useful lives, the impairment testing is performed at least annually at the end of each year. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and the fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. It is difficult to precisely estimate selling price of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue, amount of operating costs and applicable discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(e) Depreciation and amortization

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual value, if any. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Amortization of intangible assets is recognized on a straight-line basis over the respective intangible assets' estimated useful lives. Management reviews the estimated useful lives annually in order to estimate the amount of amortization expense to be recorded during any reporting period. The estimated useful lives are based on the estimated periods over which future economic benefits will be received by the Group and take into account the level of future competition, the risk of technological or functional obsolescence and the expected changes in the regulatory and social environment. The amortization expense for future periods is adjusted if there are significant changes from previous estimates.

33 First time adoption of IFRSs

As stated in Note 1(c)(i), these are the Group's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out in Note 2 have been applied consistently in preparing the financial statements for the years ended December 31, 2007, 2008 and 2009, and the six–month period ended June 30, 2010, and in the preparation of an opening IFRS balance sheet at January 1, 2007 (the Group's date of transition to IFRSs).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the relevant accounting rules and regulations applicable to PRC enterprises ("PRC GAAP"). An explanation of how the transition from PRC GAAP to IFRSs has affected the Group's financial position, results of operations and cash flows is set out in the following tables and the notes that accompany the tables.

(a) Reconciliation of total equity of the Group as at January 1, 2007 (date of transition to IFRSs) and December 31, 2007, 2008 and 2009, and June 30, 2010 (end of the latest period presented in the most recent financial statements under PRC GAAP):

		As at January 1, 2007	As at December 31,			As at June 30, 2010
			2007	2008	2009	
	Note	**RMB millions**	**RMB millions**	**RMB millions**	**RMB millions**	**RMB millions**
Total equity reported under PRC GAAP		2,352	3,751	5,251	7,592	14,557
—Acquisition-related costs	(i)	—	—	(40)	(40)	(40)
—Revaluation of lease prepayments	(ii)	(106)	—	—	—	—
Total equity reported under IFRSs		2,246	3,751	5,211	7,552	14,517

(b) Reconciliation of total comprehensive income of the Group for the years ended December 31, 2007, 2008 and 2009 and the six-month period ended June 30, 2010:

		For the years ended December 31,			For the six-month period ended June 30,
		2007	2008	2009	2010
	Note	RMB millions	RMB millions	RMB millions	RMB millions
Total comprehensive income for the years / period reported under PRC GAAP		1,335	1,553	2,466	1,988
—Acquisition-related costs	(i)	—	(40)	—	—
—Gain on disposal of lease prepayments	(ii)	106	—	—	—
Total comprehensive income for the year reported under IFRSs		1,441	1,513	2,466	1,988

(c) There is no material difference between the cash flow statement reported under IFRSs and the cash flow statement reported under PRC GAAP.

Notes:

(i) The Group has elected to early adopt IFRS 3 (revised) retrospectively to all business combinations that occurred on or after January 1, 2007. IFRS 3 (revised) requires acquisition-related costs to be expensed in profit and loss. As a result, acquisition-related costs of RMB40 million (the related tax impact is nil as the acquisition-related costs were not tax deductible) incurred in business combinations occurred during the year ended December 31, 2008 are expensed in profit or loss under IFRSs. Acquisition-related costs incurred in business combinations during the years ended December 31, 2007 and 2009 were immaterial and had been expensed in the Group's PRC GAAP financial statements.

(ii) Under PRC GAAP, certain land use rights were revalued by the Company in the year 2006 with the revaluation surplus of RMB106 million being credited directly to equity. Under IFRSs, revaluation of land use rights is not permitted; land use rights are stated at cost less accumulated amortization. Upon disposal of the land use rights in the year 2007, a gain of RMB106 million was recorded under IFRSs.

34 Investments in subsidiaries

	The Company			
	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Unlisted shares, at cost	612	1,794	1,882	3,214

The following list contains particulars of subsidiaries as at June 30, 2010 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	held by the Company	held by a subsidiary	Principal activities	Auditor of statutory financial statements	Financial year*
	(millions)						
Compagnia Italiana Forme Acciaio S.p.A. ("CIFA") (note)	EUR15	59.32%	—	59.32%	Manufacture of concrete machinery	Deloitte & Touche S.p.A	2008
						KPMG S.p.A	2009
Shaanxi Zoomlion Earth Working Machinery Co., Ltd.	RMB474	100%	100%	—	Manufacture of earth working machinery	Zhongxi Certified Public Accounts Co., Ltd	2008 2009
Hunan Zoomlion Axle Co., Ltd.	RMB213	84.9%	84.9%	—	Manufacture of motor vehicle components	Zhongxi Certified Public Accounts Co., Ltd	2008 2009
Zoomlion Material Handling Equipment Co., Ltd.	RMB100	82%	82%	—	Manufacture of material handling machinery	Zhongxi Certified Public Accounts Co., Ltd	2008 2009
Zoomlion Finance and Leasing (Beijing) Co., Ltd.	RMB1,502	100%	100%	—	Leasing of construction equipment and machinery	Zhongxi Certified Public Accounts Co., Ltd	2007 2008 2009
Hunan Zoomlion International Trade Co., Ltd.	RMB5	100%	100%	—	Trading of equipment and machinery	Zhongxi Certified Public Accounts Co., Ltd	2007 2008 2009
Hunan Teli Hydraulic Co., Ltd.	RMB105	66.8%	66.8%	—	Manufacture of hydraulic products	Zhongxi Certified Public Accounts Co., Ltd	2007 2008 2009
Hunan Zoomlion Special Vehicles Co., Ltd.	RMB69	100%	100%	—	Manufacture of specialized vehicles	Zhongxi Certified Public Accounts Co., Ltd	2008 2009
Zoomlion Finance and Leasing (China) Co., Ltd.	USD80	100%	—	100%	Leasing of equipment and machinery	KPMG Huazhen	2009
Hunan Zoomlion Crawling Crane Ltd.	RMB72	100%	100%	—	Manufacture of crawling cranes	Zhongxi Certified Public Accounts Co., Ltd	2009
Hunan Zoomlion Hardware Co., Ltd.	RMB100	75.6%	75.6%	—	Manufacture of crane components	Zhongxi Certified Public Accounts Co., Ltd	2008 2009

* The financial years refer to the year in which the Company obtained the control or established the subsidiaries and the years after.

Note:

In June 2009, ZoomlionCifa (Hong Kong) Holdings Limited ("ZoomlionCifa (Hong Kong)"), a special purpose vehicle formed for the acquisition of 100% equity interests of CIFA which the Company and the other co-investors initially held 60% and 40% equity interests respectively, issued 31,000 new shares to certain management personnel of CIFA for cash consideration totalling EUR3.1 million (equivalent to RMB31 million). As a result, the Group's direct and effective interest in ZoomlionCifa (Hong Kong) and its subsidiaries were reduced from 60% to 59.32%. The difference of RMB2 million between the amount by which the non-controlling interests were adjusted and the fair value of the consideration as a result of the transaction has been recognized directly in equity under the caption capital reserve.

All of the above subsidiaries are incorporated and operate in the PRC, except for CIFA which is incorporated and operates in Italy. All of the above subsidiaries are limited liability companies.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ending December 31, 2010

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the annual accounting period ending December 31, 2010.

	Effective for accounting period beginning on or after
Improvements to IFRSs 2010	July 1, 2010 or January 1, 2011
IAS 24 (revised), "Related party disclosures"	January 1, 2011
IFRS 9, "Financial instruments"	January 1, 2013

The Company has not adopted the above amendments, new standards and interpretations. Company management is in the process of assessing what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application and has so far concluded that the adoption of these amendments, new standards and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

36 Post balance sheet events

The Company's shareholders approved at the Extraordinary General Meeting on July 22, 2010 a stock split in the form of bonus shares on the basis of 1.5 shares for every outstanding ordinary share. The total number of shares issued was 2,956,582,057. The par value of the new shares issued of RMB2,957 million was charged against retained earnings. In addition, a cash dividend of RMB0.17 per share based on 1,971 million outstanding ordinary shares totalling RMB335 million was also approved at the Extraordinary General Meeting. Such cash dividend has not been recognized as a liability at June 30, 2010.

C SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements are available in respect of any period subsequent to June 30, 2010.

Yours faithfully,

KPMG
Certified Public Accountants

Hong Kong, China

Under the rules of Shenzhen Stock Exchange on which our A shares are listed, we are required to file interim financial report containing unaudited interim financial statements prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance on February 15, 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred as "PRC GAAP"). Because we released such interim financial statements for the three months and nine months ended September 30, 2010 (including comparative information for the same period in 2009) prior to the date of this prospectus, we have prepared interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting" and have included such report in this prospectus.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

December 13, 2010

INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF CHANGSHA ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY DEVELOPMENT CO., LTD.

INTRODUCTION

We have reviewed the interim financial information set out in sections I to V below, which comprises the consolidated balance sheet of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at September 30, 2010, the consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2010, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine-month period ended September 30, 2010, and explanatory notes. The Company's directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

KPMG
Certified Public Accountants
Hong Kong, China

I UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section V Note	For the three-month ended September 30, 2009 RMB millions	For the three-month ended September 30, 2010 RMB millions	For the nine-month ended September 30, 2009 RMB millions	For the nine-month ended September 30, 2010 RMB millions
Turnover	3	5,579	7,812	14,806	23,901
Cost of sales and services		(4,120)	(5,644)	(10,970)	(17,082)
Gross profit		1,459	2,168	3,836	6,819
Other revenues and net income		16	(4)	44	2
Sales and marketing expenses		(342)	(581)	(781)	(1,567)
General and administrative expenses		(281)	(372)	(701)	(1,224)
Research and development expenses		(14)	(50)	(96)	(166)
Profit from operations		838	1,161	2,302	3,864
Net finance costs	4(a)	(84)	(82)	(258)	(232)
Share of profits less losses of associates		2	(1)	2	4
Profit before taxation	4	756	1,078	2,046	3,636
Income tax	5	(126)	(177)	(315)	(572)
Profit for the period		630	901	1,731	3,064
Other comprehensive income for the period (after tax)					
Change in fair value of available-for-sale equity securities		(1)	—	2	(2)
Others		—	—	—	10
Exchange differences on translation of financial statements of subsidiaries outside PRC		65	119	71	(64)
Total other comprehensive income for the period		64	119	73	(56)
Total comprehensive income for the period		694	1,020	1,804	3,008
Profit attributable to:					
Equity shareholders of the Company		639	923	1,775	3,125
Non-controlling interests		(9)	(22)	(44)	(61)
Profit for the period		630	901	1,731	3,064
Total comprehensive income attributable to:					
Equity shareholders of the Company		692	1,068	1,840	3,064
Non-controlling interests		2	(48)	(36)	(56)
Total comprehensive income for the period		694	1,020	1,804	3,008
Basic and diluted earnings per share (RMB)	6	0.15	0.19	0.42	0.65

II UNAUDITED CONSOLIDATED BALANCE SHEETS

	Section V Note	As at December 31, 2009 RMB millions	As at September 30, 2010 RMB millions
Non-current assets			
Property, plant and equipment		3,683	3,821
Lease prepayments		907	1,125
Intangible assets		1,432	1,306
Goodwill		2,082	1,964
Interests in associates		71	70
Other financial assets		15	11
Trade and other receivables	**9**	229	503
Receivables under finance lease	**10**	5,060	10,204
Pledged bank deposits		234	276
Deferred tax assets		148	264
Total non-current assets		13,861	19,544
Current assets			
Inventories	**8**	6,272	7,142
Trade and other receivables	**9**	6,265	10,058
Receivables under finance lease	**10**	3,283	6,196
Pledged bank deposits		755	1,697
Cash and cash equivalents	**11**	3,439	5,507
Total current assets		20,014	30,600
Total assets		33,875	50,144
Current liabilities			
Loans and borrowings	**12(a)**	8,553	8,072
Trade and other payables	**13**	10,632	16,047
Income tax payable		283	589
Total current liabilities		19,468	24,708
Net current assets		546	5,892
Total assets less current liabilities		14,407	25,436
Non-current liabilities			
Loans and borrowings	**12(b)**	5,621	8,346
Other non-current liabilities		684	1,396
Deferred tax liabilities		550	492
Total non-current liabilities		6,855	10,234
NET ASSETS		7,552	15,202
CAPITAL AND RESERVES	**14**		
Share capital		1,673	4,928
Reserves		5,755	10,216
Total equity attributable to equity shareholders of the Company		7,428	15,144
Non-controlling interests		124	58
TOTAL EQUITY		7,552	15,202

III UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company								
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Balance at January 1, 2009	**1,521**	**12**	**529**	**(18)**	**(2)**	**3,029**	**5,071**	**140**	**5,211**
Cash dividends	—	—	—	—	—	(152)	(152)	—	(152)
Bonus shares	152	—	—	—	—	(152)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	11	11
Contributions from non-controlling interests	—	2	—	—	—	—	2	29	31
Total comprehensive income for the period	—	—	—	63	2	1,775	1,840	(36)	1,804
Balance at September 30, 2009	**1,673**	**14**	**529**	**45**	**—**	**4,500**	**6,761**	**144**	**6,905**
Balance at January 1, 2010	**1,673**	**24**	**769**	**29**	**1**	**4,932**	**7,428**	**124**	**7,552**
Appropriation	—	—	215	—	—	(215)	—	—	—
Issuance of new shares in a private placement (Section V Note 14(a))	298	5,181	—	—	—	—	5,479	—	5,479
Cash dividends (Section V Note 14(b)(i))	—	—	—	—	—	(827)	(827)	—	(827)
Bonus shares (Section V Note 14(b)(ii))	2,957	—	—	—	—	(2,957)	—	—	—
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	(10)	(10)
Total comprehensive income for the period	—	10	—	(69)	(2)	3,125	3,064	(56)	3,008
Balance at September 30, 2010	**4,928**	**5,215**	**984**	**(40)**	**(1)**	**4,058**	**15,144**	**58**	**15,202**

IV UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the nine-month ended September 30,	
	2009	2010
	RMB millions	RMB millions
Operating activities		
Profit before taxation	**2,046**	**3,636**
Adjustments for:		
Depreciation of property, plant and equipment	176	246
Amortization of lease prepayments	16	17
Amortization of intangible assets	34	47
Share of profits less losses of associates	2	4
Interest income	(289)	(716)
Interest expense	329	548
Loss on disposal of property, plant and equipment	5	36
	2,319	3,818
Increase in inventories	(862)	(870)
Increase in trade and other receivables	(1,679)	(3,956)
Increase in receivables under finance lease	(2,824)	(8,057)
Increase in trade and other payables	2,873	6,272
Cash used in operations	(173)	(2,793)
Interest received	289	716
Interest paid	(453)	(599)
Income tax paid	(131)	(413)
Net cash used in operating activities carried forward	**(468)**	**(3,089)**

IV UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

	For the nine-month ended September 30,	
	2009	2010
	RMB millions	RMB millions
Net cash used in operating activities brought forward	**(468)**	**(3,089)**
Investing activities		
Payment for the purchase of property, plant and equipment	(693)	(639)
Lease prepayments	(3)	(236)
Payment for purchase of intangible assets	(35)	(15)
Payment for acquisition of investments in associates and equity investments	(2)	—
Proceeds from disposal of property, plant and equipment and intangible assets	45	48
Payment for acquisition of subsidiary, net of cash acquired	(28)	—
Increase in pledged bank deposits	(1,070)	(984)
Dividends received from associates	—	6
Net cash used in investing activities	**(1,786)**	**(1,820)**
Financing activities		
Proceeds from loans and borrowings	6,910	9,590
Repayments of loans and borrowings	(5,657)	(7,368)
Dividends paid	(134)	(707)
Contribution from non-controlling shareholder	31	—
Net proceeds from private placement of new shares	—	5,479
Net cash generated from financing activities	**1,150**	**6,994**
Net (decrease)/increase in cash and cash equivalents	(1,104)	2,085
Cash and cash equivalents at beginning of period	**2,913**	**3,439**
Effect of foreign exchange rate changes	—	(17)
Cash and cash equivalents at end of period	**1,809**	**5,507**

V NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Principal activities of reporting entity

Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the “Company”) and its subsidiaries (collectively, referred to as the “Group”) are principally engaged in the research, development, manufacturing and sale and leasing of concrete machinery, cranes, environmental and sanitation equipment, road construction and pile foundation machinery and other related heavy machinery and capital equipment in the People’s Republic of China (“PRC”). The Group is also engaged in manufacturing and sale of concrete machinery in Italy.

2 Basis of preparation

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

This interim financial information has been prepared in accordance with the same accounting policies adopted by the Group as set out in the audited financial statements included in the Accountants’ Report dated December 13, 2010, the text of which is set out in Appendix I to the Prospectus.

The preparation of interim financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial information contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

3 Turnover

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Sales of				
Concrete machinery	2,226	3,707	5,760	10,744
Crane machinery	1,996	2,293	5,659	8,203
Environmental and sanitation machinery	306	541	780	1,251
Road construction and pile foundation machinery	191	341	582	880
Earth working machinery	62	202	263	652
Material handling machinery and systems	119	78	282	359
Other machinery products	575	351	1,209	1,159
Finance income under finance lease	104	299	271	653
	5,579	7,812	14,806	23,901

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Finance income:				
Interest income on bank deposits	(5)	(22)	(18)	(63)
Finance costs:				
Interest on loans and borrowings (note)	86	77	298	303
Less: Interest expense capitalized*	(4)	—	(25)	—
Net interest expense	82	77	273	303
Net exchange losses / (gains)	7	27	3	(8)
	89	104	276	295
	84	82	258	232
* Interest rates per annum at which borrowing costs have been capitalized for construction in progress	1.0% to 7.2%	—	1.0% to 7.2%	—

Note:

Interest expense on factoring the Group's receivables under finance lease amounted to RMB37 million and RMB98 million for the three-month periods ended September 30, 2009 and 2010, respectively, and RMB56 million and RMB245 million for the nine-month periods ended September 30, 2009 and 2010, respectively. They are included in cost of sales and services.

(b) Staff costs:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Salaries, wages and other benefits	297	555	863	1,546
Contributions to retirement schemes	8	18	48	79
	305	573	911	1,625

(c) Other items:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Cost of inventories	4,068	5,494	10,917	16,786
Depreciation of property, plant and equipment	54	74	176	246
Amortization of lease prepayments	5	5	16	17
Amortization of intangible assets	6	16	34	47
Operating lease charges	12	30	48	79
Product warranty costs	40	33	57	97
Impairment losses—trade receivables	5	32	71	279

5 Income tax

Income tax in the consolidated statements of comprehensive income represents:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Current tax—PRC income tax	113	204	335	708
Current tax—Income tax in other tax jurisdictions	4	3	10	8
Deferred taxation	9	(30)	(30)	(144)
	126	177	315	572

Reconciliation between actual income tax expense and profit before taxation is as follows:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Profit before taxation	756	1,078	2,046	3,636
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (note (a))	189	269	512	909
Tax effect of non-deductible expenses	11	2	18	13
Tax effect of non-taxable income	(2)	(5)	(5)	(10)
Tax effect of tax concessions (note (b))	(69)	(80)	(179)	(314)
Additional deduction for qualified research and development expenses (note (c))	(3)	(9)	(13)	(26)
Effect of change in tax rate / tax status	—	—	(18)	—
Actual income tax expense	126	177	315	572

Notes:

(a) The PRC statutory income tax rate is 25%.

The Company's subsidiaries in Italy, CIFA and its subsidiaries, are subject to income tax at rates ranging from 27.5% to 31.4%.

The Company's subsidiaries in the HKSAR are subject to Hong Kong profits tax at 16.5%. No provision for Hong Kong profits tax was made in the consolidated financial statements as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained tax losses for Hong Kong profits tax purposes during the periods.

(b) The Company and certain of its subsidiaries in the PRC were recognized as high-technology enterprises during the periods presented and accordingly were subject to a preferential income tax rate of 15%.

(c) Under the PRC income tax law and its relevant regulations, a 50% additional tax deduction is allowed for qualified research and development expenses.

6 Basic and diluted earnings per share

The calculation of basic earnings per share for the three-month periods ended September 30, 2009 and 2010 is based on the profit attributable to equity shareholders of the Company of RMB639 million and RMB923 million respectively, and the weighted average number of shares of 4,183 million and 4,928 million for the three-month periods ended September 30, 2009 and 2010, respectively.

The calculation of basic earnings per share for the nine-month periods ended September 30, 2009 and 2010 is based on the profit attributable to equity shareholders of the Company of RMB1,775 million and RMB3,125 million respectively, and the weighted average number of shares of 4,183 million and 4,832 million for the nine-month periods ended September 30, 2009 and 2010, respectively.

There were no dilutive potential ordinary shares in issue as at September 30, 2009 and 2010.

7 Segment reporting

The Group manages its businesses by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments:

(i) Concrete machinery segment: this segment primarily researches, develops, manufactures and sells various concrete machineries, including truck-mounted concrete pumps, trailer-mounted concrete pumps, concrete placing booms, concrete mixing plants, truck-mounted concrete mixers, truck-mounted line concrete pumps and self-propelled boom concrete pumps.

(ii) Crane machinery segment: this segment primarily researches, develops, manufactures and sells a variety of cranes, including truck cranes, all-terrain truck cranes, crawler cranes and various types of tower cranes.

(iii) Environmental and sanitation machinery segment: this segment primarily researches, develops, manufactures and sells a wide range of environmental and sanitation machineries, including road sweepers, washing vehicles and waste treatment equipment.

(iv) Road construction and pile foundation machinery segment: this segment primarily researches, develops, manufactures and sells different types of road construction and pile foundation machineries, including road surface heaters, motor graders, road rollers, pavers, road surface cold planners, asphalt mixing equipment and rotary drilling rigs.

(v) Earth working machinery: this segment primarily researches, develops, manufactures and sells a variety of earth working machineries, including loaders, bulldozers and excavators.

(vi) Material handling machinery and systems segment: this segment primarily researches, develops, manufactures and sells different types of machineries and systems for handling huge materials, including stackers and reclaimers, pipe conveyors, port loading/unloading equipment and portal cranes.

(vii) Finance lease segment: this segment primarily provides finance lease services to customers for purchasing machinery products of the Group and from other vendors.

Other operating segments of the Group include research, development, manufacturing and sale of other machinery products, including specialized vehicles and vehicle axles. None of these segments met any of the quantitative thresholds for determining reportable segments for the three-month periods and the nine-month periods ended September 30, 2009 and 2010.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

The measure used for reporting segment profit is turnover less cost of sales and services.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the three-month periods and the nine–month periods ended September 30, 2009 and 2010 is set out below:

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Reportable segment revenue:				
Concrete machinery	2,226	3,707	5,760	10,744
Crane machinery	1,996	2,293	5,659	8,203
Environmental and sanitation machinery	306	541	780	1,251
Road construction and pile foundation machinery	191	341	582	880
Earth working machinery	62	202	263	652
Material handling machinery and systems	119	78	282	359
Finance lease services	104	299	271	653
Total reportable segment revenue	5,004	7,461	13,597	22,742
Revenue from all other segments	575	351	1,209	1,159
Total	5,579	7,812	14,806	23,901
Reportable segment profit:				
Concrete machinery	657	1,023	1,642	3,205
Crane machinery	457	571	1,333	2,205
Environmental and sanitation equipment	110	175	249	409
Road construction and pile foundation machinery	59	133	194	326
Earth working machinery	9	26	34	107
Material handling machinery and systems	12	11	43	28
Finance lease services	74	162	218	357
Total reportable segment profit	1,378	2,101	3,713	6,637
Profit from all other segments	81	67	123	182
Total	1,459	2,168	3,836	6,819

(b) Reconciliation of segment profit

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Total segment profit	1,459	2,168	3,836	6,819
Other revenues and net income	16	(21)	44	(15)
Sales and marketing expenses	(342)	(581)	(781)	(1,567)
General and administrative expenses	(281)	(349)	(701)	(1,201)
Research and development expenses	(14)	(50)	(96)	(166)
Net finance costs	(84)	(82)	(258)	(232)
Share of profits less losses of associates	2	(7)	2	(2)
Consolidated profit before taxation	756	1,078	2,046	3,636

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, and lease prepayments ("specified non-current assets"). The geographical location of revenue is based on the selling location. The geographical location of the specified non-current assets is based on the physical location of the asset. No geographic information is presented for trademarks, technical know-how and goodwill as these assets are commonly used by the Group both in and outside PRC. All other non-current assets are physically located in the PRC, except for customer relationships acquired through business combination of CIFA, which are determined to be outside PRC.

	For the three-month ended September 30,		For the nine-month ended September 30,	
	2009	2010	2009	2010
	RMB millions	RMB millions	RMB millions	RMB millions
Revenue from external customers				
Mainland PRC	5,311	7,513	13,779	22,818
Outside PRC, primarily from Italy	268	299	1,027	1,083
Total	5,579	7,812	14,806	23,901

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Specified non-current assets		
Mainland PRC	4,287	4,703
Outside PRC, primarily in Italy	303	243
Total	4,590	4,946

8 Inventories

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Raw materials	3,055	3,316
Work in progress	1,620	1,726
Finished goods	1,597	2,100
	6,272	7,142

9 Trade and other receivables

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Trade receivables	5,401	8,985
Less: allowance for doubtful debts	(340)	(603)
	5,061	8,382
Less: trade receivables due after one year	(229)	(503)
	4,832	7,879
Bills receivable	491	429
	5,323	8,308
Amounts due from related parties (Note 17(b))	29	59
Prepayments for purchase of raw materials	394	745
Prepayments for purchase of property, plant and equipment	20	138
Prepaid expenses	113	174
VAT recoverable	81	187
Others	305	447
	6,265	10,058

Ageing analysis of trade receivables (net of allowance for doubtful debts) as at the balance sheet dates is as follows:

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Within 1 month	2,133	2,932
Over 1 month but less than 3 months	382	1,056
Over 3 months but less than 1 year	1,427	3,101
Over 1 year but less than 2 years	931	1,041
Over 2 years but less than 3 years	161	202
Over 3 years but less than 5 years	27	50
	5,061	8,382

10 Receivables under finance lease

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Gross investment	9,190	18,079
Unearned finance income	(847)	(1,679)
	8,343	16,400
Less: Amounts due after one year	(5,060)	(10,204)
Amounts due within one year	3,283	6,196

The minimum lease payments receivable at the respective balance sheet dates are as follows:

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Present value of the minimum lease payments		
Within 1 year	3,283	6,196
Over 1 year but less than 2 years	2,665	5,646
Over 2 years but less than 3 years	1,865	3,485
Over 3 years	530	1,073
	8,343	16,400
Unearned finance income		
Within 1 year	478	932
Over 1 year but less than 2 years	252	522
Over 2 years but less than 3 years	96	187
Over 3 years	21	38
	847	1,679
Gross investment		
Within 1 year	3,761	7,128
Over 1 year but less than 2 years	2,917	6,168
Over 2 years but less than 3 years	1,961	3,672
Over 3 years	551	1,111
	9,190	18,079

As at December 31, 2009 and September 30, 2010, receivables under finance lease of RMB 4,671 million and RMB6,398 million respectively (included in the above balances) were factored to banks with recourse.

11 Cash and cash equivalents

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Cash at bank and on hand		
—RMB denominated	2,965	4,783
—USD denominated	344	519
—EUR denominated	112	177
—Other currencies	18	28
	3,439	5,507

12 Loans and borrowings

(a) Short-term loans and borrowings:

	Note	As at December 31, 2009 RMB millions	As at September 30, 2010 RMB millions
Secured short-term bank loans			
—RMB denominated	(i)	55	40
—EUR denominated		2,475	—
Unsecured short-term bank loans			
—RMB denominated		1,012	63
—JPY denominated	(ii)	568	1,063
—EUR denominated		144	553
—USD denominated		2,002	1,799
—Other currencies		—	61
Current portion of long-term bank loans		2,297	4,493
		8,553	8,072

Notes:

(i) The RMB denominated secured short-term bank loans as at December 31, 2009 and September 30, 2010 were secured by certain properties with an aggregate carrying value of RMB85 million and RMB30 million respectively.

(ii) As at September 30, 2010, JPY denominated unsecured short-term loans of RMB144 million are subject to the fulfillment of certain annual financial covenants of the Group.

(b) Long-term loans and borrowings:

	Note	As at December 31, 2009 RMB millions	As at September 30, 2010 RMB millions
Secured long-term bank loans			
—RMB denominated	(i)	4,515	5,790
—EUR denominated	(ii)	—	1,641
Unsecured long-term bank loans			
—RMB denominated	(iii)	486	945
—EUR denominated	(iv)	12	916
—USD denominated	(v)	1,815	2,456
Unsecured bond	(vi)	1,090	1,091
		7,918	12,839
Less: Current portion of long-term bank loans		(2,297)	(4,493)
		5,621	8,346

Notes:

(i) The RMB denominated secured long-term bank loans as at December 31, 2009 and September 30, 2010 were secured by certain receivables under finance lease with a carrying value of RMB4,671 million and RMB6,398 million respectively, and had maturities ranging from 2 months to 4 years from the respective balance sheet date.

(ii) As at September 30, 2010, the EUR denominated secured long-term bank loan is secured by 100% equity interest of certain Company's subsidiaries in Italy. Such loan bears interest at EURIBOR plus 2.2% per annum and is repayable in full in June 2013.

(iii) The RMB denominated unsecured long-term bank loans as at December 31, 2009 and September 30, 2010 had maturities ranging from 7 months to 3 years from the respective balance sheet date. As at September 30, 2010, RMB230 million of such long-term bank loan is subject to the fulfillment of certain annual financial covenants of the Group.

(iv) As at September 30, 2010, EUR denominated unsecured long-term bank loan of RMB909 million bore interest at EURIBOR plus 2.0% per annum and are repayable in full in June 2013. The remaining unsecured long-term bank loans of RMB7 million are repayable in quarterly instalments through 2014.

(v) As at December 31, 2009 and September 30, 2010, the USD denominated unsecured long-term bank loan of RMB1,351 million and RMB1,330 million respectively bears interest at LIBOR plus 0.9% per annum and is repayable in full in September 2011. This long-term bank loan is subject to the fulfillment of certain semi-annual and annual financial covenants of the Group. As at December 31, 2009 and June 30, 2010, the Group was in compliance with these financial covenants.

As at December 31, 2009 and September 30, 2010, the remaining unsecured long-term bank loans of RMB464 million and RMB1,126 million respectively bear interest at LIBOR plus 1.2% to 2.2% per annum and have maturities ranging from 17 months to 3 years from the respective balance sheet date.

(vi) In April 2008, the Company issued bonds with principal amount of RMB1,100 million to public and institutional investors. The bonds bear interest at a fixed rate of 6.5% per annum and mature in April 2016. The holders of the bonds have an option to redeem, in whole or in part, of the principal amount of the bond on the fifth anniversary date of the bond issuance date at par value.

(c) Except as disclosed in Notes 12(a)(ii), 12(b)(iii) and 12(b)(v) above, none of the Group's loans and borrowings contains any financial covenants.

13 Trade and other payables

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Trade creditors	4,369	6,452
Bills payable	3,843	5,698
Trade creditors and bills payable (note)	8,212	12,150
Amounts due to related parties (Note 17(b))	—	12
Receipts in advance	446	880
Payable for acquisition of property, plant and equipment	386	354
Accrued staff costs	402	537
VAT payable	265	516
Security deposits	270	387
Product warranty provision	87	103
Sundry taxes payable	63	239
Dividend payable	—	120
Other accrued expenses	501	749
	10,632	16,047

Note:

Ageing analysis of trade creditors and bills payable as at the balance sheet dates is as follows:

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Due within 1 month or on demand	1,901	5,508
Due after 1 month but within 3 months	2,105	2,372
Due after 3 months but within 6 months	2,238	3,013
Due after 6 months but within 12 months	1,968	1,257
	8,212	12,150

14 Capital and reserves

(a) Private placement of shares

The Company issued 297,954,705 ordinary shares through a private placement to nine institutional investors at RMB18.70 per share on February 5, 2010. The private placement raised gross proceeds of RMB5,572 million. Direct transaction costs of RMB93 million have been offset against the gross proceeds, giving rise to net proceeds of RMB5,479 million. The amount of net proceeds in excess of the par value of the new shares issued was RMB5,181 million and was recorded in the capital reserve.

(b) Profit appropriations

(i) Cash dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on May 25, 2010, a final cash dividend of RMB0.25 per share based on 1,971 million ordinary shares totalling RMB492 million in respect of the year ended December 31, 2009 was declared, and was paid on June 18, 2010.

Pursuant to the shareholders' approval at the Extraordinary General Meeting held on July 22, 2010, a cash dividend of RMB0.17 per share based on 1,971 million ordinary shares totalling RMB335 million was declared, and among which RMB215 million was paid during the quarter ended September 30, 2010, and the remaining balance is expected to be paid by the end of 2010.

(ii) Bonus shares

In July 2010, the Company announced a stock split in the form of bonus shares on the basis of 1.5 shares for every outstanding ordinary share. The total number of shares issued was 2,957 million. The par value of new ordinary shares issued of RMB2,957 million was charged to retained earnings in accordance with the Board of Director's resolution as approved by the shareholders at the Extraordinary General Meeting on July 22, 2010.

15 Commitments

(a) Capital commitments

At December 31, 2009 and September 30, 2010, the Group had capital commitments as follows:

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Authorized and contracted for		
—property, plant and equipment	115	198
—equity investments	8	—
—intangible assets	—	19
	123	217
Authorized but not contracted for		
—property, plant and equipment	12	441
—lease prepayments	—	36
	12	477

(b) Operating lease commitments

The Group leases business premises and equipment through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

At December 31, 2009 and September 30, 2010, the future minimum lease payments under operating lease are as follows:

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Within 1 year	38	58
After 1 but within 2 years	24	45
After 2 but within 3 years	19	18
After 3 but within 4 years	14	11
After 4 but within 5 years	9	8
Thereafter	26	21
	130	161

16 Contingent liabilities

(a) Financial guarantee issued

Certain customers of the Group from time to time may finance their purchase of the Group's machinery products through bank loans. During the periods presented, the Group provided guarantees for such bank loans drawn by customers. Under the guarantee arrangement, in the event of customer default, the Group is entitled to repossess the machinery collateralizing the bank loans, sell the machinery and retain any net proceeds in excess of the guarantee payments made to the banks. At December 31, 2009 and September 30, 2010, the Group's maximum exposure to such guarantees was RMB3,369 million and RMB3,999 million respectively. The terms of these guarantees coincide with the tenure of bank loans that generally range from 2 to 4 years. The Group, when called upon by the banks to fulfill its guarantee obligations, has historically been able to sell the repossessed machinery for proceeds that are not significantly different from the amount of the guarantee payments. For the year ended December 31, 2009 and the three-month and nine-month periods ended September 30, 2010, the Group made payments of RMB117 million, RMB22 million and RMB83 million, respectively, to banks under the guarantee arrangement as a result of customer default. Historically, there has been no significant difference between the sales proceeds of the repossessed machinery and the guaranteed payments to bank for defaulted customers.

(b) Contingent liability in respect of legal claims

In March 2010, Italian tax authorities issued formal tax inspection assessment reports to Cifa Mixers S.r.l., a 59.32% owned subsidiary of the Company. The tax authorities have challenged the deductibility of certain costs incurred by this entity for income tax and value added tax purposes for tax years 2003 to 2007. The amount of additional taxes sought by the tax authorities in relation to these tax deductions is approximately EUR 10.7 million before interest and penalties, if any. As of the approval date of these financial statements, this tax case is pending court hearing. The Group has sought legal advice to defend the subsidiary's tax position. Based on tax consultant's advice, the Group considers that it is more likely than not that the Group's tax position can be substantiated. In addition, it is expected that any potential tax payments, interest and penalties, if any, will be sufficiently covered by indemnities and warranties that were provided by the former shareholders of Cifa Mixers S.r.l. and CIFA S.p.A. Accordingly, no provision is made for the contingency as at September 30, 2010.

Apart from the above tax case, the Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavorable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group. No provision has therefore been recorded in respect of those lawsuits.

17 Related party transactions

(a) Transactions with related parties

	For the nine-month ended September 30,	
	2009	2010
	RMB millions	RMB millions
Transactions with associates:		
Sales of products	(2)	(7)
Lease of properties and equipment	3	—
Purchase of raw materials	5	22

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions which are comparable to normal commercial terms. The sales and purchase transactions with associates are expected to continue after the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(b) Outstanding balances with related parties

Amounts due from/to related parties are arise in the Group's normal course of business and are included in the account captions of trade and other receivables and trade and other payables, respectively. These balances bear no interest, are unsecured and are repayable in accordance with the agreements governing such transactions which are comparable to credit period with third-party customers/suppliers.

18 Reconciliation of financial information prepared under PRC GAAP to IFRSs

(a) Reconciliation of total equity of the Group

	As at December 31, 2009	As at September 30, 2010
	RMB millions	RMB millions
Total equity reported under PRC GAAP	7,592	15,242
—Acquisition-related costs	(40)	(40)
Total equity reported under IFRSs	7,552	15,202

(b) There is no material difference between total comprehensive income of the Group for the three-month and nine-month periods ended September 30, 2009 and 2010 reported under PRC GAAP and IFRSs.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to illustrate the effect of the Global Offering on the unaudited pro forma adjusted net tangible assets and unaudited pro forma earnings per Share of our Group.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of our Group during the Track Record Period or any other date.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the equity shareholders of our Company as of June 30, 2010 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2010 or at any future date.

	Consolidated net tangible assets of our Group as of June 30, 2010(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share(3)	Unaudited pro forma adjusted net tangible assets per Share(4)(5)
	RMB (in millions)	RMB (in millions)	RMB (in millions)	RMB	HK$
Based on Offer Price of HK$13.98 per Share	11,524	9,915	21,439	3.70	4.32
Based on Offer Price of HK$18.98 per Share	11,524	13,509	25,033	4.32	5.04

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of our Company as of June 30, 2010 is derived from the consolidated net assets attributable to the equity shareholders of our Company as of June 30, 2010 of RMB14,411 million as reported in the Accountants' Report set out in Appendix I to this Prospectus, after deducting intangible assets of RMB1,202 million and goodwill of RMB1,812 million, and adding the share of these intangible assets attributable to non-controlling interests of RMB462 million, and deducting the cash dividend of RMB 335 million declared by the Company in July 2010.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$13.98 and HK$18.98 per Share, after deducting underwriting fees and other costs directly related to offering of the Shares. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds are converted into RMB amounts at the rate of RMB1.00 to HK$1.1673.
(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustment for the estimated net proceeds from the Global Offering as described in Note (2) and on the basis of 5,797,219,562 Shares expected to be in issue immediately after the Global Offering. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
(4) The unaudited pro forma adjusted net tangible assets per Share are converted into HK$ amounts at the rate of RMB1.00 to HK$1.1673.
(5) The Group's property interests as at September 30, 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix V—Property Valuation". The above unaudited pro forma adjusted consolidated net tangible assets do not take into account the valuation surplus attributable to the Group of approximately RMB637 million. The revaluation surplus will not be recorded in the Group's financial statements for the year ending December 31, 2010. If the valuation surplus were to be recorded in the Group's financial statements, additional depreciation and amortization of approximately RMB21 million would be charged against the profit for the year ending December 31, 2010.

(B) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2010.

The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of our Group for the year ending December 31, 2010 or for any future period.

Forecast consolidated profit attributable to equity shareholders of the Company(1)(3)	Not less than RMB4,300 million (approximately HK$5,019 million)
Unaudited pro forma forecast earnings per Share(2)(3)	Not less than RMB0.75 (approximately HK$0.88)

Notes:
(1) The forecast consolidated profit attributable to equity shareholders of the Company for the year ending December 31, 2010 is extracted from the section headed "Financial Information—Profit Forecast for 2010" in this Prospectus. The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix IV to this Prospectus. The Directors of the Company have prepared the forecast consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010 based on the audited consolidated financial statements of our Group for the six months ended June 30, 2010, the unaudited consolidated financial statements of our Group for the three months ended September 30, 2010 and a forecast of the consolidated results of our Group for the remaining three months ending December 31, 2010.
(2) The calculation of unaudited pro forma forecast earnings per Share in accordance with Listing Rules 4.29(8) is based on the forecast consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010, and a weighted average of 5,725,792,065 Shares assumed to be issued and outstanding during the year ending December 31, 2010. The calculation of the weighted average number of Shares has taken into account the 1,673,100,000 Shares issued and outstanding as of December 31, 2009, the 297,954,705 Shares issued on February 5, 2010 upon completion of Non-public Offering of A Shares, the stock split in the form of bonus shares on the basis of 1.5 Shares for every outstanding ordinary Share announced on July 22, 2010, and the 869,582,800 H Shares to be issued pursuant to the Global Offering as if the Global Offering had been completed on January 1, 2010. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
(3) The forecast consolidated profit attributable to equity shareholders of our Company and the unaudited pro forma forecast earnings per Share are converted into HK$ amounts at the exchange rate of RMB1.00 to HK$1.1673. No representation is made that the RMB amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

(C) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this Prospectus, received from our Company's Reporting Accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of our Group.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

December 13, 2010

The Board of Directors
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.

Dear Sirs,

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Parts (A) and (B) of Appendix III to the Prospectus dated December 13, 2010 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed Global Offering of the Company's shares might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Parts (A) and (B) on pages III-1 to III-2 of Appendix III to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Our procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at June 30, 2010 or any future date; or
- the earnings per Share of the Group for the year ending December 31, 2010 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of Proceeds" in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Company; and

c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KPMG

Certified Public Accountants
Hong Kong, China

The forecast of the consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010 is set out in the paragraph headed "Financial information—Profit forecast for 2010" in this Prospectus.

(A) Bases and assumptions

The Directors of the Company have prepared the forecast of consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010 based on the audited consolidated financial statements of our Group for the six months ended June 30, 2010, the unaudited consolidated financial statements of our Group for the three months ended September 30, 2010 and a forecast of the consolidated results of our Group for the remaining three months ending December 31, 2010. The significant accounting policies adopted in preparing the profit forecast are consistent in all material respects with those adopted by our Group as summarised in the Accountants' Report dated December 13, 2010, the text of which is set out in Appendix I to this Prospectus. The profit forecast is prepared based on the following principal assumptions:

(a) There will be no material changes in existing government policies or political and legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in any of the countries, regions or industries in which our Group operates, where our Group's customers carry out business, to where our Group exports our products or from which we import our raw materials.

(b) There will be no significant fluctuations in currency exchange rates, interest rates and tariffs and duties in the respective countries in which our Group operates.

(c) Our Group's operation and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including but not limited to the occurrence of natural disasters of catastrophe (such as floods and typhoons), epidemics or serious accidents. Our Directors assume no extraordinary event will occur during three months ending December 31, 2010 ("the profit forecast period").

(d) Our Group's operation and financial performance will not be materially and adversely impacted by any of the risk factors set forth in the section headed "Risk Factors" in the Prospectus.

(e) No further capital will be raised during the profit forecast period, except for the proceeds of the forthcoming Global Offering, and the net proceeds will be received and utilized as planned. Upon the completion of the Global Offering, there will be no material changes in the bank loan facilities available to our Group.

(f) Our Directors assume that our Group will have no significant merger and acquisition activities during the profit forecast period.

(g) The profit forecast has been prepared after taking into account the continued involvement of our Directors, Supervisors, senior management and other necessary talents in the development of our Group's operations. It is assumed that our Group will be able to retain our senior management and personnel during the profit forecast period.

(B) Letter from the Reporting Accountants

The following is the text of a letter, prepared for the sole purpose of inclusion in this prospectus, received from our Company's Reporting Accountants, KPMG, Certified Public Accountants, Hong Kong in connection with the forecast consolidated profit attributable to equity shareholders of our Company for the year ending December 31, 2010.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

December 13, 2010

The Board of Directors
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.

China International Capital Corporation Hong Kong Securities Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity shareholders of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd (the "Company") and its subsidiaries (collectively referred to as "the Group") for the year ending December 31, 2010 (the "Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated December 13, 2010 (the "Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated financial statements of the Group for the six months ended June 30, 2010, the unaudited consolidated financial statements of the Group for the three months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors of the Company as set out in Appendix IV of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report dated December 13, 2010, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong, China

(C) Letter from the Joint Sponsors on the Profit Forecast

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

December 13, 2010

The Directors
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.

Dear Sirs,

Changsha Zoomlion Heavy Industry Science and Technology Development Company Limited (the "Company") — Profit Forecast

We refer to the forecast of the consolidated net profit attributable to equity holders of the Company for the year ending December 31, 2010 (the "**Profit Forecast**") as set out in the prospectus issued by the Company dated December 13, 2010 (the "**Prospectus**").

We understand that the Profit Forecast has been prepared by the Directors of the Company based on the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended June 30, 2010, the unaudited consolidated financial statements of the Group for the three months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010.

We have discussed with you the bases and assumptions made by the Directors of the Company as set out in Part A of Appendix IV to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated December 13, 2010 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
China International Capital Corporation Hong Kong Securities Limited
Zhaohui Huang
Managing Director

For and on behalf of
Goldman Sachs (Asia) L.L.C.
Alex Schrantz
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at September 30, 2010 of the property interests of the Group. As described in section "Documents Available for Inspection" in Appendix X, a copy of the full valuation report will be made available for public inspection.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

December 13, 2010

The Board of Directors
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.
No. 361 Yin Pen South Road
Yuelu District
Changsha City
Hunan Province
The PRC

Dear Sirs,

In accordance with your instructions to value the properties in which Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and other overseas countries, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at September 30, 2010 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests of properties nos. 25 to 70 in Group I and property interests in Group III and IV by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of the properties in the PRC and the particular locations in which they are situated, there are unlikely to be relevant market comparables sales readily available, the property interests of properties nos. 1 to 24 in Group I have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests of portions of properties nos. 2, 4, 11, 15 and 18 in Group I and property interests in Group II which were under construction as at the date of valuation, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group V and VI, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in our valuation report to this prospectus, of which a summary is included in the Summary of Values and the certificate for leased properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates ("LURCs"), Building Ownership Certificates ("BOCs"), Real Estate Title Certificates ("RETCs"), Lease Agreements, State-owned Land Use Rights Grant Contracts and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers—Fangda Partners, concerning the validity of the property interests in the PRC and overseas legal advisers of Iran, Angola, India, Indonesia and Mexico.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rates adopted in our valuations are approximately USD$1 = RMB6.7011, EUR 1 = RMB9.1329, AED 1 = RMB1.8224, SAR 1 = RMB1.7766, RUB 1 = RMB0.2192, ZAR 1 = RMB0.9596, AUD 1 = RMB6.4852, SGD 1 = RMB5.0824, IDR 1 = RMB0.0007, DZD 1 = RMB0.0900, LYD 1 = RMB5.4000, MXN 1 = RMB0.5295, TRY 1 = RMB4.6114 and INR 1 = RMB0.1502 which were approximately the prevailing exchange rates as at the date of valuation.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: *Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC, extensive property valuation experience in Hong Kong and the United Kingdom, relevant valuation experience in the Asia-Pacific region, certain European countries, the United States of America and certain African countries.*

SUMMARY OF VALUES

Group I—Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
1.	A parcel of land, 30 buildings and roads No. 114, Xinkuaipu Road Tianxin District Changsha City Hunan Province The PRC	185,606,000	100%	185,606,000
2.	4 parcels of land and 13 buildings together with a building under construction located at Quantang Village Xingsha Town Changsha County Changsha City Hunan Province The PRC	276,259,000	100%	276,259,000
3.	A parcel of land and a building No. 2 Furongnan Road Yuhua District Changsha City Hunan Province The PRC	32,855,000	100%	32,855,000
4.	4 parcels of land, 24 buildings and various structures together with a building under construction No. 677 Lugu Avenue Changsha High-tech Development Zone Changsha City Hunan Province The PRC	639,013,000	100%	639,013,000
5.	Zhong Lian Yuan Building located at West of Leifeng Avenue Jinsha Village Huangjin Town Wangcheng County Changsha City Hunan Province The PRC	5,895,000	100%	5,895,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
6.	A parcel of land, 2 buildings and various structures located at Jinxing Street Xincheng Town Wangcheng County Changsha City Hunan Province The PRC	89,375,000	100%	89,375,000
7.	4 parcels of land, 19 buildings and various structures No. 361 Yin Pen South Road Yuelu District Changsha City Hunan Province The PRC	167,248,000	100%	167,248,000
8.	2 parcels of land, 13 buildings and various structures No.88 Fangta North Road Songjiang District Shanghai The PRC	No commercial value	100%	No commercial value
9.	3 parcels of land, 28 buildings and various structures located at Tieshan Village Guanxi Town Dingcheng District Changde City Hunan Province The PRC	187,525,000	100%	187,525,000
10.	2 parcels of land, 12 buildings and various structures located at Dadang Village Guanxi Town Dingcheng Community Changde City Hunan Province The PRC	198,520,000	100%	198,520,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
11.	A parcel of land, 4 buildings and various structures together with a building and vehicle testing sites under construction located at Guanxi Town Dingcheng District Changde City Hunan Province The PRC	12,288,000	100%	12,288,000
12.	2 parcels of land, 3 buildings and various structures located at Baijiaping Village Dingcheng District Changde City Hunan Province The PRC	14,673,000	100%	14,673,000
13.	A parcel of land, 14 buildings and various structures located at Yuanjiang Industrial Zone Yiyang City Hunan Province The PRC	68,779,000	100%	68,779,000
14.	2 parcel of land, 9 buildings and various structures located at Jinsha Village Huangjin Town Wangcheng County Changsha City Hunan Province The PRC	34,633,000	62%	21,472,000
15.	A parcel of land, 7 buildings and various structures together with a building under construction located at No.297 Binfen Road Songjiang District Shanghai City The PRC	72,592,000	100%	72,592,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
16.	2 parcels of land, 7 buildings and various structures No. 57 Guyuan Road Yuelu District Changsha City Hunan Province The PRC	373,803,000	82%	306,518,000
17.	3 parcels of land, 24 buildings and walls located at Dongjiao Town Wuling District Changde City Hunan Province The PRC	10,970,000	75%	8,228,000
18.	A parcel of land, 16 buildings and various structures together with a building under construction located at Guanxi Industrial Park Dingcheng District Changde City Hunan Province The PRC	46,076,000	66.75%	30,756,000
19.	A parcel of land, 17 buildings and various structures located at Baijiaping Village Dingcheng District Changde City Hunan Province The PRC	24,346,000	75.6%	18,406,000
20.	7 parcels of land, 123 buildings and various structures located at South of Huanghe New Village Huayin City Shaanxi Province The PRC	166,368,000	100%	166,368,000
21.	A parcel of land, 19 buildings and various structures located at Liucunpu Town Weiyang District Xi'an City Shaanxi Province The PRC	No Commercial Value	100%	No Commercial Value

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
22.	9 parcels of land, 104 buildings and various structures located at No.800 Mengjiangnv Avenue Jinshi City Hunan Province The PRC	128,212,000	84.90%	108,852,000
23.	A parcel of land, 3 buildings and various structures No.118 Suhong East Road Suzhou Industrial Park Suzhou City Jiangsu Province The PRC	88,801,000	51%	45,289,000
24.	A parcel of land, 5 buildings and various structures located at Qingshan Street Deshan Economic and Development Zone Changde City Hunan Province The PRC	22,228,000	75%	16,671,000
25.	A unit on Level 4 of a residential building No. 92 Shengli Si Road Xiling District Yichang City Hubei Province The PRC	No commercial value	100%	No commercial value
26.	Units 11F and 12F on Levels 11 and 12 of Limeige Apartment, Xiangli Mansion Lianhua Road Futian District Shenzhen City Guangdong Province The PRC	2,878,000	100%	2,878,000
27.	Unit 10-4 on Level 10, Block 1 of an office building No. 73 Zhongshan Er Road Yuzhong District Chongqing The PRC	636,000	100%	636,000
28.	Unit 312 on Levels 1 to 3 and a car park space on Basement Level of a residential building No. 11-7 Huaihe South Street Huanggu District Shenyang City Liaoning Province The PRC	2,220,000	100%	2,220,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
29.	Unit 501 on Level 5 and a car park space on Basement Level, Block 1 of a residential building No. 129 Dongguanzheng Street Beilin District Xi'an City Shaanxi Province The PRC	757,000	100%	757,000
30.	Unit 901 on Levels 9 and 10, Block 1 of a residential building No. 275 Minzheng Street Shahekou District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
31.	Unit No. 7 on Level 1 of Building 10 Hongfu Street Jinnan Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
32.	Unit 1101 on Level 11 of Building 16, Phase I of Jiuhe International Town located at Dalian Development Area Dalian City Liaoning Province The PRC	1,720,000	100%	1,720,000
33.	3 units on Levels 7 to 9, Block B1 of Wuhuan Mansion No. 102 Xinglongwan Yuanjiagang Jiulongpo District Chongqing The PRC	1,640,000	100%	1,640,000
34.	2 units on Level 4 and a car park space on Basement Level, Block 5 of Building 3 No. 95 Dingziqiao Road Wuchang District Wuhan City Hubei Province The PRC	1,340,000	100%	1,340,000
35.	A commercial unit on Level 1, Block 18 of a commercial-residential building No. 15 Luyuan South Street Tongzhou District Beijing The PRC	1,363,000	100%	1,363,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
36.	A unit on Levels 1 to 3, Block 15 of Fengle Apartment No. 6 Bei Road Wujin District Changzhou City Jiangsu Province The PRC	3,190,000	100%	3,190,000
37.	3 units on Level 20, Block C of Shimao Mansion located at Daxin Street Dongguan District Xi'an City Shaanxi Province The PRC	No commercial value	100%	No commercial value
38.	2 units on Levels 2 and 7 of a residential building Zhongma Village Longquan Road Kunming City Yunnan Province The PRC	No commercial value	100%	No commercial value
39.	A unit on Level 3 of an office building No. 4 Zhushikou East Street Chongwen District Beijing The PRC	50,403,000	100%	50,403,000
40.	Unit 907 on Level 9 and a car park space on Basement Level, Block 1 of Wansheng Mansion No. 132 Zhongshan Road Chengguan District Lanzhou City Gansu Province The PRC	1,500,000	100%	1,500,000
41.	Unit 101 on Level 1 of Building 6 No. 140 Renmin Street Nanguan District Changchun City Jiling Province The PRC	1,590,000	100%	1,590,000
42.	Unit 1101 on Level 11, Block 3 of Building 8 No. 61 Beihuan Road Zhengzhou City Henan Province The PRC	934,000	100%	934,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
43.	Unit 502 on Level 5 of Building Dong-2 Binnanhuayuan, Huaizhong Road Yuhua District Shijiazhuang City Hebei Province The PRC	1,000,000	100%	1,000,000
44.	Unit 101 on Levels 1 to 2, Block 1 of Building A Futianhuayuan No. 1 Chaoyang Middle Road Xihu District Nanchang City Jiangxi Province The PRC	3,100,000	100%	3,100,000
45.	A unit on Level 5 of Building C No. 128 Huaxi Avenue Nanming District Guiyang City Guizhou Province The PRC	2,490,000	100%	2,490,000
46.	Units 101 and 102 on Level 1 of a residential building No. 152 Tunxi Road Baohe District Hefei City Anhui Province The PRC	960,000	100%	960,000
47.	Unit 1-9-102 on Level 1 of a residential building Bailihuayuan No. 151 Weiguo Road Hedong District Tianjin The PRC	1,460,000	100%	1,460,000
48.	A building within Area B Xintang Xinyuan New Village Dongpu Town Tianhe District Guangzhou City Guangdong Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
49.	Unit 404 on Level 4, Block 1 of Building A6 Tianhonghuayuan East Road Zhongshan Avenue Huangpu District Guangzhou City Guangdong Province The PRC	No commercial value	100%	No commercial value
50.	Units A to H on Level 8 of Laike Plaza No. 1548 Dalian Road Hongkou District Shanghai The PRC	21,032,000	100%	21,032,000
51.	Unit 1-2807 on Level 28 of Fangqun Apartment No. 27 Nansanhuan East Road Fengtai District Beijing The PRC	2,790,000	100%	2,790,000
52.	Units 107 to 109 on Level 1 of Building 6 Balizhuang Dongli Chaoyang District Beijing The PRC	6,270,000	100%	6,270,000
53.	Units 409 to 411 on Level 4 of Building 3 Pengyihuayuan Bagua Yi Road Futian District Shenzhen City Guangdong Province The PRC	1,874,000	100%	1,874,000
54.	Units E and F on Level 20 of Building 3 Zhongshanhuayuan No. 97 Zhaohui Road Hangzhou City Zhejiang Province The PRC	4,678,000	100%	4,678,000
55.	Unit 107 on Level 1 of Building 3 Pengyihuayuan Bagua Yi Road Futian District Shenzhen City Guangdong Province The PRC	3,429,000	100%	3,429,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
56.	5 commercial units on Level 1 of Building A Phase 5 Jinghuhuayuan Dongguan City Guangdong Province The PRC	No commercial value	100%	No commercial value
57.	Units 401 and 402 on Level 4, Block C of Building B1 Zilongting Xinjinghuhuayuan Dongcheng District Dongguan City Guangdong Province The PRC	1,880,000	100%	1,880,000
58.	A unit on Level 2, Block 3 of Building 18 No. 15 Gangpo Road Zhongyuan District Zhengzhou City Henan Province The PRC	560,000	100%	560,000
59.	Unit 23-7B on Level 26, Block 13 of Rongxin Mansion No. 50 Yubei Road Shapingba District Chongqing The PRC	940,000	100%	940,000
60.	Unit 2-1 on Level 2 of Building 1 No. 5 Zaozilanya Main Street Yuzhong District Chongqing The PRC	581,000	100%	581,000
61.	Unit 1-11-3 on Level 11 of a residential building No. 70-2 Huanghe North Street Yuhong District Shenyang City Liaoning Province The PRC	860,000	100%	860,000
62.	Unit 2804 on Level 28 of Building 2 Binghaihuayuan No. 1 Shandong Road Shinan District Qingdao City Shandong Province The PRC	3,610,000	100%	3,610,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
63.	Unit K on Level 14 of Jinyun Mansion No. 28 Erqi Road Zhengzhou City Henan Province The PRC	No commercial value	100%	No commercial value
64.	Unit 1-906 on Level 9 of Hengchang Mansion No. 288 Jingsi Road Shizhong District Ji'nan City Shandong Province The PRC	1,880,000	100%	1,880,000
65.	2 units on Levels 1 and 2 of Building 14 Manchunjiayuan located at Lijing North Street Xingqing District Yinchuan City Ningxia Hui Autonomous Region The PRC	760,000	100%	760,000
66.	Unit No. 7 on Levels 1 and 2 of Building 1 Ningyanyuan Lining South Street Wuzhong City Ningxia Hui Autonomous Region The PRC	682,000	100%	682,000
67.	Unit 401 on Levels 4 and 5 and two car park spaces on Basement Level, Block 3 of Building 7 Jinzhuang Apartment Weijin South Road Nankai District Tianjin The PRC	3,383,000	100%	3,383,000
68.	Unit 101 on Level 1 of a residential building No. 11 Lane 166 Fengzhuang North Road Zhenxin New Village Jiading District Shanghai The PRC	1,010,000	100%	1,010,000

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
69.	Unit 102 on Level 1 of a residential building No. 18 Lane 1558 Xujing Middle Road Qingpu District Shanghai The PRC	950,000	100%	950,000
70.	Unit 404 on Level 4, Block A of Xinye Mansion located at Jincheng Residential Area Dali Town Guijiang Road Nanhai District Foshan City Guangdong Province The PRC	910,000	100%	910,000
	Sub-total:	**2,983,325,000**		**2,810,448,000**

Group II—Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
71.	2 parcels of land and 11 buildings under construction located at South of Chaoyang Avenue High-tech and Development Zone Weinan City Shannxi Province The PRC	212,434,000	100%	212,434,000
72.	A parcel of land and 2 buildings under construction located at South of Changchang Highway, West of S105 Hanshou County Changde City Hunan Province The PRC	167,632,000	100%	167,632,000
	Sub-total:	**380,066,000**		**380,066,000**

Group III—Property interest held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
73.	A parcel of land located at Qianming Road Deshan Economic and Development Zone Changde City Hunan Province The PRC	52,559,000	75%	39,419,000
	Sub-total:	**52,559,000**		**39,419,000**

Group IV—Property interest owned and occupied by the Group in the USA

No.	Property	Capital value in existing state as at September 30, 2010	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2010
		RMB		*RMB*
74.	A parcel of land and an industrial building No.14215 Two Mile Road Yorkville Town Racine County Wisconsin The USA	19,056,000	59.32%	11,304,000
	Sub-total:	**19,056,000**		**11,304,000**

Group V—Property interests leased and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2010	Capital value attributable to the Group as at September 30, 2010
		RMB	*RMB*
75.	488 properties leased by the Group in the PRC	No commercial value	No commercial value
	Sub-total:	**Nil**	**Nil**

Group VI—Property interests leased and occupied by the Group in overseas countries

No.	Property	Capital value in existing state as at September 30, 2010	Capital value attributable to the Group as at September 30, 2010
		RMB	*RMB*
76.	57 properties leased by the Group in Italy, Russia, Iran, Belgium, Dubai, Saudi Arabia, the South Africa, Angola, Turkey, Australia, Singapore, Vietnam, Indonesia, Libya, India and Mexico	No commercial value	No commercial value
	Sub-total:	**Nil**	**Nil**
	Grand total:	**3,435,006,000**	**3,241,237,000**

VALUATION CERTIFICATE

Group I—Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
1.	A parcel of land, 30 buildings and roads No.114 Xinkuaipu Road Tianxin District Changsha City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 136,599.43 sq.m., 30 buildings and roads erected thereon which were completed in various stages between 1957 and 2002. The buildings have a total gross floor area of approximately 34,266.84 sq.m. The buildings mainly include industrial buildings, warehouses, boiling houses, guard houses, office buildings and dormitory buildings. The land use rights of the property have been granted for a term expiring on April 19, 2050 and April 19, 2080 for commercial and residential uses respectively.	The property is currently occupied by the Group for production, office and dormitory purposes.	185,606,000 100% interest attributable to the Group: RMB185,606,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate—Chang Guo Yong (2010) Di No. 028875, the land use rights of a parcel of land with a site area of approximately 136,599.43 sq.m. have been granted to the Company for a term expiring on April 19, 2050 and April 19, 2080 for commercial and residential uses respectively.
2. Pursuant to 25 Building Ownership Certificates—Chang Fang Quan Zheng Tian Xin Zi Di Nos. 00394927 to 00394930, 00394934 to 00394939, 00394942, 00395129 to 00395141 and 00395143, 25 buildings with a total gross floor area of approximately 31,975.08 are owned by the Company.
3. For the remaining 5 buildings with a total gross floor area of approximately 2,291.76 sq.m., we have not been provided with any title certificates.
4. In the valuation of this property, we have attributed no commercial value to 5 buildings mentioned in note 3 for which the Company has not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB1,276,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property mentioned in notes 1 and 2 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For the 5 buildings without BOCs mentioned in note 3, the Company would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the BOCs; and
   c. The land use rights and building ownership rights of the buildings with BOCs of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
2.	4 parcels of land and 13 buildings together with a building under construction located at Quantang Village Xingsha Town Changsha County Changsha City Hunan Province The PRC	The property comprises 4 parcels of land with a total site area of approximately 420,669.75 sq.m. and 12 buildings erected thereon which were completed in various stages between 2008 and 2009. The buildings have a total gross floor area of approximately 87,825.10 sq.m. The buildings mainly include industrial buildings, a gas house, a canteen and warehouses. As advised by the Company, there is a canteen with a gross floor area of approximately 5,572.00 sq.m. erected outside of the aforesaid 4 parcels of land and its details are shown in note 4. The property also includes an office building which is still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2010. Upon completion, the planned gross floor area of the building will be approximately 27,700.08 sq.m. The total construction cost of the office building under construction is estimated to be approximately RMB34,633,817, of which RMB26,780,000 had been paid up to the date of valuation.	The property is currently occupied by the Group for production purpose, except for the CIP which is under construction as at the date of valuation.	276,259,000 100% interest attributable to the Group: RMB276,259,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
		The land use rights of the property have been granted for various terms with the expiry dates between May 30, 2052 and February 27, 2057 for industrial use.		

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—No. 2007-053 dated February 2, 2007, the land use rights of a parcel of land with a site area of approximately 90,868.00 sq.m. were contracted to be granted to the Company for a term expiring on February 27, 2057 for industrial use. The land premium was RMB3,452,984.
2. Pursuant to 4 State-owned Land Use Rights Certificates—Chang Guo Yong (2005) Zi Di Nos. 1123, 1124, 1125 and Chang Guo Yong (2007) Zi Di No. 1993, the land use rights of 4 parcels of land with a total site area of approximately 420,669.75 sq.m. have been granted to the Company for various terms with the expiry dates between May 30, 2052 and February 27, 2057 for industrial use.
3. Pursuant to 12 Building Ownership Certificates—Chang Fang Quan Zheng Xing Zi Di Nos. 710027837 to 710027848, 12 buildings with a total gross floor area of approximately 87,825.10 sq.m. are owned by the Company.
4. As advised by the Company, a canteen with a gross floor area of approximately 5,572.00 sq.m. is constructed on the land of Hunan Puyuan Group, an independent third party, with a State-owned Land Use Rights Certificate—Chang Guo Yong (2003) Zi Di No.215 which is adjacent to the land of the property and included in our valuation of this property. For the canteen, we have not been provided with its title certificate.
5. Pursuant to a Construction Land Planning Permit—Hua (95) No.207 in favor of the Company, the land with a total site area of approximately 329,801.75 sq.m. has been approved for construction.
6. Pursuant to a Construction Work Planning Permit—Jing Kai Jian 2 2009 No.0032 in favor of the Company, a building with a planned gross floor area of approximately 27,700.00 sq.m. has been approved for construction.
7. Pursuant to a Construction Work Commencement Permit—(Jing Kai Jian Fu) No.430108201004150101 in favor of the Company, a building with a planned gross floor area of approximately 27,700.00 sq.m. has been approved for construction.
8. In the valuation of this property, we have attributed no commercial value to the canteen mentioned in note 4, for which the Company has not obtained any title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the canteen (excluding the land element) as at the date of valuation would be RMB9,350,000 assuming relevant title certificate has been obtained and it could be freely transferred.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property mentioned in notes 2 and 3 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For the canteen mentioned in note 4, the Company wouldn't obtain the BOC as the LURC is not registered under the name of the Company and the rights to occupy and use the canteen may be affected if the third party has dispute;
   c. For the CIP, the Company has obtained relevant approvals from relevant government authorities and the construction of the CIP is legal; and
   d. The land use rights and building ownership rights of the buildings with BOCs of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
3.	A parcel of land and a building No. 2 Furongnan Road Yuhua District Changsha City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 6,954.80 sq.m. and a building erected thereon which was completed in about 2003. The building has a gross floor area of approximately 10,523.79 sq.m, The land use rights of the property have been granted for a term expiring on May 8, 2053 for composite use.	The property is currently occupied by the Group for office purpose.	32,855,000 100% interest attributable to the Group: RMB32,855,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate—Chang Guo Yong (2005) Di No. 032398, the land use rights of a parcel of land with a site area of approximately 6,954.80 sq.m. have been granted to the Company for a term expiring on May 8, 2053 for composite use.
2. Pursuant to a Building Ownership Certificate—Chang Fang Quan Zheng Yu Hua Zi Di No. 00345016, a building with a gross floor area of approximately 10,523.79 is owned by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
4.	4 parcels of land, 24 buildings and various structures together with a building under construction No. 677 Lugu Avenue Changsha High-tech Development Zone Changsha City Hunan Province The PRC	The property comprises 4 parcels of land with a total site area of approximately 518,773.41 sq.m., 24 buildings and various structures erected thereon which were completed between 2004 and 2005. The buildings have a total gross floor area of approximately 183,789.33 sq.m. The buildings and structures mainly include industrial buildings, guard houses, a canteen, a warehouse, a dormitory building, boundary fences, roads, walls, sheds and a basketball court. The property also includes a building which is still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2010. Upon completion, the planned gross floor area of the building will be approximately 10,406.75 sq.m. The total construction cost of the building under construction is estimated to be approximately RMB20,215,000, of which RMB17,768,654.07 had been paid up to the date of valuation. The land use rights of the property have been granted for various terms with the expiry dates between July 12, 2054 and November 20, 2058 for industrial use.	The property is currently occupied by the Group for production, office and dormitory purposes, except for the CIP which is under construction as at the date of valuation.	639,013,000 100% interest attributable to the Group: RMB639,013,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—Gao (2008) Zheng Di Chu Zi Di No. 12 dated November 20, 2008, the land use rights of 2 parcels of land with a total site area of approximately 23,626.99 sq.m. were contracted to be granted to the Company for a term expiring on November 20, 2058 for industrial use. The total land premium was RMB16,380,000.
2. Pursuant to 4 State-owned Land Use Rights Certificates—Chang Guo Yong (2004) Di No. 028856, Chang Guo Yong (2007) Di No. 010727, Chang Guo Yong (2008) Di No. 063464 and 063458, the land use rights of 4 parcels of land with a total site area of approximately 518,773.41 sq.m. have been granted to the Company for various terms with the expiry dates between July 12, 2054 and November 20, 2058 for industrial use.
3. Pursuant to 18 Building Ownership Certificates—Chang Fang Quan Zheng Yue Lu Zi Di Nos. 00627393 to 00627399, 710195062, 710195063, 710195065, 710195066, 710195068, 710194962, 710194964, 710194966, 710194958, 710194967 and 710195225, 20 buildings with a total gross floor area of approximately 183,289.33 sq.m. are owned by the Company.
4. For the remaining 4 buildings with a total gross floor area of approximately 500 sq.m., we have not been provided with any title certificates.
5. Pursuant to a Construction Land Planning Permit—Chu (2003) No. 0263 in favor of the Company, the land with a total site area of approximately 414,847.04 sq.m. has been approved for construction.
6. Pursuant to a Construction Work Planning Permit—Gao Xin Jian 2 (2009) No. 0044 in favor of the Company, a building with a planned gross floor area of approximately 10,406.75 sq.m. has been approved for construction.
7. Pursuant to a Construction Work Commencement Permit—No. 430102201003240101 in favor of the Company, a building with a planned gross floor area of approximately 10,406.75 sq.m. has been approved for construction.
8. In the valuation of this property, we have attributed no commercial value to the 4 buildings mentioned in note 4, for which the Company have not obtained any title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB450,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property mentioned in notes 2 and 3 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For the 4 buildings without BOCs mentioned in note 4, the Company would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the BOCs;
   c. For the CIP, the Company has obtained relevant approvals from relevant government authorities and the construction of the CIP is legal; and
   d. The land use rights and building ownership rights of the buildings with BOCs of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
5.	Zhong Lian Yuan Building located at West of Leifeng Avenue Jinsha Village Huangjin Town Wangcheng County Changsha City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 1,058.50 sq.m. and a 7-storey building with a gross floor area of approximately 2,282.00 sq.m. which was completed in 2002. The land use rights of the property have been granted for a term expiring on November 4, 2046 for composite use.	The property is currently occupied by the Group for dormitory purpose.	5,895,000 100% interest attributable to the Group: RMB5,895,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate—Wang Guo Yong (2002) Zi Di No. 2002171, the land use rights of a parcel of land with a site area of approximately 1,058.50 sq.m. have been granted to the Company for a term expiring on November 4, 2046 for composite use.
2. Pursuant to a Building Ownership Certificate—Wang Fang Quan Zheng Gao Tang Ling Zhen Zi Di No. 00015065, a building with a gross floor area of approximately 2,282.00 sq.m. is owned by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
6.	A parcel of land, 2 buildings and various structures located at Jinxing Street Xincheng Town Wangcheng County Changsha City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 137,055.56 sq.m., 2 buildings and various structures erected thereon which were completed in various stages between 2007 and 2008. The buildings have a total gross floor area of approximately 13,406.29 sq.m. The buildings and structures mainly include an industrial building, a guard house, walls, and parking lots. The land use rights of the property have been granted for a term expiring on March 27, 2055 for industrial use.	The property is currently occupied by the Group for production purpose.	89,375,000 100% interest attributable to the Group: RMB89,375,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—No.2007078, dated June 23, 2010, the land use rights of a parcel of land with a site area of approximately 137,055.56 sq.m. were contracted to be granted to the Company for a term expiring on March 27, 2055 for industrial use. The land premium was RMB3,715,551.
2. Pursuant to a State-owned Land Use Rights Certificate—Wang Guo Yong (2009) Di No. 241, the land use rights of a parcel of land with a site area of approximately 137,055.56 sq.m. have been granted to the Company for a term expiring on March 27, 2055 for industrial use.
3. Pursuant to 2 Building Ownership Certificates—Fang Quan Zheng Gao Zi Di No. 710003825 and 710003826, 2 buildings with a total gross floor area of approximately 13,406.29 sq.m. are owned by the Company.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
7.	4 parcels of land, 20 buildings and various structures No. 361 Yin Pen South Road Yuelu District Changsha City Hunan Province The PRC	The property comprises 4 parcels of land with a total site area of approximately 111,667.69 sq.m., 20 buildings and various structures erected thereon which were completed in various stages between 1976 and 2008. The buildings have a total gross floor area of approximately 40,592.86 sq.m. The buildings and structures mainly include industrial buildings, guard houses, office buildings, residential buildings, an electricity house, an infirmary building, a warehouse, sheds and roads. The land use rights of the property have been granted for various terms with the expiry dates between December 15, 2049 and March 8, 2071 for industrial and residential uses.	The property is currently occupied by the Group for production and residential purposes.	167,248,000 100% interest attributable to the Group: RMB167,248,000

Notes:

1. Pursuant to 4 State-owned Land Use Rights Certificates—Xiang Guo Yong (1999) Zi Di No. 011, Chang Guo Yong (2002) Zi Di No. 010828, Chang Guo Yong (2009) Di Nos. 068525 and 068526, the land use rights of 4 parcels of land with a total site area of approximately 111,667.69 sq.m. have been granted to the Company for various terms with the expiry dates between December 15, 2049 and March 8, 2071 for industrial and residential uses.
2. Pursuant to 15 Building Ownership Certificates—Chang Fang Quan Zheng Yue Lu Zi Di Nos. 00081171, 00081172, 00081174 to 00081178, 00118459, 708001525, 708001526, 708001530, 00279377, 710194957, 71019495 and 710194965, 15 buildings with a total gross floor area of approximately 28,159.86 sq.m. are owned by the Company.
3. For the 5 buildings with a total gross floor area of approximately 12,433.00 sq.m., we have not been provided with any title certificates.
4. In the valuation of this property, we have attributed no commercial value to the 5 buildings mentioned in note 3, for which the Company have not obtained any title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element), as at the date of valuation would be RMB10,628,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the buildings with BOCs of the property mentioned in notes 1 and 2 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose them under the PRC laws;
   b. For the 5 buildings without BOCs mentioned in note 3, the Company would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the BOCs; and
   c. The land use rights and building ownership rights of the buildings with BOCs of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
8.	2 parcels of land, 13 buildings and various structures No.88 Fangta North Road Songjiang District Shanghai The PRC	The property comprises 2 parcels of land with a total site area of approximately 42,419.00 sq.m., 13 buildings and various structures erected thereon which were completed between 1989 and 2005. The buildings have a total gross floor area of approximately 12,229.40 sq.m. The buildings and structures mainly include office buildings, warehouses, an industrial building, a dormitory building, a painting house, a canteen, a guard house, boundary fences and roads. The land use rights of 2 parcels of land with a site area of approximately 42,419.00 sq.m. have been allocated for industrial use.	The property is currently occupied by the Group for industrial and dormitory purposes.	No commercial value

Notes:

1. Puyuan Construction Machinery Head Factory Shanghai Branch Factory ("Puyuan Shanghai Branch Factory") is a 67.43% owned subsidiary of the Company.
2. Pursuant to 2 Real Estate Title Certificates—Hu Fang Di Song Zi (2003) Di No. 002930 and 002931, the land use rights of 2 parcels of land with a total site area of approximately 42,419.00 sq.m. have been allocated to Puyuan Shanghai Branch Factory and 13 buildings with a total gross floor area of approximately 12,229.40 sq.m. are owned by Puyuan Shanghai Branch Factory.
3. In the valuation of this property, we have attributed no commercial value to the property for which the land use rights of the property are allocated nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element), as at the date of valuation would be RMB18,059,000 assuming relevant proper title certificates have been obtained and they could be freely transferred.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. Puyuan Shanghai Branch Factory has the rights to occupy and use the land and the buildings erected thereon under the PRC laws and relevant government regulations;
   b. Puyuan Shanghai Branch Factory has the rights to transfer, lease and mortgage the land and the buildings erected thereon under the assumption that Puyuan Shanghai Branch Factory has obtained approval from relevant government authorities and paid up the land premium which followed the required procedures under the PRC laws; or otherwise Puyuan Shanghai Branch Factory will hand over the revenues profited from land sales or rentals to relevant government authorities in case of the relevant government authorities approve Puyuan Shanghai Branch Factory to sell or lease the property; and
   c. The relevant government authorities should give certain reasonable compensation to the buildings and structures erected on the allocated land when relevant government authorities taking back the allocated land use rights of the property according to the PRC laws and relevant regulations; and there would be no material adverse impact on the business activity of the Group even if the local government authorities take back the land use rights of the allocated land as the Group has relocated the production activity to a new premises in Shanghai (see property no.15).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
9.	3 parcels of land, 24 buildings and various structures located at Tieshan Village Guanxi Town Dingcheng District Changde City Hunan Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 356,690.00 sq.m., 24 buildings and various structures erected thereon which were completed in various stages between 1973 and 2008. The buildings have a total gross floor area of approximately 35,422.81 sq.m. The buildings and structures mainly include industrial buildings, dormitory buildings, office buildings, a canteen and sheds. The land use rights of the property have been granted for a term expiring on December 11, 2051 for industrial use.	The property is currently occupied by the Group for production, office and dormitory purposes.	187,525,000 100% interest attributable to the Group: RMB187,525,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates—Chang Ding Guo Yong (2008) Di Nos. 0093, 0094 and 0095, the land use rights of the property with a total site area of approximately 356,690.00 sq.m. have been granted to the Company for a term expiring on December 11, 2051 for industrial use.
2. Pursuant to 23 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Zi Di Nos., 01913 to 01914, 01916 to 01917, 01919, 01921 to 01923, 01926 to 01929, 01963 to 01972 and 02121, 24 buildings with a gross floor area of approximately 35,422.81 sq.m. are owned by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
10.	2 parcels of land, 12 buildings and various structures located at Dadang Village Guanxi Town Dingcheng Community Changde City Hunan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 228,617.00 sq.m., 12 buildings and various structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 111,537.27 sq.m. The buildings and structures mainly include industrial buildings, office buildings, guard houses, warehouses, a canteen, a garbage station, walls and pipes. The land use rights of the property have been granted for a term expiring on June 29, 2057 for industrial use.	The property is currently occupied by the Group for production and office purposes.	198,520,000 100% interest attributable to the Group: RMB198,520,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates—Chang Ding Guo Yong (2007) Di Nos. 1050 and 1051, the land use rights of 2 parcels of land with a total site area of approximately 228,617.00 sq.m. have been granted to the Company for a term expiring on June 29, 2057 for industrial use.
2. Pursuant to 12 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Zi Di Nos. 02114 to 02120, and 02122 to 02126, 12 buildings with a total gross floor area of approximately 111,537.27 sq.m. are owned by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
11.	A parcel of land, 4 buildings and various structures together with a building and vehicle testing sites under construction located at Guanxi Town Dingcheng District Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 16,609.60 sq.m., 4 buildings and various structures which were completed in various stages between 1993 and 2009. The buildings have a total gross floor area of approximately 14,056.86 sq.m. The buildings and structures mainly include industrial buildings, office buildings, a dormitory building, boundary fences and toilets. The property also includes a building and vehicle testing sites which are still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in April 2011. Upon completion, the planned gross floor area of the building will be approximately 3,218.00 sq.m. The total construction cost of the building and vehicle testing sites under construction is estimated to be approximately RMB8,208,315, of which RMB3,357,366 had been paid up to the date of valuation. The land use rights of the property have been granted for a term expiring on January 4, 2056 for industrial use.	The property is currently occupied by the Group for production and office purposes, except for the CIP which is under construction as at the date of valuation.	12,288,000 100% interest attributable to the Group: RMB12,288,000

Notes:

1. Hunan Zoomlion Special Vehicle Ltd., Co. Ltd ("Zoomlion Special Vehicle") is a wholly owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Chang Ding Guo Yong (2009) Di No. 0085, the land use rights of a parcel of land with a site area of approximately 16,609.60 sq.m. have been granted to the Company for a term expiring on January 4, 2056 for industrial use.
3. Pursuant to 4 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Zi Di Nos. 02128, 02113, 02127 and 01981, 3 buildings with a total gross floor area of approximately 7,456.86 sq.m. are owned by the Company and a building with a gross floor area of approximately 6,600 sq.m. are owned by Zoomlion Special Vehicle.
4. Pursuant to a Construction Work Planning Permit—Jian Zi Di No.201005010 in favor of the Company, a building with a planned gross floor area of approximately 3,218.00 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit—No.432421201005180101 in favor of the Company, a building with a planned gross floor area of approximately 3,218.00 sq.m. has been approved for construction.
6. In the valuation of this property, we have attributed no commercial value to the building registered under the name of Zoomlion Special Vehicle mentioned in note 3, for which the land use rights and the building ownership rights are registered under different parties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element), as at the date of valuation would be RMB9,022,000 assuming relevant title certificate has been obtained and it could be freely transferred.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
    a. The Company has legally owned the land use rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of the land use rights of the property under the PRC laws;
    b. For the 3 buildings registered under the name of the Company with BOCs mentioned in note 3, the Company can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
    c. For a building registered under the name of Zoomlion Special Vehicle with BOC mentioned in note 3, there may be dispute if Zoomlion Special Vehicle transfers, leases, mortgages and otherwise dispose of it because the land use rights and the building ownership rights are registered under different parties; however, there would be no material adverse impact on the business activity of the Group as Zoomlion Special Vehicle is a wholly owned subsidiary of the Company;
    d. For the CIP, the Company has obtained relevant approvals from relevant government authorities and the construction of the CIP is legal; and
    e. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
12.	2 parcels of land, 3 buildings and various structures located at Baijiaping Village Dingcheng District Changde City Hunan Province The PRC	The property comprises 2 parcel of land with a total site area of approximately 37,621.20 sq.m., 3 buildings and various structures erected thereon which were completed in various stages between 1993 and 2006. The buildings have a total gross floor area of approximately 6,802.30 sq.m. The buildings and structures mainly include 2 industrial buildings, a composite building and parking lots. The land use rights of the property have been granted for a term expiring on January 4, 2056 and July 13, 2053 respectively for industrial use.	The property is currently occupied by the Group for production and office purposes.	14,673,000 100% interest attributable to the Group: RMB14,673,000

Notes:

1. Hunan Zoomlion Special Vehicle Co., Ltd. ("Zoomlion Special Vehicle") is a wholly owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Certificates—Chang Ding Guo Yong (2009) Di No. 0086 and Chang Ding Guo Yong (2008) Di No. 0092, the land use rights of a parcel of land with a site area of approximately 37,621.20 sq.m. have been granted to Zoomlion Special Vehicle for a term expiring on January 4, 2056 and July 13, 2053 respectively for industrial use.
3. Pursuant to 3 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Zi Di Nos. 02129 to 02131, 3 buildings with a total gross floor area of approximately 6,802.30 sq.m. are owned by Zoomlion Special Vehicle.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
13.	A parcel of land, 14 buildings and various structures located at Yuanjiang Industrial Zone Yiyang City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 125,875.98 sq.m., 14 buildings and various structures erected thereon which were completed in various stages between 2006 and 2009. The buildings have a total gross floor area of approximately 37,083.69 sq.m. The buildings and structures mainly include industrial buildings, dormitory buildings, warehouses, an electricity house, walls, sheds and boundary fences. The land use rights of the property have been granted for a term expiring on May 20, 2058 for industrial use.	The property is currently occupied by the Group for production, office and dormitory purposes.	68,779,000 100% interest attributable to the Group: RMB68,799,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate—Yuan Guo Yong (2008) Di No.001375, the land use rights of a parcel of land with a site area of approximately 125,875.98 sq.m. have been granted to the Company for a term expiring on May 20, 2058 for industrial use.
2. Pursuant to 14 Building Ownership Certificates—Yuan Fang Quan Zheng Qiong Hu Zi Di Nos. 710003190 to 710003193, 71003195 to 71003203 and Yuan Fang Quan Zheng Shan Xiang Kou Zi Di No. 710002282, 14 buildings with a gross floor area of approximately 37,083.69 are owned by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and the building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
14.	2 parcels of land, 9 buildings and various structures located at Jinsha Village Huangjin Town Wangcheng County Changsha City Hunan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 42,419.70 sq.m., 9 buildings and various structures erected thereon which were completed in various stages between 2003 and 2010. The buildings have a total gross floor area of approximately 20,086.60 sq.m. The buildings and structures mainly include industrial buildings, a canteen, a painting house, a warehouse, a dormitory building, a public toilet, roads, gates, sheds, boundary fences, a basketball court and a slope protection wall. The land use rights of the property have been granted for a term expiring on March 1, 2055 and June 25, 2058 for industrial use.	The property is currently occupied by the Group for production and dormitory purposes.	34,633,000 62% interest attributable to the Group: RMB21,472,000

Notes:

1. Hunan Zhongchen Rolled Steel Manufacturing Engineering Co., Ltd. ("Zhongchen Steel Engineering") is a 62% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No.2008023 dated June 26, 2008, the land use rights of a parcel of land with a site area of approximately 8,516.00 sq.m. were contracted to be granted to Zhongchen Steel Engineering for a term expiring on June 25, 2058 for industrial use. The land premium was RMB2,610,000.
3. Pursuant to 2 State-owned Land Use Rights Certificates—Wang Guo Yong (2005) Di No. 61 and Wang Guo Yong (2008) Di No. 146, the land use rights of 2 parcels of land with a total site area of approximately 42,419.70 sq.m. have been granted to Zhongchen Steel Engineering for terms expiring on March 1, 2055 and June 25, 2058 respectively for industrial use.
4. Pursuant to 9 Building Ownership Certificates—Fang Quan Zheng Gao Zi Di Nos. 710003829 to 710003837, 9 buildings with a total gross floor area of approximately 20,086.60 are owned by Zhongchen Steel Engineering.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease and otherwise dispose of them under the PRC laws; and
   b. The land use rights and the building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
15.	A parcel of land, 7 buildings and various structures together with a building under construction No.297 Binfen Road Songjiang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 98,398.60 sq.m., 7 buildings and various structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 58,431.20 sq.m. The buildings mainly include an industrial building, a canteen, a dormitory building, an office building and guard houses. The property also includes a building which is still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2010. Upon completion, the planned gross floor area of the building will be approximately 1,621.70 sq.m. The total construction cost of the building under construction is estimated to be approximately RMB 3,020,000, of which RMB 1,288,643.70 had been paid up to the date of valuation. The land use rights of a parcel of land with a site area of approximately 98,398.60 sq.m. have been granted for a term expiring on December 28, 2056 for industrial use.	The property is currently occupied by the Group for production, office and dormitory purposes, except for the CIP which is under construction as at the date of valuation.	72,592,000 100% interest attributable to the Group: RMB72,592,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Hu Fang Di Song Zi (2007) Di No.22 dated February 8, 2007 and Hu Fang Di Song Zi(2006) Di No.356 dated December 29, 2007, the land use rights of a parcel of land with a site area of approximately 98,398.60 sq.m. were contracted to be granted to the Company for a term expiring on December 28, 2056 for industrial use. The land premium was RMB29,027,617.
2. Pursuant to a Real Estate Title Certificate—Hu Fang Di Song Zi (2007) Di No.017899, the land use rights of a parcel of land with a site area of approximately 98,398.60 sq.m. have been granted to the Company for a term expiring on December 28, 2056 for industrial use.
3. For the 7 buildings with a total gross floor area of approximately 58,431.20 sq.m., we have not been provided with any title certificates.

4. Pursuant to a Construction Land Planning Permit—Song Hu Di (2007) No.17070829E01220 in favor of the Company, the land with a site area of approximately 98,398.60 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Planning Permit—Hu Song Jian (2010) No.FA31011720101173 in favor of the Company, a building with a planned gross floor area of approximately 1,621.70 sq.m. has been approved for construction.
6. We have not been provided with construction work commencement permit of the CIP.
7. In the valuation of this property, we have attributed no commercial value to the 7 buildings and the CIP mentioned in notes 3 and 6, for which the Company has not obtained any title certificates of the buildings and the construction work commencement permit of the CIP. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and the CIP (excluding the land element), as at the date of valuation would be RMB140,802,000 assuming all relevant title certificates of the buildings and the construction work commencement permit of the CIP have been obtained and they could be freely transferred.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights of the property and can legally occupy, use, transfer, lease and otherwise dispose of the land use rights of the property under the PRC laws;
   b. For the 7 buildings without RETCs, there would be no legal impediment to obtain the RETCs after the Company obtain the construction completion certificates of them and the Company would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the RETCs; however, the Company has used the 7 buildings before obtaining the construction completion certificates of them and according to the PRC laws and relevant regulations, relevant government authorities may require the Company to rectify such pre-using behavior and charge 2% to 4% of the total amount bill of the construction contract;
   c. For the CIP, the Company may be urged to stop the construction work of the CIP or fined by the relevant government authorities due to lack of the work commencement permit and the construction of the CIP will be legal after obtaining the work commencement permit of the CIP; and
   d. The land use rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
16.	2 parcels of land, 7 buildings and various structures No. 57 Guyuan Road Yuelu District Changsha City Hunan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 358,214.52 sq.m., 7 buildings and various structures erected thereon which were completed in various stages between 2005 and 2009. The buildings have a total gross floor area of approximately 118,522.06 sq.m. The buildings and structures mainly include industrial buildings, a canteen, warehouses, roads, walls, sheds and gates. The land use rights of the property have been granted for a term expiring on January 13, 2054 for industrial use.	The property is currently occupied by the Group for production purpose.	373,803,000 82% interest attributable to the Group: RMB306,518,000

Notes:

1. Huatai Machinery Manufacturing Co., Ltd. ("Huatai Machinery Manufacturing") is a former name of Zoomlion Material Handling Equipment Co., Ltd. ("Zoomlion Material Handling"), which is a 82% owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Certificates—Chang Guo Yong (2009) Di Nos. 052144 and 052145, the land use rights of 2 parcels of land with a total site area of approximately 358,214.52 sq.m. have been granted to Huatai Machinery Manufacturing for a term expiring on January 13, 2054 for industrial use.
3. Pursuant to 2 Building Ownership Certificates—Chang Fang Quan Zheng Yue Lu Zi Di Nos. 710149075 and 710149148, 2 buildings with a total gross floor area of approximately 63,693.99 sq.m are owned by Zoomlion Material Handling.
4. Pursuant to a Building Ownership Certificate—Chang Fang Quan Zheng Yue Lu Zi Di No. 709117690, a building with a gross floor area of approximately 1,939.92 sq.m is owned by Huatai Machinery Manufacturing.
5. Pursuant to 3 Building Ownership Certificates—Chang Fang Quan Zheng Yue Lu Zi Di Nos. 710195061, 710194968 and 710194969, 3 buildings with a gross floor area of approximately 52,504.40 sq.m. are owned by the Company.
6. For the remaining building with a gross floor area of approximately 383.75 sq.m., we have not been provided with any title certificate.
7. In the valuation of this property, we have attributed no commercial value to the building mentioned in note 6 for which the Group has not obtained any title certificate and the 3 buildings mentioned in note 5 for which the land use rights and the building ownership rights are registered under different parties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element), as at the date of valuation would be RMB104,943,000 assuming relevant proper title certificates have been obtained and they could be freely transferred.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of the land use rights of the property under the PRC laws;
   b. For the 3 buildings with BOCs mentioned in notes 3 and 4, the Group has legally owned the building ownership rights of the buildings and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   c. For the 3 buildings mentioned in note 5, there may be dispute if the Company transfers, leases, mortgages and otherwise disposals of them because the land use rights and the building ownership rights are registered under different parties; however, there would be no material adverse impact on the business activity of the Group as Zoomlion Material Handling is controlled by the Company;

d. For the building without BOC mentioned in note 6, the Group would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of it after obtaining the BOC; and

e. The land use rights and the building ownership rights with BOCs of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
17.	3 parcels of land, 24 buildings and walls located at Dongjiao Town Wuling District Changde City Hunan Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 22,630.49 sq.m., 24 buildings and walls erected thereon which were completed between 1976 and 2001. The buildings have a total gross floor area of approximately 10,304.78 sq.m,. The buildings mainly include industrial buildings, office buildings, canteens, warehouses and toilets. The land use rights of the property have been granted for a term expiring on April 3, 2051 for industrial use.	The property is currently occupied by the Group for production and office purposes.	10,970,000 75% interest attributable to the Group: RMB8,228,000

Notes:

1. Changde Zoomlion Hydraulic Pressure Co., Ltd. ("Changde Hydraulic") is a 75% owned subsidiary of the Company.
2. Pursuant to 3 State-owned Land Use Rights Certificates—Chang Guo Yong (2001) Di Nos. 59, 60 and 61, the land use rights of the land with a total site area of approximately 22,630.49 sq.m. have been granted to Changde Hydraulic for a term expiring on April 3, 2051 for industrial use.
3. Pursuant to 24 Building Ownership Certificates—Chang Fang Quan Zheng Jian Zheng Zi Di Nos. 0325834 to 0325857, 24 buildings with a gross floor area of approximately 10,304.78 sq.m. are owned by Changde Hydraulic.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
18.	A parcel of land, 16 buildings and various structures together with a building under construction located at Guanxi Industrial Park Dingcheng District Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 89,565.00 sq.m., 16 buildings and various structures erected thereon which were completed in various stages between 1973 and 2008. The buildings have a total gross floor area of approximately 38,168.59 sq.m. The buildings and structures mainly include industrial buildings, roads, sheds and walls. The property also includes a building which is still under construction as at the date of valuation (the ”CIP”). The CIP is scheduled to be completed in December 2010. Upon completion, the planned gross floor area of the building will be approximately 6,336.00 sq.m. The total construction cost of the building under construction is estimated to be approximately RMB4,260,000, of which RMB1,056,965 had been paid up to the date of valuation. The land use rights of the property have been granted for a term expiring on December 11, 2051 for industrial use.	The property is currently occupied by the Group for production purpose, except for the CIP which is under construction as at the date of valuation.	46,076,000 66.75% interest attributable to the Group: RMB30,756,000

Notes:

1. Hunan Teli Hydraulic Pressure Co., Ltd (“Hunan Teli”) is a 66.75% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Chang Ding Guo Yong (2004) Di No. 1114, the land use rights of a parcel of land with a site area of approximately 89,565.00 sq.m. have been granted to Hunan Teli for a term expiring on December 11, 2051 for industrial use.
3. Pursuant to 16 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Di Nos.01320, 01321, 01323, 01325 to 01328, 01765, 01766, 01825, 01827, 01828 and 02109 to 02112, 16 buildings with a total gross floor area of approximately 38,168.59 are owned by Hunan Teli.
4. Pursuant to a Construction Work Planning Permit—Chang Gui Ding Gong Shen Jian Zi Di No. 201007046 in favor of Hunan Teli, a building with a planned gross floor area of approximately 6,336.00 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit—No. 432421201011220101 in favor of Hunan Teli, a building with a planned gross floor area of approximately 6,336.00 sq.m. has been approved for construction.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For the CIP, the Group has obtained relevant approvals from relevant government authorities and the construction of the CIP is legal; and
   c. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
19.	A parcel of land, 17 buildings and various structures located at Baijiaping Village Dingcheng District Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 24,508.40 sq.m. and 17 buildings erected thereon which were completed in various stages between 1984 and 2009. The buildings have a total gross floor area of approximately 15,829.48 sq.m. The buildings mainly include industrial buildings, office buildings, warehouses, a guard house, toilets, gates, sheds and walls. The land use rights of the property have been granted for a term expiring on January 4, 2056 for industrial use.	The property is currently occupied by the Group for production and office purposes.	24,346,000 75.6% interest attributable to the Group: RMB18,406,000

Notes:

1. Hunan Zoomlion Hardware Co., Ltd. (Zoomlion Hardware) is a 75.6% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Chang Ding Guo Yong (2009) Di No. 0086, the land use rights of a parcel of land with a site area of approximately 24,508.40 sq.m. have been granted to Zoomlion Hardware for a term expiring on January 4, 2056 for industrial use.
3. Pursuant to 17 Building Ownership Certificates—Chang Ding Fang Quan Zheng Guan Xi Zhen Zi Di Nos. 02132 to 02148, 17 buildings with a total gross floor area of approximately 15,829.48 sq.m. are owned by Zoomlion Hardware.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
20.	7 parcels of land, 123 buildings and various structures located at South of Huanghe New Village Huayin City Shaanxi Province The PRC	The property comprises 7 parcels of land with a total site area of approximately 507,362.90 sq.m., 115 buildings and various structures erected thereon which were completed in various stages between 1971 and 2006. The buildings have a total gross floor area of approximately 126,709.9 sq.m. The buildings and structures mainly include industrial buildings, dormitory buildings, canteens, office buildings, warehouses, guard houses, roads and boundary fences. The property also comprises 8 buildings with a total gross floor area of approximately 9,147.05 sq.m. constructed on the adjacent lands which were completed in various stages between 1970 and 2004 and their details are shown in note 4. The land use rights of the property have been granted for terms expiring on April 1, 2044 and December 1, 2053 respectively for industrial use.	The property is currently occupied by the Group for production, office and dormitory purposes.	166,368,000 100% interest attributable to the Group: RMB166,368,000

Notes:

1. Shaanxi Zoomlion Earth Working Machinery Co., Ltd. ("Zoomlion Earth Working") is a wholly owned subsidiary of the Company.
2. Pursuant to 7 State-owned Land Use Rights Certificates—Yin Guo Yong (2008) Di Nos. 64 to 70, the land use rights of 7 parcels of land with a total site area of approximately 507,362.90 sq.m. have been granted to Zoomlion Earth Working for a term expiring on April 1, 2044 and December 1, 2053 respectively for industrial use.
3. Pursuant to 6 Building Ownership Certificates—Hua Yin Shi Fang Quan Zheng Yue Miao Ban Zi Di Nos.5001 to 5006, 113 buildings with a total gross floor area of approximately 115,150.68 sq.m are owned by Zoomlion Earth Working.
4. Pursuant to a Building Ownership Certificate—Hua Yin Shi Fang Quan Zheng Guan Bei Xiang Zi Di No. 5006, 8 buildings with a total gross floor area of approximately 9,147.05 sq.m are owned by Shannxi Yellow River Engineering Machinery Co,. Ltd, an independent third party.

   As advised by the Group, the 8 buildings are erected outside of aforesaid 7 parcels of land of the property which are adjacent to the lands of the property and also included in our valuation of this property.
5. For the remaining 2 buildings with a total gross floor area of approximately 2,412.17 sq.m., we have not been provided with any title certificates.

6. In the valuation of this property, we have attributed no commercial value to the 8 buildings mentioned in note 4 for which the BOCs are not registered under the name of the Group and 2 buildings mentioned in note 5 for which the Group has not obtained any title certificates. However, for reference purpose, we are of the opinion that the depreciation replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB4,767,000 assuming all proper title certificates have been obtained and they could be freely transferred.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the buildings with BOCs of the property mentioned in notes 2 and 3 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For the 8 buildings mentioned in note 4, the Group may be urged to stop using the buildings if the owner or third party has dissention;
   c. For the 2 buildings without BOCs mentioned in note 5, the Group would have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the BOCs; and
   d. The land use rights and building ownership rights of the buildings with BOCs are not subject to mortgage and other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
21.	A parcel of land, 19 buildings and various structures located at Liucunpu Town Weiyang District Xi'an City Shaanxi Province The PRC	The property comprises a parcel of land with a site area of approximately 59,455.10 sq.m., 19 buildings and various structures erected thereon which were completed in various stages between 1998 and 2009. The buildings have a total gross floor area of approximately 26,372.85 sq.m. The buildings and structures mainly include industrial buildings, office buildings, warehouses, wells, roads, parking lots, pools and sheds. The land use rights of the property have been allocated for industrial use.	The property is currently occupied by the Group for production and office purposes.	No Commercial Value

Notes:

1 Shaanxi Zoomlion Earth Working Machinery Co., Ltd. ("Zoomlion Earth Working") is a wholly owned subsidiary of the Company.

2 Pursuant to a State-owned Land Use Rights Certificate—Xi Wei Guo Yong 2001 Di No.709, the land use rights of a parcel of land with a site area of approximately 59,455.10 sq.m. have been allocated to Xi'an Yellow River Excavator Factory, an independent third party for industrial use.

As advised by the Group, the land use rights of the property belonged to Shannxi Xinhuanggong Machinery Co., Ltd., ("Shannxi Xinhuanggong Machinery"), a former name of Zoomlion Earth Working. In March 2008, the Company merged Shannxi Xinhuanggong Machinery and the land use rights of the property were transferred to the Group accordingly.

3 For the 19 buildings with a total gross floor area of approximately 26,372.85 sq.m., we have not been provided with any title certificates.

4 In the valuation of this property, we have attributed no commercial value to the property for which the land use rights of the property are allocated nature and the buildings have not been obtained any title certificates. However, for reference purpose, we are of the opinion that the depreciation replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be RMB 44,050,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

5 We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property would not be fully protected by the PRC laws before the Group obtaining proper state-owned land use rights certificate and building ownership certificates; and

   b. For the buildings mentioned in note 3, the Group wouldn't obtain the BOCs as the LURC is not registered under the name of the Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
22.	9 parcels of Land, 104 buildings and various structures No. 800 Mengjiangnv Avenue Jinshi City Hunan Province The PRC	The property comprises 9 parcels of land with a total site area of approximately 270,837.17 sq.m. and 104 buildings and various structures erected thereon which were completed in various stages between 1959 and 2009. The buildings have a total gross floor area of approximately 138,370.68 sq.m. The buildings and structures mainly include industrial buildings, warehouses, office buildings, dormitory buildings, sheds, boundary fences, roads and pools. The land use rights of the property have been granted for terms expiring on December 10, 2049, May 7, 2051, April 30, 2053, August 14, 2058, December 10, 2059, and December 1, 2070 respectively for industrial use.	The property is currently occupied by the Group for production and office purposes, except for portions of 2 parcels of land with a total site area of approximately 58,871.67 sq.m., 13 buildings with a total gross floor area of approximately 17,432.27 sq.m. and parking lots erected thereon are leased to 2 independent third parties (see note 4).	128,212,000 84.90% interest attributable to the Group: RMB108,852,000

Notes:

1. Hunan Zoomlion Axle Co., Ltd. ("Zoomlion Axle") is a 84.90% owned subsidiary of the Company.
2. Pursuant to 9 State-owned Land Use Rights Certificates—Jin Guo Yong (2008) Zi Di Nos. 502 and 509, Jin Guo Yong (2009) Di Nos.1022 to 1023, Xiang Guo Yong (2008) Di Nos. 211 to 213, Xiang Guo Yong (2008) Zi Di No. 214, Xiang Guo Yong (2008) Di Nos. 215, the land use rights of 9 parcels of land with a total site area of approximately 270,837.17 sq.m. were granted to Zoomlion Axle for terms expiring on December 10, 2049, May 7, 2051, April 30, 2053, August 14, 2058, December 10, 2059, and December 1, 2070 respectively for industrial use.
3. Pursuant to 104 Building Ownership Certificates—Fang Quan Zheng Zi Di Nos.00027887 to 00027888, 00027890 to 00027896, 00027898 to 00027920, 00027922 to 00027936, 00027938 to 00027960, 00027984 to 00027997, 00028006 to 00028020, 000779 and 000782 to 000785, 104 buildings with a total gross floor area of approximately 138,370.68 sq.m are owned by Zoomlion Axle.
4. Pursuant to 2 Lease Agreements entered into between the Group and 2 independent third parties, 2 parcels of land with a total site area of approximately 58,871.67 sq.m., 13 buildings with a total gross floor area of approximately 17,432.27 sq.m. and parking lots erected thereon as well as some machinery are leased to 2 independent third parties for various terms with the expiry dates between January 31, 2011 and May 30, 2011 at a total annual rent of RMB773,645 including machinery rent but exclusive of water and electricity charges for production, office and dormitory uses.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
23.	A parcel of land, 3 buildings and various structures No.118 Suhong East Road Suzhou Industrial Park Suzhou City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 164,133.73 sq.m., 3 buildings and various structures erected thereon which were completed between 2007 and 2009. The buildings have a total gross floor area of approximately 19,453.16 sq.m. The buildings and structures mainly include industrial buildings, guard houses, boundary fences, parking lots and temporary bungalows. The land use rights of the property have been granted for a term expiring on April 5, 2055 for industrial use.	The property is currently occupied by the Group for production purpose.	88,801,000 51% interest attributable to the Group: RMB45,289,000

Notes:

1. Suzhou Bangle Automobile Axle Co., Ltd. ("Suzhou Bangle") is an indirectly 51% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Su Gong Yuan Guo Yong Di (2005) No.01038, the land use rights of a parcel of land with a site area of approximately 164,133.73 sq.m. have been granted to Suzhou Bangle for a term expiring on April 5, 2055 for industrial use.
3. Pursuant to a Building Ownership Certificate—Su Fang Quan Zheng Yuan Qu Zi Di No. 00304569, 3 buildings with a total gross floor area of approximately 19,453.16 sq.m are owned by Suzhou Bangle.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws; and
   b. The land use rights of the property and 2 buildings with a total gross floor area of approximately of 12,446.77 sq.m. are mortgaged to a bank for a total amount of RMB50,000,000. The Group has the rights to occupy, use, transfer, lease, and otherwise dispose of the property in compliance with the PRC laws and the relevant items and restrict conditions on the mortgage contract.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
24.	A parcel of land, 5 buildings and various structures located at Qingshan Street Deshan Economic and Development Zone Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 21,099.80 sq.m., 5 buildings and various structures erected thereon which were completed in 2008. The buildings have a total gross floor area of approximately 11,957.28 sq.m. The buildings and structures mainly include industrial buildings, office buildings, a guard house, a toilet and rock gardens. The land use rights of the property have been granted for a term expiring on December 12, 2058 for industrial use.	The property is currently occupied by the Group for production and office purposes.	22,228,000 75% interest attributable to the Group: RMB16,671,000

Notes:

1. Changde Zoomlion Hydraulic Pressure Co., Ltd. ("Changde Hydraulic") is a 75% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Chang (De) Guo Yong (2010 Bian) Di No. 6, the land use rights of a parcel of land with a site area of approximately 21,099.80 sq.m have been granted to Changde Hydraulic for a term expiring on December 12, 2058 for industrial use.
3. Pursuant to 5 Building Ownership Certificates—Chang Fang Quan Zheng Jian Zi Di No. 0326498 to 0326502, 5 buildings with a total gross floor area of approximately 11,957.28 sq.m are owned by Changde Hydraulic.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the property and can legally occupy, use, transfer, lease and otherwise dispose of them under the PRC laws; and
   b. The land use rights and building ownership rights of the property are not subject to mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
25.	A unit on Level 4 of a residential building No. 92 Shengli Si Road Xiling District Yichang City Hubei Province The PRC	The property comprises a unit on Level 4 of a 7-storey residential building completed in about 2006. The unit has a gross floor area of approximately 151.59 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	No commercial value
26.	Units 11F and 12F on Levels 11 and 12 of Limeige Apartment, Xiangli Mansion Lianhua Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 2 units on Levels 11 and 12 of a 28-storey office building completed in about 1997. The units have a total gross floor area of approximately 213.22 sq.m.	The property is currently occupied by the Group for office purpose.	2,878,000 100% interest attributable to the Group: RMB2,878,000
27.	Unit 10-4 on Level 10, Block 1 of an office building No. 73 Zhongshan Er Road Yuzhong District Chongqing The PRC	The property comprises a unit on Level 10 of a 22-storey office building completed in about 1998. The unit has a gross floor area of approximately 105.97 sq.m.	The property is currently occupied by the Group for office purpose.	636,000 100% interest attributable to the Group: RMB636,000
28.	Unit 312 on Levels 1 to 3 and a car park space on Basement Level of a residential building No. 11-7 Huaihe South Street Huanggu District Shenyang City Liaoning Province The PRC	The property comprises a unit on Levels 1 to 3 and a car park space on Basement Level of a 7-storey residential building completed in about 2000. The unit has a gross floor area of approximately 316.38 sq.m. and the car park space has a gross floor area of approximately 25.00 sq.m.	The property is currently occupied by the Group for staff dormitory and car park space purposes.	2,220,000 100% interest attributable to the Group: RMB2,220,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
29.	Unit 501 on Level 5 and a car park space on Basement Level, Block 1 of a residential building No. 129 Dongguanzheng Street Beilin District Xi'an City Shaanxi Province The PRC	The property comprises a unit on Level 5 and a car park space on Basement Level of a 7-storey residential building completed in about 2006. The unit has a gross floor area of approximately 142.59 sq.m. and the car park space has a gross floor area of approximately 14.2 sq.m.	The property is currently occupied by the Group for staff dormitory and car park space purposes.	757,000 100% interest attributable to the Group: RMB757,000
30.	Unit 901 on Levels 9 and 10, Block 1 of a residential building No. 275 Minzheng Street Shahekou District Dalian City Liaoning Province The PRC	The property comprises a unit on Levels 9 and 10 of a 10-storey residential building completed in about 1999. The unit has a gross floor area of approximately 250.65 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	No commercial value
31.	Unit No. 7 on Level 1 of Building 10 Hongfu Street Jinnan Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a unit on Level 1 of a 7-storey office building completed in about 2000. The unit has a gross floor area of approximately 75.00 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value
32.	Unit 1101 on Level 11 of Building 16, Phase I of Jiuhe International Town Dalian Development Area Dalian City Liaoning Province The PRC	The property comprises a unit on Level 11 of a 12-storey residential building completed in about 2007. The unit has a gross floor area of approximately 209.50 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,720,000 100% interest attributable to the Group: RMB1,720,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
33.	3 units on Levels 7 to 9, Block B1 of Wuhuan Mansion No. 102 Xinglongwan Yuanjiagang Jiulongpo District Chongqing The PRC	The property comprises 3 units on Levels 7 to 9 of a 16-storey residential building completed in about 2000. The units have a total gross floor area of approximately 420.81 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,640,000 100% interest attributable to the Group: RMB1,640,000
34.	2 units on Level 4 and a car park space on Basement Level, Block 5 of Building 3 No. 95 Dingziqiao Road Wuchang District Wuhan City Hubei Province The PRC	The property comprises 2 units on Level 4 and a car park space on Basement Level of an 8-storey residential building completed in about 1998. The units have a total gross floor area of approximately 234.46 sq.m. and the car park space has a gross floor area of approximately 30.38 sq.m.	The property is currently occupied by the Group for staff dormitory and car park space purposes.	1,340,000 100% interest attributable to the Group: RMB1,340,000
35.	A commercial unit on Level 1, Block 18 of a commercial-residential building No. 15 Luyuan South Street Tongzhou District Beijing The PRC	The property comprises a commercial unit on Level 1 of a 6-storey commercial-residential building completed in about 2007. The unit has a gross floor area of approximately 87.34 sq.m.	The property is currently occupied by the Group for commercial purpose.	1,363,000 100% interest attributable to the Group: RMB1,363,000
36.	A unit on Levels 1 to 3, Block 15 of Fengle Apartment No. 6 Bei Road Wujin District Changzhou City Jiangsu Province The PRC	The property comprises a unit on Levels 1 to 3 of a 3-storey building completed in about 2005. The unit has a gross floor area of approximately 703.83 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	3,190,000 100% interest attributable to the Group: RMB3,190,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
37.	3 units on Level 20, Block C of Shimao Mansion Daxin Street Dongguan District Xi'an City Shaanxi Province The PRC	The property comprises 3 units on Level 20 of a 27-storey office building completed in about 2002. The units have a total gross floor area of approximately 434.15 sq.m.	The property is currently occupied by the Group for office and staff dormitory purposes.	No commercial value
38.	2 units on Levels 2 and 7 of a residential building Zhongma Village Longquan Road Kunming City Yunnan Province The PRC	The property comprises 2 units on Levels 2 and 7 of a 7-storey residential building completed in about 1999. The units have a total gross floor area of approximately 200.00 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	No commercial value
39.	A unit on Level 3 of an office building No. 4 Zhushikou East Street Chongwen District Beijing The PRC	The property comprises a unit on Level 3 of a 6-storey building completed in about 2003. The unit has a gross floor area of approximately 1,575.08 sq.m.	The property is currently occupied by the Group for office purpose.	50,403,000 100% interest attributable to the Group: RMB50,403,000
40.	Unit 907 on Level 9 and a car park space on Basement Level, Block 1 of Wansheng Mansion No. 132 Zhongshan Road Chengguan District Lanzhou City Gansu Province The PRC	The property comprises a unit on Level 9 and a car park space on Basement Level of a 28-storey residential building completed in about 1998. The unit has a gross floor area of approximately 173.78 sq.m. and the car park space has a gross floor area of approximately 15.00 sq.m.	The property is currently occupied by the Group for staff dormitory and car park space purposes.	1,500,000 100% interest attributable to the Group: RMB1,500,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
41.	Unit 101 on Level 1 of Building 6 No. 140 Renmin Street Nanguan District Changchun City Jilin Province The PRC	The property comprises a unit on Level 1 of a 7-storey residential building completed in about 2000. The unit has a gross floor area of approximately 198.69 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,590,000 100% interest attributable to the Group: RMB1,590,000
42.	Unit 1101 on Level 11, Block 3 of Building 8 No. 61 Beihuan Road Zhengzhou City Henan Province The PRC	The property comprises a unit on Level 11 of a 11-storey residential building completed in about 2006. The unit has a gross floor area of approximately 203.12 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	934,000 100% interest attributable to the Group: RMB934,000
43.	Unit 502 on Level 5 of Building Dong-2 Binnanhuayuan, Huaizhong Road Yuhua District Shijiazhuang City Hebei Province The PRC	The property comprises a unit on Level 5 of a 20-storey residential building completed in about 1999. The unit has a gross floor area of approximately 197.06 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,000,000 100% interest attributable to the Group: RMB1,000,000
44.	Unit 101 on Levels 1 to 2, Block 1 of Building A Futianhuayuan No. 1 Chaoyang Middle Road Xihu District Nanchang City Jiangxi Province The PRC	The property comprises a unit on Levels 1 to 2 of a 18-storey residential building completed in about 2000. The unit has a gross floor area of approximately 292.36 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	3,100,000 100% interest attributable to the Group: RMB3,100,000
45.	A unit on Level 5 of Building C No. 128 Huaxi Avenue Nanming District Guiyang City Guizhou Province The PRC	The property comprises a unit on Level 5 of a 19-storey office building completed in about 1994. The unit has a gross floor area of approximately 396.78 sq.m.	The property is currently occupied by the Group for office purpose.	2,490,000 100% interest attributable to the Group: RMB2,490,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
46.	Units 101 and 102 on Level 1 of a residential building No. 152 Tunxi Road Baohe District Hefei City Anhui Province The PRC	The property comprises 2 units on Level 1 of a 6-storey residential building completed in about 2001. The units have a total gross floor area of approximately 162.19 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	960,000 100% interest attributable to the Group: RMB960,000
47.	Unit 1-9-102 on Level 1 of a residential building Bailihuayuan No. 151 Weiguo Road Hedong District Tianjin The PRC	The property comprises a unit on Level 1 of a 6-storey residential building completed in about 1998. The unit has a gross floor area of approximately 133.67 sq.m.	The property is currently occupied by the Group for residential purpose.	1,460,000 100% interest attributable to the Group: RMB1,460,000
48.	A building within Area B Xintang Xinyuan New Village Dongpu Town Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises a 3-storey building completed in about 1997. The property has a gross floor area of approximately 358.00 sq.m.	The property is currently occupied by the Group for residential purpose.	No commercial value
49.	Unit 404 on Level 4, Block 1 of Building A6 Tianhonghuayuan East Road Zhongshan Avenue Huangpu District Guangzhou City Guangdong Province The PRC	The property comprises a unit on Level 4 of a 9-storey residential building completed in about 1997. The unit has a gross floor area of approximately 63.01 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	No commercial value

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
50.	Units A to H on Level 8 of Laike Plaza No. 1548 Dalian Road Hongkou District Shanghai The PRC	The property comprises 8 units on Level 8 of a 28-storey office building completed in about 1999. The units have a total gross floor area of approximately 1,062.46 sq.m.	The property is currently occupied by the Group for office purpose.	21,032,000 100% interest attributable to the Group: RMB21,032,000
51.	Unit 1-2807 on Level 28 of Fangqun Apartment No. 27 Nansanhuan East Road Fengtai District Beijing The PRC	The property comprises a unit on Level 28 of a 31-storey residential building completed in about 2000. The unit has a gross floor area of approximately 127.33 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	2,790,000 100% interest attributable to the Group: RMB2,790,000
52.	Units 107 to 109 on Level 1 of Building 6 Balizhuang Dongli Chaoyang District Beijing The PRC	The property comprises 3 units on Level 1 of a 22-storey residential building completed in about 1999. The units have a total gross floor area of approximately 283.23 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	6,270,000 100% interest attributable to the Group: RMB6,270,000
53.	Units 409 to 411 on Level 4 of Building 3 Pengyihuayuan Bagua Yi Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 3 units on Level 4 of a 22-storey office-residential building completed in about 1995. The units have a total gross floor area of approximately 187.38 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,874,000 100% interest attributable to the Group: RMB1,874,000
54.	Units E and F on Level 20 of Building 3 Zhongshanhuayuan No. 97 Zhaohui Road Hangzhou City Zhejiang Province The PRC	The property comprises 2 units on Level 20 of a 32-storey residential building completed in about 2000. The units have a total gross floor area of approximately 240.43 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	4,678,000 100% interest attributable to the Group: RMB4,678,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
55.	Unit 107 on Level 1 of Building 3 Pengyihuayuan Bagua Yi Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises a unit on Level 1 of a 22-storey office-residential building completed in about 1998. The unit has a gross floor area of approximately 286.94 sq.m.	The property is currently occupied by the Group for office purpose.	3,429,000 100% interest attributable to the Group: RMB3,429,000
56.	5 commercial units on Level 1 of Building A Phase 5 Jinghuhuayuan Dongguan City Guangdong Province The PRC	The property comprises 5 commercial units on Level 1 of a 3-storey residential building completed in about 2006. The units have a total gross floor area of approximately 266 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value
57.	Units 401 and 402 on Level 4, Block C of Building B1 Zilongting Xinjinghuhuayuan Dongcheng District Dongguan City Guangdong Province The PRC	The property comprises 2 units on Level 4 of a 12-storey residential building completed in about 2007. The units have a total gross floor area of approximately 294.80 sq.m.	The property is currently occupied by the Group for office purpose.	1,880,000 100% interest attributable to the Group: RMB1,880,000
58.	A unit on Level 2, Block 3 of Building 18 No. 15 Gangpo Road Zhongyuan District Zhengzhou City Henan Province The PRC	The property comprises a unit on Level 2 of a 7-storey residential building completed in about 1997. The unit has a gross floor area of approximately 99.71 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	560,000 100% interest attributable to the Group: RMB560,000
59.	Unit 23-7B on Level 26, Block 13 of Rongxin Mansion No. 50 Yubei Road Shapingba District Chongqing The PRC	The property comprises a unit on Level 26 of a 31-storey residential building completed in about 1998. The unit has a gross floor area of approximately 145.04 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	940,000 100% interest attributable to the Group: RMB940,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
60.	Unit 2-1 on Level 2 of Building 1 No. 5 Zaozilanya Main Street Yuzhong District Chongqing The PRC	The property comprises a unit on Level 2 of a 13-storey residential building completed in about 2000. The unit has a gross floor area of approximately 111.78 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	581,000 100% interest attributable to the Group: RMB581,000
61.	Unit 1-11-3 on Level 11 of a residential building No. 70-2 Huanghe North Street Yuhong District Shenyang City Liaoning Province The PRC	The property comprises a unit on Level 11 of a 12-storey residential building completed in about 2002. The unit has a gross floor area of approximately 172.62 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	860,000 100% interest attributable to the Group: RMB860,000
62.	Unit 2804 on Level 28 of Building 2 Binghaihuayuan No. 1 Shandong Road Shinan District Qingdao City Shandong Province The PRC	The property comprises a unit on Level 28 of a 32-storey residential building completed in about 1999. The unit has a gross floor area of approximately 230.56 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	3,610,000 100% interest attributable to the Group: RMB3,610,000
63.	Unit K on Level 14 of Jinyun Mansion No. 28 Erqi Road Zhengzhou City Henan Province The PRC	The property comprises a unit on Level 14 of a 17-storey residential building completed in about 2001. The unit has a gross floor area of approximately 137.09 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	No commercial value
64.	Unit 1-906 on Level 9 of Hengchang Mansion No. 288 Jingsi Road Shizhong District Ji’nan City Shandong Province The PRC	The property comprises a unit on Level 9 of a 29-storey residential building completed in about 2002. The unit has a gross floor area of approximately 249.21 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,880,000 100% interest attributable to the Group: RMB1,880,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
65.	2 units on Levels 1 and 2 of Building 14 Manchunjiayuan Lijing North Street Xingqing District Yinchuan City Ningxia Hui Autonomous Region The PRC	The property comprises 2 units on Levels 1 and 2 of a 6-storey residential building completed in about 2005. The units have a total gross floor area of approximately 152.46 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	760,000 100% interest attributable to the Group: RMB760,000
66.	Unit No. 7 on Levels 1 and 2 of Building 1 Ningyanyuan Lining South Street Wuzhong City Ningxia Hui Autonomous Region The PRC	The property comprises a unit on Levels 1 and 2 of a 6-storey residential-commercial building completed in about 2006. The unit has a gross floor area of approximately 166.34 sq.m.	The property is currently occupied by the Group for commercial purpose.	682,000 100% interest attributable to the Group: RMB682,000
67.	Unit 401 on Levels 4 and 5 and two car park spaces on Basement Level, Block 3 of Building 7 Jinzhuang Apartment Weijin South Road Nankai District Tianjin The PRC	The property comprises a unit on Levels 4 and 5 and two car park spaces on Basement Level of a 5-storey residential building completed in about 2003. The unit has a gross floor area of approximately 234.92 sq.m. and the car park spaces have a total gross floor area of approximately 47.88 sq.m.	The property is currently occupied by the Group for office and car park space purposes.	3,383,000 100% interest attributable to the Group: RMB3,383,000
68.	Unit 101 on Level 1 of a residential building No. 11 Lane 166 Fengzhuang North Road Zhenxin New Village Jiading District Shanghai The PRC	The property comprises a unit on Level 1 of a 6-storey residential building completed in about 1997. The unit has a gross floor area of approximately 76.69 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	1,010,000 100% interest attributable to the Group: RMB1,010,000

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
69.	Unit 102 on Level 1 of a residential building No. 18 Lane 1558 Xujing Middle Road Qingpu District Shanghai The PRC	The property comprises a unit on Level 1 of a 6-storey residential building completed in about 1997. The unit has a gross floor area of approximately 89.28 sq.m.	The property is currently occupied by the Group for staff dormitory purpose.	950,000 100% interest attributable to the Group: RMB950,000
70.	Unit 404 on Level 4, Block A of Xinye Mansion located at Jincheng Residential Area Dali Town Guijiang Road Nanhai District Foshan City Guangdong Province The PRC	The property comprises a unit on Level 4 of a 9-storey residential building completed in about 1996. The unit has a gross floor area of approximately 148 sq.m.	The property is currently occupied by the Group for residential purpose.	910,000 100% interest attributable to the Group: RMB910,000

Notes:

1. Pursuant to 13 RETCs, the building ownership rights relating to property nos. 26, 46, 50, 53, 59, 62, 68, 69 and 70 with a total gross floor area of approximately 2,314.82 sq.m. are owned by the Company and relevant land use rights have been granted to the Company for residential and office uses.
2. Pursuant to 3 RETCs, the building ownership rights relating to property nos. 55 and 57 with a total gross floor area of approximately 581.74 sq.m. are owned by Guangdong Zoomlion South Construction Machinery Co., Ltd. ("Guangdong Zoomlion South"), a wholly-owned subsidiary of the Company, and relevant land use rights have been granted to Guangdong Zoomlion South for residential and office uses.
3. Pursuant to 28 BOCs, the building ownership rights relating to property nos. 27, 28, 29, 32 to 36, 39 to 45, 47, 51, 52, 54, 58, 60, 61 64, 65 and 66 with a total gross floor area of approximately 7,008.73 sq.m. are owned by the Company.
4. Pursuant to 3 BOCs, the building ownership rights relating to property no. 67 with a gross floor area of approximately 282.80 sq.m. are owned by Beijing Zoomlion Xinxing Construction Machinery Leasing Co., Ltd., a wholly-owned subsidiary of the Company.
5. Pursuant to 4 BOCs, the building ownership rights relating to property no. 25, 30, 31 and 48 with a total gross floor area of approximately 835.24 sq.m. are owned by 4 individuals namely Xiao Guosheng, Fang Minghua, Meng Kai and Hei Minghui respectively.
6. For properties nos. 28, 34, 37, 38, 40, 49, 56 and 63 with a total gross floor area of approximately 1,170.63 sq.m., we have not been provided with any title certificates.
7. In the valuation of the properties, we have attributed no commercial value to the properties mentioned in notes 5 and 6, for which the BOCs of these properties are not registered under the name of the Group or the Group has not obtained any title certificates. However, for reference purpose, we are of the opinion that the capital value of these properties (including the land element) as at the date of valuation would be RMB17,380,000 assuming all proper title certificates have been obtained and they could be freely transferred.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights and building ownership rights of the properties mentioned in notes 1 to 4 and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of them under the PRC laws;
   b. For properties nos. 30 and 31 mentioned in note 5 with a total gross floor area of 325.65 sq.m., Meng Kai and Fang Minghua has promised that they have no dissention on the building ownership rights of the properties owned by the Company and will cooperate with the Company to lease, transfer, mortgage and otherwise dispose of them under the PRC laws;
   c. For property no. 25 mentioned in note 5 with a gross floor area of 151.59 sq.m, if Xiao Guosheng has dissention on the building ownership rights of the property, the Company may be required to stop using and remove from the property;
   d. For property no. 48 mentioned in note 5 with a gross floor area of 358.00 sq.m., the Company may be required by the relevant government authorities to stop using and remove from the property and the rights to occupy and use the property are not compliance with the PRC laws; and
   e. For the properties without BOCs mentioned in note 6, the Group will have the rights to occupy, use, transfer, lease, mortgage and otherwise dispose of them after obtaining the BOCs.

VALUATION CERTIFICATE

Group II—Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
71.	2 parcels of land and 11 buildings under construction located at South of Chaoyang Avenue High-tech and Development Zone Weinan City Shannxi Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 667,408.11 sq.m. and 11 buildings which are still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2010. Upon completion, a total planned gross floor area of the 11 buildings will be approximately 205,889.48 sq.m. The total construction cost of the 11 buildings under construction is estimated to be approximately RMB102,312,000, of which RMB75,278,583.34 had been paid up to the date of valuation. The land use rights of the property have been granted for a term expiring on March 12, 2059 for industrial use.	The property is under construction as at the date of valuation.	212,434,000 100% interest attributable to the Group: RMB212,434,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates—Wei Gao Xin Guo Yong (2009) Di Nos. 10 and 11, the land use rights of 2 parcels of land with a total site area of approximately 667,408.11 sq.m. have been granted to the Company for a term expiring on March 12, 2059 for industrial use.
2. Pursuant to 2 Construction Land Planning Permits—WKG2009-03, 04 in favor of the Company, 2 parcels of land of the property with a total site area of approximately 667,408.11 sq.m. have been approved for construction.
3. Pursuant to 2 Construction Work Planning Permits—WKJ2009-15, 16 in favor of the Company, 11 buildings with a total planned gross floor area of approximately 205,889.48 sq.m. have been approved for construction.
4. Pursuant to 2 Construction Work Commencement Permits—WGJ2009-41A, 41B in favor of the Company, 11 buildings with a total planned gross floor area of approximately 205,889.48 sq.m. have been approved for construction.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of the land use rights of the property; and
   b. The Company has obtained relevant approvals for the CIP from relevant government authorities and the construction of the CIP is legal; and
   c. The land use rights of the property are not subject to the mortgage or other third party interests.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
72.	A parcel of land and 2 buildings under construction located at South of Changchang Highway West of S105 Hanshou County Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 681,995.00 sq.m. and 2 buildings which are still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in April 2011. Upon completion, a total planned gross floor area of the 2 buildings will be approximately 90,119.73 sq.m. The total construction cost of the 2 buildings under construction is estimated to be approximately RMB58,513,000, of which RMB56,766,212.01 had been paid up to the date of valuation. The land use rights of the property have been granted for a term expiring on May 25, 2060 for industrial use.	The property is under construction as at the date of valuation.	167,632,000 100% interest attributable to the Group: RMB167,632,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract—No.4307222010B00435 dated June 23, 2010, the land use rights of a parcel of land with a site area of approximately 681,995.00 sq.m. were contracted to be granted to the Company for a term expiring on May 25, 2060 for industrial use. The land premium was RMB97,000,000.
2. Pursuant to a State-owned Land Use Rights Certificate—Han Guo Yong (2010) Di No. 10-1118, the land use rights of a parcel of land with a site area of approximately 681,995.00 sq.m., have been granted to the Company for a term of 50 years expiring on May 25, 2060 for industrial use.
3. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 2010017021613195736 in favor of the Company, a parcel of land with a site area of approximately 681,995.00 sq.m. has been approved for construction.
4. Pursuant to a Construction Work Planning Permit—No. 201003802-1798051178 in favor of the Company, 2 buildings with a planned gross floor area of approximately 90,119.73 sq.m. have been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits—No. 432423201007080101 and No. 432423201007080102 in favor of the Company, 2 buildings with a planned gross floor area of approximately 90,119.73 sq.m. have been approved for construction.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Company has legally owned the land use rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of the land use rights of the property under the PRC laws; and
   b. The Company has obtained relevant approvals for the CIP from relevant government authorities and the construction of the CIP is legal; and
   c. The land use rights of the property are not subject to the mortgage or other third party interests.

VALUATION CERTIFICATE

Group III—Property interest held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
73.	A parcel of land located at Qianming Road, Deshan Economic and Development Zone Changde City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 199,842.42 sq.m The land use rights of the property have been granted for a term expiring on October 15, 2060 for industrial use.	The property is vacant as at the date of valuation.	52,559,000 75% interest attributable to the Group: RMB39,419,000

Notes:

1. Changde Zoomlion Hydraulic Pressure Co., Ltd. ("Changde Hydraulic") is a 75% owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Chang (De) Guo Yong (2010) Di No. 18, the land use rights of a parcel of land with a site area of approximately 199,842.42 sq.m. have been granted to Changde Hydraulic for a term expiring on October 15, 2060 for industrial use.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has legally owned the land use rights of the property and can legally occupy, use, transfer, lease, mortgage and otherwise dispose of the land use rights of the property; and
   b. The land use rights of the property are not subject to the mortgage or other third party interests.

VALUATION CERTIFICATE

Group IV—Property interest owned and occupied by the Group in the USA

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
74.	A parcel of land and an industrial building No.14215 Two Mile Road Yorkville Town Racine County Wisconsin The USA	The property comprises a parcel of land with a site area of approximately 32,375.00 sq.m. and an industrial building erected thereon which was completed in February 2006. The building has a gross floor area of approximately 3,349.00 sq.m.	The property is currently occupied by the Group for production and office purposes.	19,056,000 59.32% interest attributable to the Group: RMB11,304,000

Notes:

1. CIFA USA Inc. is an indirectly 59.32% owned subsidiary of the Company.
2. Pursuant to a purchase agreement No.WB-13 entered into between CIFA USA Inc. and Wisconsin Department, CIFA USA Inc. acquired the land of the property which was vacant with the consideration of USD320,000 on March 2, 2005.

VALUATION CERTIFICATE

Group V—Property interests leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
75.	488 properties leased by the Group in the PRC	The property comprises 2 parcels of land with a total site area of approximately 154,744.00 sq.m. and 486 buildings or units with a total gross floor area of approximately 166,484.56 sq.m. which were completed in various stages between 1978 and 2010. The properties are leased by the Group from various independent third parties and a connected party for various terms at a total annual rent of approximately RMB30,601,243.31.	The properties are currently occupied by the Group for residential, production, warehouse and office purposes.	No commercial value

Notes:

1. Pursuant to various Lease Agreements entered into between the Group and various independent third parties, 2 parcels of land with a total site area of approximately 154,744.00 sq.m. and 483 buildings or units with a total gross floor area of approximately 159,826.19 sq.m. are leased to the Group from various independent third parties for various terms at a total annual rent of approximately RMB29,851,243.31 for production, office, warehouse and residential uses.
2. Pursuant to a Lease Agreement entered into between Hunan Zoomlion Axle Ziyang Co., Ltd. ("Zoomlion Ziyang", a 51% owned subsidiary of the Company), and Sichuan Nanjun Automobile Group Co., Ltd. ("Nanjun Automobile", a connected party) 3 buildings with a total gross floor area of 6,658.37 sq.m. together with some machinery are leased to Zoomlion Ziyang with the expiry date on December 31, 2010 at a total annual rent of approximately RMB750,000 (including the machinery rent for production and office uses and the aforesaid 3 buildings with a total gross floor area of 6,658.37 sq.m. will not be leased after the expiry date.

   As advised by the Group, 10 office units and 2 industrial buildings with a total gross floor area of approximately 19,220,74 sq.m. are leased to Zoomlion Ziyang after the date of valuation. Pursuant to 2 Lease Agreements dated November 27, 2010 entered into between Nanjun Automobile and Zoomlion Ziyang, the aforesaid 10 office units and 2 industrial buildings are leased to Zoomlion Ziyang with a total annual rent of RMB2,545,800 commencing from January 1, 2011 and expiring on December 31, 2012 for production and office uses.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Lease Agreements with a parcel of land of the property with a site area of 66,700.00 sq.m. and 169 buildings or units with a total gross floor area of 48,784.28 sq.m. are legal and valid;
   b. For the rest of the Lease Agreements with a parcel of land with a site area of 88,044.00 sq.m. and 317 buildings or units with a total gross floor area of 117,700.28 sq.m., the lessors haven't provided with the LURCs or BOCs or RETCs and if the third party has dissention, the Group will be affected to lease the land and buildings;
   c. For the Lease Agreements mentioned in note 3(b), a parcel of land with a site area of approximately 88,044.00 sq.m. and 103 leased buildings or units with a total gross floor area of approximately 39,488.52 sq.m., stating that the lessors will indemnity for losses if the Group suffers from the title dissents; and
   d. All the Lease Agreements have not been registered with the local government authorities; such non-registration should not affect the Group to lease these properties, but under certain circumstances, the Group may not be able to challenge bona fide third parties.

VALUATION CERTIFICATE

Group VI—Property interests leased and occupied by the Group in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2010
				RMB
76.	57 properties leased by the Group in Italy, Russia, Iran, Belgium, Dubai, Saudi Arabia, the South Africa, Angola, Turkey, Australia, Singapore, Vietnam, Indonesia, Libya, India and Mexico	The properties comprise 57 buildings or units and yards in various counties which were completed in various stages between 1995 and 2007. The buildings or units have a total gross floor area of approximately 305,660.44 sq.m. and the yards have a total gross floor area of approximately 199,051.00 sq.m. The properties are leased to the Group form various independent third parties for various terms with the expiry date between October 31, 2010 and October 15, 2015 at a total annual rent of approximately RMB52,301,290.62.	The properties are currently occupied by the Group for production, office and dormitory purposes.	No commercial value

Notes:

1. Pursuant to various Lease Agreements entered into between the Group and various independent third parties, 57 buildings or units with a total gross floor area of approximately 305,660.44 sq.m. and the yards with a total site area of approximately 199,051.00 sq.m. are leased to the Group from various independent third parties for various terms with expiry dates between October 31, 2010 and October 15, 2015 at a total annual rent of RMB52,301,290.62 for production, office and residential uses.
2. We adopted the currency exchange rates of USD$1 = RMB6.7011, EUR 1 = RMB9.1329, AED 1 = RMB1.8224, SAR 1 = RMB1.7766, RUB 1 = RMB0.2192, ZAR 1 = RMB0.9596, AUD 1 = RMB6.4852, SGD 1 = RMB5.0824, IDR 1 = RMB0.0007, DZD 1 = RMB0.0900, LYD 1 = RMB5.4000, MXN 1 = RMB 0.5295, TRY 1 = RMB4.6114 and INR 1 = RMB0.1502 at the date of valuation.
3. We have been provided with legal opinions regarding the property interests by the Company's India, Angola, Iran, Indonesia and Mexico legal advisors, which contains, *inter alia*, the following:
   a. For the lease agreement in Iran, the lease agreement no. P-36 dated November 18, 2009 is a legal and valid agreement, binding between Mrs. Zahra Abednia, as the Lessor, and Mr. Bao Dai, as the Lessee, under the laws and regulations of Iran;
   b. For the lease agreement in Angola, the lease agreement is a legal and valid agreement, binding between Noé Agostinho Pedro Van-Dunen (as Landlord) and Mr. Han Shi Yu (as Tenant) on June 10, 2010 under the laws of the Republic of Angola;
   c. For the lease agreements in India, the 4 lease agreements are legal and valid deeds of conveyance binding the lessor and the lessee in accordance with the laws of India;
   d. For the lease agreement in Indonesia,
      a) The Lessor has full capacity to execute and deliver the Lease Agreement and to perform the duties provided for therein and the execution, delivery and performance by the Lessor of the Lease Agreement;
      b) The Lease Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Lessor enforceable against the Lessor in accordance with its terms;
      c) The execution, delivery and performance by the Lessor of the Lease Agreement and the consummation of the transaction contemplated thereby do not and will not conflict with or result in a violation of or under (i) any law, rule

or regulation of any governmental body or instrumentality of the Republic of Indonesia, or to the best of our knowledge any order, judgment of decree applicable to the Lessor or any of her assets, or (ii) to the best of our knowledge any contract, agreement or other instrument to which the Lessor is a party or by which the Lessor or any of her assets is bound;

d) No other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the Lessor to execute and perform her obligations under the Lease Agreement, or otherwise in connection with the legality, validity or enforceability of the Lease Agreement;

e) Except for nominal stamp duty of IDR 6,000 payable on the Lease Agreement, there is no stamp, registration or similar taxes or charges payable in respect of execution of the Lease Agreement;

f) Under the Lease Agreement, the Lessee has no right to sublease, assign or otherwise transfer the rights under the Lease Agreement to another party; and

e. For the lease agreement in Mexico, the Agreement constitutes a valid and legally binding contract under Mexican law.

4. As advised by the Group, the Lease Agreement of Mexico has expired on October 31, 2010 and the Group is negotiating with the Lessor and in the process of signing a new lease agreement.

TAXATION OF SECURITY HOLDERS

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor that purchases such H Shares in connection with the Global Offering and holds the H Shares as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date hereof, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section of the prospectus does not address any aspects of Hong Kong or PRC taxation other than income taxation, capital taxation, stamp taxation and estate taxation. Prospective investors are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

PRC

1. Taxation of Dividends

Individual Investors. According to *the Individual Income Tax Law of China (《中華人民共和國個人所得稅法》)* (the **"Individual Income Tax Law"**), as amended on December 29, 2007 and effective on March 1, 2008, and the *Provisional Regulations Concerning Questions of Taxation on Enterprises Experimenting with the Share System (《股份制試點企業有關稅收問題的暫行規定》)* (the **"Provisional Regulations"**), dividends paid by PRC companies are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a company in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. However, the State Administration of Taxation, the PRC central government tax authority which succeeded the State Tax Bureau, issued, on July 21, 1993, *a Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (《國家稅務總局關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》)* (the **"Tax Notice"**), which states that dividends paid by a PRC company to foreign individuals with respect to shares listed on an overseas stock exchange (**"Overseas Shares"**), such as H Shares, are temporarily not subject to PRC withholding tax.

In a letter dated July 26, 1994 to the former State Commission for Restructuring the Economic System, the State Council Securities Commission and the China Securities Regulatory Commission, the State Administration of Taxation reiterated the temporary tax exemption stated in the Tax Notice for dividends received from a PRC company listed overseas. In the event that this exemption is withdrawn, a 20% tax may be withheld on dividends in accordance with the Provisional Regulations, and the Individual Income Tax Law. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. To date, the relevant tax authorities have not collected withholding tax from dividend payments on such shares exempted under the Tax Notice.

Enterprises. According to the *Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》)* signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds 25% equity interest or more in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

According to the EIT Law and the *Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》)* (the **"Implementation Regulations"**), which both became effective on January 1, 2008, nonresident enterprises shall be subject to 10% enterprise tax for income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

According to the *Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guoshuihan [2008] NO. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》,國稅函[2008]897號)*, which became effective on November 6, 2008, PRC enterprises should withhold enterprise income tax at a rate of 10% when they distribute dividends to non-resident enterprise shareholders of H shares from the year 2008. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

Tax Treaties. Investors who do not reside in the PRC and reside in countries that have entered into double taxation treaties with the PRC may be entitled to a reduction of the withholding tax imposed on the payment of dividends to investors of our Company who do not reside in the PRC. The PRC currently has double-taxation treaties with many nations in the world, which include but are not limited to:

- Australia;
- Canada;
- France;
- Germany;
- Japan;
- Malaysia;
- the Netherlands;
- Singapore;
- the United Kingdom; and
- the United States.

2. Taxation of Capital Gains

The Tax Notice provides that gains realized by foreign enterprises that are holders of Overseas Shares that are not held by their offices and premises in the PRC would, temporarily, not be subject to capital gains taxes. With respect to individual holders of H shares, *the Provisions for Implementation of Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》)* (the "**Provisions**") as amended on February 18, 2008, generally stipulate that gains derived from assignment of property shall be subject to income tax at a rate of 20%. In addition, the Provisions stipulate that measures for the levying of individual income tax on gains derived from the sale of equity securities shall be formulated separately by the Ministry of Finance and shall be implemented following approval of the State Council. However, no income tax on gains realized on the sale of equity shares has been collected. Gains on the sale of shares by individuals were temporarily exempted from individual income tax pursuant to notices issued jointly by the Ministry of Finance and State Administration of Taxation dated June 20, 1994, February 9, 1996 and March 30, 1998. In the event this temporary exemption is withdrawn or ceases to be effective, individual holders of H Shares may be subject to capital gains tax at the rate of 20% unless such tax is reduced or eliminated by an applicable double taxation treaty.

On November 18, 2000, the State Council issued a notice entitled *State Council Notice on the Income Tax Reduction for Interest and Other Income that Foreign Enterprises Derive in the PRC* (*《國務院關於外國企業來源於我國境內的利息等所得減徵所得稅問題的通知》*) (the "**Tax Reduction Notice**"). Under the Tax Reduction Notice, beginning from January 1, 2000, enterprise income tax at a reduced 10% rate will apply to interest, rental, license fees and other income obtained in the PRC by foreign enterprises without agent or establishment in the PRC, or by foreign enterprises without any substantive relationship with their agent or establishment in the PRC.

According to the EIT Law and the Implementation Regulations, the non-resident enterprises shall be subject to 10% enterprise tax for income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the gains received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

3. Stamp Duty

PRC stamp duty imposed on the transfer of shares of PRC publicly traded companies under the Provisional Regulations should not apply to the acquisition and disposal by non-PRC investors of H Shares outside of the PRC by virtue of the *Provisional Regulations of China Concerning Stamp Duty (《中華人民共和國印花稅暫行條例》)*, which became effective on October 1, 1988 and which provide that PRC stamp duty is imposed only on documents, executed or received within the PRC that are legally binding in the PRC and are protected under PRC law.

4. Estate Tax

No liability for estate tax under PRC law will arise from non-PRC national's holding of H shares.

HONG KONG

1. Taxation on Dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

2. Taxation on Capital Gains and Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of the H shares. Trading gains from the sale of H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at a maximum rate of 15.0%. Gains from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

3. Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the H shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the H shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of H shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required). Where a sale or purchase of H shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

4. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

TAXATION OF THE COMPANY BY THE PRC

1. Income Tax

As stipulated under the EIT Law, enterprises and other organizations which generate income within the PRC are enterprise income taxpayers and shall pay enterprise income tax according to stipulations of the EIT Law. The EIT Law and the Implementation Regulations have come into effect on January 1, 2008, while the former *Income Tax Law of the People's Republic of China Concerning Foreign Investment Enterprises and Foreign Enterprises (《中華人民共和國外商投資企業和外國企業所得稅法》)* and *Provisional Regulations of the People's*

Republic of China on Enterprise Income Tax (*《中華人民共和國企業所得税暫行條例》*) were abrogated on the same date.

Pursuant to the EIT Law, the income tax rate for PRC enterprises is reduced from the original 33% to 25%, which is the same as the rate applied to foreign investment enterprises and foreign enterprises. Non-PRC resident enterprises (i.e. enterprises established under foreign laws with their factual management entities outside the PRC and without offices or premises established in the PRC or, if established, the income generated is not actually associated with the such offices and premises), are subject to enterprise income tax at a rate of 20% for their income generated within the PRC.

Pursuant to the EIT Law, certain "high and new enterprises strongly supported by the state" which hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the Implementation Regulations, are entitled to enjoy a reduced 15% enterprise income tax rate subject to certain new qualification criteria.

2. Value-added Tax

Pursuant to *the Provisional Regulations of the PRC Concerning Value Added Tax* (*《中華人民共和國增值税暫行條例》*) effective from January 1, 1994 which was amended in November 2008 and their implementing rules, the sale of products within the PRC, the importation of products and the provision of processing and/or repair services within the PRC by our Company are subject to value-added tax ("**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT".

3. Business Tax

Pursuant to the *Provisional Regulations of the PRC Concerning Business Tax* (*《中華人民共和國營業税暫行條例》*) effective from January 1, 1994 which was amended in November 2008 and the relevant implementing rules, a business tax is imposed on enterprises which provide taxable services, transfer intangible property or sell real estate in the PRC. The business tax is levied at a rate from 3% to 20% on the provision of taxable services, transfer of intangible property or sale of real estate in the PRC.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated new *Regulation of Foreign Exchange* (*《中華人民共和國外匯管理條例》*) (the **"Foreign Exchange Regulations"**) which became effective from April 1, 1996. The Foreign Exchange Regulations classify all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the approval from the SAFE while capital account items still are. The Foreign Exchange Regulations was subsequently amended on January 14, 1997 and on August 1, 2008. This latest amendment affirmatively states that the State shall not restrict international current account payments and transfers.

On June 20, 1996, the PBOC promulgated the *Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》)* (the "**Settlement Regulations**") which took effect on July 1, 1996. The Settlement Regulations superseded *the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On the basis of the Settlement Regulations, the PBOC also published the *Announcement on the Implementation of Foreign Exchange Settlement and Sale at Banks by Foreign-invested Enterprises (《中國人民銀行關於對外商投資企業實行銀行結售匯的公告》)* on June 20, 1996. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange along with specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On October 25, 1998, PBOC and SAFE promulgated the *Notice Concerning Closure of the Foreign Exchange Swap Business Activities (《關於停辦外匯調劑業務的通知》)* pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprise shall come under the banking system for the settlement and sale of foreign exchange.

On July 21, 2005, the PBOC announced that effective on the same date, the PRC would implement a regulated and managed floating exchange rate system based on market supply and demand and with reference to a basket of currencies. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar only. The PBOC would announce the closing price of a foreign currency such as the U.S. dollar against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day. This closing price will be used as the middle price for quoting the Renminbi exchange rate on the following working day.

Since January 4, 2006, the PBOC improved the method of generating the middle price for quoting the Renminbi exchange rate by introducing an enquiry system while keeping the match-making system in the interbank spot foreign exchange market. In addition, the PBOC provided liquidity in the foreign exchange market by introducing the market-making system in the inter-bank foreign exchange market. After the introduction of the enquiry system, the generation of the middle price for quoting the Renminbi was transformed to a mechanism under which the PBOC authorized the China Foreign Exchange Trading System to determine and announce the middle price for quoting the Renminbi against the U.S. dollar, based on the enquiry system, at 9:15 am on each business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC must sell their foreign exchange recurrent income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares (for example foreign exchange income received by our Company from the sale of shares overseas) is not required to be sold to designated foreign exchange banks, but may be deposited in foreign exchange accounts at the designated foreign exchange banks.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises which in accordance with regulations are required to pay dividends to shareholders in foreign exchange, may on the strength of general meeting resolutions of such PRC enterprises or board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction.

This Appendix contains a summary of certain aspects of PRC legal and regulatory matters, certain material differences between the PRC Company Law and Hong Kong Companies Ordinance and additional regulatory provisions introduced by the Hong Kong Stock Exchange in relation to PRC joint stock limited companies. The principal objective is to provide potential investors with an overview of the principal legal and regulatory provisions applicable to us. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors.

PRC JUDICIAL SYSTEM

Under the *PRC Constitutional Law* (《中華人民共和國憲法》) *and the Law of Organization of the People's Courts* (《中華人民共和國人民法院組織法》), the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are organized into civil, criminal, and administrative divisions. The intermediate people's courts are organized into divisions similar to those of the basic people's courts, and are further organized into other special divisions, such as the intellectual property division. The higher level people's courts supervise the basic and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all of the people's courts.

The people's courts employ a "second instance as final" appellate system. A party may appeal against a judgment or order of the people's court of first instance to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgment or order which has been given in any people's court at a lower level, or the president of the people's court finds an error in a judgment or order, the case may then be retried according to the judicial supervision procedures.

The *Civil Procedure Law of the PRC* (《中華人民共和國民事訴訟法》) (the **"PRC Civil Procedure Law"**), which was adopted on April 9, 1991 and amended on October 28, 2007, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by an express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the people's court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement and the time limit is two year. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

On December 29, 1993, the Standing Committee of the Eighth NPC adopted the PRC Company Law which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004 and the third time on October 27, 2005.

On July 4, 1994, the Special Regulations were passed at the Twenty-Second Standing Committee Meeting of the State Council, and they were promulgated and implemented on August 4, 1994. The Special Regulations are formulated according to the provisions of Sections 85 and 155 of the PRC Company Law (1993) in respect of the overseas share subscription and listing of joint stock limited companies. The Mandatory Provisions were issued jointly by the Securities Commission and the State Economic Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association (which are summarized in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus). References to a "company" are to a joint stock limited liability company established under the PRC Company Law with overseas listed foreign invested shares.

Copies of the Chinese text of the PRC Company Law, Special Regulations and the Mandatory Provisions together with copies of their unofficial English translations thereof are available for inspection as mentioned in the appendix entitled "Appendix X—Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus.

General

A "joint stock limited liability company" (hereinafter referred to as **"company"**) is a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them, and the liability of the company is limited to the full amount of all the assets owned by it.

A state-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by law and administrative regulation, for the modification of its operation mechanisms, the systematic handling and evaluation of the company's assets and liabilities and the establishment of internal management organs.

A company must conduct its business in accordance with law and professional ethics.

Incorporation

A company may be incorporated by promotion or subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

The PRC Company Law has provided that the registered capital of a joint stock limited liability company is a minimum of RMB5 million. For companies incorporated by way of promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the relevant administration bureau for industry and commerce; for companies established by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administration bureau for industry and commerce.

Pursuant to the PRC Securities Law, the total capital of a company which proposes to apply for its shares to be listed on a stock exchange must not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company.

A company is formally established and has the status of a legal person after the approval for registration has been given by the relevant administration bureau for industry and commerce and a business license has been issued.

A company's promoters shall individually and collectively be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Share Capital

The promoters of a company can make capital contributions in cash, or in kind, that can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value provided that the amount of capital contribution in cash by all shareholders must not be less than 30% of a company's registered capital.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency.

Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above are known as domestic shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific measures shall be specifically formulated by the State Council. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than par value, but shall not be less than par value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or by administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the total shares held by each of them in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Increase in Capital

Under the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting.

Save for the abovementioned condition of obtaining approval at the general meetings required by the PRC Company Law, for the public offering of new shares, the PRC Securities Law provides that the company shall: (i) have a sound organizational structure with satisfactory operating record; (ii) have the capability of continuing profitability and a healthy financial position; (iii) have no false statements and other material breaches in the financial and accounting documents of the last three years; (iv) fulfill other conditions required by the securities administration department of the State Council as approved by the State Council.

Public offer requires the approval of the securities administration department of the State Council.

After payment in full for the new shares issued, a company must change its registration with the relevant state bureau for the administration for industry and commerce and issue a public notice accordingly.

Reduction of Share Capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and an inventory of the assets;

(ii) the reduction of registered capital must be approved by shareholders in general meeting;

(iii) the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;

(iv) the creditors of the company may within the statutory prescribed time limit require the company to pay its debts or provide guarantees covering the debts; and

(v) the company must apply to the relevant administration bureau for industry and commerce for registration of the reduction in registered capital.

Repurchase of Shares

A company may not purchase its own shares other than for the purpose of:

(i) reducing its capital by canceling its shares or merging with another company holding its shares;

(ii) granting shares as a reward to the staff of the company; or

(iii) purchasing the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting.

The shares of the company to be repurchased by itself as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any funds for such purpose shall be paid out of after-tax profits of the company, and the shares so purchased shall be transferred to the company's staff within a year. The Mandatory Provisions provide that upon obtaining approvals in accordance with the articles of association of the company and from the relevant supervisory authorities, a company may repurchase its issued shares for the foregoing purposes by way of a general offer to its shareholders or purchase on a stock exchange or an off-market contract.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations.

Shareholders

Shareholders have such rights and obligations as set forth in the articles of association of the company. The articles of association of a company are binding on each shareholder.

Under the PRC Company Law and the Mandatory Provisions, the rights of a shareholder include:

(i) to attend in person or appoint a proxy to attend shareholders' general meetings, and to vote in respect of the number of shares held;

(ii) to transfer his shares in accordance with applicable laws and regulations and the articles of association of the company;

(iii) to inspect the company's articles of association, shareholders' registers, records of debentures, minutes of shareholders' general meetings, board resolutions, supervisors resolutions, financial and accounting reports and put forward proposals or raise questions about the business operations of the company;

(iv) if a resolution adopted by a shareholders' general meeting or the board of directors violates any law or administrative regulations or infringes the lawful rights and interests of shareholders, to institute an action in the people's court demanding that the illegal infringing action be stopped;

(v) to receive dividends in respect of the number of shares held;

(vi) to obtain surplus assets of the company upon its termination in proportion to his or her shareholding; to claim against other shareholders who abuse their shareholders' rights for the damages; and

(vii) any other shareholders' rights specified in the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by him/her, not to abuse shareholders' right to damage the interests of the company or other shareholders of the company; not to abuse the independent status of the company as a legal person and the limited liability to damage the interests of the creditors of the company and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

The shareholders' general meeting exercises the following principal powers:

(i) to decide on the company's operational policies and investment plans;

(ii) to elect or remove the directors and supervisors who are not representatives of the employees and decide on matters relating to the remuneration of directors and supervisors;

(iii) to consider and approve reports of the board of directors;

(iv) to consider and approve reports of the supervisory committee or the supervisors;

(v) to consider and approve the company's proposed annual financial budget and financial accounts;

(vi) to consider and approve the company's proposals for profit distribution and for recovery of losses;

(vii) to decide on any increase or reduction in the company's registered capital;

(viii) to decide on the issue of bonds by the company;

(ix) to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;

(x) to amend the articles of association of the company; and

(xi) other powers specified in the articles of association of the company.

Shareholders' general meeting is required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the company's articles of association;

(ii) the losses of the company which are not made up reach one-third of the company's total paid up share capital;

(iii) a request by a shareholder that holds, or by shareholders that hold in aggregate, 10% or more of the company's shares;

(iv) when deemed necessary by the board of directors;

(v) when the supervisory committee proposes convening it; or

(vi) other matters required by the company's articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors.

Notice of the shareholders' general meeting shall be given to all shareholders 20 days before the meeting under the PRC Company Law and 45 days under the Special Regulations and the Mandatory Provisions, stating the matters to be considered at the meeting. Under the Special Regulations and the Mandatory Provisions, shareholders wishing to attend are required to give to the company written confirmation of their attendance 20 days prior to the meeting. Under the Special Regulations, at an annual general meeting of a company, shareholders holding 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be considered at that meeting, which if within the powers of a shareholders' general meeting, are required to be added to the agenda of that meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, but the company shall have no vote for any of its own shares the company holds.

Resolutions proposed at the shareholders' general meeting shall be adopted by shareholders with more than half of the voting rights by cast shareholders present in person (including those represented by proxies) at the meeting, with the exception of matters relating to merger, division, dissolution, increase or reduction in registered capital, change in the form of the company or amendments to the articles of association which shall be adopted by shareholders with two-thirds or more of the voting rights cast by shareholders present (including those represented by proxies) at the meeting.

Shareholders may entrust a proxy to attend shareholders' general meetings on his or her behalf by a power of attorney which sets out the scope of exercising the voting rights.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. However, the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% or more of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders by public announcement of the matters to be considered at the meeting and the date and place of the meeting and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of five to 19 members and there can be staff representatives of our Company. Under the PRC Company Law, each term of office of a director shall not exceed three years. A director may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the PRC Company Law, the board of directors exercises the following powers:

(i) to convene the shareholders' general meeting and report on its work to the shareholders;

(ii) to implement the resolution of the shareholders' general meeting;

(iii) to decide on the company's business plans and investment plans;

(iv) to formulate the company's proposed annual financial budget and final accounts;

(v) to formulate the company's proposals for profit distribution and for recovery of losses;

(vi) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vii) to prepare plans for the merger, division or dissolution of the company;

(viii) to decide on the company's internal management structure;

(ix) to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;

(x) to formulate the company's basic management system; and

(xi) any other power given under the articles of association of the company.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the PRC Company Law, the following persons may not serve as a director of a company:

(i) persons without civil capacity or with restricted civil capacity;

(ii) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

(iii) persons who are former directors, factory managers or managers of a company or enterprise which has become bankrupt and been liquidated due to mismanagement and who are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, where less than three years have elapsed since the date of the revocation of the business license;

(v) persons who have a relatively large amount of debt due and outstanding; or

(vi) Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises, among others, the following powers:

(i) to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

(ii) to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager.

The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus) contain further elaborations of such duties.

Supervisors

A company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years and he may serve consecutive terms if re-elected.

The supervisory committee is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

Requirements in relation to the power of the supervisory committee under the PRC Company Law are as follows:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of any director or senior management who violates the laws, regulations, articles of association or shareholders' resolution;

(iii) to require any director or senior management whose act is detrimental to the company's interests to rectify such act;

(iv) to propose the convening of extraordinary shareholders' general meetings and in the event that the board of directors fails to perform the duties of convening and presiding shareholders' meetings, to convene and preside over shareholders' meetings;

(v) to propose any bills to shareholders' general meetings;

(vi) to commence any action against any directors or senior management; and

(vii) other powers specified in the company's articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

The Special Regulations provide that a company's directors and supervisors shall have fiduciary duties. They are required to faithfully perform their duties, protect the interest of the company and not to use their positions for their own benefit.

Managers and Senior Officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

(i) in charge of the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

(ii) arrange for the implementation of the company's annual business and investment plans;

(iii) formulate plans for the establishment of the company's internal management structure;

(iv) formulate the basic administration system of the company;

(v) formulate the company's internal rules;

(vi) recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);

(vii) attend board meetings as a non-voting attendant; and

(viii) other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management of a company includes the financial officer, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and officers of the company.

The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management of a company have been incorporated in the Articles of Association, a summary of which is set out in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus.

Duties of Directors, Supervisors, Managers and Senior Officers

A director, supervisor, manager and other senior officer of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. A director, supervisor, manager and other senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company save as permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officer who contravenes any law, regulation or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officer of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

Finance and Accounting

A company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the responsible financial department of the State Council and at the end of each financial year, prepare a financial report which shall be audited and verified as provided by law.

A company shall deposit its financial statements at the company for inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

The common reserve of a company comprises the statutory surplus reserve, the discretionary common reserve and the capital common reserve.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory surplus reserve (except where the reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' general meeting, the company may make an allocation to a discretionary common reserve.

When the company's statutory surplus reserve is not sufficient to make up for the company's losses of the previous year, current year profits shall be used to make good the losses before allocations are set aside for the statutory surplus reserve.

After the company has made good its losses and make allocations to its statutory surplus reserve the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders except as otherwise provided in the articles of association of such company limited by shares.

The capital common reserve of a company is made up of the premium over the nominal value of the shares of the company on issue and other amounts required by the relevant governmental authority to be treated as the capital common reserve.

The common reserve of a company shall be applied for the following purposes:

(i) to make up the company's losses other than the capital common reserve;

(ii) to expand the business operations of the company; and

(iii) to increase the registered capital of the company by the issue of new shares to shareholders in proportion to their existing shareholdings in the company or by increasing the par value of the shares currently held by the shareholders provided that if the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve after such conversion shall not be less than 25% of the registered capital on the company.

Appointment and Retirement of Auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next following annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with the CSRC for record.

Distribution of Profits

The PRC Company Law provides that a company is restricted from distributing profits before accumulated losses have been made up and statutory common reserve have been drawn. The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies approval department authorized by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the companies registration authority must also be changed.

Dissolution and Liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the PRC Company Law, a company shall be dissolved in any of the following events:

(i) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(ii) the shareholders in general meeting have resolved to dissolve the company;

(iii) the company is dissolved by reason of its merger or demerger;

(iv) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(v) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within 15 days after the occurrence of the cause of dissolution so as to carry out liquidation. Members of the liquidation committee shall be composed of the directors or any other people as determined by the shareholders' meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment.

The liquidation committee shall notify the company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. The liquidation committee shall exercise the following powers during the liquidation period:

(i) to handle the company's assets and to prepare a balance sheet and an inventory of the assets;

(ii) to notify creditors or issue public notices;

(iii) to deal with and settle any outstanding business of the company;

(iv) to pay any tax overdue;

(v) to settle the company's financial claims and liabilities;

(vi) to handle the surplus assets of the company after its debts have been paid off; and

(vii) to represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

During the liquidation period, a company shall not engage in operating activities unrelated to the liquidation.

If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the companies registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in "Appendix VIII—Summary of the Articles of Association").

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The new PRC Securities Law has been amended as follows:

The trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council (the new PRC Securities Law has renamed this as the securities exchange) under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer comply with the necessary requirements for a listed company;

(ii) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(iii) the company has committed a major breach of the law;

(iv) the company has incurred losses for three consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the PRC Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

PRC SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of the Shares and disclosure of information by us. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for co-ordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC was the regulatory body of the Securities Committee and responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In 1998, the State Council dissolved the Securities Committee and assigned its function to the CSRC. The CSRC is also responsible for the regulation and supervision of the national stocks and futures market according to laws, regulations and authorizations.

The PRC Securities Law took effect on July 1, 1999 and was revised for the first time on August 28, 2004 and the second time on October 27, 2005. This is the first national PRC Securities Law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that a PRC company must obtain prior approval from the State Council's regulatory authorities to list its shares outside the PRC. Article 239 of the PRC Securities Law provides that specific measures in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

The Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (the "**SZSE Listing Rules**") was promulgated in January 1998 and amended in May 2000, June 2001, February 2002, December 2004, May 2006, and September 2008, and was enacted by SZSE under the authorization of CSRC in accordance with PRC laws and regulations. The

SZSE Listing Rules provide for the supervision of listing companies, their directors, supervisors, senior management personnel, shareholders, actual controller, purchaser, other information disclosure obligors, the recommender and relevant personnel thereof; the standardization of the listing activities of stocks, convertible corporate bonds and securities derivatives as well as information disclosure activities of the listing companies and other relevant obligors; the maintenance of order in the security markets, and the protection of investors and issuers' legitimate rights and interests. According to the SZSE Listing Rules, when a company that is listed in the SZSE and an overseas stock exchange simultaneously is required to disclose information by the overseas stock exchange, it shall report to the SZSE, and disclose the identical information domestically at the same time after getting its approval. The reports and announcements provided by the listing company to other stock exchanges shall be consistent with the ones provided to SZSE. When a serious difference occurs, the listing company shall provide a special explanation, and disclose the correction or supplement announcement according to the requirements of the SZSE.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The *Arbitration Law of the PRC* (*《中華人民共和國仲裁法》*) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the Articles of Association and, in the case of the Listing Rules, also in contracts with each of the Directors and Supervisors, to the effect that whenever any disputes or claims arise between holders of the H Shares and us; holders of the H Shares and the Directors, Supervisors, manager or other senior officers; or holders of the H Shares and holders of domestic Shares, in respect of any disputes or claims in relation to our affairs or as a result of any rights or obligations arising under the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to our register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the **CIETAC** in accordance with its rules or the **HKIAC** in accordance with its securities arbitration rules.

Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the Arbitration Law and the PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to *the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認和執行外國仲裁裁決公約》)* (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

In June 1999, an arrangement was made between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention. Under the arrangement, awards made by PRC arbitral authorities pursuant to the Arbitration Law can be enforced in Hong Kong. Hong Kong arbitration awards made under the Arbitration Ordinance of Hong Kong are also enforceable in the PRC.

ESTABLISHMENT OF OVERSEAS OPERATIONS RULES AND REGULATIONS

According to the *Foreign Exchange Control Regulations for Overseas Investments* (*《境外投資外匯管理辦法》*), which was formulated by SAFE and approved by the State Council, upon obtaining approval from the MOFCOM to establish enterprises overseas, PRC enterprises shall apply for foreign exchange registration for overseas investments.

According to the *Verification and Approval of Overseas Investment Projects Tentative Administrative* (*《境外投資項目核准暫行管理辦法》*), promulgated by the NDRC, investment projects involving the use of a large amount of foreign exchange would require the verification and approval by the NDRC or the State Council. If there is any change with respect to the investor or equity holding of a project that has been verified and approved, an application for amendment shall be made to the NDRC.

HONG KONG LAWS AND REGULATIONS

Company Law

The Hong Kong law applicable to a company having share capital incorporated in Hong Kong is based on the Companies Ordinance and is supplemented by common law. Our Company, which is a joint stock limited liability company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law applicable to a joint stock limited liability company established in the PRC issuing overseas listed foreign shares to be listed on the Hong Kong Stock Exchange.

Set out below is a summary of the material differences between the Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited liability company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison:

(i) Corporate existence

Under Companies Ordinance, a company having share capital is incorporated by the Registrar of Companies in Hong Kong issuing a certificate of incorporation and upon its incorporation, a company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company.

Under the PRC Company Law, a joint stock limited liability company may be incorporated by either the promotion method or the subscription method. A joint stock limited liability company must have a minimum registered capital of RMB5 million, or higher as may otherwise be required by the laws and regulations. Hong Kong law does not prescribe any minimum capital requirements for a Hong Kong company. Under the PRC Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(ii) Share capital

Under Hong Kong law, the authorized share capital of a Hong Kong company is the amount of share capital which the company is authorized to issue and a company is not bound to issue the entire amount of its authorized share capital. For a Hong Kong company, the authorized share capital may be larger than the issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not recognize the concept of authorized share capital. The registered capital of a joint stock limited liability company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in general meeting and by the relevant governmental and regulatory authorities in the PRC.

Under the PRC Company Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. The monetary contribution shall not be less than 30% of a joint stock limited liability company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(iii) Restrictions on shareholding and transfer of shares

Under PRC law, the domestic shares in the share capital of a joint stock limited liability company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons. The overseas listed foreign shares issued by a joint stock limited liability company which are denominated in Renminbi and subscribed for in a currency other than Renminbi may only be subscribed and traded by investors from Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan or any country and territory outside the PRC.

Under the PRC Company Law, shares in a joint stock limited liability company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited liability company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lock up on our Company's issue of shares and the 12-month lock up on controlling shareholders' disposal of shares, as illustrated by the undertakings given by our Company to the Hong Kong Stock Exchange as described in the section entitled "Underwriting" in this prospectus.

(iv) Financial assistance for acquisition of shares

The PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited liability company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. The Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Companies Ordinance.

(v) Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variation of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus. Under Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of the company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Our Company (as required by the Listing Rules and the Mandatory Provisions) have adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed shares and domestic listed shares are defined in the Articles of Association as different classes, except in the case of (i) where our Company issues, upon the approval by special resolution of the Shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued domestic Shares or overseas-listed foreign-invested Shares; (ii) where our Company completes, with 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, our plan (made at the time of our establishment) to issue domestic Shares and overseas-listed foreign-invested Shares; and (iii) where the Shares registered on our domestic Share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities regulatory authorities of the State Council.

(vi) Directors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of interests in material contracts, restrictions on interested directors being counted towards the quorum of and voting at a meeting of the board of directors at which a transaction in which a director is interested is being considered, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits such as loans to directors and guarantees in respect of directors' liability and prohibition against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain requirements and restrictions in relation to the foregoing matters similar to those applicable under Hong Kong law.

(vii) Supervisory committee

Under the PRC Company Law, the board of directors and managers of a joint stock limited liability company is subject to the supervision and inspection of a supervisory committee but there is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(viii) Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have been guilty of a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law gives shareholders of a joint stock limited liability company the right that in the event that the directors and senior managers violate their fiduciary obligations to a company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 days consecutively may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisory committee violates their fiduciary obligations to a company, the above said shareholders may request in writing the board of directors to initiate proceedings in the people's court. Upon receipt of such request in writing from the shareholders, if the supervisory committee or the board of directors refuse to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall for the benefit of the company's interests, have the right to initiate proceedings directly to the court in its own name.

The Mandatory Provisions further provide remedies to the company against directors, supervisors and officers in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited liability company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association. This allows minority shareholders to act against directors and supervisors in default.

(ix) Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

(x) Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' general meeting must be given 20 days before the meeting, while notice of an extraordinary meeting must be given 15 days before the meeting or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively; and the notice period for an annual general meeting is 21 days.

(xi) Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum. The PRC Company Law does not specify any quorum requirement for shareholders' general meeting but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(xii) Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited liability company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

(xiii) Financial disclosure

A joint stock limited liability company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, changes in financial position and other relevant annexures 20 days before an annual general meeting. In addition, a company established by the public subscription method under the PRC Company Law must publish its financial situation. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report which are to be tabled before the company in its annual general meeting not less than 21 days before such meeting.

A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC GAAP, have its accounts prepared and audited in accordance with IFRS or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(xiv) Information on directors and shareholders

The PRC Company Law gives shareholders the right to inspect the articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(xv) Receiving agent

Under both the PRC and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years while that under the PRC law is two years. The Mandatory Provisions require the appointment of a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited liability company in respect of such foreign shares.

(xvi) Corporate reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of being wound up voluntarily to another company pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under PRC law, the merger, demerger, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

(xvii) Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

(xviii) Mandatory transfers

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no such requirements under Hong Kong law.

(xix) Remedies of a company

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, in compliance with the Mandatory Provisions, the Articles of Association set out remedies to our Company similar to those available under Hong Kong law (including recovery of profits made by a director, supervisor or officer).

(xx) Dividends

The articles of association of a company empower the company to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

(xxi) Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, officers, and managers owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(xxii) Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law and the Mandatory Provisions, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Listing Rules

The Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited liability company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to our Company:

(i) Compliance Advisor

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor acceptable to the Hong Kong Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance advisor may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company. It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(ii) Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong. Such report will normally be required to conform to either Hong Kong Financial Reporting Standards or International Financial Reporting Standards.

(iii) Process agent

Our Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(iv) Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, the Listing Rules require that the aggregate amount of H shares and other securities held by the public must constitute not less than 25% of the PRC issuer's issued share capital and that the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$50 million.

The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10,000 million.

(v) Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

(vi) Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, our Company may repurchase our own H shares on the Hong Kong Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of special resolution of the holders of domestic Shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, our Company is required to provide information on any proposed or actual purchases of all or any of our equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which they are aware, if any. Any general mandate given to the Directors to repurchase H shares must not exceed 10% of the total amount of existing issued H Shares.

(vii) Mandatory Provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the supervisory committee of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in the appendix entitled "Appendix VIII—Summary of the Articles of Association" to this prospectus.

(viii) Redeemable Shares

Our Company must not issue any redeemable Shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the H Shares are adequately protected.

(ix) Pre-emptive rights

Except in the circumstances mentioned below, the Directors are required to obtain the approval by a special resolution of Shareholders in general meeting, and the approvals by special resolutions of the holders of domestic Shares and H Shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Articles of Association, prior to authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities.

No such approval will be required under the Listing Rules, but only to the extent that, the existing Shareholders of our Company have by special resolution in general meeting given a mandate to the Directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic Shares and H Shares as at the date of the passing of the relevant special resolution or of such Shares that are part of our plan at the time of our establishment to issue domestic Shares and H Shares and which plan is implemented within 15 months from the date of approval by the CSRC.

(x) Supervisors

Our Company is required to adopt rules governing dealings by the Supervisors in securities of our Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Hong Kong Stock Exchange.

Our Company is required to obtain the approval of the Shareholders in a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to our Company or any of our subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of our Company or our subsidiaries: (i) the contract is for a duration that may exceed three years; or (ii) the contract expressly requires our Company to give more than one year's notice or to pay compensation or make other payments equivalent to more than one year's emoluments.

The remuneration committee of our Company or an independent board committee must form a view in respect of service contracts that require Shareholders' approval and advise Shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of our Company and the Shareholders as a whole and advise Shareholders on how to vote.

(xi) Amendment to the Articles of Association

Our Company is required not to permit or cause any amendment to be made to the Articles of Association which would cause the same to cease to comply with the mandatory provisions of the Listing Rules relating to such Articles of Association.

(xii) Documents for inspection

Our Company is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by Shareholders at reasonable charges of the following:

- a complete duplicate register of Shareholders;
- a report showing the state of the issued share capital of our Company;

- our Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of our Company;
- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between A Shares and H Shares);and
- for Shareholders only, copies of minutes of meetings of Shareholders.

(xiii) Receiving agents

Our Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(xiv) Statements in share certificates

Our Company is required to ensure that all of our listing documents and share certificates include the statements stipulated below and to instruct and cause each of our Share registrars not to register the subscription, purchase or transfer of any of our Shares in the name of any particular holder unless and until such holder delivers to such Share registrar a signed form in respect of such Shares bearing statements to the following effect that the acquirer of the Shares:

- agrees with our Company and each Shareholder of our Company, and our Company agrees with each Shareholder of our Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;
- agrees with our Company, each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for itself and for each Director, Supervisor, manager and officer of our Company agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with our Company and each Shareholder of our Company that the H Shares are freely transferable by the holder thereof; and
- authorizes our Company to enter into a contract on his behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligation to Shareholders as stipulated in the Articles of Association.

(xv) Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

Our Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(xvi) Contract between our Company and its Directors, officers and Supervisors

Our Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to our Company to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that our Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment:

- an undertaking by the Director or officer to our Company acting as agent for each Shareholder to observe and comply with his obligations to Shareholders as stipulated in the Articles of Association;

- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of our Company between our Company and the Directors or officers and between a holder of H Shares and a Director or officer of our Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its securities arbitration rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of HKIAC;

- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;

- the award of the arbitral body is final and shall be binding on the parties thereto;

- the agreement to arbitrate is made by the Director or officer with our Company on our own behalf and on behalf of each Shareholder; and

- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

Our Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

(xvii) Subsequent listing

Our Company must not apply for the listing of any of the H shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign Shares are adequately protected.

(xviii) English translation

All notices or other documents required under the Listing Rules to be sent by our Company to the Hong Kong Stock Exchange or to holders of the H Shares are required to be in the English language, or accompanied by a certified English translation.

(xix) General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including our Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of the Listing.

(c) Other Legal and Regulatory Provisions

Upon the Listing, the provisions of the SFO, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to our Company.

(d) Securities arbitration rules

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The securities arbitration rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the securities arbitration rules, a PRC party means a party domiciled in the PRC.

PRC LEGAL MATTERS

Our PRC legal advisor, Fangda Partners, has sent to us a legal opinion dated December 13, 2010 which includes a statement to the effect that the description of PRC laws and regulations as contained in this prospectus is true and correct in all material respects. This legal opinion is available for inspection as referred to in the section entitled "Documents Delivered to the Registrar of the Company and Available for Inspection" in Appendix X to this prospectus.

Any person wishing to have detailed advice on PRC law and the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix set out summaries of the main clauses of our Articles of Association adopted on July 22, 2010, as amended, which shall become effective as of the date on which the H Shares are listed on the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix entitled "Appendix X—Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, the full document of the Articles of Association in Chinese is available for examination.

1 Directors and Board of Directors

(a) *Power to allocate and issue shares*

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the Shareholders' general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

(b) *Power to dispose assets of our Company or our subsidiaries*

If the sum of (i) the cost value of the assets to be disposed of, and (ii) the amount or value of the cost received from the fixed assets of our Company disposed of within the four months immediately preceding this suggestion for disposal exceeds 33% of the value of fixed assets of our Company indicated on the latest audited balance sheet submitted to the Shareholders at the Shareholders' meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets unless approved by the Shareholders at the meeting. The above disposal refers to the transfer of rights and interests in certain properties, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

(c) *Indemnification or compensation for loss of office*

Pursuant to the emoluments agreement entered into between our Company and the Directors or Supervisors, they are entitled to compensation or other payments for loss of office or resignation as a result of the acquisition of our Company, subject to the approval of the Shareholders at the Shareholders' meeting. Acquisition of our Company refers to any of the following circumstances:

(i) An offer made to the Shareholders; or

(ii) An offer is made such that the offerer will become the controlling shareholder of our Company (as defined in the Articles of Association for this definition).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from the payments distributed.

(d) *Loans to Directors, Supervisors or other management personnel*

Our Company shall neither provide the Directors, Supervisors, or senior management of our company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the above personnel with loans or loan guarantees.

In the event that our Company provides loans in violation of this restriction, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the terms and conditions. Any loan provided by our Company in violation of the above requirements shall not be mandatorily enforced against us, unless under the following circumstances:

(i) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors, general manager or other senior management of our Company or controlled company; or

(ii) The collateral provided by our Company is sold by the lender to the buyer in good faith.

The following transactions are exempted from the above clauses:

(i) Our Company provides our subsidiaries with loans or loan guarantees;

(ii) Our Company provides any of the Directors, Supervisors, or senior management with loans, loan guarantees or any other fund pursuant to the employment contract/s approved at the Shareholders' meeting to pay all expenses incurred for the purpose of our Company or performing our duties; and

(iii) In case that the normal scope of business of our Company covers the provision of loans or guarantees, our Company may provide any of the Directors, Supervisors, or senior management or other related personnel with loans or guarantees for loans provided by other personnel to the above personnel, provided that the terms and conditions governing the above loans or loan guarantees shall be normal commercial terms and conditions.

For the purpose of the above provisions, "guarantee" includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

(e) *Provide financial aid for acquiring the Shares or shares of any of our subsidiaries*

Pursuant to the Articles of Association:

(i) Our Company or our subsidiaries shall not provide any financial assistance at any time or in any manner to personnel that acquires or plans to acquire the Shares. Such personnel include anyone who undertake liabilities, directly or indirectly, from acquiring the Shares, and

(ii) Our Company or any of our subsidiaries shall not provide personnel mentioned in the preceding paragraph with financial aid at any time or in any manner to mitigate or exempt the liabilities of the above personnel.

The following transactions are not prohibited:

(i) Related financial aid provided by our Company which is indeed in our interest and the main purpose of the aid is not to acquire the Shares or is part of a master plan of our Company;

(ii) Distribution of our assets by way of dividend lawfully declared;

(iii) Distribution of dividends in the form of bonus shares;

(iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;

(v) Our Company grants loans within our normal scope of business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution; and

(vi) Our Company provides the employee stock ownership plan with loans, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

For the purpose of the above provisions:

(i) “Financial aid” includes, but is not limited to:

(aa) Gifts;

(bb) Guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), cancellation or waiver of rights;

(cc) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts; or

(dd) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

(ii) “Assuming liabilities” includes undertaking liabilities by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the liabilities for itself or any other person) or changing its financial status in any other manner.

(f) *Disclose matters relating to the contract rights of our Company and voting on the contracts*.

When any of the Directors, Supervisors, senior management own material rights and interest in the contracts, transactions or arrangements that our Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts), the above personnel shall disclose the nature and degree of their rights and interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions, arrangements or suggestions are subject to the approval of the Board of Directors in normal circumstances.

When a resolution adopted by the Board of Directors creates an interest for a Director or a related person, the Director shall withdraw and not participate in voting; and the Director shall not be included when determining whether the number of directors attending the meeting reaches a quorum.

Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations.

Where related persons of the Directors, Supervisors and senior management have interests in certain contracts, transactions and arrangements, the related Directors, Supervisors and senior management shall be deemed to have interests.

(g) *Remuneration*

Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general Shareholders' meeting, including:

(i) Remuneration for providing services as the Directors, Supervisors or senior management;

(ii) Remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;

(iii) Remuneration for providing other services as management of our Company or our subsidiaries; and

(iv) Compensation received by the Directors or Supervisors as a result of loss of position or resignation.

No Director or Supervisor shall institute any litigation against our Company over any remuneration payable relative to the above unless provided for in a signed contract.

(h) *Resignation, Appointment and Dismissal*

None of the following persons shall serve as our Director, Supervisor and senior management:

(i) Anyone who has no civil capacity or has only limited civil capacity;

(ii) Anyone who has been convicted of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;

(iii) Anyone who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated as a result of poor management, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;

(iv) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked due to violation of the law, was personally liable, and is within three years of the date on which the business license of our Company or enterprise was revoked;

(v) Anyone who has a large sum of debt, which was not paid at maturity;

(vi) Anyone who is investigated by the judicial agencies for violation of criminal law and whose case is pending;

(vii) Anyone who may not serve as a head of the company pursuant to the provisions of the law and administrative regulations;

(viii) Anyone who is not a natural person;

(ix) Anyone penalized by the CSRC by being denied access to the securities market and the penalty remains in effect;

(x) Anyone judged by the competent agencies to have violated the provisions of relevant PRC Securities Laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;

(xi) No one shall serve as senior management of our Company if he or she holds any position other than directors in the controlling shareholder or actual controlling unit of our Company.

The validity of the acts of the Directors or senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

The Board of Directors consists of seven Directors and these are elected at the Shareholders' general meeting. The Directors need not hold any of the Shares.

The Directors may also serve as senior management provided that the total number of Directors serving as senior management is not more than one half of the total number of the Directors.

The chairman of the Board shall be elected and dismissed by a vote of more than one half of the Directors. Subject to compliance with related laws and administrative regulations, the Shareholders' general meeting may dismiss any Director whose term has not expired by an ordinary resolution without affecting any claim for compensation that may be made pursuant to any contract.

The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected (an independent Director may not be elected for more than six years).

Written notice concerning nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to our Company seven days before the Shareholders' general meeting is convened.

The cumulative voting system may be adopted when the Shareholders' general meeting votes on the election of Directors and Supervisors.

With regard to the preceding paragraph, the "cumulative voting system" means that when the Shareholders' general meeting elects the Directors and Supervisors, each Shareholder has voting rights equal to the number of Directors or Supervisors to be elected and the voting rights held by the Shareholders may be used together.

(i) *Power to Obtain Loans*

Subject to compliance with the laws and administrative regulations of the State, our Company has the right to raise funds and obtain loans, including (but not limited to) issuing bonds, mortgaging or pledging all or part of the properties of our Company, as well as exercising other rights approved by the laws and administrative regulations of the State, provided that such action shall not undermine or revoke the rights of any Shareholder.

The Articles of Association does not include any special provision regarding the manner in which the Directors may exercise the right to obtain loans or the manner in which such a right is created except (a) the provision regarding the power of the Directors to develop schemes for our Company to issue bonds, and (b) the provision that the bond issue must be approved by the Shareholders through a special resolution at the Shareholders' general meeting.

(j) *Responsibilities*

The Directors, Supervisors, and senior management shall bear the responsibility of good faith and diligence towards our Company. In the event of violation of obligations owed to our Company by the Directors, Supervisors, and senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

(i) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;

(ii) Cancel any contract or transaction entered into between the Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;

(iii) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;

(iv) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;

(v) Require the relevant Directors, Supervisors, or senior management to return the interest earned or that may be earned from funds that should have been paid to our Company.

When performing their responsibilities, the Directors, Supervisors and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

(i) Sincerely taking the best interests of our Company as the starting point of any action;

(ii) Exercising one's rights within but not exceeding the scope of authority;

(iii) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons without lawful permission or the approval with their full knowledge of the Shareholders at the general Shareholders' general meeting;

(iv) Treating Shareholders of the same type equally and Shareholders of different types fairly;

(v) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the consent of the Shareholders' general meeting with its full knowledge;

(vi) Seeking private gain using the assets of our Company is not allowed, unless approved by the Shareholders' general meeting with its full knowledge;

(vii) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;

(viii) Accepting commissions associated with transactions of our Company is not allowed unless approved by the Shareholders' general meeting with its full knowledge;

(ix) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;

(x) Competing with our Company in any manner is not allowed, unless approved by the Shareholders at the general meeting with our full knowledge;

(xi) Misappropriation of our funds or lending these funds to others is not allowed, nor is depositing the assets of our Company in an account opened in one's own name or that of others, nor is using the assets of our Company to provide guarantees for the debts of the Shareholders or other individuals;

(xii) Disclosure of any confidential information relating to our Company obtained during employment without the approval of the Shareholders' general meeting with its full knowledge, or using this information, is not allowed, unless in the interest of our Company; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by (1) the provisions of the law; (2) the public interest; (3) the interest of the Directors, Supervisors, or senior management.

All proceeds obtained by the Directors and senior management through the violation of the above regulations shall belong to our Company.

The Directors, Supervisors and senior management may not direct the following personnel or institutions (**"related personnel"**) to do acts that the Directors, Supervisors and senior management may not do:

(i) Spouses or minor children of the Directors, Supervisors and senior management;

(ii) Trustors of the Directors, Supervisors and senior management or the persons mentioned in (i);

(iii) Partners of the Directors, Supervisors and senior management or persons mentioned in (i) and (ii);

(iv) The company under de facto control by the Directors, Supervisors and senior management individually or jointly with the persons or other directors, supervisors and senior management of companies mentioned in (i), (ii) and (iii);

(v) Directors, Supervisors, or senior management of the companies mentioned in (iv).

The good faith obligation owed by the Directors, Supervisors, and senior management may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the expiration of their terms. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

In the event that the Directors, Supervisors, or senior management violate the responsibilities of a certain duty, their relationships with our Company may be dissolved at the Shareholders' general meeting with the Shareholders' full knowledge, unless otherwise indicated in the Articles of Association.

Apart from the responsibilities set forth in related laws, administrative regulations or the listing rules of the securities exchange where the Shares are listed, the Directors, Supervisors, or senior management shall assume the following responsibilities for the Shareholders when exercising their rights and performing their responsibilities:

(i) They may not cause our Company to operate beyond the scope of business indicated on our business license;

(ii) They shall sincerely take the best interests of our Company as the starting point of any action;

(iii) They may not deprive our Company of our assets in any manner, including, but not limited to, opportunities beneficial to our Company; and

(iv) They may not deprive the Shareholders of personal rights and interests, including, but not limited to, the right to receive dividends and to vote, except for restructuring of our Company approved at the Shareholders' general meeting pursuant to the provisions of the Articles of Association.

The Directors, Supervisors and senior management have the responsibility when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

In the event of any loss caused to our Company as a result of violation of any laws, administrative rules and regulations, or Articles of Association by the Directors or senior management when performing their duties in our Company, Shareholders who have held 1% or more of the Shares separately or jointly for 180 consecutive days or longer have the right to request the Supervisory Committee in writing to initiate court litigation. In the event of any loss caused to our Company as a result of violation of any laws, administrative rules and regulations, or Articles of Association by the Supervisory Committee when performing its duties in our Company, the Shareholders may request the Board of Directors in writing to initiate court litigation. In the event that the Supervisory Committee or Board of Directors refuses to initiate litigation after receiving a written request of the Shareholders as specified in the preceding paragraph, fails to institute litigation within 30 days of the receipt of the request, or if failure to institute litigation immediately may cause irreparable damage to the interest of our Company under urgent circumstances, the Shareholders as mentioned in the preceding paragraph shall have the right to initiate court litigation directly in their own name and in the interest of our Company.

In the event of infringement of our Company's legal rights and interests by a third party resulting in losses to our Company, the Shareholders in the first paragraph of these Articles of Association may initiate court litigation in accordance with the preceding two paragraphs.

In the event that the Directors or senior management violate laws, administrative rules and regulations or the Articles of Association to the detriment of the interests of the Shareholders, the Shareholders may initiate court litigation.

2 Modification of the Articles of Association

We may amend the Articles of Association based on the provisions of the relevant laws, administrative rules and regulations and the Articles of Association.

Any amendment to the Articles of Association that involves mandatory clauses shall be approved by the CSRC before taking effect. Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3 Special Voting Procedures of Classified Shareholders

Any Shareholder who holds different types of Shares is a classified Shareholder.

Any plan of our Company to change or abolish the rights of a classified Shareholder is subject to the approval of the Shareholders' general meeting in the form of a special resolution and the approval of the affected classified Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented. The rights of classified Shareholders shall be viewed as changed or abolished under any of the following circumstances:

(a) Increase/reduce the number of the classified Shares, or increase/reduce the number of classified Shares with equal or more voting rights, distribution rights and other privileges than this type of classified Shares;

(b) Convert all or part of the classified Shares into other types or convert another type of Shares, partly or wholly, into this type of classified Shares or grant such conversion right;

(c) Cancel/reduce the right of the classified Shares to obtain dividends generated or cumulative dividends;

(d) Reduce/cancel the right of the classified Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;

(e) Increase/cancel or reduce the right of the classified Shares to convert Share rights, options rights, voting rights, transfer rights, and prior purchase rights, or the right to obtain the securities of our Company;

(f) Cancel/reduce the right of the classified Shares to receive funds payable of our Company in specified currencies;

(g) Create new classified Shares entitled to equal or more voting rights, distribution rights, or privileges than the classified Shares;

(h) Impose restrictions on the transfer or ownership of the classified Shares or increase such restrictions;

(i) Issue subscription or conversion rights for this or other classified Shares;

(j) Increase the rights and privileges of other types of Shares;

(k) The restructuring plan of our Company may constitute different types of Shareholders to assume responsibilities disproportionately;

(l) Amend or abolish clauses of Chapter 4 of the Articles of Association.

Whether or not the affected classified Shareholders have voting rights at the general Shareholders meeting, in the event of matters described above from (b) through (h), (k) and (l), they have voting rights at the classified Shareholders' meeting, but the Shareholders that have interests at stake (see our Articles of Association for definition) shall have no voting rights at the classified Shareholders' meeting.

The resolution of the classified Shareholders' meeting shall be voted on by more than two thirds of Shareholders with voting rights attending the classified Shareholders' meeting.

When convening a classified Shareholders' meeting, 45 days (including the date of the meeting) before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified Shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply to that effect 20 days before the meeting.

In the event that the number of shares with voting power represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said classified Shares with voting power at the meeting, our Company may convene a classified Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement or in other manners as stipulated in the Articles of Association, if applicable, and our Company may convene a classified Shareholders' meeting once the announcement or the notice in other manners as stipulated in the Articles of Association, if applicable, is delivered.

The notice of the classified Shareholders' meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any classified Shareholders' meeting shall be held in accordance with the same procedures as those of the Shareholders' general meeting contained in the Articles of Association, and any clause that relates to the convening of any Shareholders' meeting in the Articles of Association shall apply to any classified Shareholders' meeting.

Both the holders of other classified Shares and the holders of domestic Shares and overseas listed foreign Shares are considered as different classified Shareholders.

The special procedures for voting by the classified Shareholders shall not apply under the following circumstances:

(a) where our Company issues, upon the approval by a special resolution of Shareholders' meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic Shares and overseas-listed foreign Shares;

(b) The plan to issue domestic Shares and overseas listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the CSRC;

(c) where the holders of domestic Shares transfers the Shares it holds, upon the approval by CSRC, to overseas investors, and the transferred Shares are listed and traded on the overseas stock exchange.

4 Special Resolutions needed to be Adopted by Majority Vote

The resolutions of the Shareholders' meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the meeting.

5 Voting Rights (Generally on a Poll and Right to Demand a Poll)

The ordinary Shareholders have the right to attend or appoint a proxy to attend and vote at the shareholders' general meeting. When voting at the Shareholders' general meeting, the Shareholder (or proxy) may exercise his or her voting rights in accordance with the number of Shares with voting power held with each Share representing one vote.

Voting by ballot is required at all Shareholders' general meetings. When voting at a general meeting, Shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with their total number of votes.

When the number of dissenting votes equals the number of supporting votes, the chairman of the meeting is entitled to one additional vote.

Except for the cumulative voting system, the Shareholders' general meeting must vote on all proposals individually; in the event of different proposals for the same matter, the Shareholders' meeting shall vote on them in the order in which they were submitted. Unless the Shareholders' general meeting is adjourned or fails to adopt any resolution as a result of force majeure or for other special reasons, the Shareholders shall not put aside or refuse to vote on the proposal/s at the Shareholders' general meeting.

The same vote can be cast in any of the following manners: on site, on line, or other voting methods. In case that the same vote is cast more than once, the result of the first vote cast shall prevail.

6 Shareholders' General Meetings

The Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings are called by the Board of Directors. The annual Shareholders' general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

7 Accounting and Audits

(a) Financial and accounting policies

Our Company shall develop its financial and accounting policies and internal auditing policies pursuant to PRC laws, administrative rules and regulations, as well as accounting standards developed by the competent department in charge of finance under the State Council.

The Board of Directors shall submit the financial reports of our Company prepared in accordance with the laws, administrative rules and regulations or orders of local governments and regulatory agencies having jurisdiction over Shareholders at the Shareholders' meetings.

Apart from the Chinese accounting standards and regulations, the financial reports of our Company shall also conform to international accounting standards and the accounting standards and regulations of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the above accounting standards, explanations and notes must be provided in the financial reports. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the financial reports, whichever is lower shall prevail.

Our Company shall make its financial reports available for inspection by the Shareholders 20 days before the Shareholders' general meeting is convened. Each Shareholder is entitled to obtain one copy of the financial report.

Our Company shall send the financial reports to the registered address of the holders of overseas listed foreign Shares by postage-paid mail or by other manners as stipulated in the Article of Association, if applicable, at least 21 days before the Shareholders' general meeting is convened.

Our Company's interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, rules and regulations, international accounting standards as well as the accounting standards, rules and regulations of the overseas area in which the Shares are listed.

Our Company shall submit the annual financial/accounting report, semi-annual financial/accounting report and quarterly financial/accounting report to the domestic and overseas regulatory agencies and stock exchanges pursuant to their regulations. Our Company must publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the completion of each fiscal year. Our Company shall submit its quarterly financial/accounting reports to the local branch of the CSRC and the domestic/overseas stock exchanges within one month of the ending date of the first three months and first nine months of each fiscal year.

Our Company shall not keep any accounting books other than those specified by law.

(b) Appointment and Dismissal of Accountants

Our Company shall appoint an accounting firm with independent qualifications that meets appropriate requirements of the State to be responsible for auditing its annual report and reviewing its other financial reports.

The term of the accounting firm appointed by our Company shall start at the close of the Shareholders' general meeting and continue until the close of the next Shareholders' meeting.

Without prejudice to the right of the accounting firm to claim for compensation (if any) for being dismissed and replaced, the Shareholders may replace the accounting firm through an ordinary resolution at the Shareholders' general meeting prior to the expiration of the term of any accounting firm notwithstanding the terms and conditions of the contract entered into between our Company and the accounting firm.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided on by the Shareholders at the Shareholders' general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

Appointment, dismissal/replacement or termination of the contract of the accounting firm by our Company is subject to the resolution of the Shareholders at the Shareholders' general meeting and shall be filed with the competent agency in charge of securities under the State Council.

Before dismissing, replacing or terminating the contract with the accounting firm, our Company shall send a notice to the accounting firm in advance notifying it of the matters relating to the dismissal, replacement or contract termination, and the accounting firm shall be entitled to attend the Shareholders' general meeting and make a statement.

In the event that the accounting firm requests to resign, it shall declare to the Shareholders' general meeting whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or on the date specified in the notice, whichever is later.

The notice shall include the following statements:

(i) Its resignation does not include any statement that should be disclosed to the Shareholders or creditors of our Company; or

(ii) Any statement that should be disclosed.

Within 14 days of receipt of the notice mentioned above, our Company shall send the copy of the notice to related competent agencies. If the notice includes statements mentioned in (ii) of the preceding paragraph, our Company shall retain a copy thereof for perusal by the

Shareholders. Our Company shall also send a copy of the above-mentioned statements to each holder of the overseas-listed foreign Shares in accordance with the addresses registered on the register of Shareholders by postage-prepaid mail or by other manners as stipulated in the Articles of Association, if applicable.

In the event that the resignation notice of the accounting firm includes any statement that should be disclosed to the Shareholders or creditors, the accounting firm may request the Board of Directors to convene an extraordinary general meeting to hear its explanations regarding the resignation.

8 Notification and Agenda of Shareholders' General Meetings

The Shareholders' general meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where our Company is in crisis, without the approval of a special resolution of the Shareholders' general meeting, our Company shall not enter into a contract with any person other than the Directors and senior management that would make a person responsible for the management of all or part of our important business.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

(a) The number of Directors is less than the number specified in the PRC Company Law or less than two thirds of the number required in the Articles of Association;

(b) The uncovered losses of our Company reach one-third of its total share capital;

(c) The Shareholders with 10% or more voting power separately or jointly request to convene an extraordinary general meeting in writing;

(d) The Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting;

(e) The independent Directors propose convening an extraordinary general meeting; and

(f) Other circumstances specified in laws, administrative rules and regulations and the Articles of Association.

When convening a Shareholders' general meeting, our Company shall send a written notice to inform all registered Shareholders of the matters to be deliberated at the meeting as well as the date and venue of the meeting 45 days (including the date of the meeting) before it is convened. Shareholders planning to attend shall send our Company a written reply to that effect 20 days before it is held.

At our Company's general meeting of Shareholders, the Shareholders holding 3% or more Shares with voting power are entitled to submit written proposals to our Company.

Our Company shall calculate the number of Shares with voting power represented by the Shareholders planning to attend the Shareholders' general meeting in accordance with the written replies received 20 days before the meeting is convened. In the event that the number of Shares with voting power represented by the Shareholders planning to attend reaches more than one half of our total number of Shares with voting power, our Company may convene the Shareholders' general meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated and the date and venue within five days in the form of an announcement or in other manners as stipulated in the Articles of Association, if applicable, before the Shareholders' general meeting may be convened.

The notice of the Shareholders' general meeting shall be in writing and meet the following requirements:

(a) Specified venue, date and time of the meeting;

(b) Specified matters to be deliberated at the meeting;

(c) Provision to the Shareholders of materials and explanations necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any, of the proposed transaction(s) and proper explanations about related causes and effects when our Company proposes merger/s, redemption of shares, restructuring of stock capital or other restructuring;

(d) In the event that any of the Directors, Supervisors or senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor or senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;

(e) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;

(f) A clear explanation that the Shareholder is entitled to attend and vote at the Shareholders' general meeting, or to appoint one or more entrusted representatives to attend and vote at the meeting on his or her behalf and that such may not necessarily be Shareholders;

(g) Specified delivery time and place of the power of attorney for proxy voting of the meeting;

(h) Specified date of equity registration of Shareholders entitled to attend and vote at our Shareholders' general meeting; and

(i) Specified name and phone number of the permanent contact person for the meeting.

The notice of the Shareholders' general meeting shall be sent in the form of an announcement, in person or by postage-paid mail, to the holders of H Shares regardless whether such Shareholders have the right to vote at the Shareholders' general meeting, and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of domestic Shares, the notice of our Shareholders' general meeting shall be given in the form of an announcement.

This announcement shall be published in any newspaper designated by CSRC within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of domestic Shares shall be deemed to have received the notice of our Shareholders' general meeting. In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be affected thereby.

Once the notice of the Shareholders' general meeting is issued, the Shareholders' general meeting shall not be postponed or cancelled without proper reasons and proposals listed in the notice of the Shareholders' general meeting shall not be cancelled. Once postponement or cancellation becomes apparent, the convener shall publish an announcement and specify the reasons at least two working days prior to the scheduled meeting date.

Shareholders who hold more than 10% of the Shares separately or jointly have the right to request the Board of Directors to convene an extraordinary general meeting and the request shall be made in writing. The Board of Directors shall within ten days of receipt of the notice provide a written opinion, pursuant to legal and administrative rules and regulations and these Articles of Association, agreeing or not agreeing to convene the extraordinary general meeting. In the event that the Board of Directors agrees to convene an extraordinary general meeting, it shall send a notice on convening the meeting within five days after the Board of Directors adopts the resolution, and any change to the original request shall be subject to the approval of the relevant Shareholders.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or fails to make a reply within ten days of receipt of the request, Shareholders holding more than 10% of the Shares separately or jointly have the right to request the Supervisory Committee to convene an extraordinary general meeting and the request shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, it shall send a notice on convening the meeting within five days of receipt of the notice, and any change to the original proposal in the notice shall be subject to the approval of the relevant Shareholders. In the event that the Supervisory Committee fails to send the notice of our Shareholders' general meeting within the specified time, the Board of Directors shall be deemed as not convening and presiding over the Shareholders' general meeting, and Shareholders having held more than 10% of the Shares separately or jointly for more than 90 days consecutively may convene and preside over the Shareholders' general meeting pursuant to the regulations of these Articles of Association.

The Supervisory Committee has the right to propose to the Board of Directors to convene an extraordinary general meeting and to submit other suggestions to the Board of Directors in writing.

In the event that the Supervisory Committee or Shareholders decides to convene the Shareholders' general meeting, the Board of Directors must be notified in writing and file the notice with the local branch of the CSRC and the related stock exchange in the place where our Company is located.

Before the resolution concerning the Shareholders' general meeting is announced, the proportion of the Shares held for more than 90 days consecutively by the Shareholders who convene the meeting separately or shall not be less than 10%.

When sending the notice of the Shareholders' general meeting and announcing its resolutions, the Shareholders who convene the meeting shall submit the relevant certifying documents to the local branch of the CSRC and the related stock exchange in the place where our Company is located.

The following matters shall be approved by the Shareholders' general meeting through ordinary resolutions:

(a) Work report of the Board of Directors and Supervisory Committee;

(b) Plans of profit distribution and loss make-up schemes drafted by the Board of Directors;

(c) Appointment or dismissal of the members of the Board of Directors and Supervisory Committee, their remuneration and payment methods;

(d) Annual budget/final account report, balance sheet, income and other financial statements of our Company;

(e) Annual report of our Company;

(f) Other matters in addition to those approved by special resolution stipulated in the laws, administrative rules and regulations or listing rules of stock exchange where the Company is located or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' general meeting:

(a) Our Company's capital stock increases/decreases;

(b) Our Company's issues of any type of shares, warrants and other similar securities;

(c) Our Company's bond issues;

(d) Division, merger, dissolution and liquidation of our Company;

(e) Amendment of the Articles of Association;

(f) The total amount of purchase/sale of material assets or external guarantees within one year exceed 30% of the latest period's audited total assets;

(g) Stock incentive plan;

(h) The buyback of the Shares;

(i) Other matters approved by ordinary resolution of the Shareholders' general meeting pursuant to the laws, administrative rules and regulations or the Articles of Association which are believed could materially affect our Company and need to be approved by special resolution;

The following external guarantees of our Company (including controlled subsidiaries) must be deliberated and approved by the Shareholders' general meeting:

(a) Any guarantee provided after the total amount of external guarantees reaches or exceeds 50% of the latest period's audited net assets;

(b) Any guarantee provided after the total amount of external guarantees reaches or exceeds 30% of the latest period's audited total assets;

(c) Guarantees provided to any guaranteed party whose asset-liability ratio exceeds 70%;

(d) Guarantees of which a single-amount guarantee amount exceeds 10% of the latest period's audited net assets;

(e) Guarantees provided to the Shareholders, actual controlling person and other related parties;

If the Listing Rules stipulate that any Shareholder must waive his or her voting rights in regard to a certain matter or restrict any Shareholder to a yes or no vote on a certain matter, the votes cast by the Shareholder or his or her representative may not be included in the event of any violation of related regulations or restrictions.

In the event that any resolution of the Shareholders' general meeting or the Board of Directors violates any of the laws and administrative rules and regulations, the Shareholders have the right to request the court to judge the related resolution as invalid.

In the event that convening procedures or voting methods of the Shareholders' general meeting or Board of Directors' meeting violate any of the laws, administrative rules and regulations or these Articles of Association, or if the contents of the resolution violate the Articles of Association, the Shareholders may request the court to cancel the resolution within 60 days from the date on which the resolution is adopted.

9 Share Transfers

The Shares held by the promoters may not be transferred within one year of our incorporation. Shares issued by our Company prior to a listing may not be transferred within one year of the date on which the shares are listed and traded on the stock exchange.

The Directors, Supervisors and senior management shall report to our Company the number of Shares held by them as well as the subsequent changes in their Shareholdings. The number of Shares which a Director, Supervisor or senior management may transfer each year during his term of office may not exceed 25% of the total number of the Shares owned by them, and the Shares may not be transferred within one year of the date on which the Shares are listed and traded on the stock exchange. The above personnel may not transfer the Shares held by them within six months after resignation.

In the event that the Directors, Supervisors, senior management or shareholders holding 5% or more of the Shares sell their Shares within six months after purchasing them, or buy them back within six months after selling them, all proceeds obtained therefrom shall be vested in by our Company and the Board of Directors shall forfeit such proceeds from the above-mentioned personnel. In the event that the Board of Directors does not obey the stipulations of this paragraph, the responsible Directors shall be legally liable severally or jointly.

In the event that the Board of Directors fails to comply with the provisions of the preceding paragraph, the Shareholders have the right to request the Board of Directors to implement the related provisions within 30 days. If the Board of Directors fails to implement the requirements within the specified time, the Shareholders may initiate court litigation directly in their own names and in the interest of our Company.

All fully paid up overseas listed foreign shares listed in Hong Kong may be transferred freely pursuant to the Articles of Association. However, unless the overseas listed foreign Shares listed in Hong Kong meet the following conditions, the Board of Director may refuse to recognize any transfer document without giving any reason:

(a) That transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed from time to time in the Listing Rules of Hong Kong Stock Exchange;

(b) The transfer documents only involve overseas listed foreign Shares listed in Hong Kong;

(c) The stamp duty chargeable on the transfer documents has been paid and this has been registered in accordance with the regulations of the Hong Kong Stock Exchange;

(d) The relevant Share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the Shares has been submitted;

(e) If the Shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;

(f) Our Company does not have any lien on the relevant Shares.

10 Rights of our Company to Buy Back our Outstanding Issued Shares

Under any of the following circumstances, our Company may buy back our outstanding issued Shares pursuant to the requirements of the laws, administrative rules and regulations and the Articles of Association:

(a) Cancellation of the Shares to reduce our Company's share capital;

(b) Merger with another company which holds these Shares;

(c) Granting Shares to the staff of our Company as incentives;

(d) Buying back the Shares from Shareholders who vote against any resolutions adopted at the Shareholders' general meeting concerning the merger and division of our Company; or

(e) Other circumstances approved by the laws and administrative rules and regulations.

In the event our Company buys back the Shares for reasons stated in (a) through (c) of the preceding paragraph, related resolutions must be adopted at the Shareholders' general meeting. If our Company buys back the Shares according to the provision of the preceding paragraph under the circumstances set forth in (a), the shares bought back must be cancelled within ten days of the date on which they are bought back. In the event of the circumstances set forth in (b) and (d), the Shares bought back must be transferred or cancelled within six months.

In the event that our Company buys back the Shares pursuant to the provision of (c) in the preceding paragraph, the Shares bought back may not exceed 15% of the total Shares issued. The fund used for such buy-back must be allocated from the after-tax net profit of our Company and the Shares bought back must be transferred to the staff within one year.

Our Company may buy back Shares in any of the following ways:

(a) Making a comprehensive buyback offer on a pro-rata basis to all Shareholders;

(b) Buying back Shares through public trading on the securities exchange;

(c) Buying back Shares by an agreement outside a stock exchange;

(d) In other ways approved by the laws and regulations or the relevant securities regulatory authority where the Shares are listed.

Where our Company buys back the Shares by an agreement outside a stock exchange, it shall obtain prior approval at the Shareholders' general meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the Shareholders' general meeting, our Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract. The contract that buys back the Shares includes, but is not limited to, an agreement that consents to undertake the obligation to buy back the Shares and obtain the rights to buy them back.

As for the redeemable Shares that our Company is entitled to buy back, if they are not bought back in the market or by bidding, the price may not exceed a certain maximum limit. If the Shares are bought back by bidding, a proposal to bid must be made to all Shareholders on equal terms.

Our Company shall not transfer any contract that buys back the Shares or any rights conferred under the contract.

Unless our Company has entered into the liquidation process, we must observe the following provisions for the buyback of issued Shares:

(a) Where our Company buys back Shares at book value, the funds shall be deducted from the book balance of our distributable profit and the proceeds obtained from the issue of new Shares to buy back the old Shares;

(b) Where our Company buys back the Shares at a premium to the book value, the portion of funds equivalent to book value shall be deducted from the book balance of our distributable profit and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares, while the portion of funds higher than book value shall be dealt with in the following manner:

    (i) Where the Shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable profits;

    (ii) Where the Shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable profits and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares. However, the amount deducted from the proceeds obtained from the issue of new Shares shall not exceed the total premium amount obtained when the Shares bought back were issued or the amount (including the premium amount of the issue of new shares) in our premium account (or capital reserve account) when the Shares are bought back.

(c) The funds paid by our Company for the following purposes shall be allocated from our distributable profits:

    (i) To obtain the right to buy back the Shares;

    (ii) To modify any contract to buy back the Shares;

    (iii) To release any responsibility of our Company under the share buyback contract.

(d) After the total book value of the cancelled Shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable profits for paying up the book value portion of the Shares bought back shall be credited to our premium account (or capital reserve account).

11 Right of Subsidiaries to Own Parent Company Shares

The Articles of Association have no provision prohibiting our subsidiaries from holding shares of our parent company.

12 Dividend and Distribution Methods

Our Company may distribute dividends by way of cash or shares.

When our Company pays cash dividends and other funds to the holders of domestic Shares, payment shall be made in RMB. When our Company pays cash dividends and other funds to holders of overseas listed foreign Shares, payment shall be denominated in RMB and paid in Hong Kong dollars. The foreign exchange required by our Company to pay cash dividends and other funds to holders of overseas listed foreign Shares shall be handled in accordance with the related regulations of SAFE.

The dividend from any Share paid prior to a capital call is entitled to interest, but the holder of the Shares is not entitled to the dividend declared after the call.

Our Company shall appoint, on behalf of holders of overseas listed foreign Shares, receiving agents to receive dividends and other payable funds that are distributed with respect to our overseas listed foreign Shares.

The receiving agents appointed by our Company shall comply with related provisions of the laws or the securities exchange where the Shares are listed.

After our Shareholders' general meeting adopts a resolution on the profit distribution plan, the Board of Directors must finish the distribution of dividends (or shares) within two months after our Shareholders' general meeting is held.

13 Shareholder Proxies

Any shareholder who is entitled to attend and vote at our Shareholders' general meeting has the right to appoint one or more persons (who may not necessarily be Shareholders) as his or her shareholder proxy to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

(a) Speak for the Shareholder at the Shareholders' general meeting;

(b) Demand a poll individually or with others;

(c) Exercise the right to vote by a show of hands or a poll, but the shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

The shareholder proxy appointment shall be in writing and shall be signed by the appointor or a person duly authorized in writing. Where the appointor is a legal person, the stamp of the legal person shall be affixed, or signed by the Director or a duly authorized agent. The power of attorney must be kept at the registered office or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time at which the resolution is adopted. If the power of attorney is signed by another person authorized by the appointor by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our registered office or other location designated at the notice convening the meeting.

Where the appointor is a legal person, a power of attorney may be signed by its duly authorized person to authorize its legal representative or any person authorized by resolutions of its board of directors or other governing body to attend our Shareholders' general meeting as a representative.

Any form sent by the Directors to the Shareholder for appointing a shareholder proxy shall allow the Shareholder, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify that the shareholder proxy may vote at his or her own discretion if the Shareholder does not provide instructions.

The votes of the shareholder proxy given pursuant to the terms of an instrument of proxy shall remain valid notwithstanding the previous death, loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that our Company does not receive written notice concerning such matters before the related meeting is convened.

14 Capital Calls and Confiscation of Shares

The Articles of Association provides that the dividend of any Share paid prior to the call is entitled to interest, but the holder of the Shares is not entitled to participate in the dividend declared thereafter in respect of share payment made in advance of calls. The Articles of Association does not include other clauses concerning capital calls or confiscation of Shares.

15 Register of Shareholders and Other Rights of Shareholders

Pursuant to the understanding reached and agreement entered into between the competent agency in charge of securities under the State and the overseas securities regulatory agency, our Company may keep in overseas a register of the holders of the overseas listed foreign Shares and entrust an overseas entity to manage it. The original register of the holders of the overseas listed foreign Shares listed in Hong Kong shall be kept in Hong Kong.

Our Company shall keep a copy of the register of the holders of the overseas listed foreign Shares at our residential address. The overseas entrusted entity shall at all times maintain consistency between the original and copy of the register of the holders of the overseas listed foreign Shares.

In case of inconsistency between the original and copy of the register of the holders of the overseas listed foreign Shares, the original shall prevail.

Our Company must keep a complete register of Shareholders.

The register of Shareholders shall include the following:

(a) Register of Shareholders kept at our residential address other than those specified in (b), (c) and (d).

(b) Register of the domestic Shareholders kept at the domestic registration and settlement institution;

(c) Register of the holders of our overseas listed foreign Shares kept at the location of the stock exchange where such Shares are listed;

(d) Register of Shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares.

Different parts of the Shareholders' register shall not overlap. The transfer of Shares registered in a certain part of the register of Shareholders shall not be registered elsewhere in the register of Shareholders as long as the Shares are remained registered.

Any alteration or rectification to any part of the register of Shareholders shall be made in accordance with the laws in the place where such part of the register of Shareholders is maintained.

No change of the register of Shareholders as a result of share transfer shall be made within 30 days before the Shareholders' general meeting is convened or within five days prior to the record date on which our Company decides to pay dividends.

When our Company convenes the Shareholders' general meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of equities, the convener of the Board of Directors or Shareholders' general meeting shall fix a date as the equity registration date, upon expiration of which the Shareholders whose names appear on the register of Shareholders shall be the Shareholders.

Any person who objects to the register of Shareholders and requests to register his or her name (title) in the register of Shareholders or to remove his or her name (title) from the register of Shareholders may apply to the court with jurisdiction to amend the register of Shareholders.

The Shareholders are entitled to obtain the following information, including but not limited to:

(a) The Articles of Association after paying the cost;

(b) The right to inspect and copy the following after paying a reasonable fee:

(i) All parts of the register of Shareholders;

(ii) Personal data of the Directors, Supervisors and senior management;

(iii) Status of the share capital of our Company:

(iv) Report on the total book value, quantity, maximum and minimum prices of each class of Shares bought back by our Company since the previous financial year and all expenses paid by our Company for this purpose;

(v) Minutes of our Shareholders' general meeting, resolutions of the Board of Directors' meeting, resolutions of the Supervisory Committee meeting and financial/accounting reports.

Whenever a Shareholder proposes to inspect the relevant information as described in the preceding clause or requests materials, he or she shall provide our Company with written documents certifying the type and number of the Shares held and our Company shall provide the relevant information and materials in accordance with the requirements of the Shareholder after verifying his or her identity.

16 Quorum of Shareholders' General Meetings

If the number of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of Shares carrying voting rights, our Company may convene the Shareholders' general meeting. If the number of a class of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of such class of Shares, our Company may convene a classified Shareholders' meeting.

17 Restrictions on Rights of the Controlling Shareholders

Apart from the obligations required in laws, administrative rules and regulations or the listing rules of the stock exchange on which the Shares are listed, the controlling shareholder shall not make any decision that is detrimental to the interest of all or part of the Shareholders on the following issues by exercising his or her Shareholder voting rights:

(a) Releasing the Directors and Supervisors from the responsibility of acting honestly in the best interest of our Company;

(b) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including, but not limited to, any opportunity that is beneficial to our Company;

(c) Permitting the Directors and Supervisors (for their own or others' interests) to deprive the Shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of our Company approved at the Shareholders' general meeting pursuant to the Articles of Association.

18 Company Liquidation

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

(a) The term of operations of our Company specified in the Articles of Association expires or any other events of dissolution specified in the Articles of Association occur;

(b) The Shareholders' general meeting adopts a resolution to dissolve our Company;

(c) Our Company needs to be dissolved for the purpose of merger or division;

(d) Our Company is declared legally bankrupt as a result of failure to pay debts upon maturity;

(e) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the people's court to dissolve our Company;

(f) The business license of our Company is revoked, and our Company is ordered to close or terminate according to applicable laws.

Where our Company is dissolved due to the provisions set forth in (a), (b), (d) and (e) above, the liquidation team shall be established within 15 days and the personnel of the liquidation team shall be consist of the Directors or the relevant persons determined by means of an ordinary resolution. In the event of failure to establish the liquidation team on time, the creditors may request the people's court to designate the relevant persons to form the liquidation team to effect liquidation. In the event that our Company is dissolved in accordance with the provisions set forth in (d) above, the people's court shall organize the Shareholders, related agencies and professionals to form the liquidation team to effect liquidation pursuant to the relevant provisions of the law.

If the Board of Directors decides to dissolve our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the Shareholders' general meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to pay off all of our debts within 12 months of the start of liquidation.

After the resolution to dissolve our Company is adopted by the Shareholders' general meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the Shareholders' general meeting, the liquidation team shall at least once a year report at the Shareholders' general meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the Shareholders' general meeting upon completion of liquidation.

Within ten days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published three times in any newspaper required by the laws and regulations or designed by the national securities regulatory agency within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall exercise the following powers during the liquidation period:

(a) Take stock of our Company's assets and prepare a balance sheet and a list of assets respectively;

(b) Notify or publish an announcement to all creditors;

(c) Deal with and liquidate any pending business associated with our Company;

(d) Pay off all outstanding taxes;

(e) Settle claims and debts;

(f) Dispose of the remaining assets of our Company after paying up all the debts; and

(g) Represent our Company in any civil litigation action.

After taking stock of the assets of our Company and preparing the balance sheet and list of properties, the liquidation team shall draw up a liquidation scheme and submit it to the Shareholders' meeting or related competent agencies for approval.

Following dissolution and liquidation of our Company, if the liquidation team finds that, after taking stock of our Company's assets and preparing the balance sheet and list of assets, that the assets are insufficient to pay the debts, it shall immediately apply to the people's court to declare bankruptcy.

After our Company is declared insolvent by ruling of the people's court, the liquidation team shall turn over matters regarding the liquidation to the people's court.

Upon completion of liquidation of our Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to our Shareholders' general meeting or related competent agencies for approval.

Within 30 days of the date of approval by the Shareholders' meeting or related competent agencies, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of our registration and publish an announcement on its termination.

19 Other Important Provisions for our Company or the Shareholders

(a) *General Provisions*

Our Company is a permanently existing joint stock company with limited liability.

Our Company may invest in other limited liability companies or limited companies, provided that the liabilities of our Company to an investee company are limited to the amount of its capital contribution to such investee company.

The Articles of Association is binding on the Shareholders, Directors, Supervisors and senior management. These personnel may assert their rights in connection with the affairs of our Company based on the Articles of Association. Pursuant to the Articles of Association, Shareholders may sue Shareholders, Shareholders may sue the Directors, Supervisors and senior management, Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors and senior management.

(b) *Our Company may increase stock capital by the following means:*

(i) Issue new Shares to unspecified investors;

(ii) Issue new Shares to specific investors;

(iii) Place new Shares with existing Shareholders;

(iv) Give new Shares to existing Shareholders;

(v) Convert the reserve funds into share capital;

(vi) Other means approved by law, administrative rules and regulations and the competent authority.

Upon approval to increase our Company's stock capital according to the provisions of these Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws and administrative rules and regulations of the State, as well as the securities regulatory agency where the Shares are listed.

Subject to compliance with related laws and administrative rules and regulations of the State, our Company may decrease our registered share capital in line with the provisions of the Articles of Association.

If our Company decreases our registered capital, we must prepare the balance sheet and list of assets.

After our Company's reduction in capital, our registered capital may not be less than the statutory minimum amount.

(c) *Shareholders*

The Shareholders are persons lawfully holding the Shares and whose names (titles) are already listed in the register of Shareholders. Each Share of the same type has the same rights.

Shares issued by our Company to overseas investors and subscribed to in foreign currencies are known as foreign Shares. Foreign Shares that are listed overseas are known as overseas listed foreign Shares. Overseas investors refer to investors in other countries, the

Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan who subscribe to the Shares issued by our Company. Domestic Shareholders refer to investors within the territory of the PRC that subscribe to the Shares issued by our Company. Both domestic Shareholders and foreign Shareholders are ordinary Shareholders, entitled to the same rights and assuming the same obligations. The rights of our ordinary Shareholders are as follows:

(i) To receive distribution of dividends and other forms of benefits according to the number of Shares held;

(ii) To request, convene, preside over, participate in, or appoint a shareholder proxy by law to participate in and exercise corresponding rights at the Shareholders' meeting;

(iii) To supervise and manage our business and operational activities, provide suggestions or submit queries;

(iv) To transfer, gift or pledge the shares held according to the provisions of the laws, administrative rules and regulations and the Articles of Association;

(v) To obtain relevant information according to the provisions of the Articles of Association;

(vi) To participate in the distribution of the remaining assets of our Company according to the number of shares held upon our termination or liquidation;

(vii) To request our Company to purchase Shares of Shareholders objecting to a resolution adopted at the Shareholders' general meeting concerning the merger or separation of our Company;

(viii) Other rights conferred by laws, administrative rules and regulations and the Articles of Association.

Where any Shareholder holding more than 5% of the Shares with voting rights pledges the Shares he or she holds, the Shareholder shall make a written report to our Company on the date this occurred.

When any person who owns rights and interests directly or indirectly exercises any right without disclosing such rights and interests to our Company, our Company shall not infringe upon any right attached to these shares by freezing or through other means.

Our Company shall adopt the registered method for the Shares.

The Share certificates are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management to sign the Share certificates, they shall also be signed by other such personnel. The Share certificates shall become effective after being affixed with the stamp of our Company (including our securities stamp) or print-stamped. Affixing our Company stamp or our securities stamp to the Share certificates is subject to the authorization of the Board of

Directors. The signature of the chairman of the Board or other related senior management may also be printed on the Share certificates. In the case of paperless transactions, the Share certificates shall be subject to separate requirements of the securities regulatory agency where the Shares are listed.

If any person whose name appears in the register of Shareholders or requests to register his or her name (title) in the register of Shareholders loses his or her Share certificates (that is, "original Share certificates"), he or she may apply to our Company to reissue new Share certificates for those Shares.

In case a holder of domestic Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the PRC Company Law.

In the event a holder of overseas listed foreign Shares applies for reissue after losing Share certificates, the matter shall be dealt with pursuant to the laws and listing rules of the stock exchange where the register of holders of the overseas listed foreign Shares is kept, or other related provisions. If a holder of H shares loses Share certificates and applies for a replacement issue, the Share certificates shall be issued in compliance with the following requirements:

(i) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant's request, circumstances and evidence of loss of Share certificates, as well as a statement that nobody else may request to be registered as a Shareholder with respect to the pertinent Shares.

(ii) Before deciding to issue new Share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the Shareholder with respect to the Shares.

(iii) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in a newspaper designated by the Board of Directors indicating that we plan to re-issue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.

(iv) Before publishing the announcement indicating that we plan to re-issue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days;

(v) If the application for re-issue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders;

(vi) In the event that nobody raises any objection to the re-issue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (iii) and (iv) above, the new Share certificates may be re-issued according to the application.

(vii) When re-issuing new Share certificates, our Company shall immediately cancel the original Share certificates and register the cancellation and replacement issue on the register of Shareholders;

(viii) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

(d) *Shareholders Failing to be Contacted*

With regard to the dividend warrant sent by mail to the Shareholder by our Company, our Company has the right to stop mailing the dividend warrant to the Shareholder if the dividend has been mailed twice to the Shareholder without having been cashed. If, when the first time it is mailed, the dividend warrant fails to reach the recipient and is returned, our Company may exercise this right.

Our Company is entitled to reclaim without payment the Shares of a Shareholder failing to be contacted under the circumstances indicated below and sell them to any other persons:

(i) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period;

(ii) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies the Hong Kong Stock Exchange.

(e) *Regulations on the Powers of the Board of Directors and Convening the Board of Directors' Meetings*

The Board of Directors is responsible to the Shareholders' general meeting and exercises the following powers:

(i) To convene the Shareholders' general meeting and report on work to the general Shareholders' meeting;

(ii) Implement the resolutions of the Shareholders' general meeting;

(iii) Set our business and investment plans;

(iv) Devise our annual financial budget and closing account plans;

(v) Devise our profit distribution and loss offset plans;

(vi) Set the plans for increasing or decreasing our registered capital, the issuance of corporate bonds or other securities, as well as the public listing program;

(vii) Formulate plans for major purchase and buy-back of the Shares, merger, separation, dissolution and changing the form of our Company;

(viii) Decide on the setup of our internal management organization;

(ix) Determine such matters as our external investment, purchase/sale of major assets, asset collateralization, providing external guarantees and entrusting wealth management, within the scope authorized by the Shareholders' general meeting, apart from other regulations of the securities regulatory agency and stock exchange where our Company is listed;

(x) Decide on related transactions pursuant to the regulations of the securities regulatory agency and stock exchange where our Company is listed;

(xi) Set plans for amending the Articles of Association;

(xii) Appoint or dismiss the general manager and secretary of the Board of Directors; based on the nomination of the general manager, appoint or dismiss the chief financial officer, vice general manager, and other senior management of our Company, and determine their remuneration, rewards and sanctions;

(xiii) Set our basic management systems;

(xiv) Manage the disclosure of company information;

(xv) Attend to the work report of our general manager and review the work of the general manager;

(xvi) Propose the appointment or replacement of the accounting firm that performs audits for our Company at the Shareholders' general meeting unless otherwise stipulated in the Articles of Association;

(xvii) Determine our salary levels and welfare benefits plan;

(xviii) Decide on the setup of special committees and the appointment and dismissal of related personnel;

(xix) Decide on other major matters and administrative issues not specified in the Articles of Association to be decided by the Shareholders' general meeting;

(xx) Other powers and duties authorized by the Shareholders' general meeting and the Articles of Association.

All of the above resolutions adopted by the Board of Directors, except those in (vi), (vii) and (xi) and those that must be approved by more than a two-thirds vote of the Directors otherwise specified in laws, administrative rules and regulations and these Articles of Association, shall be approved by a simple majority of votes by the Directors.

Meetings of the Board of Directors shall be convened at least twice a year and be called by the chairman of the Board of Directors, and a notice shall be sent to all Directors and Supervisors ten days before the meeting is convened. In an emergency, as proposed by the chairman or more than one-third of the Directors or the general manager of our Company, a provisional Board of Directors' meeting may be convened notwithstanding the restrictions of the Articles of Association on the meeting notice.

Shareholders representing more than one-tenth of voting power or more than one-third of the Directors or the Supervisory Committee may propose convening a provisional Board of Directors' meeting. The chairman shall convene and preside over the Board of Directors meeting within ten days of receiving the proposal.

The Directors shall attend the Board of Directors meeting in person. In the event that Directors are unable to attend the meeting for some reason, the Directors may appoint in writing other Directors to attend the Board of Directors meeting and a proxy of attorney shall specify the scope of authorization.

If a Director fails to attend the Board of Directors meeting in person twice consecutively and has not appoint another Director to attend the Board of Directors meeting, the Director shall be deemed to be unable to perform his or her duties, and the Board of Directors shall propose to the Shareholders' general meeting to dismiss and replace the Director.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including Directors that appoint in writing other Directors to attend the Board of Directors in their place pursuant to the provisions of the Articles of Association) before the Board of Directors meeting can be convened. Each Director has one vote. Resolutions made by the Board of Directors must be approved by more than one-half of the Directors' votes. When the number of affirmative votes equals the number of dissenting votes, the chairman of the Board of Directors is entitled to one additional vote.

Where a Director is connected to a legal person or natural person involved in a resolution of the Board meeting, that Director may not exercise the right to vote on the resolution or exercise the right to vote on behalf of other Director(s). The Board meeting may be convened only if it is attended by more than one-half of unconnected Directors and the resolutions of the Board meeting shall be approved by more than one-half of the votes of the unconnected Directors. In the event that the number of unconnected Directors attending the Board meeting is less than three, the matter shall be submitted to the general Shareholders' meeting for deliberation.

(f) *Independent Director*

The Board of Directors includes four independent Directors. The independent Directors shall carry out responsibilities in accordance with appropriate requirements of the laws, administrative rules and regulations, as well as regulations of the departments.

(g) *Secretary of the Board of Directors*

The secretary of the Board of Directors must be a natural person with the requisite expertise and experience and be appointed by the Board of Directors.

(h) *Supervisory Committee*

Our Company shall set up a Supervisory Committee.

The Supervisory Committee consists of three Supervisors and includes one chairman. The Supervisors serve three-year terms and may be re-elected. The chairman of the Supervisory Committee shall be appointed and dismissed by more than a two-thirds vote of the members of the Supervisory Committee.

The Supervisory Committee shall consist of two representatives of the Shareholders and one representative of our Company staff. The representatives of the Shareholders shall be elected and dismissed by the Shareholders' general meeting while the representative of the staff shall be elected and dismissed by our Company staff.

The Directors, general manager, and other senior management shall not also serve as Supervisors.

Meetings of the Supervisory Committee shall be held at least once every six months and convening these is the responsibility of the chairman of the Supervisory Committee.

The Supervisory Committee is responsible for the Shareholders' general meetings and lawfully exercises the following powers:

(i) To review and provide written opinions on the regular reports prepared by the Board of Directors from time to time.

(ii) Examine the financial standing of our Company;

(iii) Supervise the performance of the Directors and senior management and put forward suggestions for dismissing any Directors or senior management who violate laws, administrative rules and regulations, the Articles of Association or resolution(s) of the Shareholders' general meeting;

(iv) Require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;

(v) Check financial reports, operating results and profit distribution scheme, as well as other financial data to be submitted at the Shareholders' general meeting, and where anything doubtful is discovered, can on behalf of our Company appoint certified accountants and professional auditors to assist in reviewing this;

(vi) Propose to convene an extraordinary general meeting, convene and preside over our Shareholders' general meeting when the Board of Directors does not perform the responsibilities for convening and presiding over the Shareholders' meeting as stipulated in the PRC Company Law;

(vii) Submit proposals at the Shareholders' general meeting;

(viii) Initiate litigation against the Directors and senior management according to the provisions of Article 152 of the PRC Company Law;

(ix) May carry out an investigation of any abnormality identified in the operations of our Company and, when necessary and at the expense of our Company, hire such professional organizations as accounting and law firms, etc., to assist in the investigation;

(x) Other powers and duties stipulated in the Articles of Association.

The Supervisors shall attend the Board meeting as observers, query or provide suggestions on the resolutions of the Board meeting.

(i) *General Manager*

Our Company includes one general manager, whom is nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors. The general manager serves three-year terms and may be re-appointed.

The general manager attends the Board meeting as observers. As the general manager is not a Director, he or she does not have the right to vote at a Board meeting(s).

The general manager is responsible to the Board of Directors and exercises the following powers:

(i) To be responsible for business and operational management, and implement related resolutions of the Board of Directors and reports to the Board of Directors on work;

(ii) Be responsible for formulating and implementing our annual business plan;

(iii) Draft the setup scheme of our internal management organization.

(iv) Draft our basic management policies;

(v) Set our specific rules and regulations;

(vi) Request the Board of Directors to appoint or dismiss the vice general manager and chief financial officer of our Company;

(vii) Decide on the appointment and dismissal of management personnel other than those whose appointment and dismissal shall be determined by the Board of Directors;

(viii) Formulate the salary, benefits, reward and penalty schemes of our Company staff, and decide on the appointment and dismissal of our Company staff;

(ix) Propose to convene the provisional Board of Directors' meeting;

(x) Other powers conferred by the Board of Directors or the Articles of Association.

(j) *Reserves*

When the annual after-tax profits of our Company are distributed, our Company must allocate 10% of the profits to our statutory reserve. When the total amount of the statutory reserve reaches or exceeds 50% of our Company's registered capital, no more allocations need to be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the profits generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the after-tax profits of our Company, we may also allocate to the reserves at will from after-tax profits in line with the resolution(s) adopted at the Shareholders' general meeting.

After offsetting the losses and allocating to the reserve, all remaining profits shall be distributed to the Shareholders based on the proportion of respective shareholdings unless the Articles of Association stipulates that the profits shall not be distributed in this manner.

If, in violation of the requirements of the preceding paragraph, the Shareholders' general meeting distributes the profits to the Shareholders before offsetting the losses of our Company and allocating funds to the statutory reserve, the Shareholders must return all profits distributed in violation of our Company regulations.

The Shares held by our Company shall not participate in the distribution of the profits.

Our reserves must be used for offsetting our losses, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

When the statutory reserve is converted into registered capital, the balance of the reserve shall not be less than 25% of the amount before converting the statutory reserve to the increase of the registered capital.

(k) *Settlement of Disputes*

Our Company shall comply with the following rules governing the settlement of disputes:

(i) Any dispute or claim arising out of the rights and obligations specified in the Articles of Association or related laws and administrative rules and regulations with respect to the affairs of our Company between the holders of the overseas listed foreign Shares and our Company, holders of the overseas listed foreign Shares and the Directors, Supervisors, or senior management of our Company, and holders of the overseas listed foreign Shares and the holders of domestic Shares shall be referred by the parties concerned to arbitration for resolution. Any dispute or claim arising out of the rights and obligations conferred on or imposed by the Articles of Association, the PRC Company Law or any other laws and regulations with respect to the affairs of our Company between the holders of the overseas listed foreign Shares and our Company, holders of the overseas listed foreign Shares and the Directors, Supervisors, or senior management of our Company, and holders of the overseas listed foreign Shares and the holders of domestic Shares shall be referred by the parties concerned to arbitration for resolution.

Where such a dispute or claim is referred to arbitration, it shall be for the entire claim or dispute. For any person who has cause for action for the same reason or whose participation is needed for settling the dispute or claim, if his or her or its identity is a company, a Shareholder, Director, Supervisor, or senior management of our Company, that person shall submit to the arbitration. Disputes associated with the definition of Shareholders and the register of the Shareholders might not be resolved through arbitration.

(ii) The arbitration applicant may choose the CIETAC for arbitration in accordance with its arbitration rules or the HKIAC for arbitration in accordance with its securities arbitration rules. Once the arbitration applicant refers the dispute or claim to arbitration, the opposite party must undergo the arbitration procedures at the arbitration institution chosen by the arbitration applicant.

If the arbitration applicant chooses the HKIAC for arbitration, either party may request the arbitration to be done in Shenzhen pursuant to the requirements of the securities arbitration rules of the HKIAC.

(iii) PRC laws shall apply in the event of settlement of any dispute or claim arising for the reasons stated in (i) above by means of arbitration, unless otherwise provided for in the laws and administrative rules and regulations.

(iv) The decision reached by the arbitration institution shall be final and binding upon the parties concerned.

(v) For disputes not involving (i), (ii), (iii) and (iv) above, the parties may choose to settle these by litigation or arbitration.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Establishment

On August 2, 1999, State Economic and Trade Commission granted the approval of the establishment of our Company as a joint stock limited company by Research Institute, Zhongbiao, Beijing Ruixinjian Technology Development Co., Ltd. (北京瑞新建技術開發有限公司), Beijing Zhongli Sida Technology Development Co., Ltd. (北京中利四達科技開發有限公司), Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd., (廣州黃埔中聯建設機械產業有限公司) and Guangzhou Tianhe District Xinyitong Machinery Equipment Co., Ltd. (廣州市天河區新怡通機械設備有限公司) with an initial registered capital of RMB100 million. We were incorporated in Hunan Province of China on August 31, 1999.

Our Company has established a place of business in Hong Kong at Suite 3305-3309, 33/F, Three Pacific Place, 1 Queen's Road East, Hong Kong, and obtained a Certificate of Incorporation of a non-Hong Kong Company under Part XI of the Companies Ordinance on December 7, 2010. Mr. Chan Yuk Sing, the authorized representative of our Company for the purposes of Part XI of the Companies Ordinance whose correspondence address is 38/F, Jardine House, 1 Connaught Place, Central, Hong Kong, has been appointed as our Company's agent for the acceptance of service of process in Hong Kong. As our Company was established in the PRC, its corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. Summaries of the relevant laws and regulations of the PRC and the Articles of Association are set out in Appendices VII and VIII to this prospectus.

B. Changes in share capital of our Company

In 2000, we conducted a public offering of our A Shares in the PRC. Upon the completion of the A Share offering, the share capital of our Company was increased from RMB100 million to RMB150 million. In 2001, the share capital of our Company was increased from RMB 150 million to RMB300 million by way of capitalization of capital reserve fund. In 2002, the share capital of our Company was increased from RMB300 million to RMB390 million by way of capitalization of our undistributed profits.

On March 8, 2004, our Company's 2003 annual general meeting approved the increase of the share capital of our Company by capitalizing our capital reserve. Accordingly the share capital of our Company was further increased from RMB390 million to RMB507 million. The increase of share capital was registered with the Administration for Industry and Commerce of Hunan Province on May 21, 2004.

On March 20, 2007, our Company's 2006 annual general meeting approved the increase of the share capital of our Company by capitalizing our capital reserve. Accordingly the share capital of our Company was further increased from RMB507 million to RMB760.5 million. The increase of share capital was registered with the Administration for Industry and Commerce of Hunan Province on November 19, 2007.

On May 15, 2008, our Company's 2007 annual general meeting approved the increase of the share capital of our Company by capitalizing our capital reserve and undistributed profits. Accordingly, the share capital of our Company was further increased from RMB760.5 million to RMB1,521 million. The increase of share capital was registered with the Administration for Industry and Commerce of Hunan Province on October 13, 2008.

On May 21, 2009, our Company's 2008 annual general meeting further approved the increase of our Company's share capital by capitalizing our undistributed profits. Accordingly, our Company's share capital was further increased from RMB1,521 million to RMB1,673.10 million. The increase of share capital was registered with the Administration for Industry and Commerce of Hunan Province on October 19, 2009.

In February 2010, we conducted a non-public offering of A Shares in the PRC. Upon completion of the non-public offering of A Shares, our share capital increased from RMB1,673.10 million to approximately RMB1,971.05 million.

On July 22, 2010, our Company's 2010 first extraordinary Shareholders' meeting approved the increase of our Company's share capital by capitalizing our undistributed profits. Accordingly, our Company's share capital was further increased from approximately RMB1,971.05 million to approximately RMB4,927.64 million.

Immediately following the completion of the Global Offering (and assuming the Over-allotment Option is not exercised), our share capital will comprise of 4,840,678,482 A Shares and 869,582,800 newly issued H Shares, and 86,958,280 H Shares converted from A Shares and transferred to the NSSF, representing 83.5%, 15.0% and 1.5% of the total share capital of our Company, respectively.

C. Resolutions of the extraordinary Shareholders' meeting in relation to the Global Offering

On July 22, 2010, the Shareholders approved, among other things, the following resolutions and matters:

(a) the issue of H Shares with a par value of RMB1.00 each (the number of the H Shares so issued shall not exceed 15% of the total share capital of our Company after the Global Offering) and granting the Joint Bookrunners an Over-allotment Option in respect of no more than 15% of the number of H Shares issued as abovementioned;

(b) the adoption of the Articles of Association and the authorization to the Board to amend such Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(c) authorizing the Board to handle all matters relating to, among other things, the issue of H Shares and the listing of H Shares on the Hong Kong Stock Exchange.

2. FURTHER INFORMATION ABOUT OUR SUBSIDIARIES

A. Principal subsidiaries

Our principal subsidiaries are listed in Note 34 of Section B in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

B. Changes in the share capital of our subsidiaries

The following shows the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

Beijing Zoomlion Leasing

On March 15, 2010, the shareholder of Beijing Zoomlion Leasing approved to increase the registered share capital from RMB170,000,000 to RMB1,502,000,000. According to the capital verification report issued on March 16, 2010, such increased capital was paid up.

Changsha Zoomlion Engineering Machinery Remanufacturing Co., Ltd.

On June 11, 2009, Changsha Zoomlion Engineering Machinery Remanufacturing Co., Ltd. was incorporated under the laws of the PRC with a registered capital of RMB10,000,000. Changsha Zoomlion Engineering Machinery Remanufacturing Co., Ltd. was wholly owned by our Company.

Hunan CIFA

On December 1, 2009, Hunan CIFA was incorporated under the laws of the PRC with a registered capital of USD2,200,000. Hunan CIFA was wholly owned by CIFA Worldwide S.p.A..

ZoomlionCifa (Hong Kong)

In August 2009, the issued share capital of ZoomlionCifa (Hong Kong) was increased from EUR27,100 to EUR27,410.

Zoomlion Crawling Crane

On July 9, 2009, Zoomlion Crawling Crane was incorporated under the laws of the PRC with a registered capital of RMB3,600,000,000. According to the joint venture contract, our Company and Zoomlion Material Handling hold approximately 72.3% and 27.7% of the equity interest of Zoomlion Crawling Crane respectively. As Zoomlion Material Handling has not injected any share capital in Zoomlion Crawling Crane, our Company is entitled to 100% of the equity interest of Zoomlion Crawling Crane under the PRC Company Law.

Zoomlion Europe BVBA

On November 19, 2009, Zoomlion Europe BVBA was incorporated under the laws of Belgium with a registered share capital of EUR73,000. 99% of the equity interest of Zoomlion Europe BVBA was held by Zoomlion Trading (H.K.) and 1% of its equity interest was held by Chen Peiliang (陳培亮).

Zoomlion Capital (U.S.A.) Corp.

On September 17, 2009, Zoomlion Capital (U.S.A.) Corp. (formerly known as Zoomlion Finance & Leasing (U.S.A.) Corp.) was incorporated under the laws of the State of California in the United States and authorized to issue 1,000,000 shares of common stock. Zoomlion Capital (U.S.A.) Corp. was wholly owned by Zoomlion Capital (H.K.).

Zoomlion Trade (India) Private Limited

On December 3, 2009, Zoomlion Trade (India) Private Limited was incorporated under the laws of India with an authorized share capital of Rs.4,800,000 divided into 48,000 equity shares of Rs.100 each. On September 18, 2010, the authorized share capital of Zoomlion Trade (India) Private Limited was further increased to Rs. 6,000,000 divided into 60,000 equity shares of Rs. 100 each. Approximately 99.9% of the equity interest of Zoomlion Trade (India) Private Limited was held by Zoomlion Trading (H.K.) and approximately 0.1% of its equity interest was held by Chen Peiliang (陳培亮).

Zoomlion South Africa (Proprietary) Limited

On March 12, 2010, Zoomlion South Africa (Proprietary) Limited was incorporated under the laws of Republic of South Africa with a share capital of 1,000 Rand divided into 1000 ordinary par value shares of 1 Rand each. Zoomlion South Africa (Proprietary) Limited was wholly owned by Zoomlion Trading (H.K.).

Zoomlion Ru Co., Ltd.*

On May 2, 2009, Zoomlion Ru Co., Ltd.* (Общество с ограниченной ответственностью 《Зумлион Ру》) was incorporated under the laws of Russia with a registered capital of RUR2.5 million. Zoomlion Ru Co., Ltd was wholly owned by our Company.

Zoomlion Used Equipment Sales Co., Ltd.

On December 16, 2009, Changsha Zoomlion Used Equipment Sales Co., Ltd. was incorporated under the laws of the PRC with a registered capital of RMB10,000,000. Changsha Zoomlion Used Equipment Sales Co., Ltd. was wholly owned by our Company.

Zoomlion Vietnam Company Limited

On March 5, 2010, Zoomlion Vietnam Company Limited was incorporated under the laws of Socialist Republic of Vietnam with a registered capital of USD500,000. Zoomlion Vietnam Company Limited was wholly owned by Zoomlion Trading (H.K.).

Zoomlion West Africa Limited

On January 27, 2010, Zoomlion West Africa Limited was incorporated under the laws of the Federal Republic of Nigeria with a share capital of N50,000,000.00 divided into 50,000,000.00 ordinary shares of N1.00 each. 99% of the equity interest of Zoomlion West Africa Limited was held by Zoomlion Trading (H.K.) and 1% of its equity interest was held by Chen Peiliang (陳培亮).

* For identification purpose only.

Zoomlion H.K. Holding Co., Limited

On June 28, 2010, the issued share capital of Zoomlion H.K. Holding Co., Limited was increased from HKD526,500,000.03 to HKD603,225,000.03.

Shanghai Zoomlion Pile Foundation Machinery Co., Ltd.

On September 7, 2010, Shanghai Zoomlion Pile Foundation Machinery Co., Ltd. (上海中聯重科樁工機械有限公司) was incorporated under the laws of the PRC with a registered capital of RMB50,000,000. Shanghai Zoomlion Pile Foundation Machinery Co., Ltd. was wholly owned by our Company.

Zoomlion Do Brasil Representacao E Consultoria LTDA.

On November 18, 2009, Zoomlion Do Brasil Representacao E Consultoria LTDA. (formerly known as Zoomlion Do Brasil — Importacao E Exportacao De Equipamentos Para Construcao Civil LTDA.) was incorporated under the laws of the Federative Republic of Brazil with a registered capital of BRL700,000 divided into 700,000 shares of BRL1.00 each. 99% of the equity interest of Zoomlion Do Brasil Representacao E Consultoria LTDA. was held by Zoomlion Trading (H.K.) and 1 % of its equity interest was held by Chen Peiliang (陳培亮).

3. FURTHER INFORMATION ABOUT THE BUSINESS

A. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Company or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated December 23, 2008 entered into among our Company, 36 individuals (namely, Zhang Wei Xin (張惟信), Zhang Xin Quan (張新權), Wang Qing (汪青), Mi Juan (米娟), Zeng Qing Bi (曾慶碧), Chen Hong Gang (陳虹鋼), Ma Zhong Yong (馬忠勇), Yang Hong (楊紅), Jin Yu Ling (靳玉玲), Zhou Xian Rong (周獻榮), Liu Xian Ai (劉先愛), Wu Jun Sheng (吳軍生), Wang Yang (汪洋), Tian Qiu Ying (田秋英), Peng Dan Ming (彭丹明), Zhou Hui (周輝), Tang Zhao Hui (唐朝暉), Bai Hong Yun (白宏雲), Huang Qi Sheng (黃啟勝), Wang Rui (王鋭), Gao Jian Ye (高建業), Yue Zong Ping (岳宗平), Yao Fu Zhong (姚福忠), Lei Yuan Lin (雷元林), Jiang Zheng Da (蔣正達), Jiang Ying Long (蔣應龍), Xiao Ai Lin (肖愛林), Yang Man Jun (楊曼軍), Hu Quan Wu (胡全武), Peng Yong (彭勇), Sun Xiao Bin (孫曉斌), Liu Feng (劉峰), Yang Yi Wu (楊亦武), Chen Zi Li (陳自力), Duan Ke Hua (段克華) and Pei Hong Lan (裴宏蘭)) and Changde Hydraulic pursuant to which the 36 individuals transferred a total of 75% equity interest in Changde Hydraulic to the Company at an aggregate consideration of RMB30,019,530;

(b) an equity transfer agreement dated December 29, 2008 entered into between our Company and Skyworth Mobile Communication (Shenzhen) Limited (創維移動通信技術(深圳)有限公司) ("**Skyworth Mobile**") pursuant to which the Company transferred 65% equity interest in Changsha New High-tech Industrial Development Zone Zhongke Beidou Hangdian Technology Co., Ltd. (長沙高新技術產業開發區中科北斗航電科技有限公司) to Skyworth Mobile at a consideration of RMB20.15 million;

(c) an asset transfer agreement dated September 27, 2009 entered into between China Xinxing Construction Development Head Company (中國新興建設開發總公司) ("**China Xinxing**") and our Company pursuant to which China Xinxing transferred 8.82% equity interest in Beijing Zoomlion Leasing to the Company at a consideration of RMB15 million;

(d) an Investment Agreement dated June 8, 2009 entered into among our Company, Zoomlion Overseas, ZoomlionCifa (Hong Kong), and Mr. Maurizio Ferrari, Mr. Stefano Marcon, Mr. Eugenio Bertino, Mr. Davide Cipolla and Mr. Delfino Corti (the "**Individual Investors**"), pursuant to which a total of 31,000 new shares in the capital of ZoomlionCifa (Hong Kong) were subscribed by the Individual Investors at an aggregate cash consideration of EUR3.1 million;

(e) an Amended and Restated Shareholders' Agreement dated June 8, 2009 (the "**Amended and Restated Shareholders' Agreement**") entered into among our Company, Zoomlion Overseas, Hony Capital Fund III, L.P., Sunny Castle International Limited, Mandarin Capital Partners, Ace Concept Holdings Limited, GS Hony Holdings I Ltd, ZoomlionCifa (Hong Kong) and the Individual Investors, to govern certain rights, duties and obligations of the shareholders of ZoomlionCifa (Hong Kong);

(f) a Deed of Termination and Waiver dated September 13, 2010 entered into among our Company, Zoomlion Overseas, Hony Capital Fund III, L.P., Sunny Castle International Limited, Mandarin Capital Partners, Ace Concept Holdings Limited, GS Hony Holdings I Ltd, ZoomlionCifa (Hong Kong) and the Individual Investors, pursuant to which certain rights and obligations of the parties under the Amended and Restated Shareholders' Agreement were terminated and released;

(g) a Cornerstone Investment Agreement dated November 30, 2010 entered into among our Company, the Joint Bookrunners and Keywise Capital Management (HK) Limited regarding the subscription of H Shares by Keywise Capital Management (HK) Limited under the Global Offering at the Offer Price for a consideration of US$20 million;

(h) a Cornerstone Investment Agreement dated December 3, 2010 entered into among our Company, the Joint Bookrunners and Zhong Ke Bright Trinity Enterprises Ltd. regarding the subscription of H Shares by Zhong Ke Bright Trinity Enterprises Ltd. under the Global Offering at the Offer Price for a consideration of HK$250 million;

(i) a Cornerstone Investment Agreement dated December 3, 2010 entered into among our Company, the Joint Bookrunners and Gaoling Fund, L.P. regarding the subscription of H Shares by Gaoling Fund, L.P. under the Global Offering at the Offer Price for a consideration of US$20 million;

(j) a Cornerstone Investment Agreement dated December 6, 2010 entered into among our Company, the Joint Bookrunners and SIIC Investment Company Limited regarding the subscription of H Shares by SIIC Investment Company Limited under the Global Offering at the Offer Price for a consideration of US$10 million; and

(k) the Hong Kong Underwriting Agreement.

B. Our Intellectual property rights

(a) Trademarks

As of October 31, 2010, our Company had registered the following trademarks in the PRC:

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
1.		1	6321415	2010.03.28	2020.03.27	PRC
2.	ZOOMLION	1	5199998	2009.07.21	2019.07.20	PRC
3.	ZOOMLION	1	5200474	2009.06.21	2019.06.20	PRC
4.		1	5200173	2009.06.21	2019.06.20	PRC
5.	浦 沅	1	6321231	2010.03.28	2020.03.27	PRC
6.	浦 沅	1	6321271	2010.03.28	2020.03.27	PRC
7.		1	6327431	2010.03.28	2020.03.27	PRC
8.	中联	1	6321316	2010.05.14	2020.05.13	PRC
9.		1	6327969	2010.06.21	2020.06.20	PRC
10.	中 标	1	6333715	2010.05.14	2020.05.13	PRC
11.	中 标	1	6333733	2010.05.14	2020.05.13	PRC
12.	至诚无息	1	7257573	2010.08.28	2020.08.27	PRC
13.	博厚悠远	1	7257577	2010.08.28	2020.08.27	PRC
14.	ZOOMLION	2	5199997	2009.07.21	2019.07.20	PRC
15.	ZOOMLION	2	5200473	2009.06.21	2019.06.20	PRC
16.		2	5200172	2009.06.21	2019.06.20	PRC
17.	至诚无息	2	7257586	2010.08.28	2020.08.27	PRC
18.	博厚悠远	2	7257595	2010.08.28	2020.08.27	PRC
19.		2	6321414	2010.03.28	2020.03.27	PRC
20.	中 标	2	6333716	2010.03.28	2020.03.27	PRC
21.	中 标	2	6333734	2010.03.28	2020.03.27	PRC
22.	浦 沅	2	6321230	2010.03.28	2020.08.27	PRC
23.	浦 沅	2	6321270	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
24.		2	6327430	2010.03.28	2020.03.27	PRC
25.		2	6327970	2010.03.28	2020.03.27	PRC
26.		3	6321413	2010.03.14	2020.03.13	PRC
27.	浦 沅	3	6321269	2010.03.14	2020.03.13	PRC
28.	浦 沅	3	6321229	2010.03.14	2020.03.13	PRC
29.		3	6327429	2010.03.21	2020.03.20	PRC
30.	中 标	3	6327254	2010.03.14	2020.03.13	PRC
31.	中 标	3	6327396	2010.03.14	2020.03.13	PRC
32.	ZOOMLION	3	5199996	2009.07.07	2019.07.06	PRC
33.	ZOOMLION	3	5200472	2009.07.07	2019.07.06	PRC
34.		3	6327971	2010.03.14	2020.03.13	PRC
35.		3	5200171	2009.07.07	2019.07.06	PRC
36.	至诚无息	3	7257604	2010.07.28	2020.07.27	PRC
37.	博厚悠远	3	7257608	2010.07.28	2020.07.27	PRC
38.		4	6321412	2010.03.21	2020.03.20	PRC
39.	浦 沅	4	6321268	2010.03.28	2020.03.27	PRC
40.	浦 沅	4	6321228	2010.03.28	2020.03.27	PRC
41.		4	6327428	2010.03.28	2020.03.27	PRC
42.	中 标	4	6327255	2010.03.28	2020.03.27	PRC
43.	中 标	4	6327395	2010.03.28	2020.03.27	PRC
44.		4	6327972	2010.04.14	2020.04.13	PRC
45.	ZOOMLION	4	5200471	2009.06.21	2019.06.20	PRC
46.	至诚无息	4	7257629	2010.08.28	2020.08.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
47.	博厚悠远	4	7257632	2010.08.28	2020.08.27	PRC
48.	浦 沅	5	6321267	2010.03.28	2020.03.27	PRC
49.	浦 沅	5	6321227	2010.03.28	2020.03.27	PRC
50.		5	6321374	2010.03.28	2020.03.27	PRC
51.		5	6327427	2010.03.28	2020.03.27	PRC
52.	ZOOMLION	5	5199994	2009.07.21	2019.07.20	PRC
53.		5	5200169	2009.06.21	2019.06.20	PRC
54.	ZOOMLION	5	5200470	2009.06.21	2019.06.20	PRC
55.		5	6327953	2010.08.07	2020.08.06	PRC
56.	中 标	5	6333556	2010.05.14	2020.05.13	PRC
57.	中 标	5	6333717	2010.05.14	2020.05.13	PRC
58.	博厚悠远	5	7260492	2010.08.28	2020.08.27	PRC
59.	至诚无息	5	7260471	2010.08.28	2020.08.27	PRC
60.	浦 沅	6	6321266	2010.02.21	2020.02.20	PRC
61.	中联	6	6321315	2010.02.21	2020.02.20	PRC
62.		6	6327954	2010.02.21	2020.02.20	PRC
63.	ZOOMLION	6	5199993	2009.04.07	2019.04.06	PRC
64.	ZOOMLION	6	5200469	2009.04.07	2019.04.06	PRC
65.		6	5200168	2009.04.07	2019.04.06	PRC
66.	浦 沅	6	6321226	2010.05.28	2020.05.27	PRC
67.		6	6327426	2010.05.28	2020.05.27	PRC
68.	博厚悠远	6	7260629	2010.08.07	2020.08.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
69.	至诚无息	6	7260621	2010.08.07	2020.08.06	PRC
70.		6	6321373	2010.03.28	2020.03.27	PRC
71.	中标	6	6333557	2010.03.28	2020.03.27	PRC
72.	中标	6	6333718	2010.03.28	2020.03.27	PRC
73.	ZOOMLION	7	2024327	2003.01.14	2013.01.13	PRC
74.	中联	7	2024326	2003.05.07	2013.05.06	PRC
75.		7	2024325	2003.01.14	2013.01.13	PRC
76.		7	1625727	2001.08.28	2011.08.27	PRC
77.		7	6321372	2010.02.21	2020.02.20	PRC
78.		7	6327955	2010.02.21	2020.02.20	PRC
79.	ZOOMLION	7	5199992	2009.04.07	2019.04.06	PRC
80.	ZOOMLION	7	5200468	2009.04.07	2019.04.06	PRC
81.		7	5200167	2009.04.07	2019.04.06	PRC
82.		7	1911270	2002.08.07	2012.08.06	PRC
83.	博厚悠远	7	4826130	2008.06.07	2018.06.06	PRC
84.	至诚无息	7	4826131	2008.06.07	2018.06.06	PRC
85.	中 Z 联	7	812376	1996.02.07	2016.02.06	PRC
86.	中标	7	1661724	2001.11.07	2011.11.06	PRC
87.	中标	7	1649721	2001.10.14	2011.10.13	PRC
88.		7	1653721	2001.10.21	2011.10.20	PRC
89.	中 标	7	1625651	2001.08.28	2011.08.27	PRC
90.	浦沅	7	1547023	2001.03.28	2011.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
91.		7	698511	1994.07.21	2014.07.20	PRC
92.	浦沅	7	6321225	2010.07.21	2020.07.20	PRC
93.		7	6327425	2010.05.28	2020.05.27	PRC
94.	中联	7	6327253	2010.03.28	2020.03.27	PRC
95.	浦 沅	7	6321265	2010.03.28	2020.03.27	PRC
96.	中标	7	6333558	2010.03.28	2020.03.27	PRC
97.	中 标	7	6333719	2010.03.28	2020.03.27	PRC
98.	浦 沅	8	6321264	2010.03.28	2020.03.27	PRC
99.	浦沅	8	6321224	2010.03.28	2020.03.27	PRC
100.	中联	8	6321314	2010.03.28	2020.03.27	PRC
101.		8	6327424	2010.03.28	2020.03.27	PRC
102.	中 标	8	6327256	2010.03.28	2020.03.27	PRC
103.	中标	8	6327394	2010.03.28	2020.03.27	PRC
104.	ZOOMLION	8	5200467	2009.04.07	2019.04.06	PRC
105.		8	5200166	2009.04.07	2019.04.06	PRC
106.		8	6321496	2010.03.28	2020.03.27	PRC
107.		8	6327956	2010.03.28	2020.03.27	PRC
108.	ZOOMLION	8	5199991	2009.04.07	2019.04.06	PRC
109.		9	1982423	2002.12.21	2012.12.20	PRC
110.	ZOOMLION	9	1982425	2002.12.21	2012.12.20	PRC
111.	浦 沅	9	6321263	2010.04.28	2020.04.27	PRC
112.	浦沅	9	6321223	2010.04.28	2020.04.27	PRC
113.	中联	9	6321313	2010.03.28	2020.03.27	PRC
114.		9	6327423	2010.03.28	2020.03.27	PRC
115.		9	6327957	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
116.	ZOOMLION	9	5200466	2009.04.07	2019.04.06	PRC
117.		9	5200165	2009.04.07	2019.04.06	PRC
118.	ZOOMLION	9	5205835	2009.04.14	2019.04.13	PRC
119.		9	6321411	2010.03.28	2020.03.27	PRC
120.	中联浦沅	9	4312232	2007.04.14	2017.04.13	PRC
121.	中 标	9	6333720	2010.06.14	2020.06.13	PRC
122.	浦 沅	10	6321262	2010.02.14	2020.02.13	PRC
123.	浦 沅	10	6321222	2010.02.14	2020.02.13	PRC
124.		10	6327442	2010.02.14	2020.02.13	PRC
125.		10	6327958	2010.02.14	2020.02.13	PRC
126.	ZOOMLION	10	5200465	2009.04.07	2019.04.06	PRC
127.	ZOOMLION	10	5200476	2009.04.07	2019.04.06	PRC
128.		10	5200164	2009.04.07	2019.04.06	PRC
129.		10	6321410	2010.03.28	2020.03.27	PRC
130.	中 标	10	6333560	2010.03.28	2020.03.27	PRC
131.	中 标	10	6333721	2010.03.28	2020.03.27	PRC
132.	至诚无息	10	7260683	2010.08.07	2020.08.06	PRC
133.	博厚悠远	10	7260687	2010.08.07	2020.08.06	PRC
134.		11	6321409	2010.03.28	2020.03.27	PRC
135.		11	6327959	2010.03.28	2020.03.27	PRC
136.	中 标	11	6333722	2010.03.28	2020.03.27	PRC
137.	ZOOMLION	11	5200464	2009.04.07	2019.04.06	PRC
138.		11	5200163	2009.04.07	2019.04.06	PRC
139.	浦 沅	11	6321261	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
140.	浦 沅	11	6321521	2010.03.28	2020.03.27	PRC
141.		11	6327441	2010.04.28	2020.04.27	PRC
142.	中 标	11	6333561	2010.03.28	2020.03.27	PRC
143.	ZOOMLION	11	5199990	2009.04.07	2019.04.06	PRC
144.		12	6321408	2010.03.28	2020.03.27	PRC
145.	中 标	12	6333562	2010.03.28	2020.03.27	PRC
146.	中 标	12	6333723	2010.03.28	2020.03.27	PRC
147.	至诚无息	12	4826145	2008.06.07	2018.06.06	PRC
148.	博厚悠远	12	4826144	2008.06.07	2018.06.06	PRC
149.	ZOOMLION	12	5199989	2009.04.07	2019.04.06	PRC
150.	ZOOMLION	12	5200463	2009.04.07	2019.04.06	PRC
151.	中联	12	5200429	2009.05.21	2019.05.20	PRC
152.		12	5200162	2009.04.07	2019.04.06	PRC
153.	浦 沅	12	6321260	2010.02.21	2020.02.20	PRC
154.	浦 沅	12	6321520	2010.02.21	2020.02.20	PRC
155.		12	6327440	2010.02.21	2020.02.20	PRC
156.		12	6327960	2010.02.21	2020.02.20	PRC
157.	中 标	12	1637977	2001.09.21	2011.09.20	PRC
158.		12	1637978	2001.09.21	2011.09.20	PRC
159.	中 标	12	1657973	2001.10.28	2011.10.27	PRC
160.	浦 沅	12	1555646	2001.04.14	2011.04.13	PRC
161.		12	700664	1994.08.07	2014.08.06	PRC
162.	浦 沅	13	6321519	2010.03.28	2020.03.27	PRC
163.	浦 沅	13	6321259	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
164.		13	6327439	2010.03.28	2020.03.27	PRC
165.	中 标	13	6327257	2010.03.28	2020.03.27	PRC
166.	中 标	13	6327393	2010.03.28	2020.03.27	PRC
167.	ZOOMLION	13	5200462	2009.04.07	2019.04.06	PRC
168.	ZOOMLION	13	5200008	2009.04.07	2019.04.06	PRC
169.	中联	13	6321311	2010.03.28	2020.03.27	PRC
170.		13	6327961	2010.03.28	2020.03.27	PRC
171.		13	6321407	2010.03.28	2020.03.27	PRC
172.		13	5200161	2009.03.21	2019.03.20	PRC
173.		14	6321406	2010.02.21	2020.02.20	PRC
174.	浦 沅	14	6321518	2010.02.21	2020.02.20	PRC
175.	浦 沅	14	6321258	2010.02.21	2020.02.20	PRC
176.	中 标	14	6327412	2010.02.21	2020.02.20	PRC
177.		14	6327438	2010.02.21	2020.02.20	PRC
178.	中 标	14	6327258	2010.02.21	2020.02.20	PRC
179.		14	6327962	2010.02.21	2020.02.20	PRC
180.	ZOOMLION	14	5200007	2009.06.07	2019.06.06	PRC
181.	中联	14	6321310	2010.03.28	2020.03.27	PRC
182.		14	5200160	2009.06.07	2019.06.06	PRC
183.	ZOOMLION	14	5200461	2009.06.07	2019.06.06	PRC
184.	至诚无息	14	7263419	2010.07.28	2020.07.27	PRC
185.	博厚悠远	14	7263590	2010.07.28	2020.07.27	PRC
186.		15	6321405	2010.02.14	2020.02.13	PRC
187.	浦 沅	15	6321517	2010.02.14	2020.02.13	PRC
188.		15	6327437	2010.02.21	2020.02.20	PRC
189.	中 标	15	6327259	2010.02.21	2020.02.20	PRC
190.	ZOOMLION	15	5200006	2009.06.07	2019.06.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
191.		15	5200159	2009.06.07	2019.06.06	PRC
192.	中标	15	6327411	2010.02.21	2020.02.20	PRC
193.	浦 沅	15	6321257	2010.02.14	2020.02.13	PRC
194.		15	6327943	2010.02.21	2020.02.20	PRC
195.	ZOOMLION	15	5200460	2009.06.07	2019.06.06	PRC
196.	至诚无息	15	7263607	2010.07.28	2020.07.27	PRC
197.	博厚悠远	15	7263618	2010.07.28	2020.07.27	PRC
198.		16	6321404	2010.03.07	2020.03.06	PRC
199.	浦 沅	16	6321516	2010.03.07	2020.03.06	PRC
200.	浦 沅	16	6321256	2010.03.07	2020.03.06	PRC
201.		16	6327436	2010.03.07	2020.03.06	PRC
202.		16	6327944	2010.03.07	2020.03.06	PRC
203.	中 标	16	6333724	2010.03.28	2020.03.27	PRC
204.	ZOOMLION	16	5200459	2009.06.14	2019.06.13	PRC
205.	ZOOMLION	16	5200005	2009.06.14	2019.06.13	PRC
206.		16	5200158	2009.06.14	2019.06.13	PRC
207.	中联	16	6321321	2010.03.07	2020.03.06	PRC
208.	中标	16	6333563	2010.05.28	2020.05.27	PRC
209.	博厚悠远	16	7265246	2010.08.07	2020.08.06	PRC
210.	至诚无息	16	7265235	2010.08.07	2020.08.06	PRC
211.	浦 沅	17	6321255	2010.03.14	2020.03.13	PRC
212.		17	6327435	2010.04.28	2020.04.27	PRC
213.	ZOOMLION	17	5200458	2009.07.07	2019.07.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
214.	ZOOMLION	17	5200004	2009.07.07	2019.07.06	PRC
215.		17	5200157	2009.07.07	2019.07.06	PRC
216.	中标	17	6327260	2010.03.14	2020.03.13	PRC
217.		17	6327945	2010.06.28	2020.06.27	PRC
218.		17	7265272	2010.07.28	2020.07.27	PRC
219.		17	7265282	2010.07.28	2020.07.27	PRC
220.	中标	17	6327410	2010.06.28	2020.06.27	PRC
221.		18	6321402	2010.04.14	2020.04.13	PRC
222.	浦 沅	18	6321514	2010.04.07	2020.04.06	PRC
223.	浦 沅	18	6321254	2010.04.07	2020.04.06	PRC
224.	中标	18	6327409	2010.04.14	2020.04.13	PRC
225.		18	6327434	2010.04.14	2020.04.13	PRC
226.	ZOOMLION	18	5200457	2009.07.14	2019.07.13	PRC
227.	ZOOMLION	18	5200003	2009.07.14	2019.07.13	PRC
228.		18	5200156	2009.07.14	2019.07.13	PRC
229.	中标	18	6327261	2010.04.14	2020.04.13	PRC
230.	中联	18	6321319	2010.06.28	2020.06.27	PRC
231.		18	6327946	2010.07.21	2020.07.20	PRC
232.	浦 沅	19	6321253	2010.03.14	2020.03.13	PRC
233.		19	6327433	2010.04.28	2020.04.27	PRC
234.	ZOOMLION	19	5200456	2009.07.07	2019.07.06	PRC
235.	ZOOMLION	19	5200002	2009.07.07	2019.07.06	PRC
236.		19	5200155	2009.07.07	2019.07.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
237.		19	6321401	2010.03.14	2020.03.13	PRC
238.	中联	19	6321318	2010.06.07	2020.06.06	PRC
239.		19	6327947	2010.06.28	2020.06.27	PRC
240.	中标	19	6333564	2010.07.07	2020.07.06	PRC
241.	中标	19	6333725	2010.07.07	2020.07.06	PRC
242.	博厚悠远	19	7268775	2010.07.28	2020.07.27	PRC
243.	至诚无息	19	7268727	2010.07.28	2020.07.27	PRC
244.	浦沅	20	6321512	2010.02.28	2020.02.27	PRC
245.	浦 沅	20	6321252	2010.02.28	2020.02.27	PRC
246.	中联	20	6321317	2010.02.28	2020.02.27	PRC
247.	中标	20	6327408	2010.02.28	2020.02.27	PRC
248.	中标	20	6327262	2010.02.28	2020.02.27	PRC
249.		20	6327948	2010.02.28	2020.02.27	PRC
250.		20	6327983	2010.02.28	2020.02.27	PRC
251.	ZOOMLION	20	5200455	2009.06.07	2019.06.06	PRC
252.		20	5200154	2009.06.07	2019.06.06	PRC
253.		20	6321400	2010.02.28	2020.02.27	PRC
254.	ZOOMLION	20	5200001	2009.06.07	2019.06.06	PRC
255.	至诚无息	20	7268805	2010.08.07	2020.08.06	PRC
256.	博厚悠远	20	7268813	2010.08.07	2020.08.06	PRC
257.	浦沅	21	6321495	2010.02.28	2020.02.27	PRC
258.		21	6321399	2010.02.28	2020.02.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
259.		21	6327949	2010.02.28	2020.02.27	PRC
260.		21	6327984	2010.02.28	2020.02.27	PRC
261.	中 标	21	6333565	2010.03.21	2020.03.20	PRC
262.	中 标	21	6333726	2010.02.28	2020.02.27	PRC
263.	ZOOMLION	21	5200454	2009.06.07	2019.06.06	PRC
264.		21	5200153	2009.06.07	2019.06.06	PRC
265.	浦 沅	21	6321251	2010.02.28	2020.02.27	PRC
266.	中联	21	6321291	2010.02.28	2020.02.27	PRC
267.	ZOOMLION	21	5200000	2009.06.07	2019.06.06	PRC
268.	至诚无息	21	7268836	2010.08.07	2020.08.06	PRC
269.	博厚悠远	21	7268841	2010.08.07	2020.08.06	PRC
270.	浦 沅	22	6321309	2010.04.07	2020.04.06	PRC
271.		22	6321398	2010.04.14	2020.04.13	PRC
272.	中 标	22	6327243	2010.04.07	2020.04.06	PRC
273.		22	6327985	2010.04.07	2020.04.06	PRC
274.	ZOOMLION	22	5200453	2009.07.07	2019.07.06	PRC
275.	ZOOMLION	22	5200475	2009.07.07	2019.07.06	PRC
276.		22	5200152	2009.07.07	2019.07.06	PRC
277.	浦 沅	22	6321250	2010.04.28	2020.04.27	PRC
278.	中联	22	6321290	2010.04.07	2020.04.06	PRC
279.		22	6327950	2010.04.14	2020.04.13	PRC
280.	中 标	22	6327407	2010.04.07	2020.04.06	PRC
281.	浦 沅	23	6321249	2010.04.07	2020.04.06	PRC
282.	浦 沅	23	6321308	2010.04.07	2020.04.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
283.		23	6321397	2010.04.14	2020.04.13	PRC
284.	中标	23	6327406	2010.04.07	2020.04.06	PRC
285.	中标	23	6327244	2010.04.07	2020.04.06	PRC
286.		23	6327986	2010.04.07	2020.04.06	PRC
287.	ZOOMLION	23	5199999	2009.06.14	2019.06.13	PRC
288.	ZOOMLION	23	5200452	2009.06.14	2019.06.13	PRC
289.		23	5200151	2009.06.14	2019.06.13	PRC
290.	中联	23	6321289	2010.06.28	2020.06.27	PRC
291.		23	6327951	2010.07.21	2020.07.20	PRC
292.	浦沅	24	6321248	2010.04.07	2020.04.06	PRC
293.	浦沅	24	6321307	2010.04.28	2020.04.27	PRC
294.		24	6321396	2010.04.14	2020.04.13	PRC
295.	中标	24	6327245	2010.04.14	2020.04.13	PRC
296.	ZOOMLION	24	5200018	2009.06.14	2019.06.13	PRC
297.		24	5200150	2009.06.14	2019.06.13	PRC
298.	ZOOMLION	24	5200451	2009.06.14	2019.06.13	PRC
299.	浦沅	25	6321247	2010.04.14	2020.04.13	PRC
300.	中标	25	6333727	2010.04.14	2020.04.13	PRC
301.	ZOOMLION	25	5200017	2009.07.07	2019.07.06	PRC
302.		25	5200149	2009.07.07	2019.07.06	PRC
303.	ZOOMLION	25	5200450	2009.07.07	2019.07.06	PRC
304.	中联	25	6321288	2010-06-28	2020-06-27	PRC
305.	浦沅	25	6321306	2010-06-28	2020-06-27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
306.		25	6321395	2010-07-28	2020-07-27	PRC
307.		26	6328054	2010.04.07	2020.04.06	PRC
308.	浦 沅	26	6321246	2010.04.07	2020.04.06	PRC
309.	浦 沅	26	6321305	2010.04.07	2020.04.06	PRC
310.		26	6321394	2010.04.14	2020.04.13	PRC
311.	中 标	26	6327246	2010.04.07	2020.04.06	PRC
312.	ZOOMLION	26	5200449	2009.07.14	2019.07.13	PRC
313.	ZOOMLION	26	5200016	2009.07.14	2019.07.13	PRC
314.		26	5200148	2009.07.14	2019.07.13	PRC
315.		26	6327989	2010.07.21	2020.07.20	PRC
316.	浦 沅	27	6321245	2010.04.07	2020.04.06	PRC
317.	浦 沅	27	6321304	2010.04.07	2020.04.06	PRC
318.	ZOOMLION	27	5200448	2009.06.14	2019.06.13	PRC
319.	ZOOMLION	27	5200015	2009.06.14	2019.06.13	PRC
320.		27	5200147	2009.06.14	2019.06.13	PRC
321.		27	6328055	2010.04.21	2020.04.20	PRC
322.		27	6321393	2010.04.14	2020.04.13	PRC
323.	中 标	27	6327403	2010.04.07	2020.04.06	PRC
324.	中 标	27	6327247	2010.04.07	2020.04.06	PRC
325.		27	6327990	2010.04.07	2020.04.06	PRC
326.	浦 沅	28	6321244	2010.04.07	2020.04.06	PRC
327.	中 标	28	6333728	2010.04.14	2020.04.13	PRC
328.	ZOOMLION	28	5200447	2009.07.14	2019.07.13	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
329.	ZOOMLION	28	5200014	2009.07.14	2019.07.13	PRC
330.		28	5200146	2009.07.14	2019.07.13	PRC
331.		28	6327991	2010.04.14	2020.04.13	PRC
332.	中联	28	6321285	2010.06.28	2020.06.27	PRC
333.		28	6321392	2010.06.28	2020.06.27	PRC
334.	中标	28	6333551	2010.05.28	2020.05.27	PRC
335.		29	6328057	2009.10.07	2019.10.06	PRC
336.	浦 沅	29	6321243	2009.10.07	2019.10.06	PRC
337.	浦 沅	29	6321302	2010.03.07	2020.03.06	PRC
338.	中标	29	6327422	2009.10.28	2019.10.27	PRC
339.	中 标	29	6327248	2009.10.07	2019.10.06	PRC
340.		29	6327992	2009.10.07	2019.10.06	PRC
341.	ZOOMLION	29	5200446	2009.03.28	2019.03.27	PRC
342.	ZOOMLION	29	5200013	2009.03.28	2019.03.27	PRC
343.		29	5200145	2009.03.28	2019.03.27	PRC
344.		29	6321391	2009.10.07	2019.10.06	PRC
345.	中联	29	6321284	2010.08.21	2020.08.20	PRC
346.		30	6328058	2010.02.21	2020.02.20	PRC
347.	浦 沅	30	6321242	2010.02.21	2020.02.20	PRC
348.	中 标	30	6327249	2010.02.21	2020.02.20	PRC
349.		30	6327973	2010.02.21	2020.02.20	PRC
350.	ZOOMLION	30	5200445	2009.03.28	2019.03.27	PRC
351.	ZOOMLION	30	5200012	2009.03.28	2019.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
352.		30	5200144	2009.03.28	2019.03.27	PRC
353.	浦沅	30	6321301	2010.02.21	2020.02.20	PRC
354.		30	6321390	2010.02.21	2020.02.20	PRC
355.	中标	30	6327421	2010.02.21	2020.02.20	PRC
356.	博厚悠远	30	7280144	2010.08.14	2020.08.13	PRC
357.	至诚无息	30	7280138	2010.08.14	2020.08.13	PRC
358.		31	6328059	2009.10.07	2019.10.06	PRC
359.	中联	31	6321282	2010.03.07	2020.03.06	PRC
360.		31	6321389	2009.10.07	2019.10.06	PRC
361.		31	6327974	2009.10.07	2019.10.06	PRC
362.	ZOOMLION	31	5200444	2009.03.28	2019.03.27	PRC
363.		31	5200143	2009.03.28	2019.03.27	PRC
364.	浦沅	31	6321300	2010.03.07	2020.03.06	PRC
365.	浦 沅	31	6321241	2009.10.07	2019.10.06	PRC
366.	中 标	31	6327250	2009.10.07	2019.10.06	PRC
367.	中标	31	6327420	2009.10.07	2019.10.06	PRC
368.	ZOOMLION	31	5200011	2009.03.28	2019.03.27	PRC
369.	浦沅	32	6321299	2010.02.14	2020.02.13	PRC
370.		32	6321388	2010.02.14	2020.02.13	PRC
371.	中标	32	6327419	2010.02.14	2020.02.13	PRC
372.		32	6327975	2010.02.14	2020.02.13	PRC
373.	ZOOMLION	32	5200443	2009.03.28	2019.03.27	PRC
374.		32	5200142	2009.03.28	2019.03.27	PRC
375.	浦 沅	32	6321240	2010.02.14	2020.02.13	PRC
376.	中 标	32	6327251	2010.02.14	2020.02.13	PRC
377.		32	6408201	2010.03.14	2020.03.13	PRC
378.	ZOOMLION	32	5200010	2009.03.28	2019.03.27	PRC
379.	至诚无息	32	7280205	2010.08.14	2020.08.13	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
380.	博厚悠远	32	7280209	2010.08.14	2020.08.13	PRC
381.	涌　沅	33	6321239	2010.02.07	2020.02.06	PRC
382.	涌 沅	33	6321298	2010.02.07	2020.02.06	PRC
383.		33	6321387	2010.02.07	2020.02.06	PRC
384.	中标	33	6327418	2010.02.07	2020.02.06	PRC
385.	中标	33	6327252	2010.02.07	2020.02.06	PRC
386.		33	6327976	2010.02.07	2020.02.06	PRC
387.	ZOOMLION	33	5200442	2009.03.28	2019.03.27	PRC
388.	ZOOMLION	33	5200009	2009.03.28	2019.03.27	PRC
389.		33	6328061	2010.02.07	2020.02.06	PRC
390.		33	5200141	2009.03.28	2019.03.27	PRC
391.		33	7282628	2010.08.14	2020.08.13	PRC
392.	博厚悠远	33	7282640	2010.08.14	2020.08.13	PRC
393.		34	6328062	2009.10.21	2019.10.20	PRC
394.	涌　沅	34	6321238	2009.10.21	2019.10.20	PRC
395.	涌 沅	34	6321297	2009.10.21	2019.10.20	PRC
396.		34	6321386	2009.10.21	2019.10.20	PRC
397.		34	6327977	2009.10.21	2019.10.20	PRC
398.	ZOOMLION	34	5200028	2009.03.28	2019.03.27	PRC
399.		34	5200140	2009.03.28	2019.03.27	PRC
400.	ZOOMLION	34	5200441	2009.03.28	2019.03.27	PRC
401.	ZOOMLION	35	5200027	2009.06.07	2019.06.06	PRC
402.		35	5200139	2009.06.07	2019.06.06	PRC
403.	ZOOMLION	35	5200440	2009.06.07	2019.06.06	PRC
404.		35	6328043	2010.06.28	2020.06.27	PRC
405.	涌　沅	35	6321237	2010.06.28	2020.06.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
406.	浦 沅	35	6321296	2010.06.28	2020.06.27	PRC
407.		35	6321385	2010.06.28	2020.06.27	PRC
408.		35	6327978	2010.06.28	2020.06.27	PRC
409.	中 标	35	6333552	2010.06.28	2020.06.27	PRC
410.	中 标	35	6333729	2010.08.21	2020.08.20	PRC
411.		36	6328044	2010.03.28	2020.03.27	PRC
412.	浦 沅	36	6321236	2010.03.28	2020.03.27	PRC
413.	浦 沅	36	6321295	2010.03.28	2020.03.27	PRC
414.		36	6321384	2010.03.28	2020.03.27	PRC
415.		36	6327979	2010.03.28	2020.03.27	PRC
416.		36	5199988	2009.09.14	2019.09.13	PRC
417.	ZOOMLION	36	5200439	2009.09.14	2019.09.13	PRC
418.	ZOOMLION	36	5200026	2009.09.14	2019.09.13	PRC
419.		37	6328045	2010.03.28	2020.03.27	PRC
420.	浦 沅	37	6321235	2010.03.28	2020.03.27	PRC
421.	浦 沅	37	6321294	2010.03.28	2020.03.27	PRC
422.		37	6321383	2010.03.28	2020.03.27	PRC
423.		37	5199987	2009.09.07	2019.09.06	PRC
424.	ZOOMLION	37	5200438	2009.09.07	2019.09.06	PRC
425.	ZOOMLION	37	5200025	2009.09.07	2019.09.06	PRC
426.		37	6327980	2010.03.28	2020.03.27	PRC
427.		38	6328046	2010.03.28	2020.03.27	PRC
428.	浦 沅	38	6321234	2010.03.28	2020.03.27	PRC
429.	浦 沅	38	6321293	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
430.		38	6321382	2010.03.28	2020.03.27	PRC
431.	中 标	38	6327402	2010.03.28	2020.03.27	PRC
432.	中 标	38	6327417	2010.03.28	2020.03.27	PRC
433.		38	5199986	2009.09.14	2019.09.13	PRC
434.	ZOOMLION	38	5200437	2009.09.14	2019.09.13	PRC
435.	ZOOMLION	38	5200024	2009.09.14	2019.09.13	PRC
436.		38	6327981	2010.03.28	2020.03.27	PRC
437.		39	5199985	2009.06.07	2019.06.06	PRC
438.	ZOOMLION	39	5200436	2009.06.07	2019.06.06	PRC
439.	ZOOMLION	39	5200023	2009.06.07	2019.06.06	PRC
440.		39	6328047	2010.06.28	2020.06.27	PRC
441.	浦 沅	39	6321233	2010.06.28	2020.06.27	PRC
442.	浦 沅	39	6321292	2010.06.28	2020.06.27	PRC
443.		39	6321381	2010.06.28	2020.06.27	PRC
444.	中 标	39	6327401	2010.06.28	2020.06.27	PRC
445.		40	6328048	2010.03.28	2020.03.27	PRC
446.	浦 沅	40	6321277	2010.03.28	2020.03.27	PRC
447.	浦 沅	40	6321232	2010.03.28	2020.03.27	PRC
448.	中 标	40	6327415	2010.03.28	2020.03.27	PRC
449.		40	6327963	2010.03.28	2020.03.27	PRC
450.		40	5199984	2009.09.07	2019.09.06	PRC
451.	ZOOMLION	40	5200435	2009.09.07	2019.09.06	PRC
452.	ZOOMLION	40	5200022	2009.09.07	2019.09.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
453.		40	6321380	2010.03.28	2020.03.27	PRC
454.	中 标	40	6327400	2010.03.28	2020.03.27	PRC
455.	中联	40	6321421	2010.06.28	2020.06.27	PRC
456.		41	5199983	2009.07.07	2019.07.06	PRC
457.	ZOOMLION	41	5200434	2009.07.07	2019.07.06	PRC
458.	ZOOMLION	41	5200021	2009.07.07	2019.07.06	PRC
459.		41	6328049	2010.06.28	2020.06.27	PRC
460.	浦 沅	41	6321276	2010.06.28	2020.06.27	PRC
461.		41	6321379	2010.06.28	2020.06.27	PRC
462.	中 标	41	6327414	2010.06.28	2020.06.27	PRC
463.	中 标	41	6327399	2010.06.28	2020.06.27	PRC
464.		41	6327964	2010.06.28	2020.06.27	PRC
465.	浦 沅	41	6321501	2010.06.28	2020.06.27	PRC
466.		42	5199982	2009.07.07	2019.07.06	PRC
467.	ZOOMLION	42	5200433	2009.07.07	2019.07.06	PRC
468.	ZOOMLION	42	5200020	2009.07.07	2019.07.06	PRC
469.	浦 沅	42	6321275	2010.06.28	2020.06.27	PRC
470.		42	6321378	2010.06.28	2020.06.27	PRC
471.		42	6327965	2010.06.28	2020.06.27	PRC
472.	浦 沅	42	6321500	2010.06.28	2020.06.27	PRC
473.		42	6328050	2010.06.28	2020.06.27	PRC
474.	浦 沅	43	6321499	2010.03.28	2020.03.27	PRC
475.	浦 沅	43	6321274	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
476.		43	6321377	2010.03.28	2020.03.27	PRC
477.	中 标	43	6327413	2010.04.21	2020.04.20	PRC
478.	中 标	43	6327398	2010.04.21	2020.04.20	PRC
479.		43	6327966	2010.04.21	2020.04.20	PRC
480.	ZOOMLION	43	5200432	2009.09.07	2019.09.06	PRC
481.	ZOOMLION	43	5200019	2009.09.07	2019.09.06	PRC
482.		43	6328051	2010.03.28	2020.03.27	PRC
483.		43	5199981	2009.09.07	2019.09.06	PRC
484.		44	6328052	2010.03.28	2020.03.27	PRC
485.	浦 沅	44	6321498	2010.03.28	2020.03.27	PRC
486.	浦 沅	44	6321273	2010.03.28	2020.03.27	PRC
487.		44	6321376	2010.03.28	2020.03.27	PRC
488.		44	6327967	2010.04.21	2020.04.20	PRC
489.	中 标	44	6333555	2010.03.28	2020.03.27	PRC
490.	中 标	44	6333732	2010.03.28	2020.03.27	PRC
491.	ZOOMLION	44	5200478	2009.09.07	2019.09.06	PRC
492.	ZOOMLION	44	5200431	2009.09.07	2019.09.06	PRC
493.		44	5199980	2009.09.07	2019.09.06	PRC
494.	浦 沅	45	6321497	2010.03.28	2020.03.27	PRC
495.	浦 沅	45	6321272	2010.03.28	2020.03.27	PRC
496.		45	6321375	2010.03.28	2020.03.27	PRC
497.		45	6327272	2010.03.28	2020.03.27	PRC
498.		45	6327968	2010.03.28	2020.03.27	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
499.		45	5199979	2009.09.07	2019.09.06	PRC
500.	ZOOMLION	45	5200477	2009.09.07	2019.09.06	PRC
501.	ZOOMLION	45	5200430	2009.09.07	2019.09.06	PRC
502.	中联	45	6321416	2010.07.14	2020.07.13	PRC
503.	中标	45	6327432	2010.07.14	2020.07.13	PRC
504.	中标	45	6327397	2010.07.14	2020.07.13	PRC
505.	博厚悠远	9	6981002	2010.09.21	2020.09.20	PRC
506.	至诚无息	9	6980833	2010.09.21	2020.09.20	PRC
507.		17	6321403	2010.09.07	2020.09.06	PRC
508.	中联	17	6321320	2010.10.14	2020.10.13	PRC
509.	至诚无息	18	7265305	2010.10.07	2020.10.06	PRC
510.	博厚悠远	18	7265315	2010.10.07	2020.10.06	PRC
511.	至诚无息	22	7273863	2010.09.28	2020.09.27	PRC
512.	博厚悠远	22	7273928	2010.09.28	2020.09.27	PRC
513.	至诚无息	23	7273944	2010.09.28	2020.09.27	PRC
514.	博厚悠远	23	7273950	2010.09.28	2020.09.27	PRC
515.	中标	24	6327405	2010.09.28	2020.09.27	PRC
516.		24	6327952	2010.09.07	2020.09.06	PRC
517.	至诚无息	24	7273966	2010.10.07	2020.10.06	PRC
518.	博厚悠远	24	7273969	2010.10.07	2020.10.06	PRC
519.	至诚无息	25	7273989	2010.09.14	2020.09.13	PRC
520.	博厚悠远	25	7273993	2010.09.14	2020.09.13	PRC
521.	中标	26	6327404	2010.10.21	2020.10.20	PRC
522.	至诚无息	26	7277069	2010.10.07	2020.10.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
523.	博厚悠远	26	7277074	2010.10.07	2020.10.06	PRC
524.	至诚无息	27	7277085	2010.10.07	2020.10.06	PRC
525.	博厚悠远	27	7277089	2010.10.07	2020.10.06	PRC
526.		28	6328056	2010.09.28	2020.09.27	PRC
527.	浦沅	28	6321303	2010.10.21	2020.10.20	PRC
528.	至诚无息	28	7277102	2010.10.07	2020.10.06	PRC
529.	博厚悠远	28	7277104	2010.10.07	2020.10.06	PRC
530.	至诚无息	29	7279617	2010.10.07	2020.10.06	PRC
531.	博厚悠远	29	7279627	2010.10.07	2020.10.06	PRC
532.	中联	30	6321283	2010.09.21	2020.09.20	PRC
533.	至诚无息	31	7280153	2010.10.07	2020.10.06	PRC
534.	至诚无息	34	7282654	2010.10.07	2020.10.06	PRC
535.	博厚悠远	34	7282660	2010.10.07	2020.10.06	PRC
536.	至诚无息	35	7282718	2010.10.07	2020.10.06	PRC
537.	中联	35	6321281	2010.10.21	2020.10.20	PRC
538.	博厚悠远	35	7282730	2010.10.07	2020.10.06	PRC
539.	至诚无息	36	7282748	2010.10.14	2020.10.13	PRC
540.	博厚悠远	36	7282758	2010.10.14	2020.10.13	PRC
541.	中联	36	6321280	2010.09.28	2020.09.27	PRC
542.	中联	37	6321279	2010.10.21	2020.10.20	PRC
543.	中标	37	6333553	2010.10.07	2020.10.06	PRC
544.	至诚无息	37	7286602	2010.10.14	2020.10.13	PRC
545.	博厚悠远	37	7286608	2010.10.14	2020.10.13	PRC
546.	至诚无息	38	7286622	2010.10.07	2020.10.06	PRC

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
547.	博厚悠远	38	7286633	2010.10.07	2020.10.06	PRC
548.	中联	39	6321278	2010.09.21	2020.09.20	PRC
549.	中标	39	6327416	2010.09.07	2020.09.06	PRC
550.		39	6327982	2010.09.07	2020.09.06	PRC
551.	博厚悠远	40	7286845	2010.10.07	2020.10.06	PRC
552.	至诚无息	40	7286838	2010.10.07	2020.10.06	PRC
553.	中联	41	6321420	2010.09.21	2020.09.20	PRC
554.	中标	42	6333554	2010.09.21	2020.09.20	PRC
555.	中联	42	6321419	2010.10.21	2020.10.20	PRC
556.	博厚悠远	43	7291349	2010.09.28	2020.09.27	PRC
557.	至诚无息	43	7291251	2010.09.28	2020.09.27	PRC
558.	至诚无息	44	7293273	2010.09.21	2020.09.20	PRC
559.	博厚悠远	44	7293278	2010.09.21	2020.09.20	PRC
560.	至诚无息	45	7293309	2010.09.21	2020.09.20	PRC
561.	博厚悠远	45	7293316	2010.09.21	2020.09.20	PRC

As of the Latest Practicable Date, our Company had registered the following trademarks in the overseas:

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
1.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Albania
2.		7	958205	2007.11.21	2017.11.21	Albania
3.	ZOOMLION	12	71374	2008.01.29	2018.01.29	Algeria
4.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Antigua and Barbuda
5.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Antigua and Barbuda

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
6.		7	958205	2007.11.21	2017.11.21	Antigua and Barbuda
7.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Antigua and Barbuda
8.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Antigua and Barbuda
9.		12	960748	2008.04.14	2018.04.14	Antigua and Barbuda
10.		7	1141/08	2009.04.01	2018.10.08	Argentina
11.		12	094/09	2009.08.05	2019.01.28	Argentina
12.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Armenia
13.		7	958205	2007.11.21	2017.11.21	Armenia
14.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Armenia
15.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Armenia
16.	ZOOMLION	7	1197054	2007.09.04	2017.09.04	Australia
17.		7	1197058	2007.09.04	2017.09.04	Australia
18.	ZOOMLION	7	1197074	2007.09.04	2017.09.04	Australia
19.	ZOOMLION	12	1221072	2008.01.25	2018.01.25	Australia
20.		12	1221093	2008.01.25	2018.01.25	Australia
21.	ZOOMLION	7,12	1221106	2008.01.25	2018.01.25	Australia
22.		7,12	1239550	2008.05.09	2018.05.09	Australia
23.	浦 沅	7,12	1239551	2008.05.09	2018.05.09	Australia
24.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Austria
25.		7	958205	2007.11.21	2017.11.21	Austria

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
26.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Austria
27.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Austria
28.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Azerbaijan
29.		7	958205	2007.11.21	2017.11.21	Azerbaijan
30.		12	20100381	2008.05.16	2018.05.16	Azerbaijan
31.	浦 沅	12	20100607	2008.05.16	2018.05.16	Azerbaijan
32.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Republic of Belarus
33.		7	958205	2007.11.21	2017.11.21	Republic of Belarus
34.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Republic of Belarus
35.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Republic of Belarus
36.		7	847025	2008.05.28	2018.05.28	Belgium, Netherlands, Luxemburg
37.	浦 沅	7	847026	2008.05.28	2018.05.28	Belgium, Netherlands, Luxemburg
38.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Belgium, Netherlands, Luxemburg
39.		7	958205	2007.11.21	2017.11.21	Belgium, Netherlands, Luxemburg
40.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Belgium, Netherlands, Luxemburg
41.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Belgium, Netherlands, Luxemburg
42.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Bhutan
43.		7	958205	2007.11.21	2017.11.21	Bhutan
44.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Bosnia and Herzegovina

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
45.		7	958205	2007.11.21	2017.11.21	Bosnia and Herzegovina
46.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Botswana
47.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Botswana
48.		7	958205	2007.11.21	2017.11.21	Botswana
49.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Botswana
50.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Botswana
51.		12	960748	2008.04.14	2018.04.14	Botswana
52.	ZOOMLION	7	642908	2009.12.29	2019.12.29	Brazil
53.	ZOOMLION	7	642899	2010.01.19	2020.01.19	Brazil
54.		7	38878	2007.08.29	2017.08.29	Brunei
55.	ZOOMLION	7	38879	2007.08.29	2017.08.29	Brunei
56.	ZOOMLION	7	38880	2007.08.29	2017.08.29	Brunei
57.	ZOOMLION	12	39271	2008.01.26	2018.01.26	Brunei
58.	ZOOMLION	12	39276	2008.01.26	2018.01.26	Brunei
59.		12	39277	2008.01.26	2018.01.26	Brunei
60.	浦 沅	12	39563	2008.05.13	2018.05.13	Brunei
61.		12	39564	2008.05.13	2018.05.13	Brunei
62.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Republic of Bulgaria
63.		7	958205	2007.11.21	2017.11.21	Republic of Bulgaria
64.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Republic of Bulgaria
65.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Republic of Bulgaria
66.	ZOOMLION	7,12	5287/BUR	2009.09.06	No expiry date	Republic of Burundi

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
67.	ZOOMLION	7,12	5288/BUR	2009.09.06	No expiry date	Republic of Burundi
68.		12	823478	2008.08.01	2018.08.01	Chile
69.	ZOOMLION	12	823580	2008.08.05	2018.08.05	Chile
70.	ZOOMLION	7	800702	2007.11.09	2017.11.09	Chile
71.	ZOOMLION	12	823581	2008.08.05	2018.08.05	Chile
72.		7	826389	2008.09.03	2018.09.03	Chile
73.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Croatia
74.		7	958205	2007.11.21	2017.11.21	Croatia
75.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Cuba
76.		7	958205	2007.11.21	2017.11.21	Cuba
77.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Cyprus
78.		7	958205	2007.11.21	2017.11.21	Cyprus
79.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Cyprus
80.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Cyprus
81.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Czech Republic
82.		7	958205	2007.11.21	2017.11.21	Czech Republic
83.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Czech Republic
84.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Czech Republic
85.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Denmark
86.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Denmark
87.		7	958205	2007.11.21	2017.11.21	Denmark
88.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Denmark

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
89.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Denmark
90.		12	960748	2008.04.14	2018.04.14	Denmark
91.	ZOOMLION	7,12	1652/1653/ 1654	2009.07.01	2019.07.01	Republic of Djibouti
92.	ZOOMLION	7,12	1655/ 1656/57	2009.07.01	2019.07.01	Republic of Djibouti
93.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Egypt
94.		7	958205	2007.11.21	2017.11.21	Egypt
95.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Egypt
96.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Egypt
97.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Estonia
98.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Estonia
99.		7	958205	2007.11.21	2017.11.21	Estonia
100.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Estonia
101.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Estonia
102.		12	960748	2008.04.14	2018.04.14	Estonia
103.		12	6240	2009.05.17	2015.05.16	Republic of Ethiopia
104.	ZOOMLION	7,12	6462	2009.12.10	2015.12.09	Republic of Ethiopia
105.	ZOOMLION	7,12	6458	2009.12.10	2015.12.09	Republic of Ethiopia
106.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Finland
107.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Finland
108.		7	958205	2007.11.21	2017.11.21	Finland
109.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Finland
110.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Finland

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
111.		12	960748	2008.04.14	2018.04.14	Finland
112.	ZOOMLION	7	958206	2007.11.21	2017.11.21	France
113.		7	958205	2007.11.21	2017.11.21	France
114.	ZOOMLION	12	958256	2008.03.11	2018.03.11	France
115.	ZOOMLION	12	956833	2008.03.11	2018.03.11	France
116.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Georgia
117.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Georgia
118.		7	958205	2007.11.21	2017.11.21	Georgia
119.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Georgia
120.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Georgia
121.		12	960748	2008.04.14	2018.04.14	Georgia
122.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Germany
123.		7	958205	2007.11.21	2017.11.21	Germany
124.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Germany
125.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Germany
126.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Greece
127.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Greece
128.		7	958205	2007.11.21	2017.11.21	Greece
129.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Greece
130.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Greece
131.		12	960748	2008.04.14	2018.04.14	Greece
132.		7	300947340	2007.09.05	2017.09.04	Hong Kong
133.	ZOOMLION	7	300947368	2007.09.05	2017.09.04	Hong Kong
134.	ZOOMLION	7	300947377	2007.09.05	2017.09.04	Hong Kong
135.	ZOOMLION	12	301044594	2008.02.01	2018.01.31	Hong Kong

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
136.	中联	12	301044602	2008.02.01	2018.01.31	Hong Kong
137.		12	301044611	2008.02.01	2018.01.31	Hong Kong
138.	ZOOMLION	12	301044620	2008.02.01	2018.01.31	Hong Kong
139.	中 标	7,12	301112697	2008.05.09	2018.05.08	Hong Kong
140.		7,12	301112705	2008.05.09	2018.05.08	Hong Kong
141.	浦 沅	7,12	301112714	2008.05.09	2018.05.08	Hong Kong
142.	浦 沅	7,12	301112723	2008.05.09	2018.05.08	Hong Kong
143.	中 标	7	301112804	2008.05.09	2018.05.08	Hong Kong
144.		7	301112813	2008.05.09	2018.05.08	Hong Kong
145.	中联重科	7, 9, 12, 35, 36, 37	301577467	2010.04.01	2020.03.31	Hong Kong
146.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Hungary
147.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Hungary
148.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Hungary
149.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Iceland
150.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Iceland
151.		7	958205	2007.11.21	2017.11.21	Iceland
152.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Iceland
153.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Iceland
154.		12	960748	2008.04.14	2018.04.14	Iceland
155.	ZOOMLION	7	1634153	2007.12.24	2017.12.24	India
156.	ZOOMLION	7	1595572	2007.08.28	2017.08.28	India
157.	ZOOMLION	12	1646213	2008.01.25	2018.01.25	India
158.	ZOOMLION	12	1646214	2008.01.25	2018.01.25	India
159.		12	1646212	2008.01.25	2018.01.25	India

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
160.	中 标	7	IDM000229119	2009.11.30	2019.11.30	Indonesia
161.	中 标	12	IDM000229122	2009.11.30	2019.11.30	Indonesia
162.		7	IDM000229117	2009.11.30	2019.11.30	Indonesia
163.		12	IDM000229118	2009.11.30	2019.11.30	Indonesia
164.	ZOOMLION	7	151387	2007.10.01	2017.10.01	Iran
165.	ZOOMLION	7	152307	2007.10.01	2017.10.01	Iran
166.	ZOOMLION	12	156037	2008.01.30	2018.01.30	Iran
167.	ZOOMLION	12	156053	2008.01.30	2018.01.30	Iran
168.		12	157343	2008.01.30	2018.01.30	Iran
169.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Ireland
170.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Ireland
171.		7	958205	2007.11.21	2017.11.21	Ireland
172.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Ireland
173.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Ireland
174.		12	960748	2008.04.14	2018.04.14	Ireland
175.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Japan
176.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Japan
177.		7	958205	2007.11.21	2017.11.21	Japan
178.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Japan
179.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Japan
180.		12	960748	2008.04.14	2018.04.14	Japan
181.	ZOOMLION	7	28518	2007.08.24	2017.08.24	Kazakhstan
182.		7	28519	2007.08.24	2017.08.24	Kazakhstan

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
183.	ZOOMLION	7	28520	2007.08.24	2017.08.24	Kazakhstan
184.		12	29215	2008.01.24	2018.01.24	Kazakhstan
185.	ZOOMLION	12	29216	2009.01.24	2018.01.24	Kazakhstan
186.	ZOOMLION	12	29217	2009.01.24	2018.01.24	Kazakhstan
187.		12	29639	2009.08.14	2018.05.12	Kazakhstan
188.	浦沅	12	30185	2009.10.15	2018.05.12	Kazakhstan
189.	中标	12	30186	2009.10.15	2018.05.12	Kazakhstan
190.		12	30187	2009.10.15	2018.05.12	Kazakhstan
191.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Kenya
192.		7	958205	2007.11.21	2017.11.21	Kenya
193.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Kenya
194.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Kenya
195.	ZOOMLION	7	40-0763851	2008.10.07	2018.10.07	Korea
196.		7	40-0763852	2008.10.07	2018.10.07	Korea
197.	ZOOMLION	7	40-0768952	2008.11.17	2018.11.17	Korea
198.		12	40-0784182	2009.03.30	2019.03.30	Korea
199.	浦沅	12	40-0784183	2009.03.30	2019.03.30	Korea
200.		12	40-0785067	2009.04.07	2019.04.07	Korea
201.	ZOOMLION	12	40-0786783	2009.04.22	2019.04.22	Korea
202.	ZOOMLION	12	40-0786784	2009.04.22	2019.04.22	Korea
203.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Kyrgyzstan
204.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Kyrgyzstan
205.		7	958205	2007.11.21	2017.11.21	Kyrgyzstan

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
206.	ZOOMLION	7	958256	2008.03.11	2018.03.11	Kyrgyzstan
207.	ZOOMLION	7	956833	2008.03.11	2018.03.11	Kyrgyzstan
208.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Kyrgyzstan
209.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Kyrgyzstan
210.	ZOOMLION	7	75386	2007.09.19	2017.09.18	Kuwait
211.	ZOOMLION	7	75387	2007.09.19	2017.09.18	Kuwait
212.		7	75388	2007.09.19	2017.09.18	Kuwait
213.	ZOOMLION	12	75260	2008.01.24	2018.01.23	Kuwait
214.	ZOOMLION	12	75261	2008.01.24	2018.01.23	Kuwait
215.		12	75262	2008.01.24	2018.01.23	Kuwait
216.	浦 沅	12	77598	2008.05.11	2018.05.10	Kuwait
217.		12	77599	2008.05.11	2018.05.10	Kuwait
218.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Latvia
219.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Latvia
220.		7	958205	2007.11.21	2017.11.21	Latvia
221.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Latvia
222.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Latvia
223.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Lesotho
224.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Lesotho
225.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Lesotho
226.		7	958205	2007.11.21	2017.11.21	Lesotho
227.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Liberia
228.		7	958205	2007.11.21	2017.11.21	Liberia
229.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Liberia
230.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Liberia

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
231.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Liechtenstein
232.		7	958205	2007.11.21	2017.11.21	Liechtenstein
233.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Lithuania
234.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Lithuania
235.		7	958205	2007.11.21	2017.11.21	Lithuania
236.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Lithuania
237.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Lithuania
238.		12	960748	2008.04.14	2018.04.14	Lithuania
239.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Macedonia
240.		7	958205	2007.11.21	2017.11.21	Macedonia
241.	ZOOMLION	7	945398	2007.11.15	2017.11.15	Madagascar
242.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Madagascar
243.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Madagascar
244.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Madagascar
245.	ZOOMLION	7	49038	2009.07.02	2019.07.02	Malta
246.	ZOOMLION	12	49039	2009.07.02	2019.07.02	Malta
247.	ZOOMLION	7	49040	2009.07.02	2019.07.02	Malta
248.	ZOOMLION	12	49041	2009.07.02	2019.07.02	Malta
249.	ZOOMLION	7, 12	08528/2010	2009.07.30	2019.07.30	Mauritius
250.	ZOOMLION	7, 12	08529/2010	2009.07.30	2019.07.30	Mauritius
251.		7	1018153	2007.09.28	2017.09.28	Mexico
252.	ZOOMLION	12	1040126	2008.02.14	2018.02.14	Mexico
253.		12	1040127	2008.02.14	2018.02.14	Mexico
254.	ZOOMLION	12	1040128	2008.02.14	2018.02.14	Mexico
255.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Moldova

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
256.		7	958205	2007.11.21	2017.11.21	Moldova
257.		12	7208	2008.05.27	2018.05.27	Mongolia
258.	浦 沅	12	7209	2008.05.27	2018.05.27	Mongolia
259.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Mongolia
260.		7	958205	2007.11.21	2017.11.21	Mongolia
261.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Republic of Montenegro
262.		7	958205	2007.11.21	2017.11.21	Republic of Montenegro
263.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Morocco
264.		7	958205	2007.11.21	2017.11.21	Morocco
265.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Morocco
266.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Morocco
267.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Mozambique
268.		7	958205	2007.11.21	2017.11.21	Mozambique
269.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Mozambique
270.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Mozambique
271.		12	1587/2009	2009.02.27	2012.02.26	Myanmar
272.	浦 沅	12	1588/2009	2009.03.03	2012.03.02	Myanmar
273.		7	958205	2007.11.21	2017.11.21	Namibia
274.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Namibia
275.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Namibia
276.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Namibia
277.		7	958205	2007.11.21	2017.11.21	Netherlands Antilles

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
278.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Netherlands Antilles
279.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Netherlands Antilles
280.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Netherlands Antilles
281.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Netherlands Antilles
282.		12	960748	2008.04.14	2018.04.14	Netherlands Antilles
283.	ZOOMLION	7,12	808645	2010.05.13	2019.06.29	New Zealand
284.	ZOOMLION	7,12	808646	2010.05.13	2019.06.29	New Zealand
285.	ZOOMLION	7	77302	2007.08.29	2014.08.29	Nigeria
286.	ZOOMLION	7	81886	2007.08.29	2014.08.29	Nigeria
287.	ZOOMLION	12	78928	2008.01.29	2015.01.29	Nigeria
288.		12	80857	2008.01.29	2015.01.29	Nigeria
289.	中 标	12	78754	2008.05.15	2018.05.15	Nigeria
290.	浦 沅	12	81887	2008.05.15	2015.05.15	Nigeria
291.		12	78750	2008.05.15	2015.05.15	Nigeria
292.		7	81888	2007.08.29	2014.08.29	Nigeria
293.	ZOOMLION	7	958206	2007.11.21	2017.11.21	North Korea
294.		7	958205	2007.11.21	2017.11.21	North Korea
295.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Norway
296.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Norway
297.		7	958205	2007.11.21	2017.11.21	Norway
298.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Norway
299.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Norway
300.		12	960748	2008.04.14	2018.04.14	Norway

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
301.	ZOOMLION	7	57922	2007.09.14	2017.09.14	O.A.P.I
302.	ZOOMLION	7	57923	2007.09.14	2017.09.14	O.A.P.I
303.		7	57924	2007.09.14	2017.09.14	O.A.P.I
304.		12	58992	2008.05.13	2018.05.13	O.A.P.I
305.	浦 沅	12	59746	2008.05.13	2018.05.13	O.A.P.I
306.		12	60068	2008.01.28	2018.01.28	O.A.P.I
307.	ZOOMLION	12	60069	2008.01.28	2018.01.28	O.A.P.I
308.	ZOOMLION	12	60070	2008.01.28	2018.01.28	O.A.P.I
309.	ZOOMLION	7	47072	2007.09.23	2017.09.23	Oman
310.		7	47073	2007.09.23	2017.09.23	Oman
311.	ZOOMLION	7	47074	2007.09.23	2017.09.23	Oman
312.		12	48729	2008.01.29	2018.01.29	Oman
313.	ZOOMLION	12	48730	2008.01.29	2018.01.29	Oman
314.	ZOOMLION	12	48731	2010.03.31	2020.03.31	Oman
315.	ZOOMLION	7	18407901	2009.09.09	2019.09.09	Panama
316.	ZOOMLION	12	18408001	2009.09.09	2019.09.09	Panama
317.	ZOOMLION	7	18408101	2009.09.09	2019.09.09	Panama
318.	ZOOMLION	12	18408301	2009.09.09	2019.09.09	Panama
319.	ZOOMLION	7, 12	00000552	2010.01.13	2020.01.13	Peru
320.	ZOOMLION	7, 12	00000553	2010.01.13	2020.01.13	Peru
321.	ZOOMLION	7, 12	42009006638	2009.11.01	2019.11.01	Philippines
322.	ZOOMLION	7, 12	42009006639	2009.11.01	2019.11.01	Philippines
323.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Poland
324.		7	958205	2007.11.21	2017.11.21	Poland

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
325.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Poland
326.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Poland
327.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Portugal
328.		7	958205	2007.11.21	2017.11.21	Portugal
329.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Portugal
330.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Portugal
331.	ZOOMLION	7	46985	2007.10.21	2017.10.21	Qatar
332.	ZOOMLION	7	46986	2007.10.21	2017.10.21	Qatar
333.		7	46987	2007.10.21	2017.10.21	Qatar
334.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Romania
335.		7	958205	2007.11.21	2017.11.21	Romania
336.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Romania
337.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Romania
338.	ZOOMLION	7	364792	2007.09.17	2017.09.17	Russia
339.		7	370519	2007.09.17	2017.09.17	Russia
340.	ZOOMLION	7	364793	2007.09.17	2017.09.17	Russia
341.		12	374602	2008.01.28	2018.01.28	Russia
342.	ZOOMLION	12	374760	2008.01.28	2018.01.28	Russia
343.	ZOOMLION	12	374761	2008.01.28	2018.01.28	Russia
344.	中 标	7,12	382951	2008.05.12	2018.05.12	Russia
345.		7,12	389302	2008.05.12	2018.05.12	Russia
346.		12	389303	2008.05.12	2018.05.12	Russia
347.	浦 沅	23	389311	2008.05.12	2018.05.12	Russia
348.	ZOOMLION	7	958206	2007.11.21	2017.11.21	San Marino

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
349.		7	958205	2007.11.21	2017.11.21	San Marino
350.		12	1036/39	2008.01.26	2017.10.04	Saudi-Arabia
351.	ZOOMLION	12	1052/11	2008.01.26	2017.10.04	Saudi-Arabia
352.	ZOOMLION	12	1052/12	2008.01.26	2017.10.04	Saudi-Arabia
353.	ZOOMLION	7	1009/46	2007.09.29	2017.06.08	Saudi-Arabia
354.		7	1010/47	2007.09.29	2017.06.08	Saudi-Arabia
355.	ZOOMLION	7	1014/65	2007.09.29	2017.06.11	Saudi-Arabia
356.	ZOOMLION	12	1110/94	2008.05.11	2018.01.18	Saudi-Arabia
357.	ZOOMLION	12	1110/95	2008.05.11	2018.01.18	Saudi-Arabia
358.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Serbia
359.		7	958205	2007.11.21	2017.11.21	Serbia
360.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Serbia
361.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Serbia
362.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Sierra Leone
363.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Sierra Leone
364.		7	958205	2007.11.21	2017.11.21	Sierra Leone
365.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Sierra Leone
366.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Sierra Leone
367.	ZOOMLION	7	T0718073D	2007.08.31	2017.08.31	Singapore
368.		7	T0718074B	2007.08.31	2017.08.31	Singapore
369.	ZOOMLION	7	T0718075J	2007.08.31	2017.08.31	Singapore
370.	ZOOMLION	12	T0801267C	2008.02.01	2018.02.01	Singapore
371.		12	T0801271A	2008.02.01	2018.01.31	Singapore
372.	ZOOMLION	12	T0801273H	2008.02.01	2018.01.31	Singapore

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
373.		7,12	T0806276Z	2007.08.31	2017.08.31	Singapore
374.	浦 沅	7,12	T0806277H	2008.05.14	2018.05.14	Singapore
375.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Slovakia
376.		7	958205	2007.11.21	2017.11.21	Slovakia
377.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Slovakia
378.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Slovakia
379.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Slovenia
380.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Slovenia
381.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Slovenia
382.		7	958205	2007.11.21	2017.11.21	Slovenia
383.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Spain
384.		7	958205	2007.11.21	2017.11.21	Spain
385.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Spain
386.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Spain
387.	ZOOMLION	7	2007/20505	2007.09.10	2017.09.10	South Africa
388.	ZOOMLION	7	2007/20506	2007.09.10	2017.09.10	South Africa
389.		7	2007/20507	2007.09.10	2017.09.10	South Africa
390.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Sudan
391.		7	958205	2007.11.21	2017.11.21	Sudan
392.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Sudan
393.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Sudan
394.		12	39262	2008.06.11	2018.06.11	Sudan
395.	浦 沅	12	39263	2008.06.11	2018.06.11	Sudan
396.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Syria
397.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Syria
398.		7	958205	2007.11.21	2017.11.21	Syria

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
399.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Syria
400.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Swaziland
401.		7	958205	2007.11.21	2017.11.21	Swaziland
402.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Sweden
403.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Sweden
404.		7	958205	2007.11.21	2017.11.21	Sweden
405.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Sweden
406.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Sweden
407.		12	960748	2008.04.14	2018.04.14	Sweden
408.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Switzerland
409.		7	958205	2007.11.21	2017.11.21	Switzerland
410.		7	01328262	2008.09.16	2018.09.15	Taiwan
411.	ZOOMLION	7	01328263	2008.09.16	2018.09.15	Taiwan
412.	ZOOMLION	7	01328264	2008.09.16	2018.09.15	Taiwan
413.	中联	7	01328265	2008.09.16	2018.09.15	Taiwan
414.	ZOOMLION	12	01335020	2008.11.01	2018.10.31	Taiwan
415.	中联	12	01335021	2008.11.01	2018.10.31	Taiwan
416.		12	01335022	2008.11.01	2018.10.31	Taiwan
417.	ZOOMLION	12	01335023	2008.11.01	2018.10.31	Taiwan
418.	中 标	12	01348464	2009.02.01	2019.01.31	Taiwan
419.	浦 沅	12	01348465	2009.02.01	2019.01.31	Taiwan

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
420.	中标	7	01351774	2009.03.01	2019.02.28	Taiwan
421.	浦 沅	7	01351775	2009.03.01	2019.02.28	Taiwan
422.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Tajikistan
423.	中联	7	958205	2007.11.21	2017.11.21	Tajikistan
424.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Tajikistan
425.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Tajikistan
426.	ZOOMLION	7	ZN/T/ 2009/000193	2009.06.30	2019.06.30	Tanzania (Zanibar)
427.	ZOOMLION	12	ZN/T/ 2009/000195	2009.06.30	2019.06.30	Tanzania (Zanibar)
428.	ZOOMLION	7	ZN/T/ 2009/000194	2009.06.30	2019.06.30	Tanzania (Zanibar)
429.	ZOOMLION	12	ZN/T/ 2009/000196	2009.06.30	2019.06.30	Tanzania (Zanibar)
430.		12	TZ/T/ 2008/495	2008.06.19	2015.06.19	Tanzania (Tanganyika)
431.	浦 沅	12	TZ/T/ 2008/494	2009.11.30	2015.06.19	Tanzania (Tanganyika)
432.	ZOOMLION	7	KOR297812	2007.08.31	2017.08.31	Thailand
433.		7	KOR297813	2007.08.31	2017.08.31	Thailand
434.	ZOOMLION	7	KOR297814	2007.08.31	2017.08.31	Thailand
435.	ZOOMLION	12	KOR305385	2008.01.25	2018.01.24	Thailand
436.		12	KOR305386	2008.01.25	2018.01.24	Thailand
437.	ZOOMLION	12	KOR305387	2008.01.25	2018.01.24	Thailand
438.		12	KOR306137	2008.05.15	2018.05.14	Thailand
439.	浦 沅	12	KOR306138	2008.05.15	2018.05.14	Thailand

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
440.		12	KOR301773	2008.05.15	2018.05.14	Thailand
441.		7	200749801	2007.09.13	2017.09.13	Turkey
442.	ZOOMLION	7	200749802	2007.09.13	2017.09.13	Turkey
443.	ZOOMLION	7	200749803	2007.09.13	2017.09.13	Turkey
444.	ZOOMLION	12	2008/05020	2008.01.29	2018.01.29	Turkey
445.		12	2008/05036	2008.01.29	2018.01.29	Turkey
446.	ZOOMLION	12	2008/05041	2008.01.29	2018.01.29	Turkey
447.	中标	7,12	200829118	2008.05.16	2018.05.16	Turkey
448.		7,12	200829121	2008.05.16	2018.05.16	Turkey
449.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Turkmenistan
450.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Turkmenistan
451.		7	958205	2007.11.21	2017.11.21	Turkmenistan
452.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Turkmenistan
453.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Turkmenistan
454.		12	960748	2008.04.14	2018.04.14	Turkmenistan
455.	ZOOMLION	7, 12, 35	104616	2007.08.08	2017.08.08	Ukraine
456.		12	116185	2008.05.14	2018.05.14	Ukraine
457.	浦沅	12	116186	2008.05.14	2018.05.14	Ukraine
458.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Ukraine
459.	ZOOMLION	12	126492	2008.01.25	2018.01.25	Ukraine
460.	ZOOMLION	7,12	N/A[1]	N/A[1]	N/A[1]	Union of the Comoros
461.	ZOOMLION	7,12	N/A[1]	N/A[1]	N/A[1]	Union of the Comoros

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
462.	ZOOMLION	7	98951	2007.10.29	2017.10.29	United Arab Emirates
463.	ZOOMLION	7	98952	2007.10.29	2017.10.29	United Arab Emirates
464.		7	99346	2007.10.29	2017.10.29	United Arab Emirates
465.	浦 沅	12	2487589	2008.05.15	2018.05.15	United Kingdom
466.		12	2487590	2008.05.15	2018.05.15	United Kingdom
467.	ZOOMLION	7	958206	2007.11.21	2017.11.21	United Kingdom
468.	ZOOMLION	7	945398	2007.11.21	2017.11.21	United Kingdom
469.		7	958205	2007.11.21	2017.11.21	United Kingdom
470.	ZOOMLION	12	958256	2008.03.11	2018.03.11	United Kingdom
471.	ZOOMLION	12	956833	2008.03.11	2018.03.11	United Kingdom
472.		12	960748	2008.04.14	2018.04.14	United Kingdom
473.	ZOOMLION	7	3449160	2008.06.17	2018.06.17	United States
474.	ZOOMLION	7	3462183	2008.07.08	2018.07.08	United States
475.		7	3484397	2008.08.12	2018.08.12	United States
476.	ZOOMLION	12	3484834	2008.08.12	2018.08.12	United States
477.		12	3484835	2008.08.12	2018.08.12	United States
478.	ZOOMLION	12	3484837	2008.08.12	2018.08.12	United States
479.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Uzbekistan
480.		7	958205	2007.11.21	2017.11.21	Uzbekistan

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
481.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Uzbekistan
482.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Uzbekistan
483.		12	960748	2008.04.14	2018.04.14	Uzbekistan
484.	ZOOMLION	7	120349	2007.09.14	2017.09.14	Vietnam
485.	ZOOMLION	7	120350	2007.09.14	2017.09.14	Vietnam
486.		7	120351	2007.09.14	2017.09.14	Vietnam
487.	ZOOMLION	12	131114	2008.01.25	2018.01.25	Vietnam
488.		12	131115	2008.01.25	2018.01.25	Vietnam
489.	ZOOMLION	12	131116	2008.01.25	2018.01.25	Vietnam
490.		12	140759	2008.05.12	2018.05.12	Vietnam
491.	浦沅	12	140829	2008.05.12	2018.05.12	Vietnam
492.	中标	12	140830	2008.05.12	2018.05.12	Vietnam
493.		12	140831	2008.05.12	2018.05.12	Vietnam
494.	ZOOMLION	7	33256	2007.10.20	2017.10.20	Republic of Yemen
495.		7	33257	2007.10.20	2017.10.20	Republic of Yemen
496.	ZOOMLION	7	33258	2007.10.20	2017.10.20	Republic of Yemen
497.	ZOOMLION	12	34222	2008.01.27	2018.01.27	Republic of Yemen
498.	ZOOMLION	12	34224	2008.01.27	2018.01.27	Republic of Yemen
499.		12	37099	2008.01.27	2018.01.27	Republic of Yemen
500.	浦沅	12	348/2008	2008.05.27	2018.05.27	Zambia

No.	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
501.		12	349/2008	2008.05.27	2018.05.27	Zambia
502.	ZOOMLION	7	958206	2007.11.21	2017.11.21	Zambia
503.	ZOOMLION	7	945398	2007.11.21	2017.11.21	Zambia
504.		7	958205	2007.11.21	2017.11.21	Zambia
505.	ZOOMLION	12	958256	2008.03.11	2018.03.11	Zambia
506.	ZOOMLION	12	956833	2008.03.11	2018.03.11	Zambia
507.		12	960748	2008.04.14	2018.04.14	Zambia

Note:

(1) In the absence of a formal trademark registration system in the Union of Comoros, trademark owners establish their proprietary rights in and ownership of their trademarks by publishing cautionary notices in local newspapers for the purpose of announcing their trademark ownership to the public and warning against any infringements of their trademark rights. Therefore, registration number, date of registration and expiry date are not applicable in this context.

As of October 31, 2010, our subsidiaries had registered the following trademarks:

No.	Owner	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
1.	Zoomlion Axle	bangle 邦乐	12	872301	2006.09.21	2016.09.20	PRC
2.	Zoomlion Axle	湖桥	12	1436412	2010.08.21	2020.08.20	PRC
3.	Zoomlion Material Handling		7	4494079	2007.11.14	2017.11.13	PRC
4.	Zoomlion Material Handling	FORETIDE	7	4494080	2007.11.14	2017.11.13	PRC
5.	Hunan Teli	TELI	7	4789418	2008.09.28	2018.09.27	PRC
6.	CIFA		12	G672975	2007.03.26	2017.03.26	PRC
7.	CIFA		7	G672975	2007.03.26	2017.03.26	PRC
8.	CIFA	CIFA	11	G674154	2007.01.29	2017.01.29	PRC
9.	CIFA	CIFA	12	G674154	2007.01.29	2017.01.29	PRC
10.	CIFA	CIFA	6	G674154	2007.01.29	2017.01.29	PRC
11.	CIFA	CIFA	7	G674154	2007.01.29	2017.01.29	PRC
12.	CIFA	COMPACTEASY	7	G906943	2006.10.24	2016.10.24	PRC
13.	CIFA	K-TRONIC	12	G910425	2006.10.24	2016.10.24	PRC
14.	CIFA	K-TRONIC	7	G910425	2006.10.24	2016.10.24	PRC
15.	CIFA		7, 12	CTM no. 000444364	1999.03.04	2017.01.27	European Union
16.	CIFA	INVETTA	7, 12	CTM no. 00445437	1999.03.27	2017.01.27	European Union
17.	CIFA	CIFA	7, 9, 11, 12	CTM no. 000444190	1999.06.01	2017.01.27	European Union
18.	CIFA	Bruetta	6, 7, 12	CTM no. 00796771	1999.10.27	2018.04.14	European Union
19.	CIFA	concreateVALUES	6, 7, 9, 12	CTM no. 005847471	2008.05.15	2017.04.20	European Union
20.	CIFA	CIFA	6, 7, 9, 11, 12	No. 674154	1997.01.29	2017.01.29	International (1)
21.	CIFA		7, 12	Figurative No. 672975	1997.03.26	2017.03.26	International (2)
22.	CIFA	Bruetta	7, 12	No. 690917	1998.03.28	2018.03.26	International (RU)
23.	CIFA	COMPACT EASY	7	No. 906943	2006.10.24	2016.10.24	International (3)

No.	Owner	Trademark	Class	Registration Number	Date of Registration	Expiry Date	Area
24.	CIFA	K-TRONIC	7, 12	No. 910425	2006.10.24	2016.10.24	International (4)
25.	CIFA	ConcreateVALUES	7, 12	No. 962185	2007.11.19	2017.11.19	International (5)
26.	CIFA	TURBOMIX	7	No. 000890724	2003.05.07	2019.12.06	Italy
27.	CIFA	K-TRONIC	7, 12	No. 0001025936	2006.04.13	2016.04.13	Italy
28.	CIFA	COMPACT EASY	7	No. 0001025937	2006.04.13	2016.04.13	Italy
29.	CIFA	CONCREATE VALUES	6, 7, 12	No. 001076137	2007.11.19	2017.10.09	Italy

Notes:

(1) The following countries would be claimed: Algeria, Egypt, Kazakhstan, Bahrain, Georgia, Norway, Turkey, Uzbekistan, Albania, Azerbaijan, Bosnia and Herzegovina, Belarus, Switzerland, China, Cuba, Croatia, the Democratic People's Republic of Korea, Morocco, the Republic of Moldova, Montenegro, the Former Yugoslav Republic of Macedonia, Serbia, the Russian Federation, the Syrian Arab Republic and Vietnam.

(2) The following countries would be claimed: Algeria, Egypt, Kazakhstan, Bahrain, Georgia, Norway, Uzbekistan, Albania, Azerbaijan, Bosnia and Herzegovina, Belarus, Switzerland, Cuba, Croatia, the Democratic People's Republic of Korea, Morocco, Montenegro, the Former Yugoslav Republic of Macedonia, Serbia, the Russian Federation, the Syrian Arab Republic and Vietnam.

(3) The following countries would be claimed: Algeria, Egypt, Kazakhstan, Tajikistan, Australia, Bahrain, Denmark, Finland, the United Kingdom, Georgia, Greece, Ireland, Lithuania, Sweden, Singapore, Turkmenistan, Turkey, the United States, Uzbekistan Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Belarus, Switzerland, China, Cuba, Czech Republic, Germany, France, Hungary, the Islamic Republic of Iran, Kyrgyzstan, the Democratic People's Republic of Korea, Latvia, Morocco, the Republic of Moldova, Montenegro, the Former Yugoslav Republic of Macedonia, Poland, Portugal, Romania, Serbia, the Russian Federation, Slovenia, Slovakia, the Syrian Arab Republic and Vietnam.

(4) The following countries would be claimed: Algeria, Egypt, Tajikistan, Australia, Bahrain, Denmark, Estonia, Finland, United Kingdom, Georgia, Greece, Ireland, Lithuania, Norway, Sweden, Singapore, Turkmenistan, Turkey, Uzbekistan, Albania, Armenia, Austria, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Belgium, Belarus, Switzerland, China, Cuba, Czech Republic, Germany, France, Croatia, Hungary, Kyrgyzstan, the Democratic People's Republic of Korea, Latvia, Morocco, the Republic of Moldova, Montenegro, the Former Yugoslav Republic of Macedonia, Poland, Portugal, Romania, Serbia, Slovenia, Slovakia, the Syrian Arab Republic, Ukraine and Vietnam.

(5) The following countries would be claimed: Norway, Turkey, Albania, Switzerland, Montenegro, the Former Yugoslav Republic of Macedonia, the Russian Federation and Ukraine.

As of October 31, 2010, our Company had applied for the registration of the following trademarks in the PRC:

No.	Trademark	Class	Application Number	Application Date	Area
1.	希法	7	7678717	2009.09.07	PRC
2.	思想构筑未来	7	7417361	2009.05.22	PRC
3.	至诚无息	8	7260654	2009.03.17	PRC
4.	博厚悠远	8	7260664	2009.03.17	PRC
5.	中标	9	6333559	2007.10.22	PRC
6.	思想构筑未来	9	7417376	2009.05.22	PRC
7.	希法	9	7678743	2009.09.07	PRC

No.	Trademark	Class	Application Number	Application Date	Area
8.	博厚悠远	11	7260709	2009.03.17	PRC
9.	至诚无息	11	7260701	2009.03.17	PRC
10.	希法	12	7678764	2009.09.07	PRC
11.	思想构筑未来	12	7422191	2009.05.25	PRC
12.	中联	12	7827400	2009.11.11	PRC
13.	博厚悠远	13	7263323	2009.03.18	PRC
14.	至诚无息	13	7263311	2009.03.18	PRC
15.	浦沅	17	6321515	2007.10.15	PRC
16.	浦沅	19	6321513	2007.10.15	PRC
17.		24	6327987	2007.10.18	PRC
18.		25	6328053	2007.10.18	PRC
19.	中联	26	6321287	2007.10.15	PRC
20.	中联	27	6321286	2007.10.15	PRC
21.	博厚悠远	31	7280155	2009.03.25	PRC
22.	希法	35	7678771	2009.09.07	PRC
23.	中标	37	6333730	2007.10.22	PRC
24.	希法	37	7678781	2009.09.07	PRC
25.	博厚悠远	39	7286676	2009.03.27	PRC
26.	至诚无息	39	7286670	2009.03.27	PRC
27.	博厚悠远	41	7286865	2009.03.27	PRC
28.	至诚无息	41	7286859	2009.03.27	PRC
29.	至诚无息	42	7291126	2009.03.30	PRC
30.	中标	42	6333731	2007.10.22	PRC
31.	博厚悠远	42	7291141	2009.03.30	PRC

As of October 31, 2010, our Company had applied for the registration of the following trademarks overseas:

No.	Trademark	Class	Application Number	Application Date	Area
1.	ZOOMLION	7	072399	2007.09.01	Algeria
2.	ZOOMLION	7	072397	2007.09.01	Algeria
3.	ZOOMLION	12	080257	2008.01.29	Algeria
4.	浦沅	12	081469	2008.05.17	Algeria
5.		12	081470	2008.05.17	Algeria
6.		7	072398	2007.09.01	Algeria
7.		12	080258	2008.01.29	Algeria
8.	ZOOMLION	7	25700	2010.06.25	Angola
9.	ZOOMLION	12	25701	2010.06.25	Angola
10.	ZOOMLION	7	22911	2009.09.09	Angola
11.	ZOOMLION	12	22912	2009.09.09	Angola
12.	ZOOMLION	7	2779408	2007.10.16	Argentina
13.	ZOOMLION	12	2800431	2008.01.29	Argentina
14.	ZOOMLION	7	2779406	2007.10.16	Argentina
15.	ZOOMLION	12	2800433	2008.01.29	Argentina
16.	ZOOMLION	7	59369	2007.09.10	Bahrain
17.	ZOOMLION	12	62820	2008.01.27	Bahrain
18.	ZOOMLION	7	59371	2007.09.10	Bahrain
19.	ZOOMLION	12	62821	2008.01.27	Bahrain
20.		7	59370	2007.09.10	Bahrain
21.		12	62822	2008.01.27	Bahrain
22.	ZOOMLION	7	124381	2009.07.02	Bangladesh
23.	ZOOMLION	12	124382	2009.07.02	Bangladesh

No.	Trademark	Class	Application Number	Application Date	Area
24.	ZOOMLION	7	124390	2009.07.05	Bangladesh
25.	ZOOMLION	12	124391	2009.07.05	Bangladesh
26.	浦 沅	12	900912766	2008.05.14	Brazil
27.		12	900912758	2008.05.14	Brazil
28.	ZOOMLION	12	900722495	2008.01.31	Brazil
29.	ZOOMLION	12	900722487	2008.01.31	Brazil
30.		7	900486295	2007.09.05	Brazil
31.		12	900722479	2008.01.31	Brazil
32.	ZOOMLION	7, 12	1456566	2009.10.23	Canada
33.	ZOOMLION	7, 12	1456567	2009.10.23	Canada
34.	ZOOMLION	7, 12	N/A(1)	2009.12.23	Cape Verde
35.	ZOOMLION	7, 12	N/A(1)	2009.12.23	Cape Verde
36.	ZOOMLION	7, 12	NP/361/RDC/2009	2009.07.13	Congo (DRC)
37.	ZOOMLION	7, 12	NP/362/RDC/2009	2009.07.13	Congo (DRC)
38.	ZOOMLION	7	1423/09	2009.08.31	Ghana
39.	ZOOMLION	12	1424/09	2009.08.31	Ghana
40.	ZOOMLION	7	1425/09	2009.08.31	Ghana
41.	ZOOMLION	12	1426/09	2009.08.31	Ghana
42.	中标	12	932/2008	2008.05.21	Ghana
43.		12	933/2008	2008.05.21	Ghana
44.	浦 沅	12	22648A	2008.05.15	Guyana
45.		12	22647A	2008.05.15	Guyana
46.	ZOOMLION	7	1595571	2007.08.28	India
47.	浦 沅	7	1695875	2008.06.05	India
48.	浦 沅	12	1695874	2008.06.05	India

No.	Trademark	Class	Application Number	Application Date	Area
49.		7	1695876	2008.06.05	India
50.		12	1695873	2008.06.05	India
51.		7	1595573	2007.08.28	India
52.	ZOOMLION	7	D002007029572	2007.09.04	Indonesia
53.	ZOOMLION	12	D002008003406[(2)]	2008.01.29	Indonesia
54.	ZOOMLION	7	D002007029561[(2)]	2007.09.04	Indonesia
55.	ZOOMLION	12	D002008003407[(2)]	2008.01.29	Indonesia
56.		7	D002007029573	2007.09.04	Indonesia
57.		12	D002008003405[(2)]	2008.01.29	Indonesia
58.	中联	7	D002009021333	2009.06.26	Indonesia
59.	中联	12	D002009021335	2009.06.26	Indonesia
60.	ZHONGLIAN 中联	7	D002010005547	2010.08.11	Indonesia
61.	ZHONGLIAN 中联	12	D002010005548	2010.08.11	Indonesia
62.		7	86070816	2007.10.01	Iran
63.	ZOOMLION	7	51379	2007.10.29	Iraq
64.	ZOOMLION	12	51845	2008.01.29	Iraq
65.	ZOOMLION	7	51380	2007.10.29	Iraq
66.	ZOOMLION	12	51846	2008.01.29	Iraq
67.	浦 沅	12	52328	2008.05.15	Iraq
68.		12	52332	2008.05.15	Iraq
69.		7	51378	2007.10.29	Iraq
70.		12	51844	2008.01.29	Iraq

No.	Trademark	Class	Application Number	Application Date	Area
71.	ZOOMLION	7	221887	2009.07.06	Israel
72.	ZOOMLION	12	221888	2009.07.06	Israel
73.	ZOOMLION	7	221890	2009.07.06	Israel
74.	ZOOMLION	12	221891	2009.07.06	Israel
75.	ZOOMLION	12	RM2008C00936	2008.02.15	Italy
76.	ZOOMLION	7	TO2007C2923	2007.09.17	Italy
77.	ZOOMLION	12	RM2008C00934	2008.02.15	Italy
78.	ZOOMLION	7	TO2007C2925	2007.09.17	Italy
79.		12	RM2008C00935	2008.02.15	Italy
80.		7	TO2007C2919	2007.09.17	Italy
81.	ZOOMLION	7, 12	N/A(3)	2009.08.04	Jordan
82.	ZOOMLION	7, 12	N/A(3)	2009.08.04	Jordan
83.	ZOOMLION	7	18963	2009.09.08	Libya
84.	ZOOMLION	12	18964	2009.09.08	Libya
85.	ZOOMLION	7	18965	2009.09.08	Libya
86.	ZOOMLION	12	18966	2009.09.08	Libya
87.	ZOOMLION	7	09050341	2009.07.07	Malaysia
88.	ZOOMLION	12	09050342	2009.07.07	Malaysia
89.	中联	7	09050343	2009.07.07	Malaysia
90.	中联	12	09050344	2009.07.07	Malaysia
91.	ZOOMLION	7	1030741	2009.09.02	Mexico
92.	浦 沅	12	938950	2008.06.05	Mexico
93.		12	938944	2008.06.05	Mexico

No.	Trademark	Class	Application Number	Application Date	Area
94.		12	TP184284/08	2008.01.29	Nigeria
95.		12	F/TM/ 2008/4781	2008.05.15	Nigeria
96.	ZOOMLION	7	241470	2007.09.19	Pakistan
97.	ZOOMLION	12	245920	2008.01.28	Pakistan
98.	ZOOMLION	7	241469	2007.09.19	Pakistan
99.	ZOOMLION	12	245919	2008.01.28	Pakistan
100.	浦 沅	12	250343	2008.05.10	Pakistan
101.		12	250344	2008.05.10	Pakistan
102.		7	241471	2007.09.19	Pakistan
103.		12	245918	2008.01.28	Pakistan
104.	ZOOMLION	12	48889	2008.01.27	Qatar
105.	ZOOMLION	12	48890	2008.01.27	Qatar
106.		12	48891	2008.01.27	Qatar
107.	ZOOMLION	7	160/2009	2009.06.30	Seychelles
108.	ZOOMLION	12	161/2009	2009.06.30	Seychelles
109.	ZOOMLION	7	162/2009	2009.06.30	Seychelles
110.	ZOOMLION	12	163/2009	2009.06.30	Seychelles
111.	中联	7, 12	T0907443E	2009.07.06	Singapore
112.		12	2008/10524	2008.05.09	South Africa
113.	ZOOMLION	12	2008/01674	2008.01.24	South Africa
114.	ZOOMLION	12	2008/01676	2008.01.24	South Africa
115.		12	2008/01675	2008.01.24	South Africa
116.	浦 沅	12	2008/11026	2008.05.15	South Africa
117.	ZOOMLION	7	151433	2009.07.20	Sri Lanka

No.	Trademark	Class	Application Number	Application Date	Area
118.	ZOOMLION	12	151434	2009.07.20	Sri Lanka
119.	ZOOMLION	7	151431	2009.07.20	Sri Lanka
120.	ZOOMLION	12	151432	2009.07.20	Sri Lanka
121.	ZOOMLION	7, 12	EE091386	2009.06.30	Tunisia
122.	ZOOMLION	7, 12	EE091387	2009.06.30	Tunisia
123.	ZOOMLION	7	2009/40251	2009.08.24	Uganda
124.	ZOOMLION	12	2009/40252	2009.08.24	Uganda
125.	ZOOMLION	7	2009/40250	2009.08.24	Uganda
126.	ZOOMLION	12	2009/40253	2009.08.24	Uganda
127.	ZOOMLION	7	M200714293	2007.08.29	Ukraine
128.	ZOOMLION	12	M200801175	2008.01.25	Ukraine
129.		7	M200714291	2007.08.29	Ukraine
130.		12	M200801174	2008.01.25	Ukraine
131.	ZOOMLION	12	106363	2008.01.30	United Arab Emirates
132.	ZOOMLION	12	106365	2008.01.30	United Arab Emirates
133.	浦 沅	12	114786	2008.06.17	United Arab Emirates
134.		12	114785	2008.06.17	United Arab Emirates
135.		12	106364	2008.01.30	United Arab Emirates
136.	中标	12	114783	2008.06.17	United Arab Emirates
137.		12	114784	2008.06.17	United Arab Emirates
138.	ZOOMLION	12	1220/08	2008.01.25	Venezuela
139.	ZOOMLION	7	25107/07	2007.10.18	Venezuela
140.	ZOOMLION	12	1222/08	2008.01.25	Venezuela

No.	Trademark	Class	Application Number	Application Date	Area
141.	ZOOMLION	7	25109/07	2007.10.18	Venezuela
142.		12	1221/08	2008.01.25	Venezuela
143.		7	25108/07	2007.10.18	Venezuela
144.	中联	7, 12	4-2009-12940	2009.06.25	Vietnam
145.	ZOOMLION	7	518/2009	2009.07.03	Zimbabwe
146.	ZOOMLION	12	519/2009	2009.07.03	Zimbabwe
147.	ZOOMLION	7	516/2009	2009.07.03	Zimbabwe
148.	ZOOMLION	12	517/2009	2009.07.03	Zimbabwe

Notes:

(1) Our Company has not obtained the application receipts yet.

(2) Our trademark applications numbered D002008003405, D002008003406, D002008003407 and D002007029571 are in conflict with prior registrations and are currently under the review procedure by the local authority in Indonesia.

(3) According to the relevant intellectual property regulations in Jordan, no application number would be granted by the handling authority, only the registration numbers will be granted when the trademarks have been duly registered.

(4) Save as those applications mentioned in Note (2) above, we estimate that all of the above overseas trademark applications will be completed within the year 2012.

(b) Patent

As of October 31, 2010, we had been granted the following patents:

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
1.	Dust remover of road sweeping lurry (掃路車除塵裝置)	Utility Patent	00252388.4	2000.12.27	2001.10.24	PRC
2.	Device for washing highway protection fence (公路護欄清洗裝置)	Utility Patent	02223447.0	2002.02.06	2002.12.18	PRC
3.	Truck crane cab (汽車起重機駕駛室)	Design	02320641.1	2002.04.25	2003.01.08	PRC
4.	Truck crane operating cabinet (汽車起重機操縱室)	Design	02320642.X	2002.04.25	2003.02.05	PRC
5.	Folding arm mechanism (折伸臂機構)	Utility Patent	02277171.9	2002.08.29	2003.08.27	PRC
6.	Leveling mechanism for workbench (工作臺調平機構)	Utility Patent	02277172.7	2002.08.29	2003.08.27	PRC
7.	Cleaning device for sweeper (掃路車清掃裝置)	Utility Patent	02277377.0	2002.09.30	2003.09.24	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
8.	Refuse station compressor (垃圾站壓縮裝置)	Utility Patent	03226889.0	2003.01.29	2004.06.02	PRC
9.	Monolithic garbage can (整體式垃圾箱)	Utility Patent	03226885.8	2003.01.29	2004.02.04	PRC
10.	Garbage can back door device of garbage transportation vehicle (垃圾轉運車垃圾箱後門裝置)	Utility Patent	03226888.2	2003.01.29	2004.02.04	PRC
11.	Compression garbage truck bucket elevating device (壓縮垃圾車提斗裝置)	Utility Patent	03226890.4	2003.01.29	2004.02.04	PRC
12.	Automatic hanging box device for vertical refuse compressing station (垂直式垃圾壓縮站自動掛箱裝置)	Utility Patent	03226884.X	2003.01.29	2004.10.13	PRC
13.	Atomizing mechanism for watering car or sweeping lorry (灑水車或清洗車噴霧機構)	Utility Patent	03226990.0	2003.02.25	2004.03.10	PRC
14.	High pressure water circuit control device (高壓水路控制裝置)	Utility Patent	03226991.9	2003.02.25	2004.02.04	PRC
15.	Electronic speed regulator for crane (起重機用電子調速器)	Utility Patent	03227134.4	2003.03.13	2004.09.29	PRC
16.	Electro-hydraulic ratio control system for crane (起重機用電液比例控制系統)	Utility Patent	03227135.2	2003.03.13	2004.09.29	PRC
17.	Steering device for road sweeper (一種掃路機轉向裝置)	Utility Patent	03227223.5	2003.03.26	2005.05.04	PRC
18.	Front suspender for automobile crane (一種汽車起重機用前懸掛裝置)	Utility Patent	03227476.9	2003.04.25	2004.06.09	PRC
19.	Automobile crane driving device (一種汽車起重機驅動裝置)	Utility Patent	03227477.7	2003.04.25	2004.06.09	PRC
20.	Tunnel cleaning vehicle (一種隧道清洗車)	Utility Patent	03248047.4	2003.06.18	2005.08.03	PRC
21.	Pipe connecting device capable of rotation (一種可旋轉的管道聯接裝置)	Utility Patent	03248046.6	2003.06.18	2004.09.08	PRC
22.	Automatic levelling device of paver with two-stage regulation (具有兩級調節之攤鋪機自動調平裝置)	Utility Patent	200320113996.4	2003.10.30	2004.11.24	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
23.	Scraper conveyer of paver (不卡料的攤鋪機刮板輸送器)	Utility Patent	200320113998.3	2003.10.30	2004.11.24	PRC
24.	Camber regulator chain belt tension device for paver mangling plate (攤鋪機熨平板拱度調節器鏈條張緊裝置)	Utility Patent	200320113997.9	2003.10.30	2004.11.24	PRC
25.	Road Cleaning Vehicle (清洗車外觀)	Design	200430029562.6	2004.02.23	2004.10.27	PRC
26.	Closed rotary drive hydraulic mechanism for crane (一種起重機用閉式回轉驅動液壓機構)	Utility Patent	200420035751.9	2004.04.30	2005.08.17	PRC
27.	Telescopic assembling type crane jib (一種起重機用伸縮組合式副臂)	Utility Patent	200420035752.3	2004.04.30	2005.08.03	PRC
28.	Telescopic mechanism for crane (一種起重機用伸縮機構)	Utility Patent	200420035753.8	2004.04.30	2005.08.03	PRC
29.	Counterweight loading and unloading mechanism for crane (一種起重機用配重裝卸機構)	Utility Patent	200420035754.2	2004.04.30	2005.08.17	PRC
30.	Crane boom (一種起重機用吊臂)	Utility Patent	200420035755.7	2004.04.30	2005.08.03	PRC
31.	Hydraulic system lift loop for solving secondary lifting downslide of crane (解決起重機二次起升下滑的液壓系統起升回路)	Utility Patent	200420035971.1	2004.05.26	2005.07.06	PRC
32.	Bearing cooling device (一種軸承冷卻裝置)	Utility Patent	200420068107.1	2004.07.12	2005.07.20	PRC
33.	Pavement heating machine (路面加熱機)	Design	200430031941.9	2004.07.12	2005.09.07	PRC
34.	Lifting material gathering hopper (一種可升降的攏料斗)	Utility Patent	200420068108.6	2004.07.12	2005.07.13	PRC
35.	Agitating sealing device for concrete delivering pump (混凝土輸送泵攪拌密封裝置)	Utility Patent	200420068546.2	2004.08.30	2005.08.24	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
36.	Double driving lifting mechanism for tower crane (塔式起重機用雙驅起升機構)	Utility Patent	200420068682.1	2004.09.14	2005.09.14	PRC
37.	Integral optical electric axial angle encoder (一體式光電軸角編碼器)	Invention	200410046869.6	2004.10.28	2006.11.08	PRC
38.	Pneumatic punching hammer used for horizontal directional drilling machine (水平定向鑽機用氣動衝擊錘)	Utility Patent	200420069184.9	2004.11.16	2006.02.22	PRC
39.	Maintaining vehicle (養護車)	Design	200430062036.X	2004.11.22	2006.03.15	PRC
40.	Reel of water pipe (水管卷盤)	Utility Patent	200420069228.8	2004.11.22	2005.12.21	PRC
41.	Link type throttle double operating mechanism (連杆式雙面油門操縱機構)	Utility Patent	200420069265.9	2004.11.25	2005.12.14	PRC
42.	Sweep with polygon casing section (一種多邊箱形截面吊臂)	Utility Patent	200420069267.8	2004.11.25	2006.02.01	PRC
43.	Limiting guiding device for middle door of dustbin (垃圾箱中門限位導向裝置)	Utility Patent	200420069323.8	2004.12.01	2005.12.07	PRC
44.	Automatic synchronous device for material pumping device (物料泵送設備的自動同步裝置)	Utility Patent	200520050012.1	2005.01.06	2006.07.12	PRC
45.	Spiral stirring feeder (螺旋攪拌送料裝置)	Utility Patent	200520050014.0	2005.01.06	2006.03.15	PRC
46.	Water filling device (注水裝置)	Utility Patent	200520050013.6	2005.01.06	2006.07.12	PRC
47.	Suction nozzle suspension devices for sweeping car (掃路車吸嘴懸掛裝置)	Utility Patent	200520050353.9	2005.02.28	2006.03.22	PRC
48.	Snowmelt agent scatter (融雪劑撒布裝置)	Utility Patent	200520050405.2	2005.03.07	2006.04.19	PRC
49.	Pilot mechanism of snowing shovel (推雪鏟越障機構)	Utility Patent	200520050406.7	2005.03.07	2006.04.19	PRC
50.	Pre-humidifier of scatter of snowmelt agent (融雪劑撒布器預濕裝置)	Utility Patent	200520050407.1	2005.03.07	2006.04.19	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
51.	Snow sweeper (除雪車)	Utility Patent	200520050408.6	2005.03.07	2006.04.19	PRC
52.	Mode adjuster of scatter (撒布器灑布模式控制裝置)	Utility Patent	200520050494.0	2005.03.17	2006.04.19	PRC
53.	Centralized air intake device of engine for road sweeper (掃路車發動機集中進氣裝置)	Utility Patent	200520050495.5	2005.03.17	2006.04.19	PRC
54.	Special dumpcart (垃圾專用車)	Utility Patent	200520050670.0	2005.04.05	2006.05.10	PRC
55.	Rotary drilling rig bit depth detector (旋挖鑽機鑽頭深度檢測裝置)	Utility Patent	200520050880.X	2005.05.26	2006.07.26	PRC
56.	A cover board opener of drain contamination hole (一種排污口蓋板開啟裝置)	Utility Patent	200520050881.4	2005.05.26	2007.01.24	PRC
57.	Floating slider guider (浮動滑塊導向裝置)	Utility Patent	200520051117.9	2005.06.16	2006.08.09	PRC
58.	Earth block prevent water spraying device of road sweeper suction nozzle (道路清掃車吸嘴防泥土堵塞噴水裝置)	Invention	200510032002.X	2005.08.12	2008.01.09	PRC
59.	Rubbish compressor (垃圾壓縮機)	Invention	200510032003.4	2005.08.12	2007.06.13	PRC
60.	Water spray frame with automatic high pressure spray gun (帶自動高壓噴槍的噴水架)	Utility Patent	200520051723.0	2005.08.23	2006.10.18	PRC
61.	Driving device high, low pressure water pump or cleaning vehicle (清洗車高、低壓水泵傳動裝置)	Utility Patent	200520051724.5	2005.08.23	2006.10.18	PRC
62.	Hydraulic driving controller for burning aid fan on heat regenerating heater (用於熱再生加熱機上助燃風機的液壓傳動控制裝置)	Utility Patent	200520051894.3	2005.09.12	2006.12.13	PRC
63.	Boom omnirange guider for hoister (一種起重機用吊臂全程導向裝置)	Utility Patent	200520052158.X	2005.10.17	2006.10.25	PRC
64.	Counterweight loading and unloading mechanism for crane (一種起重機用配重裝卸機構)	Utility Patent	200520052159.4	2005.10.17	2006.10.25	PRC

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65.	Boom supporting slide rod for crane (一種起重機用吊臂支承滑塊)	Utility Patent	200520052160.7	2005.10.17	2007.02.07	PRC
66.	Crane boom (一種起重機用吊臂)	Utility Patent	200520052161.1	2005.10.17	2006.10.25	PRC
67.	Crane (起重機)	Design	200530049075.0	2005.10.17	2006.08.16	PRC
68.	Cab (駕駛室)	Design	200530049076.5	2005.10.17	2007.06.27	PRC
69.	Operating Cabinet (操縱室)	Design	200530049077.X	2005.10.17	2006.11.01	PRC
70.	Inside brake hydraulic oil cylinder (一種內制式液壓油缸)	Utility Patent	200520052248.9	2005.10.26	2007.06.27	PRC
71.	Truck crane (汽車起重機)	Design	200530048990.8	2005.11.15	2007.01.17	PRC
72.	Truck crane operating cabinet (起重機操縱室)	Design	200530049000.2	2005.11.18	2007.07.25	PRC
73.	Cab (駕駛室)	Design	200530049101.X	2005.11.18	2006.12.20	PRC
74.	Concrete pumping mechanism (混凝土泵送機構)	Utility Patent	200520052933.1	2005.12.29	2007.10.10	PRC
75.	Absorption nozzle for road cleaning (用於道路清掃的吸嘴)	Invention	200510136652.9	2005.12.30	2008.12.10	PRC
76.	Road-cleaning absorption nozzle with combined reverse blowers (用於道路清掃的帶組合反吹的吸嘴)	Invention	200510136653.3	2005.12.30	2008.09.10	PRC
77.	The automatic adapting adjusting device of a kind of sweep-tray (掃盤自適應調整裝置)	Utility Patent	200620049855.4	2006.01.19	2007.01.24	PRC
78.	Secondary stirring bunker of asphalt concrete transfer car (瀝青混凝土轉運車的二次攪拌料倉)	Invention	200610031182.4	2006.01.23	2009.02.18	PRC
79.	Material conveying appliance of concrete transfer car (混凝土轉運車物料輸送裝置)	Invention	200610031183.9	2006.01.23	2009.03.11	PRC
80.	Contact type distance measuring apparatus for asphalt concrete conveyor (瀝青混凝土轉運車的接觸式距離測量裝置)	Invention	200610031184.3	2006.01.23	2008.02.13	PRC

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81.	Spiral agitator for asphalt concrete handcart (用於瀝青混凝土轉運車的螺旋攪拌裝置)	Utility Patent	200620049891.0	2006.01.23	2007.10.10	PRC
82.	Pushing and pulling pin structure in crane (起重機用插拔銷機構)	Utility Patent	200620049890.6	2006.01.23	2007.03.14	PRC
83.	Material charging apparatus of rear loaded garbage truck (後裝式垃圾車的上料裝置)	Invention	200610031187.7	2006.01.24	2009.08.12	PRC
84.	Orbit whisk pouring truck without residue of orbit drainage (無渣軌道軌排攪拌澆 注車)	Utility Patent	200620050189.6	2006.03.06	2007.03.14	PRC
85.	Concrete pumping distributing truck (混凝土泵送布料車)	Utility Patent	200620050188.1	2006.03.06	2007.09.05	PRC
86.	Cleaning vehicle for urban road border and border stone (城市道路路緣及路緣石清洗車)	Invention	200610031818.5	2006.06.13	2008.10.15	PRC
87.	Distributing box of paver (攤鋪機分料箱)	Utility Patent	200620051525.9	2006.06.30	2007.08.08	PRC
88.	Watering device for road roller (壓路機的灑水裝置)	Utility Patent	200620051754.0	2006.07.25	2007.08.08	PRC
89.	Road sweeper with discharging and dust laying device (帶卸料除塵裝置的掃路車)	Utility Patent	200620051770.X	2006.07.27	2007.10.10	PRC
90.	Tar pavement heat wind circulation heating equipment (瀝青路面熱風循環加熱裝置)	Invention	200610032105.0	2006.08.18	2008.12.10	PRC
91.	Drive running mechanism for in-place heat regeneration remixer (就地熱再生複拌機的驅動行走機構)	Invention	200610032108.4	2006.08.18	2009.07.29	PRC
92.	Regeneration integration device for in-place heat regeneration remixer (就地熱再生複拌機的再生集成裝置)	Invention	200610032106.5	2006.08.18	2008.12.10	PRC
93.	In-place heat regeneration asphalt pavement remixer (就地熱再生瀝青路面複拌機)	Invention	200610032104.6	2006.08.18	2008.12.10	PRC

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94.	In-place heat regeneration asphalt pavement remixer (就地熱再生瀝青路面複拌機)	Design	200630048697.6	2006.08.23	2007.12.05	PRC
95.	Anti-bumping spraying rod of cleaning vehicle (清洗車防撞噴杆)	Utility Patent	200620052896.9	2006.12.28	2007.10.31	PRC
96.	Sewage suction nozzle of road cleaning vehicle (道路清洗車的污水吸嘴)	Utility Patent	200620147283.3	2006.12.28	2008.01.16	PRC
97.	Radial distributing simultaneous extendable mechanism for crane (起重機用徑向佈置同步伸縮機構)	Utility Patent	200620147287.1	2006.12.28	2008.01.09	PRC
98.	Bob-weight loading and unloading device for crane (起重機用配重裝卸機構)	Utility Patent	200620147288.6	2006.12.28	2008.01.09	PRC
99.	Back swing pitching mechanism for controlling direction of operating house (用於控制操縱室方位的後擺俯仰機構)	Utility Patent	200620147291.8	2006.12.28	2008.06.11	PRC
100.	Foldaway hoisting mechanism used in lifting machine (起重機用折疊式捲揚機構)	Utility Patent	200620147289.0	2006.12.28	2007.12.26	PRC
101.	Multi-channels hydraulic cylinder (多通道液壓油缸)	Utility Patent	200620147286.7	2006.12.28	2008.06.11	PRC
102.	Active pulley group device for boom (吊臂用活動滑輪組裝置)	Utility Patent	200620147285.2	2006.12.28	2008.06.11	PRC
103.	Vertical type pin mechanism of crane (起重機用垂直式插銷機構)	Invention	200610136972.9	2006.12.28	2009.06.24	PRC
104.	Parallel type inserted-pin mechanism for crane (起重機用平行式插銷機構)	Invention	200610136974.8	2006.12.28	2009.07.15	PRC
105.	Cam type carrying pin inserting mechanism for crane (起重機用凸輪式承載銷插拔機構)	Invention	200610136975.2	2006.12.28	2009.04.22	PRC
106.	Cam type separated retractable pin mechanism for crane (起重機用凸輪式分體伸縮銷機構)	Invention	200610136976.7	2006.12.28	2009.04.22	PRC

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107.	Self-compensation slide block device for arm support (臂架用自補償式滑塊裝置)	Utility Patent	200620147284.8	2006.12.28	2007.12.26	PRC
108.	Arm support with quasi-elliptic section used for telescopic cranes (伸縮臂式起重機用准橢圓形截面臂架)	Utility Patent	200620147290.3	2006.12.28	2007.12.26	PRC
109.	A centralized automatic lubrication system (一種集中自動潤滑系統)	Utility Patent	200720065622.8	2007.01.29	2008.10.29	PRC
110.	Suction sweeper truck with combined suction nozzle (具有組合式吸嘴的純吸式掃路車)	Invention	200710034439.6	2007.02.14	2009.06.17	PRC
111.	Combined suction nozzle (組合式吸嘴)	Utility Patent	200720063392.1	2007.05.31	2008.05.14	PRC
112.	Vehicle-carrying oil-output arm (一種車載式輸油臂)	Invention	200710093892.4	2007.06.25	2009.09.09	PRC
113.	Connecting structure of concrete pump S tube valve transmission shaft (一種混凝土泵S管閥傳動軸的連接結構)	Utility Patent	200720063925.6	2007.07.25	2008.06.11	PRC
114.	A compound hydraulic cylinder (一種複合液壓缸)	Utility Patent	200720063960.8	2007.07.27	2008.06.11	PRC
115.	A hydraulic anti-emulsification oil tank (一種液壓油防乳化油箱)	Utility Patent	200720063959.5	2007.07.27	2008.07.09	PRC
116.	Regenerative material lying device for hot in-place regeneration remixer (就地熱再生複拌機的再生料攤鋪裝置)	Invention	200710035456.1	2007.07.27	2009.11.11	PRC
117.	Double-layer lying device for hot in-place regeneration remixer (就地熱再生複拌機雙層攤鋪裝置)	Invention	200710035457.6	2007.07.27	2009.11.11	PRC
118.	Hot-air heating device for onsite heat recycling remixer (一種就地熱再生複拌機用熱風加熱裝置)	Utility Patent	200720063961.2	2007.07.27	2008.07.09	PRC
119.	An in-situ thermal regeneration re-mixer double-layer paving device (一種就地熱再生複拌機雙層攤鋪裝置)	Utility Patent	200720063962.7	2007.07.27	2008.07.09	PRC

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120.	Scraping board conveying device (一種刮板輸送裝置)	Utility Patent	200720063963.1	2007.07.27	2008.07.09	PRC
121.	Geothermy regeneration remixer conduction oil heating agitator kettle (就地熱再生複拌機導熱油加熱攪拌鍋)	Utility Patent	200720063966.5	2007.07.27	2008.07.09	PRC
122.	Material supporting plate-conveying apparatus for hot reclaiming in-situ re-mixer (就地熱再生複拌機輸送承料板裝置)	Utility Patent	200720063967.X	2007.07.27	2008.07.09	PRC
123.	Self-cleaning asphalt solution spraying system of on-site hot reproduction re-mixer (就地熱再生複拌機自清洗瀝青溶液噴灑系統)	Utility Patent	200720063968.4	2007.07.27	2008.07.09	PRC
124.	A hot-air distribution device (一種熱風分流裝置)	Utility Patent	200720063969.9	2007.07.27	2008.07.09	PRC
125.	Anti-inclination system of pedrail head mast boom (一種新型的履帶吊塔臂防傾系統)	Utility Patent	200720063965.0	2007.07.27	2008.06.11	PRC
126.	Suspension arm assembling machine (一種吊臂組裝機)	Invention	200710035514.0	2007.08.06	2009.06.24	PRC
127.	Caterpillar hanging front and rear walking automatic recognition system (履帶吊前後方行走自動識別系統)	Invention	200710035515.5	2007.08.06	2009.07.15	PRC
128.	Jib head of the main jib of the crawler crane (一種履帶起重機主臂臂頭)	Utility Patent	200720064062.4	2007.08.06	2008.07.09	PRC
129.	An oil-filling type lubrication wheel for crane (一種起重機用注油式潤滑輪)	Utility Patent	200720064063.9	2007.08.06	2008.06.11	PRC
130.	New balance weight locking mechanism for caterpillar crane (一種新型的履帶起重機用配重緊鎖機構)	Utility Patent	200720064064.3	2007.08.06	2008.07.09	PRC
131.	A floating piston type oil storage cylinder for caterpillar crane (一種履帶起重機用浮動活塞式蓄油油缸)	Utility Patent	200720064065.8	2007.08.06	2008.06.11	PRC

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132.	Inside brake oil storage type oil cylinder for caterpillar crane (一種履帶起重機用內制蓄油式油缸)	Utility Patent	200720064066.2	2007.08.06	2008.08.06	PRC
133.	Counterweight self-loading/ unloading mechanism used for truck crane (一種汽車起重機用配重自裝卸機構)	Utility Patent	200720064067.7	2007.08.06	2008.07.09	PRC
134.	Balancing and automatic loading device for crane car (汽車起重機用配重自裝卸機構)	Utility Patent	200720064070.9	2007.08.06	2008.07.09	PRC
135.	Control synchronous device of crane double-winch single hook (一種起重機雙卷揚單鉤的控制同步裝置)	Utility Patent	200720064105.9	2007.08.08	2008.08.27	PRC
136.	A support leg structure for lifting machine (一種起重機用支腿新結構)	Utility Patent	200720065034.4	2007.11.12	2008.10.29	PRC
137.	Multi-connection hydraulic control device for throttle of crane (起重機油門多聯液壓控制裝置)	Utility Patent	200720065035.9	2007.11.12	2008.08.27	PRC
138.	A rotary drilling power head with observation system (一種帶有監測系統旋挖鑽動力頭)	Utility Patent	200720076098.4	2007.11.13	2008.09.03	PRC
139.	A rotary drill with slurry liquid level automatic control device (一種帶有泥漿液位元自動控制裝置的旋挖鑽機)	Utility Patent	200720076096.5	2007.11.13	2008.10.29	PRC
140.	Cleaning vehicle with drain tank capable of turning backwards to unload (污水箱可後翻卸料的清洗車)	Utility Patent	200720065560.0	2007.12.26	2008.11.05	PRC
141.	Hydrostatic transmission grader (靜液壓傳動平地機)	Utility Patent	200820052075.4	2008.01.11	2008.12.10	PRC
142.	Auto-control raising and oscillation stop device for full hydraulic vibrating roller (一種全液壓 振動壓路機自動控制起停振裝置)	Utility Patent	200820052073.5	2008.01.11	2008.12.10	PRC
143.	Automatic protecting device of material scraping tail gate of milling machine (銑刨機刮料尾門自動保護裝置)	Utility Patent	200820052074.X	2008.01.11	2008.12.10	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
144.	Automatic shaft sleeve return mechanism (一種軸套自動回位機構)	Utility Patent	200820052143.7	2008.01.21	2008.12.10	PRC
145.	A crane shifting fork expansion pin draw-out mechanism (起重機用拔叉式伸縮銷插拔機構)	Utility Patent	200820052144.1	2008.01.21	2009.03.04	PRC
146.	Longitudinal single swing link type carrying pin mobile mechanism for crane (一種起重機用縱向單擺杆式承載銷插拔機構)	Invention	200810030520.1	2008.01.21	2010.06.02	PRC
147.	Connecting rod type interlocking mechanism for crane (一種起重機用連杆式互鎖機構)	Invention	200810030521.6	2008.01.21	2010.06.02	PRC
148.	Push-pull mechanism of horizontal dual-link bearing pin applied to crane (起重機用橫向雙連杆式承載銷插拔機構)	Utility Patent	200820052145.6	2008.01.21	2008.12.10	PRC
149.	Sliding block type mutual interlocking gear for crane (起重機用滑塊式互鎖機構)	Utility Patent	200820052146.0	2008.01.21	2008.12.10	PRC
150.	Connecting rod type interlocking mechanism for crane (起重機用連杆式互鎖機構)	Utility Patent	200820052147.5	2008.01.21	2008.12.10	PRC
151.	Vertical swing rod type bearing pin dial mechanism for crane (起重機用縱向單擺杆式承載銷插拔機構)	Utility Patent	200820052148.X	2008.01.21	2008.12.10	PRC
152.	Transverse double-connecting rod type carrying pin mobile (一種起重機用橫向雙連杆式承載銷插拔機構)	Invention	200810030518.4	2008.01.21	2010.02.10	PRC
153.	Hydraulic pressure reservoir cylinder for hoister (一種起重機用液壓蓄壓器油缸)	Utility Patent	200820052364.4	2008.02.27	2008.12.17	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
154.	A hydraulically controlled sweeping-disc self-adaptive adjusting device (一種液壓方式控制的掃盤自適應調節裝置)	Utility Patent	200820052379.0	2008.02.28	2008.12.10	PRC
155.	A multifunctional road cleaning and sweeping car (多功能清洗掃路車)	Utility Patent	200820052390.7	2008.02.29	2008.12.17	PRC
156.	Dual-purpose sweeping plate of cleaning road sweeper (清洗掃路車的兩用掃盤)	Utility Patent	200820052391.1	2008.02.29	2008.12.17	PRC
157.	Front axle hydraulic drive device of levelling machine (平地機前橋液壓驅動裝置)	Utility Patent	200820052530.0	2008.03.14	2008.12.10	PRC
158.	Comprehensive maintenance car of sewer (下水道綜合養護車)	Utility Patent	200820052616.3	2008.03.24	2008.12.24	PRC
159.	Transmission system of water ring vacuum pump used in sewer integrative maintenance car (用於下水道綜合養護車的水環真空泵傳動系統)	Utility Patent	200820052617.8	2008.03.24	2008.12.17	PRC
160.	A double-hook hoisting device for crane (一種起重機用雙鉤起吊裝置)	Utility Patent	200820052641.1	2008.03.25	2009.03.04	PRC
161.	A main arm extension detecting device for crane (一種起重機用主臂伸縮檢測裝置)	Utility Patent	200820052642.6	2008.03.25	2009.03.04	PRC
162.	A flexile guiding device of main arm of crane (一種起重機用主臂伸縮導向裝置)	Utility Patent	200820052643.0	2008.03.25	2009.03.04	PRC
163.	Material isolating device for material collection belt of milling machine (銑刨機集料皮帶隔熱裝置)	Utility Patent	200820052638.X	2008.03.25	2009.02.25	PRC
164.	Automatic steel plate polisher (鋼板自動打磨機)	Utility Patent	200820052640.7	2008.03.25	2009.02.25	PRC
165.	Boom test bed (吊臂調試台)	Utility Patent	200820052660.4	2008.03.26	2008.12.17	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
166.	A mechanism for loading and unloading counterweight of automobile crane (一種汽車起重機配重裝卸機構)	Utility Patent	200820053077.5	2008.05.07	2009.04.01	PRC
167.	A counterweight lifting mechanism of car crane (一種汽車起重機配重提升機構)	Utility Patent	200820053078.X	2008.05.07	2009.04.01	PRC
168.	A transitional balance weight mounting seat of automobile crane (一種汽車起重機過渡配重安裝室)	Utility Patent	200820053079.4	2008.05.07	2009.04.01	PRC
169.	A counterweight device of crane (一種起重機用配重裝置)	Utility Patent	200820053081.1	2008.05.07	2009.04.01	PRC
170.	A movable counterweight installing mechanism of crane (一種起重機用活動配重安裝機構)	Utility Patent	200820053082.6	2008.05.07	2009.04.01	PRC
171.	An arm tip pulley gear for crane (一種起重機用臂尖滑輪裝置)	Utility Patent	200820053083.0	2008.05.07	2009.04.01	PRC
172.	Adjustable low pressure sprinkler system of milling planer (一種銑刨機低壓灑水可調節系統)	Utility Patent	200820053076.0	2008.05.07	2009.02.25	PRC
173.	Ultimate load hydraulic control protection device of milling machine (銑刨機極限載荷液控保護裝置)	Utility Patent	200820053098.7	2008.05.09	2009.02.25	PRC
174.	Pumping mechanical distributing system capable of switching between single action and double action (可單雙作用轉換的泵送機械分配系統)	Utility Patent	200820053101.5	2008.05.09	2009.07.15	PRC
175.	Leakage-proof totally hydraulic oil tank for engineering machine (工程機械用防漏淨液壓油箱)	Utility Patent	200820053248.4	2008.05.23	2009.04.08	PRC
176.	Single-beam two-position three-dimensional workbench (單梁雙位三維工作臺)	Utility Patent	200820053251.6	2008.05.23	2008.12.05	PRC
177.	Mobile spray booth (移動式噴漆室)	Utility Patent	200820053252.0	2008.05.23	2008.12.05	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
178.	Wet-type spraying-baking booth (濕式噴烤漆房)	Utility Patent	200820053253.5	2008.05.23	2008.12.05	PRC
179.	Cutting ring for concrete pumping equipment (混凝土泵送設備用切割環)	Utility Patent	200820053249.9	2008.05.23	2009.04.15	PRC
180.	Eyeglass plate for concrete pumping device (混凝土泵送設備用眼鏡板)	Utility Patent	200820053250.1	2008.05.23	2009.04.15	PRC
181.	An integrated automatic lubricating system for engineering machinery (一種工程機械集中自動潤滑系統)	Utility Patent	200820053384.3	2008.06.06	2009.04.15	PRC
182.	Parallel connecting rod mechanism for turning device (一種用於回轉裝置的平行連杆機構)	Utility Patent	200820053473.8	2008.06.18	2009.04.08	PRC
183.	Crawler crane and jib frame (履帶吊起重機及其臂架)	Utility Patent	200820127165.5	2008.06.25	2009.07.01	PRC
184.	Door opening mechanism for garbage truck (垃圾車用開門機構)	Utility Patent	200820053715.3	2008.07.11	2009.06.03	PRC
185.	Bulge vibrating roller of road roller (壓路機凸塊振動輪)	Utility Patent	200820053776.X	2008.07.18	2009.06.10	PRC
186.	An engine mounting device for a crane (一種起重機用發動機安裝裝置)	Utility Patent	200820053993.9	2008.08.05	2009.05.20	PRC
187.	A locating structure of rotary platform and main arm pin hole (一種轉臺與主臂銷孔定位結構)	Utility Patent	200820054005.2	2008.08.07	2009.07.22	PRC
188.	Road roller and mud scraping device thereof (壓路機及其刮泥裝置)	Utility Patent	200820132490.0	2008.08.15	2009.06.17	PRC
189.	Back wheel driving device of tyre roller and tyre roller using the same (輪胎壓路機後輪驅動裝置及使用該裝置的輪胎壓路機)	Utility Patent	200820207983.6	2008.08.26	2009.07.22	PRC
190.	A slewing mechanism of lorry-mounted crane (一種隨車起重機回轉機構)	Utility Patent	200820054368.6	2008.09.04	2009.06.10	PRC
191.	A fork-type expansion pin plugging mechanism used in crane (一種起重機用撥叉式伸縮銷插拔機構)	Invention	200810030517.X	2008.01.21	2010.09.08	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
192.	Regeneration remixer with geothermy for asphalt pavement (瀝青路面就地熱再生複拌機)	Invention	200810167185.X	2008.09.28	2010.06.23	PRC
193.	Caterpillar crane balance weight auto-loading device (履帶起重機配重自裝卸機構)	Utility Patent	200820158993.5	2008.10.31	2009.09.30	PRC
194.	Oil tube reel follow-up gear of continuous wall hydraulic grab bucket (連續牆液壓抓斗油管卷盤隨動裝置)	Utility Patent	200820159117.4	2008.11.10	2009.09.23	PRC
195.	Slewing mechanism of bucket body of continuous wall hydraulic grab bucket (連續牆液壓抓斗斗體回轉機構)	Utility Patent	200820159118.9	2008.11.10	2009.09.23	PRC
196.	Double-winch synchronous action control system of continuous wall hydraulic grab (連續牆液壓抓斗雙卷揚同步動作控制系統)	Utility Patent	200820159119.3	2008.11.10	2009.09.23	PRC
197.	Front-and-back correcting device of hydraulic diaphragm wall grab (連續牆液壓抓斗前後糾偏裝置)	Utility Patent	200820159120.6	2008.11.10	2009.09.23	PRC
198.	Safety device of protecting oil pipe of continuous wall hydraulic grab bucket from explosion (連續牆液壓抓斗油管爆裂安全保護裝置)	Utility Patent	200820159116.X	2008.11.10	2009.09.23	PRC
199.	Camber-adjusting locking device of spreading machine (攤鋪機調拱鎖緊裝置)	Utility Patent	200820159451.X	2008.11.27	2009.10.28	PRC
200.	Vibration beam of electrical heating ironing plate (電加熱熨平板振搗梁)	Utility Patent	200820159454.3	2008.11.27	2009.10.28	PRC
201.	Asphalt mortar perfusion truck used for railway track (一種鐵路軌道用瀝青砂漿灌注車)	Utility Patent	200820159452.4	2008.11.27	2009.11.11	PRC
202.	Asphalt mortar grouting vehicle (瀝青砂漿灌注車)	Design	200830342024.0	2008.11.27	2010.04.21	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
203.	Bitumen mortar pouring vehicle for railway track (鐵路軌道用瀝青砂漿灌注車)	Invention	200810143740.5	2008.11.27	2010.09.15	PRC
204.	Balance arm pull rod of flat-head tower crane (平頭塔機平衡臂拉杆)	Utility Patent	200820211188.4	2008.12.31	2009.10.28	PRC
205.	Device for aerially dismantling elevator boom of flat-head tower crane (平頭塔機空中拆卸起重臂裝置)	Utility Patent	200820211187.X	2008.12.31	2009.10.28	PRC
206.	Lower supporting saddle assembly for super-large tower crane (超大型塔機用下支座組件)	Utility Patent	200820211191.6	2008.12.31	2009.10.28	PRC
207.	A lower support assembly for huge tower crane (一種超大型塔機用下支座元件)	Utility Patent	200820211198.8	2008.12.31	2009.10.28	PRC
208.	Step-changing mandril operating device for a jacking system of tower crane (塔式起重機頂升系統換步頂杠操縱裝置)	Utility Patent	200820211189.9	2008.12.31	2009.10.28	PRC
209.	Tension device of amplitude variation rope of tower crane (塔式起重機變幅繩張緊裝置)	Utility Patent	200820211190.1	2008.12.31	2009.10.28	PRC
210.	Concrete pump (混凝土泵)	Design	200830353136.6	2008.12.31	2010.03.31	PRC
211.	A synchronous lifting device in hydro-pneumatic suspension of wheel-type vehicle (一種輪式車輛油氣懸掛中的同步升降裝置)	Utility Patent	200920062858.5	2009.01.09	2009.11.04	PRC
212.	One-key stretching control device for crane (起重機用一鍵式伸縮控制裝置)	Utility Patent	200920062861.7	2009.01.09	2010.02.10	PRC
213.	Position detecting/indicating device for pin mechanism of crane (起重機插銷機構位置檢測指示裝置)	Utility Patent	200920062859.X	2009.01.09	2009.11.04	PRC
214.	J1939 bus interface circuit of chassis combination instrument of crane (起重機底盤組合儀錶J1939總線接口電路)	Utility Patent	200920062954.X	2009.01.16	2009.12.30	PRC

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215.	Opening-closing locking mechanism for sealing door (一種門密封的開關鎖緊機構)	Utility Patent	200920062950.1	2009.01.16	2010.01.13	PRC
216.	Glidingly pumping type suction nozzle spraying rod (滑移抽出式吸嘴噴杆)	Utility Patent	200920062948.4	2009.01.16	2010.01.13	PRC
217.	Road surface self-adaptive super-wide suction nozzle (路面自適應超寬吸嘴)	Utility Patent	200920062949.9	2009.01.16	2010.01.13	PRC
218.	Special sliding mould type cement concrete paver extrusion moulding device for high-speed railway (高速鐵路專用滑模式水泥混凝土攤鋪機擠壓成型裝置)	Utility Patent	200920063052.8	2009.01.21	2010.05.12	PRC
219.	Telescopic structure of main framework of slip form paver (一種滑模攤鋪主機架伸縮結構)	Utility Patent	200920063053.2	2009.01.21	2010.05.12	PRC
220.	Automatic seam cutting device of sliding mould type cement concrete pavement paver (滑模式水泥混凝土路面攤鋪機自動切縫裝置)	Utility Patent	200920063034.X	2009.01.21	2010.05.12	PRC
221.	Slipform paver (滑模攤鋪機)	Design	200930090474.X	2009.01.21	2010.05.12	PRC
222.	Helical distributing driving device of spreading machine (攤鋪機螺旋分料驅動裝置)	Utility Patent	200920063035.4	2009.01.21	2010.05.12	PRC
223.	Control system of intelligent washing and sweeping vehicle (智能化洗掃車控制系統)	Utility Patent	200920063043.9	2009.01.21	2010.01.13	PRC
224.	Multi-functional display for special purpose of engineering machinery (工程機械專用多功能顯示器)	Utility Patent	200920063044.3	2009.01.21	2009.12.23	PRC
225.	A winding drum for windlass (一種用於捲揚機的捲筒)	Utility Patent	200920063237.9	2009.02.13	2009.12.23	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
226.	A rotating speed automatic control device of engineering mechanical engine (工程機械發動機轉速自動控制裝置)	Utility Patent	200920063230.7	2009.02.13	2010.05.05	PRC
227.	Watering cart equipped with a low pressure washing device (一種裝有低壓清洗裝置的灑水車)	Utility Patent	200920063238.3	2009.02.13	2010.01.13	PRC
228.	Quick dismantling device of water spray rod of cleaning and sweeping vehicle (清洗掃路車快速拆卸噴水管)	Utility Patent	200920063236.4	2009.02.13	2010.01.13	PRC
229.	A power pin-dissembling device for crane (一種起重機用動力拆裝銷裝置)	Utility Patent	200920063263.1	2009.02.18	2009.12.30	PRC
230.	Anti-abrasion pipe for concrete-transferring (一種用於混凝土輸送的耐磨輸送管)	Utility Patent	200920063349.4	2009.02.24	2010.01.20	PRC
231.	Metering device with controllable liquid volume (液體容積可調式計量裝置)	Utility Patent	200920063403.5	2009.02.27	2009.12.9	PRC
232.	A vertical agitator for cement, asphalt and mortar (水泥瀝青砂漿立式攪拌機)	Utility Patent	200920063405.4	2009.02.27	2009.12.09	PRC
233.	An embedded can-packing asphalt heating device (嵌入式罐裝瀝青加熱裝置)	Utility Patent	200920063404.X	2009.02.27	2009.12.09	PRC
234.	Asphalt macadam synchronous sealing vehicle (一種瀝青碎石同步封層車)	Utility Patent	200920063408.8	2009.02.27	2010.05.05	PRC
235.	Ultrasonic automatic control device of asphalt spraying height (瀝青噴灑高度的超聲波自動控制裝置)	Utility Patent	200920063406.9	2009.02.27	2010.01.27	PRC
236.	Feeding, storing and counting device of solid materials (一種固體物料添料、儲存及計量的裝置)	Utility Patent	200920063407.3	2009.02.27	2010.01.27	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
237.	Dry-mixed mortar storage silo with a segregation-free device (一種帶防離析裝置的幹混砂漿儲料筒倉)	Utility Patent	200920063578.6	2009.03.11	2010.01.20	PRC
238.	Double-power device for engineering machinery (工程機械用雙動力裝置)	Utility Patent	200920063579.0	2009.03.11	2010.01.20	PRC
239.	Terminal arm support for concrete pump car (一種混凝土泵車末端臂架)	Utility Patent	200920063890.5	2009.03.27	2010.05.05	PRC
240.	Parking brake device for engineering plant (工程機械停車制動裝置)	Utility Patent	200920063943.3	2009.04.03	2010.01.27	PRC
241.	A self-returning adjusting locking mechanism of swinging frame for land leveller (平地機擺架自回位調節鎖緊機構)	Utility Patent	200920063944.8	2009.04.03	2010.01.27	PRC
242.	Device for connecting engine of land leveller with power of torque converter in transmission manner (平地機發動機與變矩器動力傳遞聯結)	Utility Patent	200920063942.9	2009.04.03	2010.05.05	PRC
243.	Mobile material-distributing vehicle (一種移動式布料車)	Utility Patent	200920064220.5	2009.04.30	2010.05.05	PRC
244.	Washing and sweeping vehicle (洗掃車)	Design	200930090757.4	2009.04.30	2010.05.12	PRC
245.	A pavement sweeper (一種路面洗掃車)	Utility Patent	200920064347.7	2009.05.11	2010.05.05	PRC
246.	Self-adapting device for parallel oil cylinder (並聯油缸自適應裝置)	Utility Patent	200920064346.2	2009.05.11	2010.05.05	PRC
247.	A stopping device for cleaning element of a concrete transferring pipe (混凝土輸送管的清洗元件止動裝置)	Utility Patent	200920153096.X	2009.05.31	2010.02.24	PRC
248.	A concrete distributing arm bracket (混凝土布料臂架)	Utility Patent	200920153100.2	2009.05.31	2010.05.19	PRC
249.	A concrete distributing arm bracket (混凝土布料臂架)	Utility Patent	200920153095.5	2009.05.31	2010.05.19	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
250.	Concrete conveying bent pipe (混凝土輸送彎管)	Utility Patent	200920153099.3	2009.05.31	2010.03.24	PRC
251.	Extensible supporting leg (伸縮支腿)	Utility Patent	200920158511.0	2009.05.31	2010.05.26	PRC
252.	Monitoring system of self-powered equipment with cantilever (具有臂架的自行設備的監控系統)	Utility Patent	200920153091.7	2009.05.31	2010.02.24	PRC
253.	A monitoring system for concrete pump truck (混凝土泵車監控系統)	Utility Patent	200920153097.4	2009.05.31	2010.02.24	PRC
254.	A concrete pumping device (混凝土泵送設備)	Utility Patent	200920153201.X	2009.05.31	2010.05.26	PRC
255.	A concrete pumping device (混凝土泵送設備)	Utility Patent	200920153098.9	2009.05.31	2010.05.19	PRC
256.	A concrete pumping unit and pumping device (混凝土泵送單元及泵送設備)	Utility Patent	200920153090.2	2009.05.31	2010.09.01	PRC
257.	Box-shaped internal stay fixture for under frame of pump truck (泵車底架箱形內撐工裝)	Utility Patent	200920064693.5	2009.06.03	2010.05.26	PRC
258.	A special tank car of transporting bulk powder lot (一種散裝粉料運輸專用罐車)	Utility Patent	200920064694.X	2009.06.03	2010.03.24	PRC
259.	Suspension arm assembling debugging wire and suspension arm assembling debugging system (吊臂組裝調試設備和吊臂組裝調試方法)	Utility Patent	200920160181.9	2009.06.19	2010.05.26	PRC
260.	Anti-separation curtain device for spiral charge distributor (螺旋布料器防離析幕簾裝置)	Utility Patent	200920305439.X	2009.07.01	2010.05.19	PRC
261.	Electrical air braking device of lifting machine (起重機電控式氣制動裝置)	Utility Patent	200920305867.2	2009.07.09	2010.06.16	PRC
262.	Sealing structure for stirring concrete and similar materials (一種用於混凝土及類似物料攪拌的密封結構)	Utility Patent	200920306855.1	2009.07.24	2010.06.02	PRC
263.	A structure of agitating vane for concrete and similar materials (一種用於混凝土及類似物料的攪拌葉片結構)	Utility Patent	200920306848.1	2009.07.24	2010.06.02	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
264.	A telescopic concrete delivery pipe (一種可伸縮混凝土輸送管)	Utility Patent	200920307517.X	2009.08.06	2010.06.02	PRC
265.	A segregation-proof dry-mixed mortar transport vehicle (一種防離析幹混砂漿運輸車)	Utility Patent	200920307529.2	2009.08.06	2010.06.02	PRC
266.	Overhead dust falling device (高空降塵裝置)	Utility Patent	200920308455.4	2009.08.20	2010.06.02	PRC
267.	Road sweeper with middle sweeping plate (具有中間掃盤的掃路車)	Utility Patent	200920308456.9	2009.08.20	2010.06.02	PRC
268.	Medial sweeping table for sweeping machine (用於掃路車的中間掃盤裝置)	Utility Patent	200920308430.4	2009.08.20	2010.06.02	PRC
269.	Spare tire rack for vehicle (車輛用備胎架)	Utility Patent	200920308460.5	2009.08.20	2010.06.02	PRC
270.	A tunnel washer (一種洗牆車)	Utility Patent	200920308595.1	2009.08.20	2010.06.02	PRC
271.	A control device for cooling fan of hydraulic system (一種液壓系統冷卻風扇控制裝置)	Utility Patent	200920311920.X	2009.09.29	2010.07.14	PRC
272.	Concrete mixer with double horizontal shaft and single helical (雙臥軸單螺帶混凝土攪拌機)	Utility Patent	200920312957.4	2009.10.21	2010.08.18	PRC
273.	Mobile cranes with hydraulic tank layout (液壓油箱佈局的流動式起重機)	Utility Patent	200920278580.5	2009.11.11	2010.09.01	PRC
274.	An auxiliary braking device for mobile crane (一種流動式起重機輔助制動裝置)	Utility Patent	200920270798.6	2009.11.26	2010.09.01	PRC
275.	Additives system for concrete mixing equipment (混凝土攪拌設備供外加劑系統)	Utility Patent	200920316215.9	2009.11.30	2010.08.18	PRC
276.	Vibrating wheel of road roller (壓路機的振動輪)	Utility Patent	200620051753.6	2006.07.25	2007.08.08	PRC
277.	A supporting and protecting device for a non-working milling machine (銑刨機停機支撐保護裝置)	Utility Patent	200820052639.4	2008.03.25	2009.02.25	PRC
278.	Main boom telescoping mechanism for crane (一種起重機用主臂伸縮機構)	Utility Patent	200820053080.7	2008.05.07	2009.04.01	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
279.	A synchronous lifting device in hydropneumatic suspension of wheel-type vehicle (輪式車輛油氣懸掛中的同步升降裝置)	Invention	200910042456.3	2009.01.09	2010.10.20	PRC
280.	Concrete truck mixer (混凝土攪拌運輸車)	Utility Patent	200920276140.6	2009.12.08	2010.09.01	PRC
281.	Fine material weighing measurement system (粉料計量系統)	Utility Patent	200920292887.0	2009.12.15	2010.09.01	PRC
282.	Boom pin mechanism and boom pin assembling and disassembling mechanism (吊臂的臂銷機構及其臂銷拆裝機構)	Utility Patent	200920292888.5	2009.12.15	2010.09.01	PRC
283.	A suspension guide mechanism for all terrain crane and its steering and non-steering axles (全路面起重機及其轉向橋和非轉向橋用懸架導向機構)	Utility Patent	200920293380.7	2009.12.21	2010.10.06	PRC
284.	Exterior design of hydraulic excavator (**ZE60E-I** 液壓挖掘機外觀造型)	Design	200930356383.6	2009.12.22	2010.09.15	PRC
285.	Exterior design of hydraulic excavator (**ZE80E-I** 液壓挖掘機外觀造型)	Design	200930356384.0	2009.12.22	2010.09.15	PRC
286.	A control mode switching device for the truck mounted concrete pump boom system (一種泵車臂架控制模式切換裝置)	Utility Patent	200920318287.7	2009.12.23	2010.09.15	PRC
287.	A closed-loop control system based on eddy current (一種基於渦流的閉環調速系統)	Utility Patent	200920318606.4	2009.12.25	2010.09.22	PRC
288.	A cement spiral-conveyer variable-frequency control system based on metric weight value (基於計量稱重值的水泥螺旋輸送機變頻控制系統)	Utility Patent	200920259862.0	2009.12.25	2010.09.22	PRC

No.	Patent	Type	Patent No.	Application Date	Grant Date	Area
289.	V-shape adjusting mechanism connected among transmission pipes of pumping equipment (泵送設備輸送管間連接的V形調整機構)	Utility Patent	200920319179.1	2009.12.30	2010.09.15	PRC
290.	A special operation guide and voice alarm system for truck mounted concrete pump (泵車專用語音操作提示、報警裝置)	Utility Patent	201020300204.4	2010.1.29	2010.09.22	PRC
291.	A follow-up control method of a vehicle rear axle electronically controlled steering wheel (車輛後橋電控轉向輪隨動控制系統)	Utility Patent	200920179234.1	2009.09.29	2010.10.20	PRC
292.	Mobile cranes, steering lock device and its center positioning cylinder (流動式起重機、轉向中位定位鎖定裝置及其中位油缸)	Utility Patent	200920293431.6	2009.12.17	2010.10.27	PRC
293.	An external gas source of the mechanical gas spring (一種外接氣源的機械式氣彈簧)	Utility Patent	200920351286.2	2009.12.29	2010.10.13	PRC
294.	Lubrication system for concrete pump, truck mounted concrete pump and trail pump (混凝土泵用潤滑系統、混凝土泵車和車載泵)	Utility Patent	200920351256.1	2009.12.29	2010.10.03	PRC
295.	A sludge transporting device used for tunneling boring machine (用於隧道掘進中的淤泥輸送設備)	Utility Patent	200920351257.6	2009.12.29	2010.10.03	PRC
296.	An independent upload power system of concrete mixer (具有獨立上裝動力系統的混凝土攪拌運輸車)	Utility Patent	201020004220.9	2010.01.20	2010.10.13	PRC

As of October 31, 2010, our subsidiaries had been granted the following patents:

No.	Owner	Patent	Type	Patent No.	Application Date	Grant Date	Area
1.	Hunan Teli	High pressure vapour cleaning head (高壓蒸汽清洗頭)	Utility Patent	200920065444.8	2009.08.04	2010.08.11	PRC
2.	Hunan Teli	Regulating device of deep hole drilling and boring centre frame (深孔鉆鏜中心架校调装置)	Utility Patent	200820159127.8	2008.11.08	2009.08.12	PRC
3.	Hunan Teli	Grabber (抓取器)	Utility Patent	200820159128.2	2008.11.8	2009.08.12	PRC
4.	Hunan Teli	Sleeve puller (拔套器)	Utility Patent	200820159129.7	2008.11.8	2009.08.12	PRC
5.	Hunan Teli	Adjustable anti-vibration floating fine boring cutter (可调防震浮动精鏜刀)	Utility Patent	200820159130.X	2008.11.8	2009.08.12	PRC
6.	Hunan Teli	Oil pipe cleaning head 油管清洗头	Utility Patent	200920063662.8	2009.03.18	2010.03.24	PRC
7.	Hunan Teli	A high speed hydraulic cylinder with zero leakage (一種高速零外泄液壓缸)	Utility Patent	201020301958.1	2010.01.29	2010.10.13	PRC
8.	Hunan Teli	Centre turnover joint (中心回轉接頭)	Utility Patent	201020301959.6	2010.01.29	2010.10.13	PRC
9.	Hunan Teli	Double-action multistage hydraulic tank (雙作用多級液壓缸)	Utility Patent	201020301960.9	2010.01.29	2010.10.13	PRC
10.	Hunan Teli	A suspension cylinder (一種懸掛油缸)	Utility Patent	201020301897.9	2010.01.29	2010.10.13	PRC
11.	Hunan Teli	A speed cylinder (一種快進油缸)	Utility Patent	201020301900.7	2010.01.29	2010.10.13	PRC
12.	Changde Hydraulic	Foot braker valve (腳制動器閥)	Utility Patent	200520050988.9	2005.06.01	2006.06.21	PRC
13.	Changde Hydraulic	Integral multipass reversal valve (整體式多路換向閥)	Design	200530048708.6	2005.08.13	2007.02.28	PRC
14.	Changde Hydraulic	Hydraulic combined operating valve (液壓組合操縱閥)	Utility Patent	200520052714.3	2005.12.08	2007.04.18	PRC
15.	Changde Hydraulic	Balance braking valve (平衡制動閥)	Utility Patent	200720064852.2	2007.10.27	2008.05.07	PRC
16.	Changde Hydraulic	Combining proportion valve with flow saturation prevention function (抗流量飽和組合比例操縱閥)	Utility Patent	200820052749.0	2008.04.01	2009.01.28	PRC

No.	Owner	Patent	Type	Patent No.	Application Date	Grant Date	Area
17.	Changde Hydraulic	Turning control assembly of hydraulic truck crane (液壓汽車起重機回轉控制總成)	Utility Patent	200820211090.9	2008.12.23	2009.09.30	PRC
18.	CIFA	Self-propelled machine for spraying of concrete (macchina semovente per la spruzzata di calcestruzzo)	Design	0000071800	1996.4.30	2001.10.26	Italy
19.	CIFA	Pispositivo safty lock drum truck mixers (Pispositivo di sicurezza per il blocco del tamburo di autobetoniere)	Utility Models	No. 0000240953	1996.10.15	2001.04.20	Italy
20.	CIFA	Concrete mixer (Mescolatore per calcestruzzo)	Utility Models	No. 000253261	2001.08.02	2004.10.18	Italy
21.	CIFA	MI2006A000774	Invention	No. IT1374215B	1996.04.19	2010.05.06	Italy
22.	CIFA	MI2006A000818	Invention	No. IT1374633B	2004.04.24	2010.05.17	Italy
23.	CIFA	MI2006A001249	Invention	No. IT1374977B	2006.06.28	2010.05.24	Italy
24.	Zoomlion Axle	Automobile brake (一種新型汽車制動器)	Utility Patent	200420068878.0	2004.10.05	2006.03.01	PRC
25.	Zoomlion Axle	Automobile main speed reducer used for motor bus (一種用於大客車的汽車主減速器)	Utility Patent	200420068877.6	2004.10.05	2006.03.01	PRC
26.	Zoomlion Earth Working	A hydraulic transmission track loader (一種液力傳動履帶裝載機)	Utility Patent	200720031151.9	2007.02.01	2008.01.09	PRC
27.	Zoomlion Earth Working	Multi-functional detachable blade for dozer (推土機用多功能分體式鏟刀)	Utility Patent	200720031152.3	2007.02.01	2008.01.09	PRC
28.	Zoomlion Material Handling	Safety shield of pipe belt conveyer (管狀帶式輸送機安全擋板)	Utility Patent	200720062308.4	2007.01.26	2007.12.26	PRC
29.	Zoomlion Material Handling	A guiding trough of tubular belt-type conveyor (一種管狀帶式輸送機用的導料槽)	Utility Patent	200720062624.1	2007.03.02	2008.02.13	PRC

No.	Owner	Patent	Type	Patent No.	Application Date	Grant Date	Area
30.	Zoomlion Special Vehicle	Bidirectional stop stroke valve (雙向截 止行程閥)	Utility Patent	200920064221.X	2009.04.30	2010.01.13	PRC
31.	Zoomlion Special Vehicle	An independent braking and cooling system for driving axle (驅動橋獨立制動冷卻系統)	Utility Patent	200920316573.X	2009.12.04	2010.09.15	PRC
32.	Zoomlion Special Vehicle	A damping device for steering axle (一種轉向橋的減震裝置)	Utility Patent	200920316580.X	2009.12.04	2010.09.01	PRC
33.	Zoomlion Special Vehicle	Heavy-duty wrecker rope rolling device (重型清障車壓繩機構)	Utility Patent	200920317338.4	2009.12.14	2010.09.01	PRC
34.	Zoomlion Special Vehicle	A vertical oil cylinder with mounting height adjustable system (一種安裝高度可調的垂直油缸)	Utility Patent	200920317335.0	2009.12.14	2010.09.01	PRC
35.	Zoomlion Special Vehicle	Detachable and adjustable working bucket device (一種拆裝式可調工作斗裝置)	Utility Patent	200920353572.2	2009.12.29	2010.09.01	PRC
36.	Zoomlion Hardware	Cab of the lifting crane (塔式起重機司機室)	Design	201030115844.3	2010.03.01	2010.08.11	PRC
37.	Zoomlion Hardware	Engine shield of truck crane (汽車起重機發動機罩)	Design	201030127786.6	2010.03.21	2010.08.25	PRC

According to PRC laws, a granted utility or a granted design has a validity period of ten years from the date of its application and a granted invention has a validity period of twenty years from the date of its application. According to Italian laws, a design, which was granted before the modification of Italian law on Designs in 2001, has a validity period of 15 years from the date of its application. A design, which was granted after 2001 has a validity period of 5 years from the date of its application, and it can be renewed up to 5 times (with maximum duration of 25 years). A granted innovation has a validity period of 20 years from the date of its application and a granted utility model has a validity period of 10 years from the date of its application.

As of October 31, 2010, our Group had applied for 176 patents of which 35 patents had been publicized, the information of which are set forth below:

No.	Name of applicant	Patent	Application Date	Application Number	Type	Area
1.	CIFA	Truck-pump for concrete as enhanced extension of the supply articulated arm for and shape comprised in the limits set by the European rules for the free circulation on the street (pompa autocarrata per il calcestruzzo come estensione maggiorata del braccio articolato di erogazione e sagoma compresa nei limiti previsti dalla normativa europea per la libera circolazione su strada)	2006.04.20	MI2006U000141	Utility Patent	Italy
2.	Our Company	In-place heat regeneration asphalt pavement remixer	2008.09.28	112008001749.2	Invention	Germany
3.	Our Company	Self-locking device for telescopic arm of crane (起重機伸縮吊臂自鎖裝置)	2005.03.18	200510031339.9	Invention	PRC
4.	Our Company	Rod type load-bearing pin push-pull mechanism for crane (起重機用連杠式承載銷插拔機構)	2006.12.28	200610136973.3	Invention	PRC
5.	Our Company	A hydrostatic drive motor grader (一種靜液壓平地機)	2008.01.11	200810030462.2	Invention	PRC
6.	Our Company	A sliding block interlock mechanism for crane (一種起重機用滑塊式互鎖機構)	2008.01.21	200810030519.9	Invention	PRC
7.	Our Company	Clearing plate with self-adapting adjusting device (具有自適應調整裝置的掃盤)	2008.02.29	200810030728.3	Invention	PRC
8.	Our Company	Arm lubricating process (一種吊臂潤滑工藝)	2008.10.24	200810143410.6	Invention	PRC
9.	Our Company	Suspension arm assembling debugging wire and suspension arm assembling debugging system (吊臂組裝調試設備和吊臂組裝調試方法)	2009.06.19	200910148245.8	Invention	PRC
10.	Our Company	Method and apparatus for debugging rotating platform of crane (起重機轉臺調試發放及調試設備)	2009.06.19	200910148246.2	Invention	PRC

No.	Name of applicant	Patent	Application Date	Application Number	Type	Area
11.	Our Company	Crawler crane and jib frame (履帶吊起重機及其臂架)	2009.07.02	200910148743.2	Invention	PRC
12.	Our Company	Crawler chassis and machines with such chassis (履帶式底盤及具有該底盤的工程機械)	2009.07.31	200910151650.5	Invention	PRC
13.	Our Company	Steel wire clamp structure and cranes with such structure (鋼絲繩楔套連接裝置及具有該裝置的起重機)	2009.08.05	200910161878.2	Invention	PRC
14.	Our Company	Speed regulation system of tower crane series reactor (塔機串接電抗器調速系統)	2009.08.31	200910306376.4	Invention	PRC
15.	Our Company	Method and apparatus for detecting stability of crane (檢測起重機穩定性的方法和裝置)	2009.09.14	200910173845.X	Invention	PRC
16.	Our Company	Follow-up control method and control system of electric control steering wheel of vehicle rear axle (車輛後橋電控轉向輪隨動控制方法及控制系統)	2009.09.29	200910178574.7	Invention	PRC
17.	Our Company	Optimized control method and control system for track of single-cylinder pin telescopic boom (單缸插銷式伸縮臂軌跡的優化控制方法及控制系統)	2009.09.29	200910178572.8	Invention	PRC
18.	Our Company	Leg gap regulating device (支腿間隙調整裝置)	2009.09.30	200910177338.3	Invention	PRC
19.	Our Company	A spare tyre lifting device and engineering vehicle (帶導軌的備胎升降機構)	2009.11.19	200910221880.4	Invention	PRC
20.	Our Company	Arm pin mechanism of suspension arm and arm pin demounting and mounting mechanism (吊臂的臂銷機構及其臂銷拆裝機構)	2009.12.15	200910250561.6	Invention	PRC
21.	Our Company	Flow type crane, turning neutral-position locating locking device and neutral-position oil cylinder thereof (流動式起重機、轉向中位定位鎖定裝置及其中位油缸)	2009.12.17	200910260924.4	Invention	PRC

No.	Name of applicant	Patent	Application Date	Application Number	Type	Area
22.	Our Company	Mechanical air spring (一種外接氣源的機械式氣彈簧)	2009.12.29	200910265335.5	Invention	PRC
23.	Our Company	Connecting structure and connecting method for tower type crane jacking oil cylinder and upper beam (塔式起重機頂升油缸和上橫樑的連接結構及連接方法)	2009.12.29	200910265325.1	Invention	PRC
24.	Our Company	Lifting hook top impacting protecting device of tower-type crane variable amplitude trolley (塔式起重機變幅小車的吊鉤沖頂防護裝置)	2009.12.29	200910265351.4	Invention	PRC
25.	Zoomlion Special Vehicle	Detachable working hopper device (拆裝式可調工作斗裝置)	2009.12.29	200910260797.8	Invention	PRC
26.	Our Company	Material hopper with floating-vibrating sieve frame and thickened material pumping device (具有浮震篩框的料斗和稠性體泵送設備)	2010.01.20	201010002643.1	Invention	PRC
27.	Changde Hydraulic	A multi-way reversal valve with two-position two way hydraulic controlled valve (帶二位二通液控閥的下車多路換向閥)	2010.03.21	201010134475.1	Invention	PRC
28.	Our Company	Precise stroke control method and stroke control device for tandem oil cylinder (串聯油缸的精確的行程控制方法及行程控制裝置)	2010.03.24	201010140160.8	Invention	PRC
29.	Our Company	Control system, control method and electric control system for combined movement of concrete placing boom (混凝土布料設備臂架複合運動控制系統、方法和電控系統)	2010.03.26	201010155584.1	Invention	PRC
30.	Our Company	A concrete material placing device with boom emergent drive function (具有臂架應急驅動功能的混凝土布料設備)	2010.03.26	201010155575.2	Invention	PRC
31.	Our Company	Composite cylinder and garbage compressor (複合油缸及其垃圾壓縮機)	2010.04.07	201010140960.X	Invention	PRC
32.	Our Company	Hybrid electric cleaning vehicles (混合動力電動清洗車)	2010.04.07	201010140941.7	Invention	PRC

No.	Name of applicant	Patent	Application Date	Application Number	Type	Area
33.	Our Company	The combustion chamber structure paver (攤鋪機的燃燒室結構)	2010.04.08	201010141695.7	Invention	PRC
34.	Our Company	Paver (攤鋪機)	2010.04.08	201010141692.3	Invention	PRC
35.	Our Company	Two-way garbage compressor (雙向垃圾壓縮機)	2010.05.13	201010171016.0	Invention	PRC

(c) Domain Name

As of November 30, 2010, we were the registered proprietor of the following international top-level domain names:

No	Registered Owner	Domain name	Registration Date	Expiry Date
1.	Our Company	zoomlion.com	2001.06.28	2015.06.29
2.	Our Company	zlzk.com	2002.06.11	2011.06.11
3.	Our Company	zljt.com	1998.02.06	2011.02.05
4.	Our Company	mjjz.com	2003.12.19	2012.12.19
5.	Our Company	hnsawing.com	2007.06.28	2012.06.28
6.	Our Company	jsjlb.net	2007.06.28	2012.06.28
7.	Our Company	zljt.mobi	2008.09.04	2012.09.26
8.	Our Company	zoomlion.mobi	2008.09.04	2012.09.27
9.	Our Company	中联重科.com	2008.11.25	2013.11.25
10.	Our Company	中联重科.net	2007.06.28	2012.06.28
11.	Our Company	中联集团.net	2007.06.28	2012.06.28
12.	Our Company	中联重工.com	2007.06.28	2012.06.28
13.	Our Company	中联重工net	2007.06.28	2012.06.28
14.	Our Company	中联浦沅.com	2007.06.28	2012.06.28
15.	Our Company	浦沅集团.com	2007.06.28	2012.06.28
16.	Our Company	浦沅.net	2007.06.28	2012.06.28
17.	Our Company	中联浦沅.net	2007.06.28	2012.06.28
18.	Our Company	中标环卫.net	2007.06.28	2012.06.28
19.	Our Company	中标环卫.com	2007.06.28	2012.06.28
20.	Our Company	中标.net	2007.06.28	2012.06.28
21.	Our Company	湖南机床.com	2007.06.28	2012.06.28
22.	Our Company	湖南机床.net	2007.06.28	2012.06.28
23.	Our Company	湖南机床厂.com	2007.06.28	2012.06.28
24.	Our Company	湖南机床厂.net	2007.06.28	2012.06.28

As of November 30, 2010, we were the registered proprietor of the following national top-level domain names in the PRC:

No	Registered Owner	Domain name	Registration Date	Expiry Date
1.	Our Company	中联重科.中国	2008.07.23	2013.07.23
2.	Our Company	中联重工.中国	2007.04.02	2012.04.02
3.	Our Company	中联重科.网络	2007.06.28	2012.06.28
4.	Our Company	中联重工.公司	2007.06.28	2012.06.28
5.	Our Company	中联集团.公司	2007.06.28	2012.06.28
6.	Our Company	中联重工.网络	2007.06.28	2012.06.28
7.	Our Company	中联集团.网络	2007.06.28	2012.06.28
8.	Our Company	中联浦沅.公司	2007.06.28	2012.06.28
9.	Our Company	浦沅.网络	2007.06.28	2012.06.28
10.	Our Company	浦沅集团.cn	2007.06.28	2012.06.28
11.	Our Company	中联浦沅.cn	2007.06.28	2012.06.28
12.	Our Company	浦沅.公司	2007.06.28	2012.06.28
13.	Our Company	中联浦沅.网络	2007.06.28	2012.06.28
14.	Our Company	浦沅集团.网络	2007.06.28	2012.06.28
15.	Our Company	浦沅集团.公司	2007.06.28	2012.06.28
16.	Our Company	湖机.公司	2007.06.28	2012.06.28
17.	Our Company	湖南机床厂.cn	2007.06.28	2012.06.28
18.	Our Company	湖南机床厂.公司	2007.06.28	2012.06.28
19.	Our Company	湖南机床厂.网络	2007.06.28	2012.06.28
20.	Our Company	中标环卫.网络	2007.06.28	2012.06.28
21.	Our Company	中标.公司	2007.06.28	2012.06.28
22.	Our Company	中标.网络	2007.06.28	2012.06.28
23.	Our Company	中标环卫.公司	2007.06.28	2012.06.28
24.	Our Company	中标环卫.cn	2007.06.28	2012.06.28
25.	Our Company	zoomlion.cn	2003.03.17	2011.03.17
26.	Our Company	zoomlion.com.cn	2000.04.28	2011.04.28
27.	Our Company	zlzk.com.cn	2000.04.28	2011.07.28
28.	Our Company	zlzk.cn	2003.03.17	2011.03.17
29.	Our Company	zljt.com.cn	2003.06.05	2011.06.05
30.	Our Company	zljt.cn	2003.06.05	2011.06.05
31.	Our Company	zlhis.com.cn	2001.08.03	2011.08.03
32.	Our Company	zlhis.cn	2003.03.17	2011.03.17
33.	Our Company	0157.cn	2003.03.17	2011.03.17
34.	Our Company	机手俱乐部.cn	2007.06.28	2012.06.28

As of November 30, 2010, our subsidiaries had registered the following domain names:

No	Registered Owner	Domain name	Registration Date	Expiry Date
1.	CIFA S.p.A.	cifa.it	1997.03.11	2011.07.31
2.	CIFA Centro S.r.L.	cifacentro.it	2007.02.05	2011.02.05
3.	VALME S.R.L.	Valme.it	2009.09.29	2011.09.29

4. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' service agreements

Each of the Directors and Supervisors is proposed to enter into a service agreement with our Company on December 1, 2010 in compliance with relevant laws and regulations, the Articles of Association and the relevant regulations of arbitration. Each service agreement is for an initial term of three years commencing on July 22, 2010. None of the Directors or Supervisors has entered into a service agreement with our Group other than a service agreement expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation).

B. Directors' and Supervisors' remuneration

(a) Directors

The aggregate remuneration paid and benefits in kind granted to the Directors for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 were approximately RMB1,592,000, RMB1,663,000, RMB2,898,000 and RMB1,072,000, respectively. No other emoluments have been paid or are payable, in respect of the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 by us to the Directors.

Under the existing arrangements currently in force, the aggregate remuneration payable and benefits in kind granted to the Directors for the year ending December 31, 2010 is estimated to be approximately RMB3,380,000.

(b) Supervisors

The aggregate remuneration paid and benefits in kind granted to the Supervisors for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 were approximately RMB1,411,000, RMB1,417,000, RMB2,349,000 and RMB1,162,000 respectively. No other emoluments have been paid or are payable, in respect of the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 by us to the Supervisors.

Under the existing arrangements currently in force, the aggregate remuneration payable and benefits in kind granted to the Supervisors for the year ending December 31, 2010 is estimated to be approximately RMB1,870,000.

5. DISCLOSURE OF INTERESTS

A. Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as the Directors, the Supervisors, the chief executive of the Company are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons, not being a Director, Supervisor or chief executive of our Company, are expected to have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interest in the Shares of our Company

Name	Nature of interest	Class of Shares	Number of Shares	Approx. % of interest in our Company
Hunan SASAC(1)	Beneficial	A Shares	972,082,934	16.8
Good Excel(2)	Beneficial	A Shares	363,634,100	6.3
Changsha Hesheng(3)	Beneficial	A Shares	303,199,961	5.2
Rise Honour Investments Limited(2)	Interest in controlled corporation	A Shares	503,710,717	8.7
Hony Capital II L.P.(2)	Interest in controlled corporation	A Shares	503,710,717	8.7
Hony Capital G.P. Ltd.(2)	Interest in controlled corporation	A Shares	503,710,717	8.7
Legend Holdings Limited(2),(4)	Interest in controlled corporation	A Shares	635,285,717	11.0

Notes:

(1) Pursuant to the *Interim Measures of the State Council on the Management of Reduction of the State-owned Shares for Raising of Social Security Funds*, our state-owned Shareholder, Hunan SASAC shall transfer 83,732,408 A Shares (assuming the Over-allotment Option is not exercised), or 96,292,268 A Shares (assuming the Over-allotment Option is exercised) directly held by it to the NSSF. Such A Shares shall be converted into H Shares immediately following the completion of this Global Offering.

(2) Good Excel and Real Smart are interested in 363,634,100 and 140,076,617 A Shares, respectively. Good Excel and Real Smart each is a 67.71% owned subsidiary of Rise Honour Investments Limited, a company incorporated in the British Virgins Islands with limited liability, Rise Honour Investments Limited in turn is controlled by Hony Capital II L.P.. Hony Capital II L.P. is a Cayman Islands exempted limited partnership and is controlled by its general partner Hony Capital II G.P. Ltd, Hony Capital II G.P. Ltd. is ultimately owned by Legend Holdings Limited. Legend Holdings Limited is an investment holding company established in the PRC and with its subsidiaries primarily engaged in information technology, equity investment and real estate investment. Good Excel and Real Smart together hold in aggregate 503,710,717 Shares in our Company, representing approximately 8.7% of our entire issued share capital immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised. Each of Rise Honour Investments Limited, Hony Capital II L.P., Hony Capital G.P. Ltd and Legend Holdings Limited is deemed to be interested in the Shares held by Good Excel and Real Smart.

(3) Changsha Hesheng is an investment entity controlled and owned by the management of the Group.

(4) Legend Holdings Limited is deemed to be interested in the 131,575,000 A Shares held by Hony Capital Fund I (Tianjin), L.P.

(b) Interest in our subsidiaries

So far as the Directors were aware, the following persons (who are independent of the Directors, Supervisors and Substantial Shareholders) are expected to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries immediately following the completion of the Global Offering:

Name of Subsidiary	Person with 10% or more Interest (other than us)	Approx.% of that Person's Interest
Zoomlion Material Handling	Changsha Fengde Investment Management Consultant Firm	15
Zoomlion Hardware	Guanxi Xiangrui	24.4
Hunan Teli	Liao Julin (廖巨林)	11.8
Zoomlion Axle	Dongfeng Motor	15.1
Changde Hydraulic	Zhang Xinquan (張新權)	10
Zhongchen Steel Engineering	Li Honghu (李洪虎)	29
Puyuan Engineering Machinery Head Factory Shanghai Branch Factory	Shanghai Rongcheng Assets Operation Co., Ltd.	32.6
Xiangfan Bangle Axle Co., Ltd.	Shanghai Jiahua Investment Co., Ltd.	49
Zoomlion Ziyang	Nanjun Automobile	49
Suzhou Bangle Automobile Axle Co., Ltd.	Chengdu Anda Special Vehicle Co., Ltd.	39.5

Save as disclosed above, but without taking into account any H Shares that may be taken up under the Global Offering and any H Shares that may be issued and allotted pursuant to the exercise of the Over-allotment Option, the Directors are not aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries.

B. Interests and short positions of our Directors in the share or debenture capital of our Company or associated corporations

Save as disclosed below, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), none of the Directors, Supervisors and chief executive of our Company will have an interest or short position in the shares, underlying shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the H Shares are listed on the Hong Kong Stock Exchange.

Name of Director / Supervisor	Nature of Interest	Class of Shares	Number of Shares	Approx. % of interest in our Company
Dr. Zhan Chunxin	beneficial	A Share	202,400	0.0035
Mr. Liu Quan	beneficial	A Share	145,475	0.0025
Mr. Liu Chi	beneficial	A Share	106,700	0.0018
Mr. Luo Anping	beneficial	A Share	106,427	0.0018

C. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or Supervisors or any of the parties listed in paragraph 6E of this Appendix IX is interested in the promotion of our Company, or in any assets which have, within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(b) none of the Directors or Supervisors is materially interested in any contract of arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(c) save in connection with the Underwriting Agreements or as otherwise disclosed in paragraph K of this Appendix IX, none of the parties listed in paragraph 6E of this Appendix IX:

(i) is interested legally or beneficially in the shares of any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(d) save as disclosed under the paragraph headed “Further Information About the Directors and Supervisors” above, there are no existing or proposed service agreements (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensations) between any member of our Group and any Director or Supervisor;

(e) none of the Directors or Supervisors or their respective associates or any of the Shareholders (who to the knowledge of the Directors owns more than 5% of our issued share capital) has any interest in any of our five largest suppliers and our five largest customers;

(f) none of the Directors or Supervisors is a director or employee of a company which has an interest in our Shares and underlying Shares, which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed to us pursuant to Division 2 and 3 of Part XV of the SFO; and

(g) no amount or benefit has been paid or given within the two years preceding the date of this prospectus to the promoter nor is any such amount or benefit intended to be paid or given.

None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business.

6. OTHER INFORMATION

A. Estate Duty

The Directors have been advised that no material liability for estate duty under the PRC law is likely to fall on any member of our Group.

B. Litigation

Save as disclosed in the paragraph headed "Legal Proceedings and Compliances" in the section headed "Business" in this prospectus, as of the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings of material importance, and no such other litigation, arbitration or administrative proceedings was known to the Directors to be pending or threatened against any member of our Group.

C. Application for listing

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

D. Preliminary expenses

The estimated preliminary expenses were approximately HK$1.0 million and were paid or payable by us.

E. Qualifications of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Goldman Sachs (Asia) L.L.C.	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities as defined under the SFO
Fangda Partners	PRC legal advisors
Studio Legale Bird & Bird	Italian legal advisors
KPMG	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Property valuers

F. No material adverse change

The Directors have confirmed that there has been no material adverse change in our financial or trading position since June 30, 2010.

G. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

H. Consents

Each of China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., Fangda Partners, Studio Legale Bird & Bird, KPMG and Jones Lang LaSalle Sallmanns Limited has given and has not withdrawn their respective written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

I. Promoters

The promoters of our Company are Research Institute, Zhongbiao, Beijing Ruixinjian Technology Development Co., Ltd. (北京瑞新建技術開發有限公司), Beijing Zhongli Sida Technology

Development Co., Ltd. (北京中利四達科技開發有限公司), Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd (廣州黃埔中聯建設機械產業有限公司), and Guangzhou Tianhe District Xinyitong Machinery Equipment Co., Ltd (廣州市天河區新怡通機械設備有限公司). Within the two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

J. Financial Advisor

The Company has appointed China International Capital Corporation Hong Kong Securities Limited ("CICC") as the sole financial advisor in relation to the Global Offering. The appointment of CICC is at the Company's own initiative and not a requirement under the Listing Rules and is separate and distinct from the appointment of being a Joint Sponsor.

Under the terms of the engagement, the principal functions performed by CICC in its capacity as the sole financial advisor includes advising on:

- selection of capital market;
- deal structuring;
- appointment of professional advisors;
- preliminary issues relating to potential offering and listing; and
- matters arising in connection with the Company's existing listing of A Shares on the Shenzhen Stock Exchange.

CICC is acting as one of the Joint Sponsors in the Company's listing application and takes full responsibility in performing their duties in accordance with the Listing Rules. The role of being a financial advisor is different from the role of being a Joint Sponsor who (i) is required by the Listing Rules to be appointed to assist with the Company's initial application for the Listing; (ii) must be acceptable to the Stock Exchange; (iii) must perform its duties in accordance with the Listing Rules with impartiality; and (iv) must be independent from the Company. CICC in its capacity as the financial advisor and in its capacity as a Joint Sponsor has discharged its respective duties independently from different roles and perspectives. Further, CICC as a Joint Sponsor has not relied on the work it has performed in its role as the financial advisor and vice versa.

K. Joint Sponsors' Interest in the Company

China International Capital Corporation Limited, the ultimate holding company of CICC and an associate of CICC (as defined in the Listing Rules), holds approximately 0.001% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.00097% of the issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 0.00095% of the issued share capital of the Company immediately after the Global Offering (assuming the

Over-allotment Option is exercised in full). CICC remains impartial and independent as a Joint Sponsor and satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The CICC Group holds directly or indirectly less than 5% of the issued share capital of the Company whether before or after the Global Offering. CICC also confirms that none of the other factors affecting independence as specified in Listing Rule 3A.07 is applicable to CICC.

GS Hony Holdings I Ltd holds approximately 12.77% of the total issued share capital of ZoomlionCifa (Hong Kong), a subsidiary of the Company, as at the Latest Practicable Date. GS Hony Holdings I Ltd, an associate of Goldman Sachs (Asia) L.L.C., is regarded as a member of the sponsor group of Goldman Sachs (Asia) L.L.C. as defined in the Listing Rules. Accordingly, Goldman Sachs (Asia) L.L.C. does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

L. Compliance Advisor

We will appoint Anglo Chinese as our compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

M. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

N. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within the two years preceding the date of this prospectus, no share or loan capital of any member of our Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no member of our Group has issued or agreed to issue any founder shares, management shares or deferred shares;

(iv) within the two years preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any of the shares or loan capital or any of our subsidiaries; and

(v) none of our equity and debt securities is listed or dealt in on any other stock exchange nor is any listing or permission to deal in such securities being or proposed to be sought.

(b) We have no outstanding convertible debt securities.

O. Taxation of holders of H Shares

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale, purchase and transfer of the H Shares. The duty is charged at the current rate of HK$1.00 for every HK$1,000.00 of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the Application Forms;

(b) the written consents referred to in the appendix headed "Appendix IX—Statutory and General Information—Other Information—Consents" of this prospectus; and

(c) a copy of each of the material contracts referred to in the appendix headed "Appendix IX—Statutory and General Information—Further Information about the Business—Summary of material contracts" of this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Norton Rose Hong Kong at 38/F Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- the Articles of Association;
- the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;
- the Independent Review Report prepared by KPMG on the unaudited interim financial information of our Company, the text of which is set out in Appendix II to this prospectus;
- the report on the unaudited pro forma financial information of our Company prepared by KPMG, the text of which are set out in Appendix III to this prospectus;
- the letters relating to the profit forecast of our Company prepared by KPMG and the Joint Sponsors respectively, the text of which is set out in Appendix IV to this prospectus;
- the letter, summary of values and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix V;
- the material contracts referred to in the appendix headed "Appendix IX—Statutory and General Information—Further Information about the Business—Summary of material contracts" to this prospectus;
- the written consents referred to in the appendix entitled "Appendix IX—Statutory and General Information — Other Information — Consents" to this prospectus;
- the service contracts referred to in the appendix entitled "Appendix IX—Statutory and General Information—Further Information about the Directors and Supervisors—Particulars of Directors' and Supervisors' service agreements" to this prospectus;

- the PRC legal opinions issued by Fangda Partners, the PRC legal advisors of our Company in respect of certain aspects of our Group and the property interests of our Group in the PRC;
- the PRC Company Law, the Special Regulations and the Mandatory Provisions together with unofficial English translation thereof; and
- the Italian legal opinion issued by Studio Legale Bird & Bird, the Italian legal advisers of our Company in respect of certain aspects of our Group in Italy.

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