
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H shares in Zoomlion Heavy Industry Science and Technology Co., Ltd.*, you should at once hand this circular and the accompanying proxy form and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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ZOOMLION
中 联 重 科

Zoomlion Heavy Industry Science and Technology Co., Ltd.*
中聯重科股份有限公司

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

(Stock Code: 1157)

- (1) PROPOSED DIVIDENDS**
(2) RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR
(3) APPLICATION TO FINANCIAL INSTITUTIONS
FOR GENERAL CREDIT FACILITIES
(4) PROVISION OF GUARANTEE LIMIT FOR THE COMMENCEMENT
OF FINANCE LEASING BUSINESS
(5) PROVISION OF GUARANTEE LIMIT FOR THE MORTGAGE-RELATED BUSINESS
(6) ENGAGEMENT IN BUSINESS RELATING TO BANKER'S ACCEPTANCE
SECURED BY GOODS
(7) PROVISION OF GUARANTEE TO THE SUBSIDIARIES OF THE COMPANY
(8) CARRYING OUT OF LOW RISK INVESTMENT AND FINANCIAL MANAGEMENT
(9) DEVELOPMENT OF FINANCIAL DERIVATIVES BUSINESS
AND
(10) NOTICE OF ANNUAL GENERAL MEETING
-

A notice convening the Annual General Meeting of Zoomlion Heavy Industry Science and Technology Co., Ltd. to be held at Multi-function Conference Room, Company Office Building, No. 361, Yin Pen South Road, Changsha City, Hunan Province, the PRC on Friday, 9 June 2017 at 2:00 p.m. is set out on pages 34 to 38 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of the Annual General Meeting and to complete and return the enclosed proxy forms, in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in person or by post not less than 24 hours before the time stipulated for convening the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the Annual General Meeting or at any adjourned meeting if you so wish.

If you intend to attend the Annual General Meeting in person or by proxy, you are required to complete and return the respective reply slip to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) on or before Saturday, 20 May 2017.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Multi-function Conference Room, Company Office Building, No. 361, Yin Pen South Road, Changsha City, Hunan Province, the PRC at 2:00 p.m. on Friday, 9 June 2017
“Articles”	the articles of association of the Company, as amended from time to time
“A Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in RMB
“A Shareholder(s)”	Holder(s) of the A Share(s)
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	中聯重科股份有限公司 (Zoomlion Heavy Industry Science and Technology Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability
“Director(s)”	director(s) of the Company
“Dividends”	proposed final dividend of RMB0.15 (inclusive of tax) payable in cash for every outstanding Shares on the basis of the total share capital of 7,664,132,250 Shares of the Company for the year ended 31 December 2016
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholders(s)”	holder(s) of the H Shares
“H Share Record Date”	Tuesday 7, 20 June 2017, the time determined by the Board for determining the H Shareholders’ entitlements to the Dividends
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	20 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s), or the context requires, either of them
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Board”	the Supervisory Board of the Company
“Zoomlion Heavy Machinery”	Zoomlion Heavy Machinery Co., Ltd.* (中聯重機股份有限公司)
“Zoomlion Industrial Vehicles”	Zoomlion Heavy Industrial Science and Technology Anhui Industrial Vehicles Co., Ltd.* (中聯重科安徽工業車輛有限公司)

* *For identification purpose only*

LETTER FROM THE BOARD

ZOOMLION
中 联 重 科

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

中聯重科股份有限公司

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

(Stock Code: 1157)

Members of the Board

Chairman and Executive Director:

Dr. ZHAN Chunxin

Non-executive Directors:

Mr. HU Xinbao

Mr. ZHAO John Huan

Independent Non-executive Directors:

Mr. ZHAO Songzheng

Mr. LAI Kin Keung

Ms. LIU Guiliang

Mr. Yang Changbo

Registered Office

No. 361, Yin Pen South Road,
Changsha City, Hunan Province,
The PRC

Dear Shareholders,

- (1) PROPOSED DIVIDENDS**
(2) RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR
(3) APPLICATION TO FINANCIAL INSTITUTIONS
FOR GENERAL CREDIT FACILITIES
(4) PROVISION OF GUARANTEE LIMIT FOR THE COMMENCEMENT
OF FINANCE LEASING BUSINESS
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(7) PROVISION OF GUARANTEE TO THE SUBSIDIARIES OF THE COMPANY
(8) CARRYING OUT OF LOW RISK INVESTMENT AND FINANCIAL MANAGEMENT
(9) DEVELOPMENT OF FINANCIAL DERIVATIVES BUSINESS
AND
(10) NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular, to which this letter forms a part of, is to give you notice of the AGM and to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

At the AGM, ordinary resolutions will be proposed to consider and approve, among others, (1) the report of the Board of Directors for the year 2016; (2) the report of the Supervisory Board of the Company for the year 2016; (3) the report of settlement accounts of the Company for the year 2016; (4) the full text and the summary of the annual report of A Shares of the Company for the year 2016; (5) the annual report of H shares of the Company for the year 2016; (6) the profit distribution plan of the Company for the year 2016; (7) the re-appointment of the Company's international and domestic auditors for the year 2017; (8) the application to financial institutions for general credit facilities; (9) provision of guarantee limit for the commencement of finance leasing business; (10) provision of guarantee limit for the commencement of mortgage business; (11) the authorization to Zoomlion Industrial Vehicles to engage in business relating to banker's acceptance secured by goods; (12) the authorization to Zoomlion Heavy Machinery to engage in business relating to banker's acceptance secured by goods; (13) the proposed provision of a guarantee with a maximum amount of equivalent to RMB9.83 billion by the Company for 23 subsidiaries; (14) the carrying out of low risk investment and financial management by the Company with maximum investment amount of RMB4 billion; and (15) development of financial derivatives business by the Company with a principal of not more than RMB9 billion. The notice of AGM is set out in pages 34 to 38 of this circular.

2. PROPOSED DIVIDENDS

(a) Proposed Dividends

A ordinary resolution will be proposed at the AGM to consider and, if thought fit, to approve the declaration and payment of the Dividends for every outstanding Shares held by the Shareholders whose names appear on the Shareholders' registers of the Company at the close of business on the respective record dates for the A Shareholders and the H Shareholders. Based on a total of 7,664,132,250 Shares in issue for the year ended 31 December 2016 (comprising a total of 6,275,925,164 A Shares and a total of 1,388,207,086 H Shares) and assuming no change in the total number of the A Shares and the H Shares, respectively, during the period from 31 December 2016 to the respective record dates for the A Shareholders and the H Shareholders, as at the Latest Practicable Date, the Company has a total of 7,664,132,250 Shares in issue. The Dividends in the total amount of RMB1,150 million (inclusive of tax) for every outstanding Shares will be paid to the Shareholders whose names appear on the Shareholders' registers at the close of business on the respective record dates for the A Shareholders and the H Shareholders.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold 10% corporate income tax before distributing the 2016 Dividends to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Cash dividend payable to H Share non-resident enterprises after the deduction of the said corporate income tax is RMB0.135 per share (for reference only). Cash dividend payable to the shareholder of H Shares will be paid in Hong Kong dollars.

Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual shareholders who invest in H Shares through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the final dividend. For domestic shareholders who are securities investment funds

LETTER FROM THE BOARD

investing in H Shares through Shenzhen-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the final dividend. For domestic enterprise shareholders who invest in H Shares through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay enterprise income tax on their behalf in the distribution of the final dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from enterprise income tax.

The Company assumes no responsibility and will not entertain any claims arising from any delay in, or inaccurate, determination of the status of the shareholders or any dispute over the mechanism of withholding. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

(b) Closure of H Share register of members

The H Share register of members of the Company will be closed from Thursday, 15 June 2017 to Tuesday, 20 June 2017 (both days inclusive) for the purpose of determining H Share Shareholder's entitlement to the Dividends, during which period no transfer of shares will be registered. In order to be entitled to the Dividends, all transfer documents, accompanied by the relevant share certificates, must be lodged by the H Shareholders with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 14 June 2017.

The relevant resolution regarding the proposed dividend can be found under the ordinary resolution numbered 6, as provided in the notice of AGM.

3. RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR

Baker Tilly China Certified Public Accountants Co., Ltd. and KPMG were appointed as the domestic auditor and international auditor in the annual general meeting of the Company held on 29 June 2016. An ordinary resolution would be proposed on the AGM to approve the re-appointment of Baker Tilly China Certified Public Accountants Co., Ltd. and KPMG as the domestic auditor and international auditor of the Company for the year 2017 respectively for a term of office until the next annual general meeting, and authorize the management of the Company to determine their audit fees. For the year ended 31 December 2016, the audit fee and the internal control audit fee paid to Baker Tilly China Certified Public Accountants amounted to approximately RMB2.31 million and RMB420,000 respectively and the audit fee paid to KPMG amounted to approximately RMB10.99 million.

The relevant resolution regarding the re-appointment of international and domestic auditors can be found under the ordinary resolution numbered 7, as provided in the notice of AGM.

LETTER FROM THE BOARD

4. APPLICATION TO FINANCIAL INSTITUTIONS FOR GENERAL CREDIT FACILITIES

In order to implement the strategies of business restructuring, transformation and upgrading, accommodate the needs of “One Belt, One Road”, “Supply-side Reform” strategies and the comprehensive development of “Four Major Regions”, and enhance the financing capabilities, liquidity and allocation of funds of the Company, and also according to the structure of credit facilities currently available by financial institutions and the business needs of the Company in 2017, the Company proposes to apply to financial institutions for general credit facilities and financing with a total credit limit of not exceeding RMB90 billion, including: working capital loans, mortgage, finance leases (including third-party finance leases), letters of guarantee and other relevant items and to authorize Dr. Zhan Chunxin, the chairman of the Board, to execute on behalf of the Company facility contracts and other relevant financing documents with the relevant financial institutions, and allocate the credit limit available to the Company to branches or subsidiaries for their uses. This authorization is non-assignable, and the effective term of which shall commence from 1 July 2017 and end on 30 June 2018. The relevant resolution regarding the proposed application for general credit facilities can be found under the ordinary resolution numbered 8, as provided in the notice of AGM.

5. PROVISION OF GUARANTEE LIMIT FOR THE COMMENCEMENT OF FINANCE LEASING BUSINESS

In order to promote the smooth commencement of sales business of our products and resolve the problem of insufficient funds encountered by finance leasing companies in the course of operation, and according to our business plan in 2017 and under the premise of regulating management and effective control of asset risks, the Company proposes to continue to develop its finance leasing and sales business through Zoomlion Finance and Leasing (China) Co., Ltd. and Zoomlion Finance and Leasing (Beijing) Co., Ltd., its wholly-owned subsidiaries, and provide buy-back guarantee in respect of the finance leasing and sales business with a limit not exceeding RMB3.5 billion. Each guarantee shall have a term corresponding to the term of the finance lease facility with the maximum of five years.

I. Basic Information of Guaranteed Party

A guaranteed party must be a client who is in good standing and satisfies the financing conditions after review by a bank, and has no connection with the Company.

II. Major Coverage of Guarantee

The guarantee is provided in the form of a buy-back guarantee for equipment (subject matter) under a finance lease facility.

III. Risk Control Measures for Guaranteed Facilities

With respect to risk control, the Company will strictly monitor the quality of finance lease clients through stringent control in various aspects, including credibility review, completeness of business approval procedures, etc. to reduce risk relating to provision of guarantee. Major measures are as follows:

1. formulating management measures for its finance leasing business to manage and supervise the procedures of finance leasing business;

LETTER FROM THE BOARD

2. according to the above management measures, specifying the loan facilities and management and control plans for each client and supervising the scope, risks, efficiency of turnover, etc. of credit resources of clients;
3. establishing early risk warning threshold and minimum thresholds for management and control, conducting monthly supervision; and through the analysis of client capabilities, facilitating and procuring the enhancement of risk control capabilities. If the early risk warning threshold is reached, it will intervene and urge the management of such risk;
4. according to the above management and control procedures and requirements, establishing the corresponding risk control procedures and management proposals for credit facilities, which will be organized and coordinated by the credit control department of the Company;
5. formulating pre-contract assessment procedures for finance leasing business under the organization and leadership of the Company. Where it is confirmed that feasible risk control procedures and proposals have been established, qualified counter-guarantee agreements have been executed by clients and corresponding agreements and documents have passed the compliance review of the legal department, an authorized signatory will execute the relevant agreements with external parties.

IV. Execution of Agreement

No agreement has been executed in relation to the guarantee hereunder. If and when any business actually arises, an agreement will be executed after review according to the relevant required procedures of the Company.

V. Aggregate Amount of External Guarantees under Finance Leasing Business

As at 31 December 2016, the outstanding amount of guarantees provided by the Company to finance lease clients amounted to RMB954,342,900, representing approximately 2.59% of the net asset attributable to the Shareholders of the Company, and there was no external guarantee provided in breach of any applicable laws.

VI. Matters to be Considered

1. To authorize Zoomlion Finance and Leasing (China) Co., Ltd. and Zoomlion Finance and Leasing (Beijing) Co., Ltd. to commence the finance leasing and sales business, and the Company to provide buy-back guarantee in respect of the finance leasing and sales business.
2. The effective term of such authorization shall commence from 1 July 2017 and end on 30 June 2018.

The relevant resolution regarding the proposed provision of guarantee limit for the commencement of finance leasing business can be found under the ordinary resolution numbered 9, as provided in the notice of AGM.

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6. PROVISION OF GUARANTEE LIMIT FOR THE MORTGAGE-RELATED BUSINESS

In order to promote the smooth commencement of sales business of our products and resolve the funding problem encountered by mortgage clients when purchasing products of the Company, and according to our business plan in 2017 and under the premise of regulating management and effective control of asset risks, the Company proposes to continue to develop its mortgage-related business, and provide buy-back guarantee in respect of the mortgage-related business with a limit not exceeding RMB8 billion. Each guarantee shall have a term corresponding to the term of the mortgage loan with the maximum of five years.

I. Basic Information of Guaranteed Party

A guaranteed party must be a client who is in good standing and satisfies the financing conditions after review by a bank, and has no connection with the Company.

II. Major Coverage of Guarantee

The guarantee is provided in the form of a buy-back guarantee for equipment (subject matter) under a mortgage loan of financial institution.

III. Risk Control Measures for Guaranteed Facilities

With respect to risk control, the Company will strictly monitor the quality of mortgage clients through stringent control in various aspects, including credibility review, completeness of business approval procedures, etc. to reduce risk relating to provision of guarantee. Major measures are as follows:

1. formulating management measures for its mortgage-related business to manage and supervise the procedures of mortgage business;
2. according to the above management measures, specifying the loan facilities and management and control plans for each client and supervising the scope, risks, efficiency of turnover, etc. of credit resources of clients;
3. establishing early risk warning threshold and minimum thresholds for management and control, conducting monthly supervision; and through the analysis of client capabilities, facilitating and procuring the enhancement of risk control capabilities. If the early risk warning threshold is reached, it will intervene and urge the management of such risk;
4. according to the above management and control procedures and requirements, establishing the corresponding risk control procedures and management proposals for credit facilities, which will be organized and coordinated by the credit control department of the Company;
5. formulating pre-contract assessment procedures for mortgage-related business under the organization and leadership of the Company. Where it is confirmed that feasible risk control procedures and proposals have been established, qualified counter-guarantee agreements have been executed by clients and corresponding agreements and documents have passed the compliance review of the legal department, an authorized signatory will execute the relevant agreements with external parties.

LETTER FROM THE BOARD

IV. Execution of Agreement

No agreement has been executed in relation to the guarantee hereunder. If and when any business actually arises, an agreement will be executed after review according to the relevant required procedures of the Company.

V. Aggregate Amount of External Guarantees under Mortgage Business

As at 31 December 2016, the outstanding amount of guarantees provided by the Company to mortgage clients amounted to RMB3,739,914,600, representing approximately 10.16% of the net asset attributable to the shareholders of the Company, and there was no external guarantee provided in breach of any applicable laws.

VI. Matters to be Considered

1. To authorize the Company to continue to develop the mortgage-related business, and provide buy-back guarantee in respect of the mortgage business.
2. The effective term of such authorization shall commence from 1 July 2017 and end on 30 June 2018.

The relevant resolution regarding the proposed provision of guarantee limit for the commencement of mortgage business can be found under the ordinary resolution numbered 10, as provided in the notice of AGM.

7. AUTHORISATION TO ZOOMLION INDUSTRIAL VEHICLES TO ENGAGE IN BUSINESS RELATING TO BANKER'S ACCEPTANCE SECURED BY GOODS

According to the operation requirements of Zoomlion Industrial Vehicles and with a view to accelerating return of capital, reducing overdue trade receivables and promoting product sales, the Company proposes to approve and authorize Zoomlion Industrial Vehicles to engage in business relating to banker's acceptance secured by goods with a limit of not exceeding RMB70 million and a term of not exceeding six months, with reference to the operation plan of Zoomlion Industrial Vehicles for the year 2017.

I. Overview of business relating to banker's acceptance secured by goods

Banker's acceptance secured by goods is a financial service provided by a bank to a manufacturer (a seller) and its distributor (a buyer) in a form of banker's acceptance. It is operated in the following ways: The bank receives from the distributor (the buyer) a certain percentage of deposit (where the minimum percentage is no less than 30%), and in turn issues a banker's acceptance with the distributor (the buyer) as the payer, and the manufacturer (the seller) as the payee, solely for the payment of trade payables to the manufacturer (the seller). Prior to each delivery of goods, the distributor (the buyer) must pay to the bank a deposit in an amount equivalent to the value of goods to be delivered. After the deposit so paid by the distributor (the buyer), the bank will issue a shipment notice in respect of an amount not exceeding the deposit. The manufacturer (the seller) can only deliver the goods to the distributor (the buyer) solely according to the amount of goods set out in the shipment notice issued by the bank. After sales of goods, the distributor (the buyer) pays further deposit to the bank which in turn issues another shipment notice. This cycle repeats

LETTER FROM THE BOARD

until the outstanding deposit reaches or exceeds the value of the banker's acceptance issued by the bank. If the outstanding deposit is less than the value of the banker's acceptance upon its maturity, the manufacturer (seller) must pay to the bank the shortfall between the deposit and the value of the banker's acceptance.

II. Overview of the proposed business relating to banker's acceptance secured by goods

(I) Limit of banker's acceptance secured by goods and the limit of the guarantees

Zoomlion Industrial Vehicles proposes to engage in, with the relevant financial institutions and its distributors, the business relating to banker's acceptance secured by goods with a limit of RMB70 million, where Zoomlion Industrial Vehicles will provide joint and several guarantee of not exceeding RMB49 million (which represents the shortfall between the deposit paid by its distributors and the value of the banker's acceptance) for the benefit of its distributors. The term of such guarantee will be provided for under the relevant contracts.

(II) Major terms and conditions of the agreement governing the banker's acceptance secured by goods

Zoomlion Industrial Vehicles, its distributor(s) and the issuing bank(s) will enter into a Tripartite Co-operation Agreement in respect of banker's acceptance secured by goods. Its major terms and conditions are as follows:

1. Method of financing

Upon application by a distributor and its submission of a sale and purchase agreement with Zoomlion Industrial Vehicles as well as other background information, the issuing bank will provide a banker's acceptance secured by goods to the distributor solely for its payment of trade payables to Zoomlion Industrial Vehicles in respect of goods purchased therefrom, after review and approval of the issuing bank.

Upon application for issuance of a banker's acceptance, the distributor must pay an initial minimum deposit to the issuing bank at rate of no less than 30% of the face value of the banker's acceptance.

2. Rules of delivery of goods

Prior to each delivery of goods under the sale and purchase agreement, the distributor is required to apply for the issuing bank by completing a form of Application for Delivery, and at the same time, pays such amount of deposit equivalent to the value of goods to be delivered, to a deposit account maintained with the issuing bank. After confirming the receipt of deposit so paid by the distributor, the issuing bank will issue a Delivery Notice to Zoomlion Industrial Vehicles.

LETTER FROM THE BOARD

Upon receipt of the Delivery Notice issued by the issuing bank, Zoomlion Industrial Vehicles will issue a Delivery Notice Confirmation to the issuing bank and, at the same time, deliver goods to the distributor according to the amount value so notified by the issuing bank.

3. *Maturity of the banker's acceptance*

Within 10 days prior to the maturity of each banker's acceptance, if the credit facility made available by the issuing bank to the distributor exceeds the cumulative amounts set out in the Delivery Notices issued by the issuing bank or other delivery evidence given to the distributor, or in other words, the cumulative amounts set out in the Delivery Notices issued by the issuing bank or other delivery evidence given to the distributor is less than the face value of the banker's acceptance, the issuing bank has the right to issue a Refund Notice to Zoomlion Industrial Vehicles.

Upon receipt of, and according to the requirements of, the Refund Notice, Zoomlion Industrial Vehicles must refund to the issuing bank the shortfall between the face value of the banker's acceptance and the cumulative amount set out in the Delivery Notices.

(III) Criteria for selecting distributors to involve in the proposed business relating to banker's acceptance secured by goods

In order not to undermine the interests of the Company, Zoomlion Industrial Vehicles sets out the following criteria for selecting distributors to involve in the proposed business relating to banker's acceptance secured by goods:

1. The distributor must be legally registered with a fixed place of operation.
2. The distributor and its principal responsible persons have a good creditability with banks, and are neither dishonest person subject to enforcement in the PRC nor subject to any related legal dispute.
3. There is neither misappropriation of funds of Zoomlion Industrial Vehicles nor conduct that would materially undermine the interest of Zoomlion Industrial Vehicles.
4. It has certain assets and measures in place that would allow it to provide counter-guarantee for the guarantee provided by Zoomlion Industrial Vehicles.

III. Matters to be Authorized

1. To authorize Zoomlion Industrial Vehicles to engage in, with the relevant financial institutions and its distributors, the business relating to banker's acceptance secured by goods.
2. To authorize the management of Zoomlion Industrial Vehicles to execute on behalf of Zoomlion Industrial Vehicles the relevant cooperation agreements in respect of the above business relating to banker's acceptance secured by goods. This authorization shall effective from 1 July 2017 to 30 June 2018.

LETTER FROM THE BOARD

The relevant resolution regarding the proposed authorization to Zoomlion Industrial Vehicles to engage in business relating to banker's acceptance secured by goods can be found under the ordinary resolution numbered 11, as provided in the notice of AGM.

8. AUTHORISATION TO ZOOMLION HEAVY MACHINERY TO ENGAGE IN BUSINESS RELATING TO BANKER'S ACCEPTANCE SECURED BY GOODS

According to the operation requirements of Zoomlion Heavy Machinery and with a view to accelerating return of capital, reducing overdue trade receivables and promoting product sales, the Company proposes to approve and authorize Zoomlion Heavy Machinery to engage in business relating to banker's acceptance secured by goods with a limit of not exceeding RMB800 million and a term of not exceeding six months, with reference to the operation plan of Zoomlion Heavy Machinery for the year 2017.

I. Overview of business relating to banker's acceptance secured by goods

Banker's acceptance secured by goods is a financial service provided by a bank to a manufacturer (a seller) and its distributor (a buyer) in a form of banker's acceptance. It is operated in the following ways: The bank receives from the distributor (the buyer) a certain percentage of deposit (where the minimum percentage is no less than 30%), and in turn issues a banker's acceptance with the distributor (the buyer) as the payer, and the manufacturer (the seller) as the payee, solely for the payment of trade payables to the manufacturer (the seller). Prior to each delivery of goods, the distributor (the buyer) must pay to the bank a deposit in an amount equivalent to the value of goods to be delivered. After the deposit so paid by the distributor (the buyer), the bank will issue a shipment notice in respect of an amount not exceeding the deposit. The manufacturer (the seller) can only deliver the goods to the distributor (the buyer) solely according to the amount of goods set out in the shipment notice issued by the bank. After sales of goods, the distributor (the buyer) pays further deposit to the bank which in turn issues another shipment notice. This cycle repeats until the outstanding deposit reaches or exceeds the value of the banker's acceptance issued by the bank. If the outstanding deposit is less than the value of the banker's acceptance upon its maturity, the manufacturer (seller) must pay to the bank the shortfall between the deposit and the value of the banker's acceptance.

II. Overview of the proposed business relating to banker's acceptance secured by goods

(I) Limit of banker's acceptance secured by goods and the limit of the guarantees

Zoomlion Heavy Machinery proposes to engage in, with the relevant financial institutions and its distributors, the business relating to banker's acceptance secured by goods with a limit of RMB800 million, where Zoomlion Heavy Machinery will provide joint and several guarantee of not exceeding RMB560 million (which represents the shortfall between the deposit paid by its distributors and the value of the banker's acceptance) for the benefit of its distributors. The term of such guarantee will be provided for under the relevant contracts.

LETTER FROM THE BOARD

(II) Major terms and conditions of the agreement governing the banker's acceptance secured by goods

Zoomlion Heavy Machinery, its distributor(s) and the issuing bank(s) will enter into a Tripartite Co-operation Agreement in respect of banker's acceptance secured by goods. Its major terms and conditions are as follows:

1. Method of financing

Upon application by a distributor and its submission of a sale and purchase agreement with Zoomlion Heavy Machinery as well as other background information, the issuing bank will provide a banker's acceptance secured by goods to the distributor solely for its payment of trade payables to Zoomlion Heavy Machinery in respect of goods purchased therefrom, after review and approval of the issuing bank.

Upon application for issuance of a banker's acceptance, the distributor must pay an initial minimum deposit to the issuing bank at rate of no less than 30% of the face value of the banker's acceptance.

2. Rules of delivery of goods

Prior to each delivery of goods under the sale and purchase agreement, the distributor is required to apply for the issuing bank by completing a form of Application for Delivery, and at the same time, pays such amount of deposit equivalent to the value of goods to be delivered, to a deposit account maintained with the issuing bank. After confirming the receipt of deposit so paid by the distributor, the issuing bank will issue a Delivery Notice to Zoomlion Heavy Machinery.

Upon receipt of the Delivery Notice issued by the issuing bank, Zoomlion Heavy Machinery will issue a Delivery Notice Confirmation to the issuing bank and, at the same time, deliver goods to the distributor according to the amount value so notified by the issuing bank.

3. Maturity of the banker's acceptance

Within 10 days prior to the maturity of each banker's acceptance, if the credit facility made available by the issuing bank to the distributor exceeds the cumulative amounts set out in the Delivery Notices issued by the issuing bank or other delivery evidence given to the distributor, or in other words, the cumulative amounts set out in the Delivery Notices issued by the issuing bank or other delivery evidence given to the distributor is less than the face value of the banker's acceptance, the issuing bank has the right to issue a Refund Notice to Zoomlion Heavy Machinery.

Upon receipt of, and according to the requirements of, the Refund Notice, Zoomlion Heavy Machinery must refund to the issuing bank the shortfall between the face value of the banker's acceptance and the cumulative amount set out in the Delivery Notices.

LETTER FROM THE BOARD

(III) Criteria for selecting distributors to involve in the proposed business relating to banker's acceptance secured by goods

In order not to undermine the interests of the Company, Zoomlion Heavy Machinery sets out the following criteria for selecting distributors to involve in the proposed business relating to banker's acceptance secured by goods:

1. The distributor must be legally registered with a fixed place of operation.
2. The distributor and its principal responsible persons have a good creditability with banks, and are neither dishonest person subject to enforcement in the PRC nor subject to any related legal dispute.
3. There is neither misappropriation of funds of Zoomlion Heavy Machinery nor conduct that would materially undermine the interest of Zoomlion Heavy Machinery.
4. It has certain assets and measures in place that would allow it to provide counter-guarantee for the guarantee provided by Zoomlion Heavy Machinery.

III. Matters to be Authorized

1. To authorize Zoomlion Heavy Machinery to engage in, with the relevant financial institutions and its distributors, the business relating to banker's acceptance secured by goods.
2. To authorize the management of Zoomlion Heavy Machinery to execute on behalf of Zoomlion Heavy Machinery the relevant cooperation agreements in respect of the above business relating to banker's acceptance secured by goods. This authorization shall be effective from 1 July 2017 to 30 June 2018.

The relevant resolution regarding the proposed authorization to Zoomlion Heavy Machinery to engage in business relating to banker's acceptance secured by goods can be found under the ordinary resolution numbered 12, as provided in the notice of AGM.

LETTER FROM THE BOARD

9. PROVISION OF GUARANTEE TO THE SUBSIDIARIES OF THE COMPANY

To enhance market development and facilitate the implementation of strategic transformation and global development strategies of the Company, the Company proposes to provide guarantees for 23 direct/indirect subsidiaries, including Zoomlion International Trading (H.K.) Co., Limited, Zoomlion Capital (H.K.) Co. Limited and Zoomlion Heavy Machinery, up to a total equivalent amount not exceeding RMB9.83 billion, with details as follows:

A. Summary of the Guarantees

1. A proposed guarantee up to a total equivalent amount not exceeding RMB4 billion for Zoomlion International Trading (H.K.) Co., Limited, primarily for overseas import/export settlement, financing and providing external guarantees.
2. A proposed guarantee up to a total equivalent amount not exceeding RMB400 million for Zoomlion Capital (H.K.) Co. Limited, Zoomlion Capital (Australia) Pty Ltd, Zoomlion Capital (Italy) S.p.A., and Zoomlion Capital (U.S.A.) Corp., primarily for overseas financial leasing and factoring, investments and other businesses.
3. A proposed guarantee up to a total equivalent amount not exceeding RMB50 million for Zoomlion Singapore Investment Holdings Pte. Ltd., primarily for overseas investments, capital raising and finance, and other businesses.
4. A proposed guarantee up to a total equivalent amount not exceeding RMB630 million for ZOOMLION BRASIL COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE MÁQUINAS DE CONCRETO LTDA, Zoomlion ElectroMech India Private Limited, ZOOMLION HEAVY INDUSTRY RUS LLC, PT ZOOMLION INDONESIA HEAVY INDUSTRY, ZOOMLION HEAVY INDUSTRY(THAILAND) CO., LTD., Zoomlion South Africa (Pty) Ltd, Zoomlion Trade (India) Pvt. Ltd., Zoomlion Kazakhstan Limited Liability Partnership, and Zoomlion Gulf FZE, primarily for overseas import/export settlement, investments and finance, fixed asset acquisitions and other businesses.
5. A proposed guarantee up to a total equivalent amount not exceeding RMB3.6 billion for Zoomlion Heavy Machinery, Zoomlion Heavy Machinery Nanling Co. Ltd.*, Zoomlion Heavy Machinery Zhejiang Co. Ltd.*, Anhui Guwang Drying Machinery Co. Ltd.*, and Henan Ruichuang General-purpose Machinery Manufacturing Co. Ltd.*, primarily for domestic credit and financing including trade acceptances, letter of credit-based businesses and working capital loans, project loans and other businesses.
6. A proposed guarantee up to a total equivalent amount not exceeding RMB250 million for Zoomlion Industrial Vehicles, primarily for domestic credit and financing including trade acceptances, letter of credit-based businesses and working capital loans, project loans and other businesses.
7. A proposed guarantee up to a total equivalent amount not exceeding RMB400 million for Changsha Zoomlion Environmental Industry Co., Ltd.*, primarily for domestic investments, capital raising and finance, and other businesses.

LETTER FROM THE BOARD

8. A proposed guarantee up to a total equivalent amount not exceeding RMB500 million for Zoomlion Business Factoring (China) Co., Ltd., primarily for trade receivables finance and other businesses.

In actual operation, the Company may at its discretion provide or have its subsidiaries provide the guarantees for the aforementioned 23 direct/indirect subsidiaries. A contract of guarantee may be signed with a financial institution upon negotiation and will be disclosed as appropriate.

B. Particulars of the Debtors

1. Zoomlion International Trading (H.K.) Co. Limited

- (1) Name: Zoomlion International Trading (H.K.) Co. Limited
中聯重科國際貿易(香港)有限公司
- (2) Registered Address: SUITE 406–409 4/F, THREE PACIFIC PLACE,
1 QUEEN'S RD EAST, HK
- (3) Legal Representative: ZHAN Chunxin
- (4) Registered Capital: USD4,000,000.00
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect majority-owned subsidiary (wholly-owned subsidiary of Zoomlion H.K. Holding Co., Ltd.)
- (7) Zoomlion International Trading (H.K.) Co. Limited has unaudited total assets of RMB13,405,465,000, unaudited total liabilities of RMB13,361,223,000, and total owners' equity attributable to parent of RMB44,242,000 as of 31 December 2016, and an operating revenue of RMB527,214,800 and a net profit of RMB61,511,300 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB4 billion.

2. Zoomlion Capital (H.K.) Co. Limited

- (1) Name: Zoomlion Capital (H.K.) Co. Limited
中聯重科融資租賃(香港)公司
- (2) Registered Address: SUITE 406–409 4/F, THREE PACIFIC PLACE,
1 QUEEN'S RD EAST, HK
- (3) Legal Representative: ZHAN Chunxin
- (4) Registered Capital: USD214,900,000.00

LETTER FROM THE BOARD

- (5) Business Nature: Financial leasing
- (6) Relationship with Company: Indirect majority-owned subsidiary (Wholly-owned subsidiary of Zoomlion H.K. Holding Co., Ltd.)
- (7) Zoomlion Capital (H.K.) Co. Limited has unaudited total assets of USD1,671,480,300, unaudited total liabilities of USD1,303,259,500, and total owners' equity attributable to parent of USD368,220,800 as of 31 December 2016, and an operating revenue of USD42,921,600 and a net profit of USD41,420,200 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB200 million.

3. *Zoomlion Capital (Australia) Pty Ltd*

- (1) Name: Zoomlion Capital (Australia) Pty Ltd
- (2) Registered Address: SUITE 1, 27-31 DUERDIN STREET, NOTTING HILL, VIC 3168.
- (3) Legal Representatives: SU Yongzhuan, ZHANG Jianguo and WANG Ke
- (4) Registered Capital: AUD1,000.00
- (5) Business Nature: Financial leasing and secured loans
- (6) Relationship with Company: Indirect majority-owned subsidiary (Wholly-owned subsidiary of Zoomlion H.K. Holding Co., Ltd.)
- (7) Zoomlion Capital (Australia) Pty Ltd has unaudited total assets of AUD14,339,029.15, unaudited total liabilities of AUD16,256,761.56, and total owners' equity attributable to parent of AUD-1,917,732.41 as of 31 December 2016, and an operating revenue of AUD576,863.03 and a net profit of AUD74,425.76 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

4. *Zoomlion Capital (Italy) S.p.A.*

- (1) Name: Zoomlion Capital (Italy) S.p.A.
- (2) Registered Address: Via Stati Uniti d'America 26 20030 Senago (Mi), Italy
- (3) Legal Representatives: CHEN Peiliang, SU Yongzhuan and Alessandro LACONO
- (4) Registered Capital: EUR2,000,000.00
- (5) Business Nature: Financial leasing

LETTER FROM THE BOARD

- (6) Relationship with Company: Indirect majority-owned subsidiary (Wholly-owned subsidiary of Zoomlion H.K. Holding Co., Ltd.)
- (7) Zoomlion Capital (Italy) S.p.A. has unaudited total assets of EUR59,913,474.08, unaudited total liabilities of EUR56,325,512.95, and total owners' equity attributable to parent of EUR3,587,961.13 as of 31 December 2016, and an operating revenue of EUR1,631,112.88 and a net profit of EUR1,070,159.76 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB100 million.

5. *Zoomlion Capital (U.S.A.) Corp.*

- (1) Name: Zoomlion Capital (U.S.A.) Corp.
- (2) Registered Address: 14480 Alondra Blvd, La Mirada, CA 90638
- (3) Legal Representatives: Nil (Directors: SU Yongzhuan, CHEN Peiliang and SUN Changjun)
- (4) Registered Capital: USD1,000,000.00
- (5) Business Nature: Financial leasing
- (6) Relationship with Company: Indirect majority-owned subsidiary (Wholly-owned subsidiary of Zoomlion H.K. Holding Co., Ltd.)
- (7) Zoomlion Capital (U.S.A.) Corp. has unaudited total assets of RMB33,787,571.62, unaudited total liabilities of RMB28,139,497.43, and total owners' equity attributable to parent of RMB5,648,074.18 as of 31 December 2016, and an operating revenue of RMB3,534,973.35 and a net profit of RMB78,993.37 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

6. *Zoomlion Singapore Investment Holdings Pte. Ltd*

- (1) Name: Zoomlion Singapore Investment Holdings Pte. Ltd
中聯重科新加坡投資控股有限公司
- (2) Registered Address: 8 Temasek Boulevard, #14-03A Suntec Tower Three, Singapore 038988
- (3) Legal Representatives: SHEN Ke and LIU Qinglin
- (4) Registered Capital: USD1,000,000.00

LETTER FROM THE BOARD

- (5) Business Nature: Investment and international trading company
- (6) Relationship with Company: Wholly-owned subsidiary
- (7) Zoomlion Singapore Investment Holdings Pte. Ltd has unaudited total assets of RMB34,283,700, unaudited total liabilities of RMB32,150,800, and total owners' equity attributable to parent of RMB2,132,900 as of 31 December 2016, and an operating revenue of RMB28,453,400 and a net loss of RMB541,600 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

7. ZOOMLION BRASIL COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE MÁQUINAS DE CONCRETO LTDA

- (1) Name: ZOOMLION BRASIL COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE MÁQUINAS DE CONCRETO LTDA
- (2) Registered Address: Alameda Venus, 694, Distrito Industrial American Park, Indaiatuba, Sao Paulo, Brazil
- (3) Legal Representative: ZHONG Liangyan
- (4) Registered Capital: USD7,875,000.00
- (5) Business Nature: Manufacturing, sales and import/export of concrete machinery and their parts
- (6) Relationship with Company: Indirect majority-owned subsidiary (Direct subsidiary of Zoomlion Luxembourg Inv Holding. S.A.)
- (7) ZOOMLION BRASIL COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO DE MÁQUINAS DE CONCRETO LTDA has unaudited total assets of USD11,855,300, unaudited total liabilities of USD-14,458,400, and total owners' equity attributable to parent of USD2,603,100 as of 31 December 2016, and an operating revenue of USD1,495,600 and a net profit of USD363,500 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB80 million.

8. Zoomlion ElectroMech India Private Limited

- (1) Name: Zoomlion ElectroMech India Private Limited
中聯益美科印度私人有限公司
- (2) Registered Address: M/s.ElectromechEngineers, G-316, Kasar Amboli IND., Zone, Tal. Mulshi, Dist Pune., Pune-411011, Maharashtra, INDIA
- (3) Legal Representatives: SHEN Ke, HUANG Qun and Tushar V. MEHENDALE
- (4) Registered Capital: INR55,000,000.00

LETTER FROM THE BOARD

- (5) Business Nature: Sales and relevant services of construction machinery and their parts
- (6) Relationship with Company: Sino-Indian joint venture company (a joint venture company owned by Zoomlion India Co., Ltd.* as to 70% and ElectroMech, India as to 30%)
- (7) Zoomlion ElectroMech India Private Limited has unaudited total assets of RMB17,700,800, unaudited total liabilities of RMB10,516,300, and total owners' equity attributable to parent of RMB7,184,500 as of 31 December 2016, and an operating revenue of RMB27,181,200 and a net profit of RMB2,191,000 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

9. ZOOMLION HEAVY INDUSTRY RUS LLC

- (1) Name: ZOOMLION HEAVY INDUSTRY RUS LLC
- (2) Registered Address: 143441 Московская область, Красногорский район, п/о Путилково, 69 км МКАД, офисно-общественный комплекс ЗАО "Гринвуд", строение 17
- (3) Legal Representative: LI Qi
- (4) Registered Capital: RUB32 million
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary jointly owned by a Luxembourgian company and a Singaporean company)
- (7) ZOOMLION HEAVY INDUSTRY RUS LLC has unaudited total assets of RMB39,148,300, unaudited total liabilities of RMB34,832,700, and total owners' equity attributable to parent of RMB4,315,600 as of 31 December 2016, and an operating revenue of RMB1,024,300 and a net profit of RMB3,226,600 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

10. Zoomlion Indonesia Heavy Industry, pt

- (1) Name: Zoomlion Indonesia Heavy Industry, pt
中聯印尼公司
- (2) Registered Address: SAMPOERNA STRATEGIC SQUARE, SOUTH TOWER LEVEL 30, JL. JENDSUDIRMAN KAV 45-46 RT. 003 RW. 04 KARET SEMANGGI JAKSEL
- (3) Legal Representative: PI Gang and Marlissa

LETTER FROM THE BOARD

- (4) Registered Capital: USD300,000.00
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary jointly owned by a Luxembourgian company and a Singaporean company)
- (7) Zoomlion Indonesia Heavy Industry, pt has unaudited total assets of RMB3,140,100, unaudited total liabilities of RMB1,512,900, and total owners' equity attributable to parent of RMB1,627,200 as of 31 December 2016, and an operating revenue of RMB353,500 and a net loss of RMB464,600 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB100 million.

11. ZOOMLION HEAVY INDUSTRY (THAILAND) CO., LTD.

- (1) Name: ZOOMLION HEAVY INDUSTRY (THAILAND) CO., LTD.
中聯重科泰國公司
- (2) Registered Address: No. 23, 25 Soi Udom-suk 39/1 Sukhumvit Rd,
Bang chak Phakhanong Bangkok.
- (3) Legal Representative: LI Jin
- (4) Registered Capital: THB 203 million
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary jointly owned by a Hong Kong international trading company, a Luxembourgian company and a Singaporean company)
- (7) ZOOMLION HEAVY INDUSTRY (THAILAND) CO., LTD. has unaudited total assets of RMB41,367,100, unaudited total liabilities of RMB2,083,000, and total owners' equity attributable to parent of RMB39,284,100 as of 31 December 2016, and an operating revenue of RMB0 and a net profit of RMB357,600 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB100 million.

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12. Zoomlion South Africa (Pty) Ltd

- (1) Name: Zoomlion South Africa (Pty) Ltd
中聯重科南非公司
- (2) Registered Address: NO 31 12TH ROAD, KEW, JOHANNESBURG, 2090
- (3) Legal Representative: CHEN Peiliang and BARBEAU. OLMER ALAIN
- (4) Registered Capital: ZAR1000
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary of a Hong Kong international trading company)
- (7) Zoomlion South Africa (Pty) Ltd has unaudited total assets of RMB28,169,200, unaudited total liabilities of RMB28,977,300, and total owners' equity attributable to parent of RMB-808,100 as of 31 December 2016, and an operating revenue of RMB5,150,200 and a net profit of RMB3,312,800 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

13. Zoomlion Trade (India) Pvt. Ltd.

- (1) Name: Zoomlion Trade (India) Pvt. Ltd.
中聯重科印度貿易公司
- (2) Registered Address: Plot No. 49, Panvel Industrial Co-operative Estate Ltd, Panvel, Raigarh, Pin Code — 410206, Maharashtra Mumbai
- (3) Legal Representative: HUANG Qun, SHEN Ke and Jagdish
- (4) Registered Capital: INR50,000,000 (Paid-in); INR6315800 (Share premium)
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary jointly owned by a Singaporean holding company and a Hong Kong international trading company)
- (7) Zoomlion Trade (India) Pvt. Ltd. has unaudited total assets of RMB10,119,600, unaudited total liabilities of RMB6,272,500, and total owners' equity attributable to parent of RMB3,847,100 as of 31 December 2016, and an operating revenue of RMB2,575,000 and a net profit of RMB29,000 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

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14. Zoomlion Kazakhstan Limited Liability Partnership

- (1) Name: Zoomlion Kazakhstan Limited Liability Partnership
中聯重科哈薩克斯坦公司
- (2) Registered Address: КАЗАХСТАН, Г.АЛМАТЫ, Медеуский район, ПРОСПЕКТ АЛЬ-ФАРАБИ, дом 5, корпус 1А, 7 этаж, почтовый индекс 050059
- (3) Legal Representative: LIU Jiangqiang
- (4) Registered Capital: KZT9 million
- (5) Business Nature: Trading company
- (6) Relationship with Company: Indirect wholly-owned subsidiary (a subsidiary jointly owned by a Luxembourgian company and a Singaporean company)
- (7) Zoomlion Kazakhstan Limited Liability Partnership has unaudited total assets of RMB79,800, unaudited total liabilities of RMB79,800, and total owners' equity attributable to parent of RMB79,800 as of 31 December 2016, and an operating revenue of RMB1,300 and a net loss of RMB98,300 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB50 million.

15. Zoomlion Gulf FZE

- (1) Name: Zoomlion Gulf FZE
中聯重科海灣公司
- (2) Registered Address: Plot No. S21505, Jebel Ali, Dubai, United Arab Emirates
- (3) Legal Representative: CHANG Shu
- (4) Registered Capital: USD2,300,000.00
- (5) Business Nature: Trading company
- (6) Relationship with Company: Direct wholly-owned subsidiary
- (7) Zoomlion Gulf FZE has unaudited total assets of RMB76,110,700, unaudited total liabilities of RMB64,125,500, and total owners' equity attributable to parent of RMB11,985,200 as of 31 December 2016, and an operating revenue of RMB-63,034,800 and a net loss of RMB100,670,900 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB100 million.

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16. Zoomlion Heavy Machinery

- (1) Name: Zoomlion Heavy Machinery Co., Ltd.*
- (2) Registered Address: No. 16 E'Xi Road, Sanshan Economic Development Zone, Wuhu City, Anhui Province
- (3) Legal Representative: YIN Zhengfu
- (4) Registered Capital: RMB1.2 billion
- (5) Business Nature: Manufacturing of agricultural machinery
- (6) Relationship with Company: Direct majority-owned subsidiary
- (7) Zoomlion Heavy Machinery has unaudited total assets of RMB4,068,969,400, unaudited total liabilities of RMB3,383,638,300, and total owners' equity attributable to parent of RMB685,331,100 as of 31 December 2016, and an operating revenue of RMB861,850,700 and a net loss of RMB88,026,100 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB2.2 billion.

17. Zoomlion Heavy Machinery Nanling Co. Ltd.*

- (1) Name: Zoomlion Heavy Machinery Nanling Co. Ltd.*
- (2) Registered Address: No. 8 Zhouyu Avenue, Nanling Economic Development Zone, Wuhu City, Anhui Province
- (3) Legal Representative: ZHAO Qianrong
- (4) Registered Capital: RMB150 million
- (5) Business Nature: Manufacturing of agricultural machinery
- (6) Relationship with Company: Indirect majority-owned subsidiary (a subsidiary of Zoomlion Heavy Machinery)
- (7) Zoomlion Heavy Machinery Nanling Co. Ltd.* has unaudited total assets of RMB523,205,000, unaudited total liabilities of RMB498,522,800, and total owners' equity attributable to parent of RMB24,682,100 as of 31 December 2016, and an operating revenue of RMB368,179,000 and a net profit of RMB6,346,600 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB150 million.

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18. Zoomlion Heavy Machinery Zhejiang Co. Ltd.*

- (1) Name: Zoomlion Heavy Machinery Zhejiang Co. Ltd.*
- (2) Registered Address: Huifeng South Road, Jiangnan Street, Linhai City, Zhejiang Province
- (3) Legal Representative: ZHAO Qianrong
- (4) Registered Capital: RMB30 million
- (5) Business Nature: Manufacturing of agricultural machinery
- (6) Relationship with Company: Indirect majority-owned subsidiary (subsidiary of Zoomlion Heavy Machinery)
- (7) Zoomlion Heavy Machinery Zhejiang Co. Ltd.* has unaudited total assets of RMB470,553,400, unaudited total liabilities of RMB400,756,100, and total owners' equity attributable to parent of RMB69,797,200 as of 31 December 2016, and an operating revenue of RMB410,202,800 and a net profit of RMB19,051,100 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB200 million.

19. Anhui Guwang Drying Machinery Co. Ltd.*

- (1) Name: Anhui Guwang Drying Machinery Co. Ltd.*
- (2) Registered Address: No. 16 E'Xi Road, Sanshan Economic Development Zone, Wuhu City, Anhui Province
- (3) Legal Representative: TENG Zhaobin
- (4) Registered Capital: RMB30 million
- (5) Business Nature: Manufacturing of grain dryers and other agricultural machinery
- (6) Relationship with Company: Indirect majority-owned subsidiary (subsidiary of Zoomlion Heavy Machinery)
- (7) Anhui Guwang Drying Machinery Co. Ltd.* has unaudited total assets of RMB284,857,600, unaudited total liabilities of RMB246,127,900, and total owners' equity attributable to parent of RMB38,729,600 as of 31 December 2016, and an operating revenue of RMB193,459,700 and a net profit of RMB10,715,400 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB150 million.

LETTER FROM THE BOARD

20. Henan Ruichuang General-purpose Machinery Manufacturing Co. Ltd.*

- (1) Name: Henan Ruichuang General-purpose Machinery Manufacturing Co. Ltd.*
- (2) Registered Address: No. 98, Songcheng Road, Kaifeng City, Henan Province
- (3) Legal Representative: LIU Hongyan
- (4) Registered Capital: RMB553 million
- (5) Business Nature: Manufacturing and sales of agricultural machinery
- (6) Relationship with Company: Indirect majority-owned subsidiary (subsidiary of Zoomlion Heavy Machinery)
- (7) Henan Ruichuang General-purpose Machinery Manufacturing Co. Ltd.* has unaudited total assets of RMB1,912,909,800, unaudited total liabilities of RMB1,314,940,700, and total owners' equity attributable to parent of RMB597,969,100 as of 31 December 2016, and an operating revenue of RMB1,919,036,900 and a net profit of RMB96,771,800 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB900 million.

21. Zoomlion Industrial Vehicles

- (1) Name: Zoomlion Heavy Industry Science and Technology Anhui Industrial Vehicles Co., Ltd.*
- (2) Registered Address: No. 2, Nanwei First Road, South District, Wuhu Hi-tech Industrial Development Zone
- (3) Legal Representative: HU Xuejun
- (4) Registered Capital: RMB200 million
- (5) Business Nature: Manufacturing, sales, leasing, modification and maintenance of forklifts and logistics equipment
- (6) Relationship with Company: Indirect majority-owned subsidiary (subsidiary of Zoomlion Heavy Machinery)
- (7) Zoomlion Industrial Vehicles has unaudited total assets of RMB604,217,400, unaudited total liabilities of RMB435,824,600, and total owners' equity attributable to parent of RMB168,392,800 as of 31 December 2016, and an operating revenue of RMB290,680,900 and a net profit of RMB6,110,700 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB250 million.

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22. *Changsha Zoomlion Environmental Industry Co., Ltd.**

- (1) Name: Changsha Zoomlion Environmental Industry Co., Ltd.*
- (2) Registered Address: No. 288, Linyu Road, Changsa Hi-tech Development Zone
- (3) Legal Representative: XU Wuquan
- (4) Registered Capital: RMB2,100 million
- (5) Business Nature: Manufacturing of specialized vehicles, environmental protection equipment and construction waste treatment equipment, and sewage treatment and recycling
- (6) Relationship with Company: Direct majority-owned subsidiary
- (7) Changsha Zoomlion Environmental Industry Co., Ltd.* has unaudited total assets of RMB3,647,483,100, unaudited total liabilities of RMB1,535,315,100, and total owners' equity attributable to parent of RMB1,856,031,900 as of 31 December 2016, and an operating revenue of RMB515,386,900 and a net loss of RMB29,629,400 for the year ended 31 December 2016.
- (8) Guarantee Amount: Not exceeding an equivalent amount of RMB400 million.

23. *Zoomlion Business Factoring (China) Co., Ltd.*

- (1) Name: Zoomlion Business Factoring (China) Co., Ltd.
- (2) Registered Address: Room 217, Level Two, Block D, Office Building, Integrated Service Region, Tianjin Development Zone (Nangang Industrial Zone)
- (3) Legal Representative: ZHAN Chunxin
- (4) Registered Capital: USD100 million
- (5) Business Nature: Trade receivables; settlement, management and recovery of receivables; maintenance of the sales ledger; non-commercial guarantees against bad debts related to the business of the Company; client status enquiries and evaluation; and other advisory services. (Items subject to approval from relevant authorities are only conducted thereafter)
- (6) Relationship with Company: Indirect majority-owned subsidiary (Wholly-owned subsidiary of Zoomlion Capital (H.K.) Co. Limited)

LETTER FROM THE BOARD

(7) Zoomlion Business Factoring (China) Co., Ltd. has an unaudited total assets of RMB670,066,500, unaudited total liabilities of RMB14,630,400, and total owners' equity attributable to parent of RMB655,436,000 as of 31 December 2016, and an operating revenue of RMB34,016,800 and a net profit of RMB16,712,700 for the year ended 31 December 2016.

(8) Guarantee Amount: Not exceeding an equivalent amount of RMB500 million.

C. Principal terms of the Guarantees

The guarantees are joint liability guarantees. The guarantor provides each guarantee up until two years from the date on which the performance of the obligation is due according to the respective agreement.

In the event that the borrower does not repay any amounts utilised when due in accordance with the respective credit agreement or does not perform its obligations thereunder, the guarantor undertakes to repay the bank immediately upon calling up by the bank in writing or by teletype the principle amount actually utilised and the interest accrued thereon for which the guarantee is given by the guarantor, together with any lawyer's fees, expenses, compensations, fines, and collection costs incurred, regardless of any disputes between the Company and its direct/indirect controlled subsidiaries.

D. Aggregate amounts of external or overdue guarantees

As at 31 December 2016, the Company has provided external guarantees for subsidiaries and customers in respect of sale-type leasing and mortgage sales with an aggregate outstanding balance of RMB14,396,768,500, accounted for 39.11% of the net asset attributable to equity holders of the Company. The Company has not provided any illegal external guarantees, overdue guarantees or guarantees in respect of which a lawsuit is filed, and is not subject to any loss arising from a judgment against the Company in relation to a guarantee. The Company does not provide debt guarantees for any debtors of its controlling shareholders or an affiliate thereof.

The relevant resolution regarding the proposed guarantee can be found under the ordinary resolution numbered 13, as provided in the notice of AGM.

10. CARRYING OUT OF LOW RISK INVESTMENT AND FINANCIAL MANAGEMENT

In order to enhance the efficiency of capital utilization and reasonably utilize idle funds, and under the premise of safeguarding normal business operation, funds security and risk control of the Company, the Company proposes to engage in low risk investment and wealth management business by utilizing own idle funds in accordance with the following principles and the relevant requirements, such as the Rules Governing the Listing of Stocks (as amended in 2014) and the Guidelines for Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

I. Investment Purpose: To enhance the efficiency of capital utilization, reasonably utilize idle funds generated from capital turnover of the Company, further preserve and enhance the value of the capital of the Company and safeguard the interest of the shareholders of the Company without affecting the normal operation of the Company.

LETTER FROM THE BOARD

II. Investment Limit: Not exceeding RMB4 billion. The funds can be used on a rolling basis within such limit.

III. Type of Investment:

1. Investment in bonds and money market funds;
2. Entrusted wealth management (including wealth management products, trust products, asset management plans offered by financial institutions) etc.

IV. Term of Investment: Each single business investment has a term of not exceeding two years.

V. Source of Funds: It is funded by the Company's idle funds. No funds generated by capital raising or bank financing will be used for investment, whether directly or indirectly.

VI. Risk Analysis and Control Measures

(1) Risk Analysis

1. Although wealth management products are a kind of low risk investment products, the financial market is affected by macro-economy to a great extent and such that, the possibility that this investment may be affected by market fluctuation cannot be ruled out;
2. The Company will intervene to such extent as and when appropriate, taking account of the economic situation and changes in financial market, and the actual gain of investment is unpredictable.

(2) Control Measures

1. Zoomlion Finance Co., Ltd. (hereinafter referred to as the “**Zoomlion Finance Company**”) is the specific operating unit handling wealth management business. Zoomlion Finance Company is responsible for reviewing the coverage of wealth management business, assessing risk, and formulating wealth management plans for submission to the person-in-charge of finance of the Company for approval, according to the financial and cash flow position of the Company, and movement in interest rate and other conditions. In addition, Zoomlion Finance Company is also responsible for raising capital required for wealth management business, dealing with formalities relating to wealth management business, conducting bookkeeping for wealth management business on a monthly basis and filing and safekeeping relevant files.
2. The risk control department of the Company is responsible for reviewing and seeking legal advice for contracts and legal documents relating to wealth management business in order to ensure that the wealth management business is in compliance with the requirements of laws and regulations as well as policies of the Company and to safeguard the legal interest of the Company.

LETTER FROM THE BOARD

3. The audit department of the Company is a department that supervises the wealth management business. The audit department is responsible for supervising, controlling and auditing the wealth management business of the Company, and reviewing the approval, actual operation, capital utilization, profit and loss, etc. of wealth management business, procuring prompt and timely bookkeeping by accounting personnel and, checking the condition of bookkeeping.
4. The Company shall disclose in its periodic report the wealth management investment conducted and the corresponding gains generated during the reporting period.

VII. Effect on the Company

1. The low risk investment and wealth management business funded by own idle funds is only implemented by the Company where the normal operation and security of funds of the Company are safeguarded, normal capital turnover requirements for day-to-day operation and the normal development of principal businesses of the Company are not affected.
2. The Company can generate certain investment gains by conducting low risk investment and wealth management business to an appropriate extent, which will facilitate the improvement of overall results of the Company and to achieve more profitable investment return for the shareholders of the Company.

VIII. Matter to be Authorized

To authorize the chairman of the Board to exercise such investment decisions within the abovementioned limit and execute the relevant contracts and agreements. This authorization shall be effective for a term of one year from the date of resolution of the Board.

The relevant resolution regarding the proposed carrying out of low risk investment and financial management can be found under the ordinary resolution numbered 14, as provided in the notice of AGM.

11. DEVELOPMENT OF FINANCIAL DERIVATIVES BUSINESS

In order to fulfill the needs of the Company and its subsidiaries with controlling interest for conducting hedging business and to establish an effective risk prevention mechanism and procure stable and sound operation, the Company proposes to develop the financial derivatives business in accordance with the following principles and the relevant requirements, such as the Rules Governing the Listing of Stocks (as amended in 2014) and the Guidelines for Standardized Operation of Companies Listed on the Main Board and Memorandum No. 26 on Information Disclosure — Derivatives Investments of the Shenzhen Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

I. Business Purpose

The purpose of the financial derivatives business of the Company is to lock in costs and circumvent risks, including risks relating to interest and exchange rates, by means of hedging. This involves basic financial derivatives that are closely related to the principal business and in alignment with the basic business in terms of product type, scope, direction and term, etc., and thus the prudent and sound risk control principles of the Company are well-observed.

LETTER FROM THE BOARD

II. Business Limit

Nominal principal in respect of the business shall not exceed RMB9 billion. The funds will be used on a revolving basis within such limit.

III. Type of Business

The proposed derivatives of the Company mainly include products such as forward contracts, options, swaps or futures and their portfolios, and the corresponding underlying assets include interest and exchange rates products, currencies or commodities and their portfolios.

IV. Term of Business

Any single financial derivative shall have a term not exceeding the term of its corresponding underlying business.

V. Necessity for the Development of Trading of Foreign Exchange Derivatives

The import and export businesses of the Company are mainly settled in United States Dollars, and part of it is settled in other currencies, such as Euro and Japanese Yen. In order to avoid the risks of interest and exchange rates fluctuation, minimize their impact on profits of the Company, reduce loss from foreign exchange and minimize finance expenses, the Company and its subsidiaries with controlling interest are required to develop the trading of financial derivatives to reduce the foreseeable risks arising from fluctuation in interest and exchange rates.

VI. Risk Analysis

1. Market risk: The financial derivative business to be developed by the Group and its member companies is mainly hedging business relating to the principal business. There is the risk of loss arising from changes in prices of financial derivatives caused by market price fluctuation, such as that of the subject interest and exchange rates;
2. Liquidity risk: As the derivative business will be in a form of over-the-counter trading operated by financial institutions based on the settlement of import and export payments in foreign currencies and our transactions settled in local and foreign currencies, no available funds will be applied. However, there is the risk of loss due to payment of any margin to banks upon closing out an open position for whatever reasons; and
3. Other risks: Upon actual development of business, the Company may suffer loss in the course of trading of financial derivatives for reasons, such as incomprehensive internal control procedures, employees' operation, systems, etc. In addition, if any trader fails to fully understand the terms of the relevant trading contracts and product information, the Company is subject to legal risk and trading loss so incurred.

LETTER FROM THE BOARD

VII. Risk Control Measures

1. Zoomlion Finance Co., Ltd. is responsible for the centralized management of financial derivative business of member companies of the Group, real-time tracking of changes and trends in international foreign exchange market, enhancing analysis of information on foreign exchange and interest rates, operating in strict compliance with requirements of the Regulations on Internal Control for Financial Derivative Business and ensuring the effective implementation of those regulations, and circumventing the loss from foreign exchange to the greatest extent.
2. The Company has formulated the Regulations on Internal Control for Financial Derivative Business and other relevant procedures and policies, and put in place the specific regulations concerning the financial derivative business of the Company, including the amount of transactions, type and scope of products, approval and authorizations, internal procedures, responsible departments, information segregation measures, regulations on internal risk reporting and risk control procedures, information disclosure and file management, etc.
3. Management of trading counterparties: In the course of financial derivative business, large-scale international and local commercial banks with good standing will be prudently and carefully selected for the development of financial derivative business and the development of the relevant laws and regulations will be kept abreast so as to circumvent any potential legal risks.
4. Management on bank accounts and funds will be strengthened, and the approval procedures for fund allocation and utilization will be strictly observed.
5. In the event of any material change in the market or any material unrealized loss, a special task group will be formed and a contingency system must be promptly established to proactively deal with and properly resolve such issue.
6. A proper risk assessment model and supervising and control system will be selected. All types of risks will be continually monitored, controlled and monitored. The frequency of reporting will be increased and proposed solutions will be promptly formulated where there is severe market fluctuation and escalation of risk.

VIII. Matter to be Authorized

To authorize the Chairman of the Board and any person authorized by him to exercise his power to decide any financial derivative investment within the abovementioned limit and execute the relevant contracts and agreements. This authorization shall be effective for a term of one year from the date on which this resolution is passed at the AGM.

LETTER FROM THE BOARD

The relevant resolution regarding the proposed development of financial derivatives can be found under the ordinary resolution numbered 15, as provided in the notice of AGM.

12. ANNUAL GENERAL MEETING

A notice convening the AGM to be held at Multi-function Conference Room, Company Office Building, No. 361, Yin Pen South Road, Changsha City, Hunan Province, the PRC on Friday, 9 June 2017 at 2:00 p.m. is set out on pages 34 to 38 of this circular.

If you intend to appoint a proxy to attend and vote at the AGM, you are required to complete and return the accompanied respective proxy form in accordance with the instructions printed thereon to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in person or by post not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the respective reply slip to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) on or before Saturday, 20 May 2017.

13. VOTING BY POLL

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with the Articles.

14. RECOMMENDATION

The Board considers that all resolutions to be proposed at the AGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the proposed resolutions to be proposed at the AGM.

By Order of the Board
Zoomlion Heavy Industry Science and Technology Co., Ltd.*
Zhan Chunxin
Chairman

Changsha, the PRC, 24 April 2017

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING



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

中联重科股份有限公司

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

(Stock Code: 1157)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN by the Board of Directors that the Annual General Meeting of Zoomlion Heavy Industry Science and Technology Co., Ltd. (the “**Company**”) will be held at Multi-function Conference Room, Company Office Building, No. 361, Yin Pen South Road, Changsha City, Hunan Province, the PRC at 2:00 p.m. on Friday, 9 June 2017 by way of physical meeting. Details of the Annual General Meeting are as follows:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors of the Company for the year 2016.
2. To consider and approve the report of the Supervisory Board of the Company for the year 2016.
3. To consider and approve the report of settlement accounts of the Company for the year 2016.
4. To consider and approve the full text and the summary of the annual report of A shares of the Company for the year 2016.
5. To consider and approve the annual report of H shares of the Company for the year 2016.
6. To consider and approve the profit distribution plan of the Company for the year 2016, and to approve final dividend in the amount of RMB0.15 per share (inclusive of tax) be declared and distributed on the basis of the total share capital of 7,664,132,250 Shares of the Company for the year ended 31 December 2016, the aggregate amount of which is approximately RMB1,150 million.
7. To consider and approve the appointment of Company’s auditors for the year 2017.
 - (1) To consider and approve the re-appointment of Baker Tilly China Certified Public Accountants Co., Ltd. as the domestic auditor of the Company for the year ending 31 December 2017;
 - (2) To consider and approve the re-appointment of KPMG as the international auditor of the Company for the year ending 31 December 2017; and
 - (3) To authorize the audit committee of the Board of Directors of the Company to determine the principles of fixing the remunerations of the PRC and international auditors and to authorize the Company’s management to determine their actual remunerations based on the agreed principles.

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and approve the application by the Company to the relevant financial institutions for general credit facilities and financing with credit limit not exceeding RMB90 billion and authorize Dr. Zhan Chunxin, the chairman of the Board, to execute on behalf of the Company facility contracts and other relevant financing documents with the relevant financial institutions, and allocate the credit limit available to the Company to branches or subsidiaries for their uses.
9. To consider and approve the authorization to Zoomlion Finance and Leasing (China) Co., Ltd. and Zoomlion Finance and Leasing (Beijing) Co. Ltd. for commencement of finance leasing business and the Company to provide buy-back guarantee in respect of the finance lease and sales business within the effective term.
10. To consider and approve the authorization to the Company to continue to develop the mortgage and sales business and provide buy-back guarantee in respect of the mortgage business within the effective term.
11. To consider and approve the authorization of Zoomlion Heavy Industry Science and Technology Anhui Industrial Vehicles Co. Ltd. (“**Zoomlion Industrial Vehicles**”) to engage in, with the relevant financial institutions and its distributors, the business relating to banker’s acceptance secured by goods and to authorize the management of Zoomlion Industrial Vehicles to execute on behalf of Zoomlion Industrial Vehicles the relevant cooperation agreements in respect of the above business relating to banker’s acceptance secured by goods.
12. To consider and approve the authorization of Zoomlion Heavy Machinery Co., Ltd. (“**Zoomlion Heavy Machinery**”) to engage in, with the relevant financial institutions and its distributors, the business relating to banker’s acceptance secured by goods and to authorize the management of Zoomlion Heavy Machinery to execute on behalf of Zoomlion Heavy Machinery the relevant cooperation agreements in respect of the above business relating to banker’s acceptance secured by goods.
13. To consider and approve the proposed provision of a guarantee with maximum limit of RMB9.83 billion by the Company for 23 subsidiaries.
14. To consider and approve the carrying out of low risk investment and financial management by the Company with maximum investment amount of RMB4 billion and the chairman of the Board be authorized to exercise such investment decisions within the abovementioned limit and execute the relevant contracts and agreements.
15. To consider and approve the development of financial derivatives business by the Company with a principal of not more than 9 billion and the chairman of the Board and any person authorized by the chairman of the Board be authorized to exercise his power to decide any financial derivative investment within the abovementioned limit and execute the relevant contracts and agreements.

NOTICE OF ANNUAL GENERAL MEETING

Note: The English version of this announcement is an unofficial translation and is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

By Order of the Board
Zoomlion Heavy Industry Science and Technology Co., Ltd.*
Zhan Chunxin
Chairman

Changsha, the PRC, 24 April 2017

As at the date of this notice, the executive director of the Company is Dr. Zhan Chunxin; the non-executive directors are Mr. Hu Xinbao and Mr. Zhao John Huan; and the independent non-executive directors are Mr. Zhao Songzheng, Mr. Lai Kin Keung, Ms. Liu Guiliang and Mr. Yang Changbo.

* For identification purpose only

Notes:

(1) Eligibility for Attending the Annual General Meeting and closure of H Shares register of members

The H Share register of members of the Company will be closed for the purpose of determining H shareholders' entitlement to attend and vote at the Annual General Meeting, from Wednesday, 10 May 2017 to Friday, 9 June 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the Annual General Meeting, H Share shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 9 May 2017.

(2) Recommendation of final dividend distribution, withholding and payment of corporate income tax for non-resident enterprise shareholders, and closure of H Share register of members

The Company intends to distribute a final dividend of RMB0.15 per share (inclusive of tax), amounting to in aggregate approximately RMB1,150 million. If the dividend are declared to be distributed upon the approval of ordinary resolution No. 6 by the shareholders in Annual General Meeting, the final dividend is expected to be paid and issued on or about Wednesday, 30 August 2017 to the H Share shareholders whose names appear on the H Share register of members of the Company at the close of business on Tuesday, 20 June 2017.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold 10% corporate income tax before distributing the 2016 dividend to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of the non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Cash dividend payable to H Share non-resident enterprises shareholders after the deduction of the said corporate income tax is RMB0.135 per share (for reference only). Cash dividend payable to the H Share shareholders will be paid in Hong Kong dollars.

NOTICE OF ANNUAL GENERAL MEETING

Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual shareholders who invest in H Shares through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the final dividend. For domestic shareholders who are securities investment funds investing in H Shares through Shenzhen-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the final dividend. For domestic enterprise shareholders who invest in H Shares through Shenzhen-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay enterprise income tax on their behalf in the distribution of the final dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from enterprise income tax.

The Company assumes no responsibility and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any dispute over the mechanism of withholding. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The H Share register of members of the Company will be closed from Thursday, 15 June 2017 to Tuesday, 20 June 2017 (both days inclusive) for the purpose of determining H Share shareholder's entitlement to the Dividends, during which period no transfer of shares will be registered. In order to be entitled to the dividend, H Share shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 14 June 2017.

(3) Proxy

- (a) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies in writing to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (b) The instrument appointing a proxy must be in writing by the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
- (c) To be valid, for H shareholders, the proxy form and notarized power of attorney or other authorization document must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the Annual General Meeting (proxy form for use at the Annual General Meeting is attached herewith). If a shareholder appoints more than one proxy, such proxies shall only exercise the right to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING

(4) Registration procedures for attending the Annual General Meeting

- (a) A shareholder or his proxy should produce proof of identity when attending the Annual General Meeting. If a shareholder is a legal entity, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the Annual General Meeting by producing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (b) Shareholders of the Company intending to attend the Annual General Meeting in person or by their proxies should complete and return the reply slip for attending the Annual General Meeting to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) on or before Saturday, 20 May 2017.

(5) Voting by poll

According to Rule 13.39(4) of the Listing Rules in Hong Kong, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the Annual General Meeting will demand a poll in relation to all the proposed resolutions at the Annual General Meeting in accordance with the Articles of Association.

(6) Miscellaneous

- (a) The Annual General Meeting is expected to last for no more than half a day. Shareholders (or their proxies) attending the meeting in person are responsible for their own transportation and accommodation expenses.
- (b) The address of Computershare Hong Kong Investor Services Limited is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The registered office of the Company is: No. 361, Yin Pen South Road, Changsha City, Hunan Province, the PRC. Telephone: (86 731) 88788432. Fax: (86 731) 85651157. Email: 157@zoomlion.com.
- (d) Unless otherwise defined in this notice, capitalised terms used in this notice shall have the same meanings as those defined in the Annual General Meeting circular dated 24 April 2017.