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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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

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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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**(2) TRANSFER OF ACCOUNTS RECEIVABLES**

**(3) PROPOSED RELATED PARTIES TRANSACTIONS**

**(4) PROVISIONS FOR ASSET IMPAIRMENT**

**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**(5) PROPOSED INCREASE OF THE MAXIMUM AMOUNT OF  
INVESTMENT FOR CONDUCTING LOW RISK INVESTMENT AND  
FINANCIAL MANAGEMENT BUSINESS**

**AND**

**(6) NOTICES OF EXTRAORDINARY GENERAL MEETING AND  
H SHARES CLASS MEETING**

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A notice convening the Extraordinary 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, 27 October 2017 at 2 p.m. is set out on pages 24 to 26 of this circular. The notice convening the H Shares Class Meeting at 3:30 p.m. on Friday, 27 October 2017 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, are set out on pages 27 to 28 of this circular.

Whether or not you are able to attend the Extraordinary General Meeting and/or H Shares Class Meeting, you are advised to read the notice of the Extraordinary General Meeting and H Shares Class 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 Extraordinary General Meeting and/or H Shares Class Meeting or any adjourned meeting thereof. Completion and return of the proxy forms will not preclude you from attending and voting at the Extraordinary General Meeting and/or H Shares Class Meeting or at any adjourned meeting if you so wish.

If you intend to attend the Extraordinary General Meeting and/or H Shares Class 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, 7 October 2017.

\* *For identification purpose only*

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## DEFINITIONS

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

“Accounts Receivables”	the accounts receivables in an aggregate amount of RMB4,141,520,995.37 (equivalent to approximately HK\$4,872,377,641.61) owing to each of the Transferors from non-related external third parties of the Group
“Announcement”	the announcement of the Company dated 30 August 2017 in relation to the (1) proposed amendments to the Articles; and (2) the provisions for asset impairment for the six months ended 30 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 Shares Class Meeting”	the class meeting of the A Shareholders to be convened at 3 p.m. on Friday, 27 October 2017 for the purposes of considering and approving, among other matters, the proposed amendments to the Articles
“A Shareholder(s)”	holder(s) of the A Share(s)
“AR Transaction”	the transfer of the Accounts Receivables by the Transferors to the Transferee
“AR Transaction Announcement”	the announcement of the Company dated 30 August 2017 in relation to the transfer of Accounts Receivables
“Board” or “Board of Directors”	the board of Directors of the Company
“BOC International”	BOC International (China) Limited* (中銀國際證券有限責任公司)
“Bond”	the bond with a principal amount of not more than RMB8 billion proposed to be issued by the Company
“Supervisory Board”	the Supervisory Board of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meetings”	the A Shares Class Meeting and the H Shares Class Meeting to be held on Friday, 27 October 2017 for the purposes of considering and approving, among other things, the amendments to the Articles

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## DEFINITIONS

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“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
“Company Law”	Company Law of the PRC (中華人民共和國公司法), as adopted at the Fifth Session of the Standing Committee of the Eighth National People’s Congress of the PRC on 29 December 1993, effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“Completion”	completion of the AR Transaction
“connected persons”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Consideration”	RMB1,653,885,386.88 (equivalent to approximately HK\$1,945,747,513.97)
“Director(s)”	director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary 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 p.m. on Friday, 27 October 2017
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 Shares Class Meeting”	the class meeting of the H Shareholders to be convened at 3:30 p.m. on Friday, 27 October 2017, for the purposes of considering and approving, among other matters, the proposed amendments to the Articles
“H Shareholders(s)”	holder(s) of the H Shares
“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
“Independent Director(s)” or “Independent Non-executive Director(s)”	independent non-executive Director(s) of the Company

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## DEFINITIONS

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“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	1 September 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
“Puxing No. 2 TAMP”	Puxing No. 2 Targeted Asset Management Plan* (浦星2號定向資產管理計劃)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law 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
“Transfer Agreement”	the transfer agreement dated 30 August 2017 entered into between the Transferee and the Transferors in respect of the AR Transaction
“Transferee”	BOC International (on behalf of BOC Securities — Puxing No. 2 Targeted Asset Management Plan)
“Transferors”	the Company and Zoomlion Shanghai Pile
“Zoomlion Shanghai Pile”	Shanghai Zoomlion Pile Foundation Machinery Co., Ltd.* (上海中聯重科樁工機械有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

*For the purpose of this circular, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.85 to HK\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.*

**ZOOMLION**  
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**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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**(2) TRANSFER OF ACCOUNTS RECEIVABLES**  
**(3) PROPOSED RELATED PARTIES TRANSACTIONS**  
**(4) PROVISIONS FOR ASSET IMPAIRMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**  
**(5) PROPOSED INCREASE OF THE MAXIMUM AMOUNT OF**  
**INVESTMENT FOR CONDUCTING LOW RISK INVESTMENT AND**  
**FINANCIAL MANAGEMENT BUSINESS**  
**AND**  
**(6) NOTICES OF EXTRAORDINARY GENERAL MEETING AND**  
**H SHARES CLASS MEETING**

**1. INTRODUCTION**

The purpose of this circular, to which this letter forms a part of, is to give you notices of the EGM and H Shares Class Meeting 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 EGM and H Shares Class Meeting.

At the EGM, ordinary resolutions will be proposed to consider and approve, among others, (1) the AR Transaction; (2) the proposed related parties transactions; and (3) the provisions for asset impairment for the six months ended 30 June 2017; and (4) proposed increase of the maximum amount of investment for conducting low risk investment and financial management business.

\* *For identification purpose only*

## LETTER FROM THE BOARD

At the EGM, special resolutions will be proposed to consider and approve the proposed amendments to the Articles. The notice of EGM is set out in pages 24 to 26 of this circular.

At the H Shares Class Meeting, a special resolution will be proposed to consider and approve the proposed amendments to the Articles. The notice of the H Shares Class Meeting is set out in pages 27 to 28 of this circular.

### 2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the Announcement. The Board proposed to amend certain provisions of the Articles as follows.

	<b>Before amendment</b>	<b>After amendment</b>
Article 21	<p>After completion of the issue of overseas listed foreign shares (H shares) and before the exercise of the over-allotment options, the Company had 5,797,219,562 ordinary shares in issue, including 4,840,678,482 domestic listed ordinary shares and 956,541,080 H shares (including 86,958,280 H shares held by the National Social Security Fund), representing 83.5% and 16.5% of the total issuable ordinary shares of the Company respectively.</p> <p>After completion of the issue of the overseas listed foreign shares (H shares) and the exercise of the over-allotment options, the Company had 5,927,656,962 ordinary shares in issue, including 4,827,634,742 domestic listed ordinary shares and 1,100,022,220 H shares (including 100,002,020 H shares held by the National Social Security Fund), representing 81.4% and 18.6% of the total issuable ordinary shares of the Company respectively.</p> <p>After the implementation of the profits distribution plan of 2010 passed at the annual general meeting and class general meeting of 2010 both held on 3 June 2011, the Company shall have 7,705,954,050 ordinary shares in issue, including 6,275,925,164 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,430,028,886 H shares, representing 81.4% and 18.6% of the total issued ordinary shares of the Company respectively.</p>	<p>After completion of the issue of overseas listed foreign shares (H shares) and before the exercise of the over-allotment options, the Company had 5,797,219,562 ordinary shares in issue, including 4,840,678,482 domestic listed ordinary shares and 956,541,080 H shares (including 86,958,280 H shares held by the National Social Security Fund), representing 83.5% and 16.5% of the total issuable ordinary shares of the Company respectively.</p> <p>After completion of the issue of the overseas listed foreign shares (H shares) and the exercise of the over-allotment options, the Company had 5,927,656,962 ordinary shares in issue, including 4,827,634,742 domestic listed ordinary shares and 1,100,022,220 H shares (including 100,002,020 H shares held by the National Social Security Fund), representing 81.4% and 18.6% of the total issuable ordinary shares of the Company respectively.</p> <p>After the implementation of the profits distribution plan of 2010 passed at the annual general meeting and class general meeting of 2010 both held on 3 June 2011, the Company shall have 7,705,954,050 ordinary shares in issue, including 6,275,925,164 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,430,028,886 H shares, representing 81.4% and 18.6% of the total issued ordinary shares of the Company respectively.</p>

## LETTER FROM THE BOARD

	<b>Before amendment</b>	<b>After amendment</b>
	<p>After the implementation of the repurchase of a portion of H Shares passed at the annual general meeting and class general meeting of 2014 both held on 29 June 2015, the Company shall have 7,664,132,250 ordinary shares in issue, including 6,275,925,164 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,388,207,086 H shares, representing 81.9% and 18.1% of the total issued ordinary shares of the Company respectively.</p>	<p>After the implementation of the repurchase of a portion of H Shares passed at the annual general meeting and class general meeting of 2014 both held on 29 June 2015, the Company shall have 7,664,132,250 ordinary shares in issue, including 6,275,925,164 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,388,207,086 H shares, representing 81.9% and 18.1% of the total issued ordinary shares of the Company respectively.</p> <p><u>After the implementation of the repurchase of a portion of A Shares passed at the annual general meeting and class general meeting of 2015 both held on 29 June 2016, the Company shall have 7,625,287,164 ordinary shares in issue, including 6,237,080,078 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,388,207,086 H shares, representing 81.8% and 18.2% of the total issued ordinary shares of the Company respectively.</u></p>
Article 24	The registered capital of the Company is RMB7,664,132,250.	The registered capital of the Company is RMB <u>7,625,287,164</u> .

*Note:* The amendments to the Articles were originally drafted in Chinese and the English translation is for reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

The amendments to the Articles are conditional upon the following:

- (i) the approval of the amendments to the Articles by the Shareholders by way of a special resolution at the Class Meetings and the EGM; and
- (ii) the approval of the filing of the amendments to the Articles by relevant competent authorities in the PRC.

The effect of the amendments to the Articles is to reflect the updated fact of the Company.

The relevant resolution regarding the amendments to the provisions of the Articles can be found under the special resolution numbered 5, as provided in the notice of EGM.



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## LETTER FROM THE BOARD

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### 3. TRANSFER OF ACCOUNTS RECEIVABLES

Reference is made to the AR Transaction Announcement.

On 30 August 2017, the Company and Zoomlion Shanghai Pile have entered into the Transfer Agreement with the Transferee, pursuant to which, the Company and Zoomlion Shanghai Pile shall conditionally transfer the Accounts Receivables in an aggregate amount of RMB4,141,520,995.37 (equivalent to approximately HK\$4,872,377,641.61) owing to each of them respectively from non-related external third parties of the Group to the Transferee at the Consideration of RMB1,653,885,386.88 (equivalent to approximately HK\$1,945,747,513.97). Meanwhile, the Company has entered into an asset management agreement with the Transferee, pursuant to which, the Company shall be responsible for the recovery of payments in respect of the subject assets.

#### **The AR Transaction**

The principal terms of the Transfer Agreement are set out as follows:

#### *Date*

30 August 2017

#### *Parties*

- (1) the Company;
- (2) Zoomlion Shanghai Pile; and
- (3) the Transferee.

The Transferee, Puxing No. 2 TAMP, is an asset management plan under the management of BOC International. BOC International is a limited liability company jointly invested with funds from Hong Kong, Macau and Taiwan, and principally engaged in securities brokerage, securities investment and consultation, provision of financial advice on securities trading and investment activities, securities underwriting and sponsorship, principal securities trader, securities asset management, securities margin trading, sale of securities investment funds and financial products, and management of publicly offered securities investment funds.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Transferee and BOC International and their respective ultimate beneficial owners is an Independent Third Party.

#### *Subject matter of the AR Transaction*

The Transferors have conditionally agreed to transfer the Accounts Receivables in an aggregate amount of RMB4,141,520,995.37 (equivalent to approximately HK\$4,872,377,641.61) owing to each of them respectively from non-related external third parties of the Group to the Transferee.

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## LETTER FROM THE BOARD

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### *Consideration*

The Consideration for the AR Transaction is RMB1,653,885,386.88 (equivalent to approximately HK\$1,945,747,513.97). Puxing No. 2 TAMP shall pay the Consideration in one lump sum cash payment on 30 October 2017.

The Company and Zoomlion Shanghai Pile shall transfer to Puxing No. 2 TAMP the Accounts Receivables with an original book value of RMB4,141,520,995.37 in aggregate. The transaction amount is RMB1,653,885,386.88 in aggregate. Out of the Accounts Receivables, the Company intends to transfer such portion of the Account Receivables with an original book value of RMB4,099,005,509.27 in aggregate where Puxing No. 2 TAMP shall pay RMB1,648,964,314.24 of the Consideration; and Zoomlion Shanghai Pile intends to transfer such portion of the Account Receivables with an original book value of RMB42,515,486.10 in aggregate where Puxing No. 2 TAMP shall pay RMB4,921,072.95 of the Consideration.

The Consideration was determined after arm's length negotiations between the Transferee and the Transferors with reference to the future recoverability of the subject assets, taking into account the Valuation Reports (as defined below) issued by the asset valuer.

### *Condition Precedent*

The AR Transaction is subject to approval of the Shareholders at a general meeting of the Company.

### *Completion*

The Transfer Agreement shall take effect and become legally binding on the parties thereto upon signing by the legal representatives (persons-in-charge) or authorized representatives of the parties thereto under hand (or affixing their personal chops) thereon.

Completion shall take place on 30 October 2017 after the condition to the Transfer Agreement is fulfilled.

Commencing from 30 October 2017, Puxing No. 2 TAMP will acquire and be entitled to the subject assets and the interests thereon. The Company and Zoomlion Shanghai Pile will not be liable for any credit loss on the subject assets. In the event of default on the part of debtor(s), neither the Company nor Zoomlion Shanghai Pile assume obligation to repurchase the shortfalls, if any.

### **Other Arrangements in Connection with the AR Transaction**

The AR Transaction does not involve any personnel placement or land lease, or result in any new connected transactions or competition within the industry. It does not involve any transfer of the equity interest of the Company or change to the senior management of the Company.

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## LETTER FROM THE BOARD

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### Information on the Accounts Receivables

The Accounts Receivables are in an aggregate amount of RMB4,141,520,995.37 (equivalent to approximately HK\$4,872,377,641.61), which are owed to each of the Transferors respectively from non-related external third parties of the Group, which the details are as follows:

	<i>Unit: RMB</i>				
Creditor	Original Book value	Provision for Impairment	Appraised value	Net Book value	Consideration
Company	4,099,005,509.27	2,450,041,195.03	1,695,598,715.52	1,648,964,314.24	1,648,964,314.24
Zoomlion Shanghai Pile	<u>42,515,486.10</u>	<u>37,594,413.46</u>	<u>11,908,825.59</u>	<u>4,921,072.64</u>	<u>4,921,072.64</u>
Total	<u>4,141,520,995.37</u>	<u>2,487,635,608.49</u>	<u>1,707,507,541.11</u>	<u>1,653,885,386.88</u>	<u>1,653,885,386.88</u>

The Accounts Receivables have clear title without any pledge or third party rights thereon, and are not subject to any judicial measures such as attachment or freezing.

Vocation (Beijing) International Assets Valuation Company, after appraising the market value of the respective portions of debt assets proposed to be transferred by the Company and Zoomlion Shanghai Pile respectively under the AR Transaction as at 30 June 2017, issued a Debt Assets Valuation Report of the Respective Portion of Debt Assets Proposed to be Transferred by Zoomlion Heavy Industry Science and Technology Co., Ltd. (VIAVC Report No. 0975 of 2017), a Debt Assets Valuation Report of the Respective Portion of Debt Assets Proposed to be Transferred by Shanghai Zoomlion Pile Foundation Machinery Co., Ltd. (VIAVC Report No. 0933 of 2017) (the “**Valuation Reports**”). According to the relevant Valuation Report, the debt assets proposed to be transferred by the Company has a balance of book value of RMB4,099,005,509.27, where a provision of RMB2,450,041,195.03 has been made for bad debt and the net book value is RMB1,648,964,314.24. Under the assumptions of the relevant Valuation Report, such debt assets have an appraised value of RMB1,695,598,715.52, with a valuation gain of RMB46,634,401.28 and a valuation gain rate of 2.83% compared to the book value. According to the relevant Valuation Report, the debt assets proposed to be transferred by Zoomlion Shanghai Pile has a balance of book value of RMB42,515,486.10, where a provision of RMB37,594,413.46 has been made for bad debt and the net book value is RMB4,921,072.64. Under the assumptions of the relevant Valuation Report, the such debt assets have an appraised value of RMB11,908,825.59, with a valuation gain of RMB6,987,752.95 and a valuation gain rate of 141.99% compared to the book value.

The Accounts Receivables, being the subject of the AR Transaction, represent the creditors’ rights on the Accounts Receivables. Upon Completion, such creditors’ rights shall be transferred to the Transferee, and the Transferors will no longer be entitled to any rights to the Accounts Receivables. The AR Transaction is a transfer of non-recourse accounts receivables of the Company.

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## LETTER FROM THE BOARD

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### Financial Effect of the AR Transaction

If, after approval of the Shareholders at a general meeting, a substantial portion of the Consideration for the transfer of the Accounts Receivables is received by the end of October of 2017 and recognized in accordance with the accounting standards, it is estimated that the book value of monetary assets of the Company will increase by RMB1,653,885,386.88, the original book value of the Accounts Receivables will decrease by RMB4,141,520,995.37 and the net value of the Accounts Receivables will decrease by RMB1,653,885,386.88 on a consolidation basis. No non-recurring loss for the AR Transaction will be incurred and the profit of the Company for the year 2017 will not be affected thereby.

### Use of Proceeds

The net proceeds from the AR Transaction will be primarily used as the general working capital of the Company.

### Information on the Group and Reasons for the AR Transaction

The Company and its subsidiaries are principally engaged in the research, development, manufacturing and sale of construction machinery, environmental sanitation equipment and agricultural machinery, as well as the provision of environmental solutions and finance leasing service.

The AR Transaction will optimize the asset structure of the Company and reduce its management costs and recovery costs in respect of the accounts receivables, thereby improving its financial condition and further facilitating its business development. The AR Transaction is in line with the strategic development and management needs of the Company, and coherent with the objectives of its long-term development.

The AR Transaction will have no material effect on the financial position and operation of the Company.

The relevant resolution regarding the AR Transaction can be found under the ordinary resolution numbered 1, as provided in the notice of EGM.

## 4. PROPOSED RELATED PARTIES TRANSACTIONS

### I. Basic Particulars of the Related Parties Transactions

#### (1) Overview of the related parties transactions

1. On 21 May 2017, the Company and Changsha Zoomlion Environmental Industry Co., Ltd.\* (長沙中聯重科環境產業有限公司) (“**Zoomlion Environmental**”) entered into the Equity Transfer Agreement with the transferees, namely Infore Investments Holding Group Co., Ltd. (盈峰投資控股集團有限公司), Guangzhou Yuemintou Yinglian Investment Partnership (Limited Partnership)\* (廣州粵民投盈聯投資合夥企業(有限合夥)), Shanghai Lulian Junhe Industrial Equity Merger and Acquisition and Investment Fund Partnership\* (上海綠聯君和產業併購股權投資基金合夥企業), and Hony (Shenzhen) Investment Centre (Limited Partnership)\* (弘創(深圳))

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## LETTER FROM THE BOARD

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投資中心(有限合夥)), pursuant to which, the Company transfers a total of 80% of the equity interest in Zoomlion Environmental, a wholly-owned subsidiary of the Company, at a consideration of RMB11,600,000,000 (the “**Disposal**”).

2. Since (1) Mr. Liu Quan, a supervisor of the Company, is also a senior management of Zoomlion Environmental; (2) Mr. Shen Ke, the company secretary of the board of directors of the Company, is also a director of Zoomlion Environmental; and (3) Mr. Zhang Jianguo and Mr. Chen Peiliang, both former presidents of the Company and responsible for the environmental business of the Company, remain as senior management of Zoomlion Environmental, Zoomlion Environmental, after completion of the Disposal, will therefore become a related party of the Company under the Rules Governing Listing of Stocks on Shenzhen Stock Exchange (the “**Shenzhen Listing Rules**”). However, Zoomlion Environment is not a connected person within the meaning of the Hong Kong Listing Rules.
3. Zoomlion Environmental, which has become a related party, was a wholly-owned subsidiary of the Company prior to the completion of the Disposal. In the ordinary course of business, Zoomlion Environmental has transactions in place with the Company, such as sales of products, procurement of spare parts and components, provision of financial services, and commissioned product processing services by the Company. Upon completion of the Disposal, Zoomlion Environmental will continue the above transactions with the Company in order to ensure the normal business development of Zoomlion Environmental. These transactions will therefore newly constitute the related parties transactions of the Company. However, the related party transactions do not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.
4. During the period from 1 July 2017 to 31 December 2017 (the “**Mandate Period**”), the aggregate amount of the related parties transactions of the Company with Zoomlion Environmental is expected to be RMB4,814,600,000, comprising sales of products from the Company to Zoomlion Environmental expected to be RMB184,600,000, procurement of spare parts and components from Zoomlion Environmental expected to be RMB1,600,000,000, commissioned product processing service by the Company for Zoomlion Environmental expected to be RMB30,000,000, and provision of financial services by the Company to Zoomlion Environmental expected to be RMB3,000,000,000.
5. According to the requirement of the Shenzhen Listing Rules, the above related parties transactions are subject to shareholders’ approval at a general meeting of the Company.

## LETTER FROM THE BOARD

**(2) Expected categories and amounts of the related parties transactions**

The above transactions become new related parties transactions. The amounts expected to be incurred during the Mandate Period are as follows:

*Unit: RMB '000*

Categories of the related parties transactions	Related party	Details of the related parties transactions	Amounts expected to be incurred during the Mandate Period
Sales of products to the related party	Zoomlion Environmental	Sales of raw materials, such as rubber tube, hard tube, connectors, lubricant oil, and diesel	53,000
		Sales of oil tanks	19,000
		Sales of valves	32,000
		Sales of electric system	73,000
		Sales of other products	7,600
Procurement of spare parts and components from the related party	Zoomlion Environmental	Procurement of spare parts and components, such as chassis and structural parts	1,600,000
Commissioned product processing by the Company for the related party	Zoomlion Environmental	Processing of products by the Company for Zoomlion Environmental	30,000
Provision of financial services to the related party by the Company	Zoomlion Environmental	Provision of services, such as working capital loans and acceptance of bills, by the Company to Zoomlion Environmental	2,000,000
		Provision of services, such as financial leasing, commercial factoring, and capital and credit investigation, to Zoomlion Environmental	1,000,000

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## LETTER FROM THE BOARD

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### II. Information on the Related Party

#### 1. Basic particulars

(1) Name of the entity:	Changsha Zoomlion Environmental Industry Co., Ltd.* (長沙中聯重科環境產業有限公司)
(2) Nature of the entity:	Company with limited liability
(3) Place of registration:	288 Linyu Road, Changsha Hi-tech Development Zone
(4) Principal place of business:	288 Linyu Road, Changsha Hi-tech Development Zone
(5) Registered capital:	RMB2,352,000,000
(6) Registration number/ Unified social credit code:	91430100591016740G

#### 2. Financial positions of the related party

The pro-forma financial data of Zoomlion Environmental for the latest two financial years is as follows:

Item	<i>Unit: RMB</i>	
	As at 31 December 2015	As at 31 December 2016
Total assets	7,092,530,152.28	9,247,832,394.70
Total liabilities	4,885,581,321.06	6,161,104,514.15
Accounts receivables	3,349,478,893.52	4,587,139,662.21
Net assets	2,206,948,831.22	3,086,727,880.55
	For the year of 2015	For the year of 2016
Operating income	4,532,347,627.60	5,606,714,113.36
Operating profit	805,275,044.09	886,724,189.84
Net profit	691,732,020.86	755,498,921.34

#### 3. Ability to perform contracts

The pro-forma net assets and the pro-forma net profits of Zoomlion Environmental for the year 2016 was RMB3,086,727,880.55 and RMB755,498,921.34 respectively, rendering it sound ability to perform contracts.

## LETTER FROM THE BOARD

### III. Details of the Related Parties Transaction

#### 1. Policy and basis of pricing of the related parties transactions

Categories of the Related Parties transactions	Related Party	Details of the related parties transactions	Policy and basis of pricing	Payment arrangement and settlement method
Sales of products to the related party	Zoomlion Environmental	Sales of raw materials, such as rubber tube, hard tube, connectors, lubricant oil, and diesel	Sales at market comparable price	Monthly settlement under commercial terms agreed in the relevant agreement
		Sales of products, such as oil tanks, valves and electric system	Sales at market comparable price	Monthly settlement under commercial terms agreed in the relevant agreement
		Sales of other products	Sales at market comparable price	Monthly settlement under commercial terms agreed in the relevant agreement
Procurement of spare parts and components from the related party	Zoomlion Environmental	Procurement of spare parts and components, such as chassis, upper feed and hydraulic component	Procurement at market comparable price	Monthly settlement under commercial terms agreed in the relevant agreement
Commissioned product processing by the Company for the related party	Zoomlion Environmental	Processing of products by the Company for Zoomlion Environmental	Calculated at cost of materials for product processing plus fees of certain percentage	Monthly settlement under commercial terms agreed in the relevant agreement
Provision of financial service by the Company to the related party	Zoomlion Environmental	Provision of services, such as working capital loans and acceptance of bills, by the Company to Zoomlion Environmental	Determined with reference to comparable transactions in the market	Payment upon maturity
		Provision of services such as financial leasing, factoring, and capital and credit investigation to Zoomlion Environmental	Determined with reference to comparable transactions in the market	Settlement under commercial terms agreed in the relevant agreement

*Note:* The rate of commissioned processing fees charged by the Company from Zoomlion Environmental is determined by the Company and Zoomlion Environmental after negotiation with reference to the percentage of wages and salary and overheads to the cost of material incurred in the preceding year, and according to market practice.



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## LETTER FROM THE BOARD

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### ***2. Agreements in respect of the related parties transactions***

On 30 August 2017, the Company and its subsidiaries, and Zoomlion Environmental have entered into a sales framework agreement in respect of raw materials and products, a procurement framework agreement, a framework agreement in respect of commissioned product processing, cooperation agreement in respect of financial services and an agreement of comprehensive credit granting. Subject to shareholders' approval at a general meeting of the Company, these agreements are effective from 1 July 2017 until 31 December 2017.

## **IV. Purpose of the Related Parties Transactions and Impact on the Company**

### ***1. Purpose of the related parties transactions***

Zoomlion Environmental, which has become a related party, was a wholly-owned subsidiary of the Company prior to the completion of the Disposal. In the ordinary course of business, Zoomlion Environmental has transactions in place with the Company, such as sales of products, procurement of spare parts and components, provision of financial services, and commissioned product processing services by the Company. Upon completion of the Disposal, Zoomlion Environmental will continue the above transactions with the Company in order to ensure the normal business development of Zoomlion Environmental. These transactions will therefore newly constitute the related parties transactions of the Company.

### ***2. The related parties transactions do not impair the interest of the Company***

The pricing and payment terms (or receipt of payment) of the transactions between the Company and Zoomlion Environmental are fair, reasonable and consistent with those of similar transactions in the market, and do not impair the interest of the Company.

### ***3. The related parties transactions have no effect on the independence of the Company***

The related parties transactions of the Company with Zoomlion Environmental are mainly to ensure smooth business transition of Zoomlion Environmental and have no effect on the independence of the Company. It is expected that, after the temporary transition period expected to expire by the end of 2017, the Company would substantially reduce the amounts of the above related parties transactions.

The relevant resolution regarding the proposed related parties transactions can be found under the ordinary resolution numbered 2, as provided in the notice of EGM.

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## LETTER FROM THE BOARD

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### 5. PROVISIONS FOR ASSET IMPAIRMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Reference is made to the Announcement.

The Company has conducted impairment tests on its accounts receivables, inventories and fixed assets which show indication of impairment as at 30 June 2017 according to the relevant requirements under the China Accounting Standards for Business Enterprises and the accounting policies of the Company on a prudent basis. When the net realizable value of an asset is estimated to be lower than its carrying amount, provision for asset impairment will be made upon recognition or measurement. The relevant particulars are as follows:

#### I. Overview of the Provisions for Asset Impairment

After impairment tests, provisions for asset impairment in an aggregate amount of RMB8.751 billion were made in the first half of the year; amongst which, provision for bad debts of accounts receivables amounted to RMB5.877 billion, provisions for bad debts of other receivables amounted to RMB52 million, provisions for bad debts of long-term receivables amounted to RMB863 million; provisions for decline in value of inventories amounted to RMB1.787 billion; provisions for fixed asset impairment amounted to RMB144 million; and the provisions for goodwill impairment amounted to RMB28 million for the first half of this year. Setting aside effects of the currency translation differences, the impact of provisions for asset impairment for this year on the profit or loss (before tax) for the current period amounted to an aggregate of RMB8.733 billion.

#### II. Voting and Resolutions

##### 1. Approval by the Board

The Company convened the sixth meeting of the fifth session of the Board on 30 August 2017, at which the Resolution on the Provisions for Asset Impairment of the Company for the six months ended 30 June 2017 was considered and approved.

##### 2. Approval by the supervisory board

The Company convened the sixth meeting of the fifth session of the supervisory board on 30 August 2017, at which the Resolution on the Provisions for Asset Impairment of the Company for the six months ended 30 June 2017 was considered and approved.

##### 3. Approval by the audit committee of the Board

The Company convened the meeting of the audit committee of the Board for the half year of 2017 on 30 August 2017, at which the Resolution on the Provisions for Asset Impairment of the Company for the six months ended 30 June 2017 was considered and approved.

##### 4. Approval by the shareholders at a general meeting

The resolution on the provisions for asset impairment is subject to the approval by the shareholders at a general meeting.

## LETTER FROM THE BOARD

### III. Provisions for Asset Impairment

#### (I) *Accounts receivables*

The basis for provision for bad debts of accounts receivables of the Company amounted to RMB5.877 billion, provision for bad debts of other receivables amounted to RMB52 million, and provision for bad debts of long-term receivables amounted to RMB863 million, for the first half of this year is as follows:

#### (1) *Accounts receivables with significant single amount and provided for bad debts individually*

Basis for items with significant single amount or the standards for amount	Single amount exceeding RMB10 million
Provision methods for items with significant single amount and provided for bad debts individually	For accounts receivable with significant single amount, the accounts receivable is individually tested for impairment at the end of the period. The amount of loss impairment is recognized, and provision for bad debts is made, with reference to the excess of the carrying amount over the current value of its estimated future cash flows if there is any objective evidence showing that impairment has incurred. If no objective evidence of impairment has incurred for an individually tested accounts receivable, it would be included in a group of financial assets with similar credit risk features and collectively tested for impairment. Accounts receivable for which it has been individually test and an impairment loss is individually recognized would not be included in a group of receivables with similar credit risk features and collectively tested for impairment.

#### (2) *Groupings of provisions for bad debts of accounts receivables by credit risk features*

Name of the group	Provision methods for bad debts
Group by age of accounts receivable	Age analysis
Group by nature	Other methods

Groups using age analysis for provisions for bad debts:

Age of accounts receivable	Proportion of provisions for bad debts	Proportion of provisions for other receivables
Within 1 year (including 1 year)	1.00%	1.00%
1–2 years	6.00%	6.00%
2–3 years	15.00%	15.00%
3–4 years	40.00%	40.00%
4–5 years	70.00%	70.00%
5 years or above	100.00%	100.00%

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## LETTER FROM THE BOARD

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The Company will not provide for bad debts of receivables due from subsidiaries under consolidation, tax refund receivables and amounts being withheld which involve no significant risk in recovery as a group by nature.

(3) *Receivables with insignificant single amount but provided for bad debts individually*

<b>Reasons for providing for bad debts individually</b>	There exists objective evidence that the Company will not be able to recover the receivable under the original terms
<b>Provision methods for bad debts</b>	Provision is made with reference to the excess of the carrying amount over the current value of its estimated future cash flows

The Company collectively considers the debt collectors' professional assessment on factors such as the assets condition and solvency of clients, and other conditions such as the relevant guarantees, repayment histories, future repayment intentions and control over assets of clients. If it is foreseeable that there will be an excess of the carrying amount over the current value of the future cash flow of a client, provisions for bad debts will be made accordingly.

### **(II) Inventory**

The basis for provisions for decline in value of inventories of the Company amounted to RMB1.787 billion for the first half of this year is as follows:

Inventories are measured at the lower of cost and net realizable value at the end of a period. The estimates of net realizable value are based on the most reliable evidence available, taking into consideration the purpose for holding inventories and the effects of events subsequent to the balance sheet date. If it is foreseeable that the cost of inventories may not be recoverable because the inventories are damaged, have become wholly or partly obsolete, or their selling prices are below cost, the provisions for decline in value of inventories will be made according to such portion of cost not recoverable. The provisions for decline in value of inventories such as finished products and bulk raw materials are made by comparing costs with their net realizable value on an individual item basis; for other raw and auxiliary materials and products in progress with large quantities and relatively low unit costs, the provisions for decline in value of those inventories are made on the basis of categories of inventories.

The net realizable value of inventory of goods directly for sale such as finished products, products in progress and materials for sale is the amount determined by deducting the estimated sales expenses and relevant taxes from the estimated selling prices of those inventories. The net realizable value of inventory of materials held for production is the amount determined after deducting the estimated costs to be incurred upon completion, estimated sales expenses and relevant taxes from the estimated selling prices of finished products being manufactured. The net realizable value of inventories held for execution of sales contract or labor contract is calculated on the basis of contract prices. In the event that an enterprise holds more inventories than the quantities ordered under the sales contract, the net realizable value of the excessive inventories is calculated on the basis of the general selling prices.

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## LETTER FROM THE BOARD

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For inventories showing any indication of possible impairment, the Company would conduct impairment test by regularly adopting the lower of cost and net realizable value method to make sufficient provisions for decline in value of inventories.

### *(III) Fixed assets*

The basis for provisions for fixed asset impairment of the Company amounted to RMB144 million for the first half of this year is as follows:

Each item of fixed assets is subject to review every year. Provisions for fixed asset impairment will be made for the excess of the carrying amount over the recoverable amount of fixed assets, which is caused by persistent decline in market price, out-dated technology, damages or idling for a long period. Full provisions for fixed assets impairment will be made on the basis of the carrying amount of fixed assets upon occurrence of any of the following circumstances:

- (1) fixed assets remain idle for a long period and will not be used in the foreseeable future, and also with no resale value;
- (2) fixed assets become non-usable due to technology advancement;
- (3) although the fixed assets are usable, they would produce large quantities of substandard fixed assets after use;
- (4) fixed assets are damaged and, as a result, have no usage value and resale value; or
- (5) other fixed assets that can no longer provide economic benefits to the Company.

### *(IV) Goodwill*

The basis for provision for goodwill impairment of the Company amounted to RMB28 million for the first half of this year is as follows:

The Company will conduct impairment test on goodwill by adopting the lower of cost and recoverable amount method. The recoverable amount is determined by the value in use, that is arriving at by discounting the estimated cash flow under the financial budget approved by the management. The discount rate is determined by the acquiree's weighted average cost of capital. The discount rate reflects the time value of currency and specific risks of the business of the acquiree. The estimated cash flow is determined by taking into account factors such as the historical financial information, estimated sales growth, market prospects and other market information available in relation to the acquiree. If the actual operation performance of the acquiree is far below the estimated value, the Company will consider revising the impairment results in a prudent manner.

## **IV. Effects of Provisions for Asset Impairment on the Financial Position of the Company**

The profit before tax of the Company decreased by RMB8.733 billion in the first half of 2017, due to the provisions for asset impairment.

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## LETTER FROM THE BOARD

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The provision for asset impairment gives a true view of the financial position of the Company, and is in compliance with the requirements under the accounting standards and relevant policies, reflecting the actual condition of the Company. The provision for asset impairment is not prejudicial to the interests of the Company and the shareholders, and involves no related parties of the Company.

### **V. Opinions of the Board, the Supervisory Board, the Independent Directors and the Audit Committee of the Board**

#### ***1. Opinions of the Board***

The provision for asset impairment is in accordance with the actual asset conditions of the Company and the requirements under the relevant policies. The provisions for asset impairment can better fairly reflect the asset conditions of the Company and render the accounting information of the asset value of the Company more reliable and reasonable.

#### ***2. Opinions of the supervisory board of the Company***

On the basis of the actual conditions of the various assets of the Company, the Company has conducted impairment tests and provided for the impairment for the first half of 2017 in accordance with the China Accounting Standards for Business Enterprises and the relevant requirements. The provisions for impairment can better fairly reflect the asset conditions of the Company as of 30 June 2017. The decision making procedure of the resolution is in compliance with the relevant requirements under the law and regulations without impairing the interests of the Company and the minority shareholders. The supervisory board has agreed on such provisions for asset impairment.

#### ***3. Opinions of the independent directors of the Company***

The provision for asset impairment is in compliance with the China Accounting Standards for Business Enterprises and the requirements under the relevant company policies with sufficient basis and in a careful and prudent manner. It is in accordance with the actual conditions of the Company, and the corresponding approval procedures have been performed. After the provisions for impairment, the interim financial statements of the Company for the first half of 2017 will better reflect financial position, asset values and operation results of the Company as of 30 June 2017. The provision for asset impairment is not prejudice to the interests of the Company and the shareholders, especially the minority shareholders. The independent directors of the Company have agreed on the Resolution on the Provisions for Asset Impairment of the Company for the six months ended 30 June 2017.

#### ***4. Opinions of the audit committee of the Board***

The audit committee of the Board has considered and approved the Resolution on the Provisions for Asset Impairment of the Company for the six months ended 30 June 2017.

The relevant resolution regarding the provisions for asset impairment under the ordinary resolution numbered 3, as provided in the notice of EGM.

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## LETTER FROM THE BOARD

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### **6. PROPOSED INCREASE OF THE MAXIMUM AMOUNT OF INVESTMENT FOR CONDUCTING LOW RISK INVESTMENT AND FINANCIAL MANAGEMENT BUSINESS**

The resolution for conducting low risk investment and financial management business (the “**Resolution**”) was considered and approved at the fifth meeting of the fifth session of the Board of the Company held on 30 March 2017 and at the shareholders’ annual general meeting for the year 2016 held on 27 June 2017. The Resolution authorized the Company to carry out low risk investment and financial management within the maximum amount of not more than RMB4 billion. In the first half of 2017, the operating cash flow of the Company improved compared to the same period last year. Meanwhile, the transfer price of RMB11.6 billion received in respect of the transfer of 80% of the equity interest in Changsha Zoomlion Environmental Industry Co., Ltd, a wholly-owned subsidiary of the Company, led to a substantial increase in the cash of the Company. To enhance the capital utilization efficiency and to achieve reasonable use of idle capital, the Company has proposed to increase the maximum amount of investment to not more than RMB10 billion, on the premise of not affecting the normal operation of the Company, ensuring fund safety and controlling risks. The details are as follows:

1. Purposes of investment: To enhance the capital utilization efficiency and to achieve reasonable use of idle capital arising as a result of capital flows, to better realize the preservation and appreciation of value of cash of the Company and to safeguard the interest of shareholders of the Company without affecting the normal operation of the Company.
2. Maximum amount of investment: The maximum amount of investment shall increase to not more than RMB10 billion which can be used on a rolling basis.
3. Types of investment:
  - (i) Investments in bonds and money market funds;
  - (ii) Entrusted financial management products (including financial management products from financial institutions, trust products, asset management plans etc.).
4. Duration of investment: The duration for every single investment shall not exceed two years.
5. Source of fund: Self-owned idle capital of the Company. No proceeds from fund raising or bank credit facilities shall be used for investment, whether directly or indirectly.

#### **6. Risk analysis and control measures**

##### ***(I) Risk analysis***

1. Despite that financial management products are of low-risk nature, the financial market is affected by the macro-economy to a larger extent, which does not preclude the investment from being subject to market fluctuations.
2. The Company will invest in a moderate and timely manner in light of the economic conditions and the movements of the financial market. Thus, the actual return on the investment is unpredictable.

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## LETTER FROM THE BOARD

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### *(II) Control measures*

1. Zoomlion Finance Co., Ltd. (the “**Finance Company**”) will be the entity specifically responsible for the financial management products and business. The Finance Company shall be responsible for reviewing and verifying the financial management product business and evaluating its risk after considering factors including the financial position and cash flows of the Company and movements in interest rates, and for formulating financial management plan. The Finance Company shall proceed with the financial management business after approval in accordance with the procedures of the Company, and prepare financial accounts on such business and maintain and keep the relevant records and filings for the financial management business.
2. The legal department of the Company shall be responsible for examining, and advising on, the financial management product contracts and other relevant legal documents so as to ensure that the financial management product business is in compliance with the laws and regulations and the relevant rules and regulations of the Company and to safeguard the legitimate rights and interests of the Company.
3. The audit department of the Company is the supervisory department for the financial management product business. The audit department shall be responsible for monitoring and auditing the financial management product business of the Company, and for examining the approval of the financial management product business, the operation of such business in practice, the funds utilization and profits and losses. It shall supervise the accounting personnel to prepare the accounts in a timely manner and shall be responsible for reviewing and checking the accounts.
4. The Company shall disclose in its periodical reports the investment in financial management products and the relevant gains during the reporting period.

### *(III) Effect on the Company*

1. The low risk investment and financial management business funded by the self-owned and idle capital of the Company will only be conducted by the Company as and when opportunities arise and on condition that the normal operation and fund safety of the Company are safeguarded. The normal capital turnover requirements for day-to-day operation and normal development of the principal business of the Company therefore will not be affected.
2. The Company can generate certain investment return by conducting low risk investment and financial management business to a moderate extent, which will facilitate the improvement of the overall results of the Company, and achieve more substantial investment return for the shareholders of the Company.
3. The Company did not utilize any proceeds from fund raising as additional working capital in the past twelve months. The Company also undertakes not to use any proceeds from fund raising as additional working capital in the next twelve months.

### *(IV) Authorization*

It is proposed that the chairman of the Board be authorized to exercise such decision-making power in low risk investment to the extent of the maximum amount of investment above specified and to execute the relevant contracts and agreements. This authorization shall be effective from the date of approval of the resolution by the Board until 30 June 2018.



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## LETTER FROM THE BOARD

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The relevant resolution regarding the low-risk investment and financial management under the ordinary resolution numbered 4, as provided in the notice of EGM.

### 7. EXTRAORDINARY GENERAL MEETING AND H SHARES CLASS MEETING

A notice convening the EGM 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, 27 October 2017 at 2 p.m. is set out on pages 24 to 26 of this circular. The notice convening the H Shares Class Meeting at 3:30 p.m. on Friday, 27 October 2017 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, are set out on pages 27 to 28 of this circular.

If you intend to appoint a proxy to attend and vote at the EGM and/or the H Shares Class Meeting, 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 EGM and/or the H Shares Class Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and/or the H Shares Class Meeting or at any adjourned meeting should you so wish.

If you intend to attend the EGM and/or the H Shares Class 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, 7 October 2017.

### 8. 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 EGM will demand a poll in relation to all the proposed resolutions at the EGM and the H Shares Class Meeting in accordance with the Articles.

### 9. RECOMMENDATION

The Board considers that all resolutions to be proposed at the EGM and the H Shares Class Meeting 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 EGM and the H Shares Class Meeting.

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

Changsha, the PRC, 5 September 2017

\* For identification purpose only

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# ZOOMLION 中 聯 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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** by the Board of Directors that the Extraordinary 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 p.m. on Friday, 27 October 2017 by way of physical meeting. Details of the Extraordinary General Meeting are as follows:

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (A) the transfer agreement dated 30 August 2017 entered into between the Company, Shanghai Zoomlion Pile Foundation Machinery Co., Ltd.\* (上海中聯重科樁工機械有限公司) and BOC International (China) Limited\* (中銀國際證券有限責任公司) (on behalf of Puxing No. 2 Targeted Asset Management Plan\* (浦星2號定向資產管理計劃)), a copy of which has been produced to this meeting and initialed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (B) the management of the Company or any person further delegated by the management of the Company be and are hereby authorised to sign any relevant agreement and handle any matter in connection with this transaction.”

2. To consider and approve the related parties transactions between the Company and Changsha Zoomlion Environmental Industry Co., Ltd.\* (長沙中聯重科環境產業有限公司) as set out in the circular of the Company dated 5 September 2017 as follows:

- (A) related parties transaction in relation to the sales of products to Changsha Zoomlion Environmental Industry Co., Ltd.;
- (B) related parties transaction in relation to the procurement of spare parts and components from Changsha Zoomlion Environmental Industry Co., Ltd.;
- (C) related parties transaction in relation to the commissioned product processing services by the Company to Changsha Zoomlion Environmental Industry Co., Ltd.;
- (D) related parties transaction in relation to the provision of financial services to Changsha Zoomlion Environmental Industry Co., Ltd.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. To consider and approve the provisions for asset impairment for the six months ended 30 June 2017 as set out in the circular of the Company dated 5 September 2017.
4. To consider and approve the increase of the maximum amount of investment for conducting low risk investment and financial management by the Company with maximum investment amount of RMB10 billion and the chairman of the Board be authorized to exercise such decision-making power in low risk investment to the extent of the maximum amount of investment specified and to execute the relevant contracts and agreements.

### SPECIAL RESOLUTION

5. To consider and approve the amendments to certain provisions in the Articles of Association of the Company as set out in the circular of the Company dated 5 September 2017.

*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, 5 September 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 Extraordinary 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 Extraordinary General Meeting, from Wednesday, 27 September 2017 to Friday, 27 October 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the Extraordinary 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 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 26 September 2017.

**(2) Proxy**

- (a) Each shareholder entitled to attend and vote at the Extraordinary 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.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (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 Extraordinary General Meeting (proxy form for use at the Extraordinary General Meeting is attached herewith). If a shareholder appoints more than one proxy, such proxies shall only exercise the right to vote by poll.

**(3) Registration procedures for attending the Extraordinary General Meeting**

- (a) A shareholder or his proxy should produce proof of identity when attending the Extraordinary 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 Extraordinary 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 Extraordinary General Meeting in person or by their proxies should complete and return the reply slip for attending the Extraordinary 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, 7 October 2017.

**(4) 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 Extraordinary General Meeting will demand a poll in relation to all the proposed resolutions at the Extraordinary General Meeting in accordance with the Articles of Association.

**(5) Miscellaneous**

- (a) The Extraordinary 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](mailto: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 circular of the Company dated 5 September 2017.

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## NOTICE OF H SHARES CLASS MEETING

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**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 H SHARES CLASS MEETING

**NOTICE IS HEREBY GIVEN** that a class meeting (the “**Class Meeting**”) for the holder of H shares (“**H Shares**”) 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 3:30 p.m. on Friday, 27 October 2017 by way of physical meeting for the purpose of passing the following resolution:

#### SPECIAL RESOLUTION

1. To consider and approve the amendments to certain provisions in the Articles of Association of the Company as set out in the circular of the Company dated 5 September 2017.

*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, 5 September 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 H Shares Class 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 H Shares Class Meeting, from Wednesday, 27 September 2017 to Friday, 27 October 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the H Shares Class 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, 26 September 2017.

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## NOTICE OF H SHARES CLASS MEETING

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**(2) Proxy**

- (a) Each shareholder entitled to attend and vote at the H Shares Class 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 H Shares Class Meeting (proxy form for use at the H Shares Class Meeting is attached herewith). If a shareholder appoints more than one proxy, such proxies shall only exercise the right to vote by poll.

**(3) Registration procedures for attending the H Shares Class Meeting**

- (a) A shareholder or his proxy should produce proof of identity when attending the H Shares Class 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 H Shares Class 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 H Shares Class Meeting in person or by their proxies should complete and return the reply slip for attending the H Shares Class 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, 7 October 2017.

**(4) 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 H Shares Class Meeting will demand a poll in relation to all the proposed resolutions at the H Shares Class Meeting in accordance with the Articles of Association.

**(5) Miscellaneous**

- (a) The H Shares Class 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](mailto: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 circular of the Company dated 5 September 2017.