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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)

DISCLOSEABLE TRANSACTION

Reference is made to the Announcement in relation to the potential acquisition of the Relevant Interest in the Target Company by way of participating in the public bid held by Anhui Changjiang Equity Exchange.

The Company hereby announces that on 19 August 2014, the Anhui Changjiang Equity Exchange confirms that the Company is successful in bidding the Relevant Interest of the Target Company on Anhui Changjiang Equity Exchange. On the same date, Wuhu Construction Investment, Chery Holding, Wuhu Yuanda and the Company entered into an Equity Exchange Contract for the acquisition of 1.8 billion shares in the Target Company, which are held by Wuhu Construction Investment, Chery Holding and Wuhu Yuanda as to 780 million shares, 900 million shares and 120 million shares, respectively, representing in aggregate 60% of the equity interest in the Target Company.

As the Company is successful in bidding the Relevant Interest of the Target Company on Anhui Changjiang Equity Exchange, and one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proposed Acquisition exceeds 5% and is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 August 2014 (the “Announcement”) in relation to the potential acquisition of the Relevant Interest in the Target Company by way of participating in the public bid held by Anhui Changjiang Equity Exchange. Unless otherwise defined or the context otherwise requires, terms in this announcement shall have the same meanings as those used in the Announcement.

The Company hereby announces that on 19 August 2014, the Anhui Changjiang Equity Exchange confirms that the Company is successful in bidding the Relevant Interest of the Target Company on Anhui Changjiang Equity Exchange. On the same date, Wuhu Construction Investment, Chery Holding, Wuhu Yuanda and the Company entered into an equity exchange contract (“Equity Exchange Contract”) for the acquisition of 1.8 billion shares in the Target Company, which are held by Wuhu Construction Investment, Chery Holding and Wuhu Yuanda as to 780 million shares, 900 million shares and 120 million shares, respectively, representing in aggregate 60% of the equity interest in the Target Company. The Equity Exchange Contract includes the standard terms and conditions prescribed by Anhui Changjiang Equity Exchange.

EQUITY EXCHANGE CONTRACT

Date: 19 August 2014

Transferors: Wuhu Construction Investment, Chery Holding, Wuhu Yuanda

Transferee: the Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Target Company, Wuhu Construction Investment, Chery Holding and Wuhu Yuanda and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Consideration

A total consideration of RMB2,088 million is payable from the Company to Wuhu Construction Investment, Chery Holding, Wuhu Yuanda in relation to the acquisition of the Relevant Interest in the Target Company.

The consideration for the Proposed Acquisition is determined with reference to the audited net assets value of the Relevant Interest as of 31 December 2013. According to the audit report in respect of the Target Company issued by Huapu Tianjian Certified Public Accountants (華普天健會計師事務所) as of 31 December 2013, the audited net assets value of the Target Company was RMB3,005.99 million. The audited net assets value attributable to the Relevant Interest was RMB1,803.59 million.

The price of the Relevant Interest of the Target Company was quoted on the Anhui Changjiang Equity Exchange on 21 July 2014 with an listing price of RMB2,088 million.

Payment

Within 15 days of the signing of the Equity Exchange Contract, the transferee shall fully pay the quoted price of RMB2,088 million (including the deposit of RMB375 million payable to Anhui Changjiang Equity Exchange at the time when the bid is made).

The consideration for the Relevant Interest shall be paid to the account designated by Anhui Changjiang Equity Exchange.

Completion

The completion of the Proposed Acquisition is subject to, among others, the following terms and conditions:

- (a) All parties under the Equity Exchange Agreement shall use their best endeavours to obtain all approvals from the government (which includes the approval of the Anti-monopoly Bureau of the Ministry of Commerce of the PRC) and complete all the procedures for the transfer of the Relevant Interest that are necessary for the Proposed Acquisition as soon as possible, and the Company shall take initiatives to report to the relevant authorities. The consideration shall be fully paid before the registration of the change of ownership of the Relevant Interest.
- (b) The related tax arising from the transfer of the Relevant Interest shall be borne by the respective parties pursuant to the applicable laws and regulations.

Upon the completion of the Proposed Acquisition, the Target Company will become a 60% owned subsidiary of the Company.

BASIC INFORMATION ON THE TRANSFERORS

Wuhu Construction Investment is a company incorporated in the PRC. Its principal business activities include management of financial funds for construction, arranging various types of funds, securing funds from higher level, lending, financing, responsible lending (責任貸款), provision of guarantee, management and organising the construction of project funded by government, development management, business development, operating state-owned asset entrusted by the government.

Chery Holding is a company incorporated in the PRC. Its principal business activities include production and research and development of automobile and its spare parts and components; automobile repair; processing of machineries; shipbuilding; management of investment in real estate development and construction; investment in industrial sector; investment in financial sector; trading consultation service; general trading and technology trading; labour and secondment service; information technology service.

Wuhu Yuanda is a company incorporated in the PRC. Its principal business activities include equity investment in high-tech enterprises, venture business and small and medium enterprises.

BASIC INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC. Its principal business activities include research and development, production, sales, repair and maintenance and leasing of engineering machinery, construction machinery, agricultural machinery, maritime machinery, mining machinery, vessel, machine tool, modified automobile and special-purpose vehicle (with permit for special business where required); research and development, production and sales of spare and assembled parts and components (such as engine, transmission, bridge, electro-hydraulic control system) of machinery, vessels and machine tools; import and export of various commodities and technologies by itself or through agent (except those commodities and technologies limited or prohibited by the state); brand design and promotion; intellectual properties agency and consultation service; advertising design, production, agency and distribution; exhibition services; engineering investigation service.

The following table sets out the current shareholdings structure of the Target Company:

| Shareholders | Number of shares | Shareholdings (%) |
|---|-----------------------------|----------------------|
| Wuhu Construction Investment | 1,380,000,000 | 46% |
| Chery Holding 蕪湖瑞創投資股份有限公司 | 900,000,000 | 30% |
| (Wuhu Ruitou Investment Company Limited*) | 600,000,000 | 20% |
| Wuhu Yuanda | 120,000,000 | 4% |
| Total | <u>3,000,000,000</u> | <u>100%</u> |

The following table sets out the key financial indicators shown in the consolidated financial statements of the Target Company:

| Key financial indicators | Unit: Million RMB | |
|--|---|---|
| | Six months ended 30 June 2014 (unaudited) | The financial year ended 31 December 2013 (audited) |
| Total assets | 9,398.39 | 8,724.41 |
| Total liabilities | 5,797.77 | 5,124.39 |
| Shareholders' equity | 3,600.62 | 3,600.02 |
| Shareholders' equity attributable to parent company | 3,001.08 | 3,005.99 |
| Operating revenue | 2,112.60 | 3,861.76 |
| Net profits before taxation and extra ordinary items | 13.79 | 90.79 |
| Net profits after taxation and extra ordinary items | 15.20 | 90.66 |

INFORMATION ON THE COMPANY

The Company and its subsidiaries are a leading China-based construction machinery manufacturer providing diversified products, including concrete machinery, crane machinery and environmental and sanitation machinery, with a presence in Asia, Europe and other regions.

REASONS FOR THE PROPOSED ACQUISITION AND IMPACT ON THE COMPANY

The purpose of the Proposed Acquisition includes the followings:

1. To provide continuous support to the Company for its transformation in its future development.

Currently, the central government places strong emphasis on raising food production and ensuring the security of food-supply, while the series of reform policies represented by land transformation policy will release significant market potential for the development of the agricultural machinery industry. This ensures that the agricultural machinery industry in China will step into the stage of long-term stable growth. According to the Development Plan for Agricultural Machinery Industry (《農機工業發展規劃》), the total output value of agricultural machinery industry in China will reach RMB400 billion or above, and the export value will reach US\$12 billion in 2015. Upon the success of the bidding in the Relevant Interest and the completion of the Proposed Acquisition, it will mark a milestone of the Company in formally entering into the agricultural machinery segment and serve as a continuous support to the Company's future development.

2. To propel the Company to become a leading agricultural machinery enterprise in China.

The Target Company which has established for only three years, not only has successfully achieved profit-making, but more importantly, has also accumulated extensive resources in marketing, technologies, communications and management. In 2013, the turnover of the Target Company was one of the highest among the agricultural machinery enterprises in China. Upon the success of the bidding in the Relevant Interest and the completion of the Proposed Acquisition, the Company will be able to promptly finalize its layout in the agricultural machinery segment in the short term, and provide a good foundation for the market expansion as well as for the introduction of new technologies in the future.

3. This Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company and the Target Company can achieve synergy in areas such as finance, research and development, branding and supply chain through the Proposed Acquisition. The Company will be beneficial in terms of profitability, anti-risk capability and sustainable development and the Proposed Acquisition will help to increase the value of the Company in the capital market.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Exchange Contract are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As the Company is successful in bidding the Relevant Interest of the Target Company on Anhui Changjiang Equity Exchange, and one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proposed Acquisition exceeds 5% and is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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

Changsha, the PRC, 19 August 2014

As at the date of this announcement, the executive directors of the Company are Dr. Zhan Chunxin and Mr. Liu Quan; the non-executive director is Mr. Qiu Zhongwei; and the independent non-executive directors are Mr. Liu Changkun, Dr. Qian Shizheng, Mr. Wang Zhile and Mr. Lian Weizeng.

** for identification purpose only*