

INDUSTRY OVERVIEW

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OVERVIEW OF GLOBAL CONSTRUCTION MACHINERY INDUSTRY

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

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

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

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

Source: Off Highway Research Limited

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

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

Source: CCMA

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

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

OVERVIEW OF CHINA'S CONSTRUCTION MACHINERY INDUSTRY

Overview of China's Economy

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

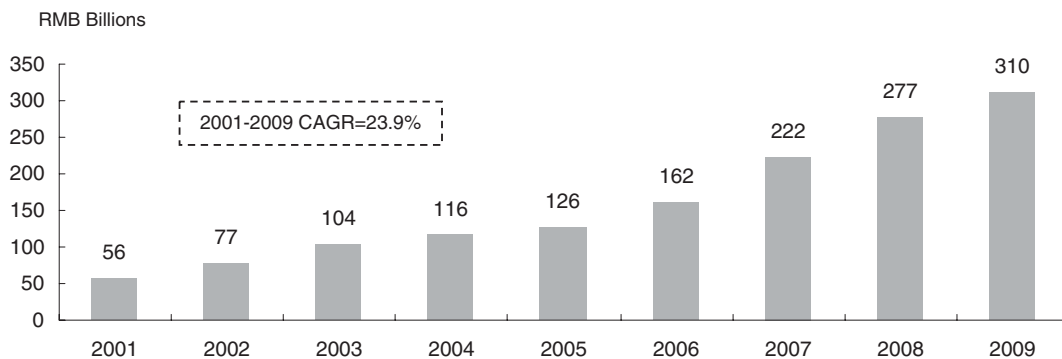
Location	2001	2002	2003	2004	2005	2006	2007	2008	2009	2001-2009 CAGR
China	8.3%	9.1%	10.0%	10.1%	10.4%	11.6%	13.0%	9.1%	8.7%	10.2%
India	4.1	4.3	6.9	7.9	9.2	9.8	9.3	7.3	6.5	7.6
Russia	5.1	4.7	7.3	7.2	6.4	7.7	8.1	5.6	(7.9)	4.8
Brazil	1.3	2.7	1.1	5.7	3.2	4.0	5.7	5.1	(0.2)	3.4
United States	0.8	1.6	2.5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

Source: IMF

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

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

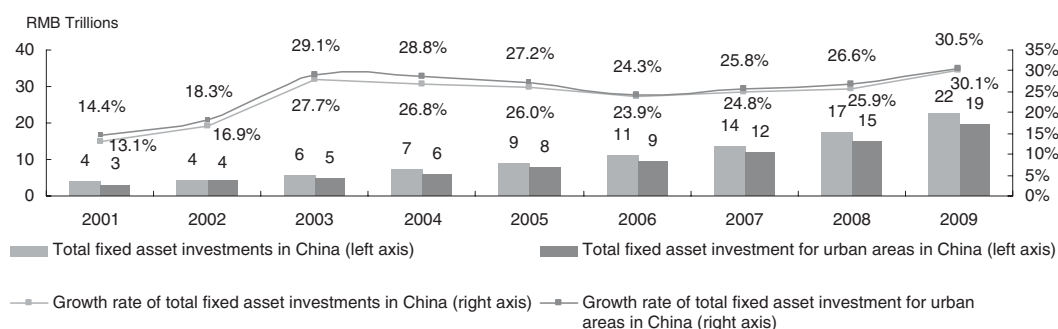


Source for 2001-2008: *China Construction Machinery Industry Year Book*
Source for 2009: *CCMA*

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

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



Source: National Bureau of Statistics of China

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

Increasing Demand for Export of Construction Machinery Made in China

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

We believe the increase in exports of and demand for construction machinery from China-based manufacturers is primarily due to a combination of improvements in technical

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

Favorable Government Policies

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

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

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

The Barriers to enter China's market

China's construction machinery industry is capital intensive as reflected in the capital requirement of its technology, production permits, supply chain and human resources. In

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

MAJOR MARKETS AND COMPETITION OF ZOOMLION

Concrete Machinery Sector

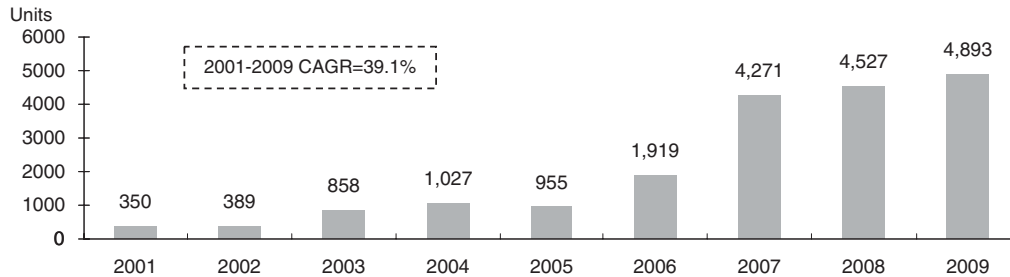
Concrete machinery is used for the production, transportation and laying of concrete in various commercial and residential construction sites and infrastructure projects.

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

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

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



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

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

	<u>Truck-mounted concrete pump</u> (%)
Sany Group	50.1
Zoomlion	37.7
Others	12.2

Source: CCMA

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

	<u>Truck-mounted Concrete Pump</u>	<u>Trailer-mounted Concrete Pump</u>	<u>Truck-mounted concrete mixer</u>	<u>Concrete mixing Plant</u>
China (units)	4,893	5,252	22,152	4,561
Zoomlion (units)	1,845	1,345	3,170	395
Zoomlion's market share (%)	37.7	25.6	14.3	8.7

Source: CCMA

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

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China's Crane Machinery Sector

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

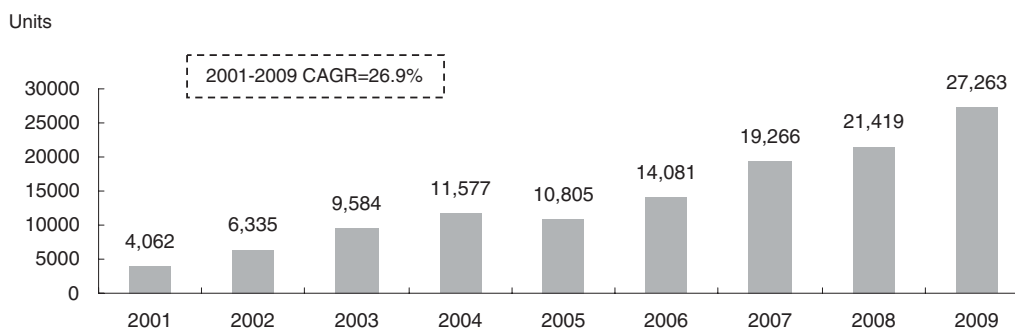
Crane machinery mainly includes truck cranes, crawler cranes and tower cranes. In China, according to CCMA, sales revenue of truck cranes accounted for 57.6% of the sales revenues in the crane machinery sector in 2009, representing the largest contributor in that sector. The following table sets forth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

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

Source: CCMA

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

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



Source: CCMA

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

The market for crawler cranes has been the fastest growing one among all crane machinery in China over the past decade, with a CAGR of 128.8% from 2001 to 2008 according to the China Construction Machinery Industry Year Book. However, the global economic downturn in 2008 caused a decrease in the demand for crawler cranes from the shipbuilding, portal construction and transportation industries, which has traditionally been the major of growth driver of the crawler crane sector. As a result, sales volumes of crawler cranes decreased in 2009. As the global economic conditions started to recover, demand for

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crawler cranes increased significantly. According to CCMA, in the six months ended June 30, 2010, the sales volume of crawler cranes increased by 65.8% to 819 units from 494 units in the six months ended June 30, 2009.

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

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

Source: CCMA

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

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

China's Earth Working Machinery Sector

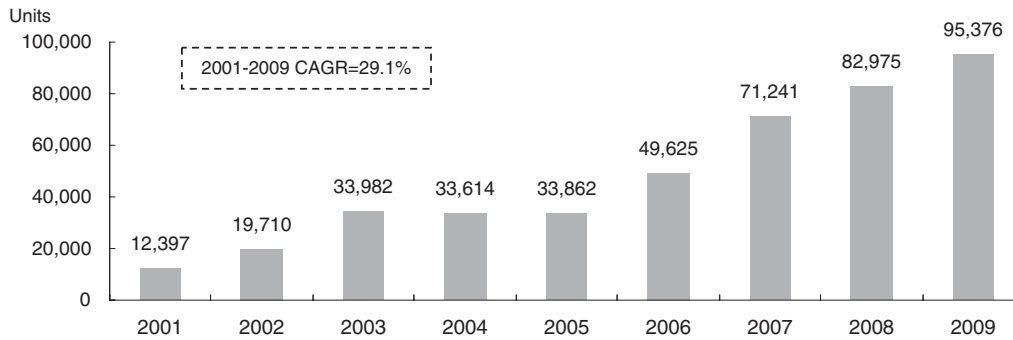
Earth working machinery is widely used in road construction, mining and other types of construction activities. Earth working machinery mainly includes loaders, bulldozers and excavators. The following table sets forth the sales volume of the major earth working machinery products that we also produced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

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

Source: CCMA

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



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

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

China's Environmental and Sanitation Machinery Sector

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

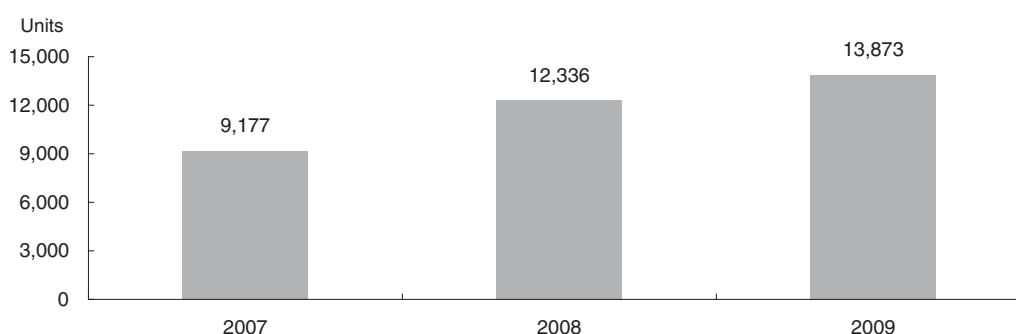
According to Liaoning Yitong, approximately 90% of environmental and sanitation machinery sold in China were made by China-based manufacturers. Waste collection vehicles and water spray vehicles represent the majority of environmental and sanitation machinery sold in China, accounting for 48.6% and 24.5%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

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

Source: Liaoning Yitong

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



Source: Liaoning Yitong

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

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

Source: Liaoning Yitong

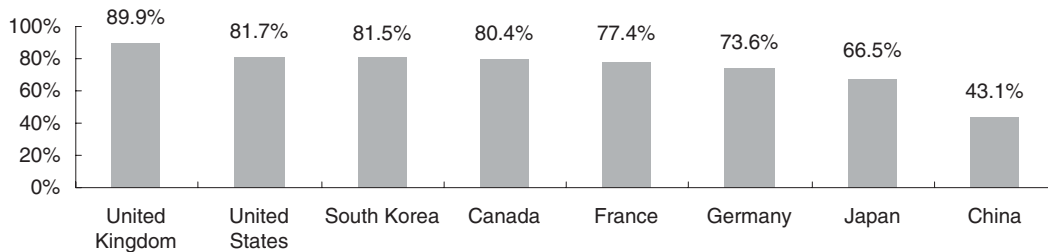
As the urbanization in China continues, urban residents' expectations and demands for a better living environment have been increasing. The government has also increased its expenditure on creating a clean urban living environment. We believe the growing population in the second- and third-tier cities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

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OUTLOOK FOR CHINA'S CONSTRUCTION MACHINERY INDUSTRY

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

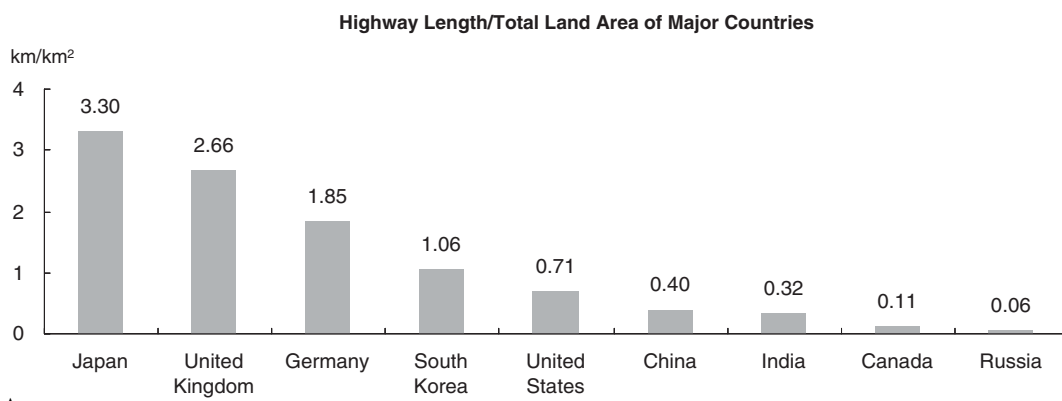
We expect the economic growth in China will remain at a steady and relatively high rate, which in turn drives China's continued urbanization. As the urbanization level in China is relatively low compared with developed countries, we believe there is significant growth potential for construction machinery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



Source: World Bank

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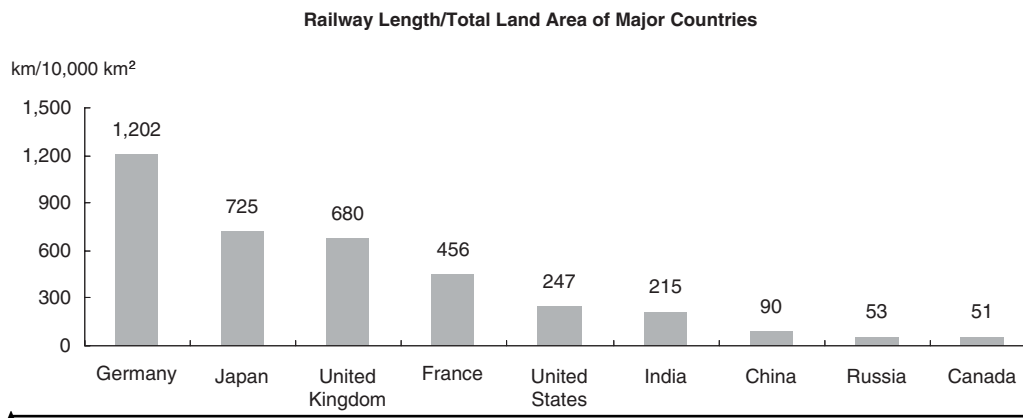
We expect that the PRC government will continue to increase its expenditure in the infrastructure sector. For example, as part of the emission reduction scheme, the PRC government is planning on renovation of urban sewage systems and steel plants and the construction of nuclear power plants, which are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



Source for China: PRC Department of Transportation.

Source for other countries: the Central Intelligence Agency of the United States, *The World Fact Book*

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



Source for China: PRC Department of Railway.

Source for other countries: the Central Intelligence Agency of the United States, *The World Fact Book*

Note: The data for China, Japan and India is for the year of 2009; the data for England, France, Germany and Italy is for the year 2008; the data for the U.S. is for the year 2007 and the data for Russia is for the year 2006.

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

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

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

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

International Construction

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

China Construction Machinery Industry Year Book

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

Off Highway Research Limited

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

China Construction Machinery Association (CCMA)

CCMA is a registered national construction machinery industry organization officially approved by the Ministry of Civil Affairs of the people's Republic of China. As a member of CCMA, we obtained information shared between members of CCMA. CCMA maintains its data base on the information obtained from its members. We quoted the information from

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CCMA which is relied on the analysis of the market trends and industry trends, and such information is based on data as of December 2009.

Liaoning Yitong

Liaoning Yitong is a information development and research institute specialized in automobile related information. Liaoning Yitong maintain database on the statistics of registration of automobiles and vehicles as required by the relevant PRC laws and regulation. The information we quoted in the document is based on the data as of December 2009.