

# ZOOMLION

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 People's Republic of China with limited liability)

H Share Stock Code : 1157  
A Share Stock Code : 000157



**2013**  
Interim Report

\* For identification purpose only

### Important Notice and Definitions

The Board of Directors, the Supervisory Board, directors, supervisors and senior management of the Company warrant that there are no misrepresentation, misleading statements or material omissions in this interim report and they, severally and jointly, accept legal responsibility for the truthfulness, accuracy and completeness of the contents of this interim report.

All directors attended the Board meeting at which this report was reviewed.

The Company does not propose the distribution of cash dividend, issues of bonus shares or capitalization of the capital reserve.

Mr. Zhan Chunxin, Chairman of the Board, Ms. Hong Xiaoming, Vice President and the person in charge of financial affairs, and Ms. Du Yigang, head of accounting department of the Company, warrant the truthfulness, accuracy and completeness of the financial report contained in this interim report.

This report contains certain forward-looking statements with respect to the financial position, operation results and business development of the Company. We use words such as “will”, “may”, “expect”, “try”, “strive”, “plan”, “anticipate”, “aim at” and similar expressions to identify forward-looking statements. These statements are based on current plans, estimates and projections. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company gives no assurance that these expectations will be realized or prove to be correct, so undue reliance shall not be placed on such statements. You are cautioned that such forward-looking statements are related to future events or future financial position, business or other performance of the Group, and are subject to certain uncertainties which may cause substantial difference from the actual results.

This report is published in both Chinese and English Language. If there are any inconsistencies in the content of this interim report (other than the interim financial report prepared in accordance with International Financial Reporting Standards), the Chinese version shall prevail. For the interim financial report prepared in accordance with International Financial Reporting Standards, the English version shall prevail.

### Definitions

Unless the context otherwise requires, the following terms shall have the meanings set out below.

“the Company” or “Zoomlion” Zoomlion Heavy Industry Science and Technology Co., Ltd.

“the Reporting Period” the six months ended 30 June 2013





**2013** Interim Report **Contents**

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# Company Profile

- I. Company name (in Chinese): 中聯重科股份有限公司  
Chinese abbreviation: 中聯重科  
Company name (in English): Zoomlion Heavy Industry Science And Technology Co., Ltd.  
English abbreviation: Zoomlion
- II. Legal representative of the Company: Zhan Chunxin
- III. Secretary of the Board of Directors: Shen Ke  
Representative of securities affairs: Guo Tao  
Contact Address: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC  
Telephone: (86 731) 88923908  
Fax: (86 731) 88923904  
E-mail: 157@zoomlion.com
- IV. Registered address and place of business of the Company: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC  
  
Postal code: 410013  
Website: <http://www.zoomlion.com/>  
E-mail: 157@zoomlion.com
- V. Authorized representatives: Zhan Chunxin  
Shen Ke  
Address of the authorized representatives: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC
- VI. Newspapers for disclosure of the Company's information: China Securities Journal,  
Shanghai Securities News,  
Securities Times  
  
Website publishing the A share announcements: <http://www.cninfo.com.cn>  
Website publishing the H share announcements: <http://www.hkexnews.hk>
- VII. Listing information: A Shares  
Shenzhen Stock Exchange of China ("SZSE")  
Stock Name: ZOOMLION  
Stock Code: 000157  
H Shares  
The Stock Exchange of Hong Kong Limited ("SEHK")  
Stock Name: ZOOMLION  
Stock Code: 1157

## Company Profile

- VIII. H Share Registrar: Computershare Hong Kong Investor Services Limited  
Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East,  
Wanchai, Hong Kong
- IX. Legal Advisors  
As to PRC law: Beijing Tianyin Law Firm  
15/F, Zhong Kun Mansion, No. 59 Gaoliangqiao Road, Haidian District, Beijing, PRC  
As to Hong Kong law: Norton Rose Hong Kong  
38/F, Jardine House, 1 Connaught Place, Central, Hong Kong
- X. Auditors  
Domestic auditors: Baker Tilly China Certified Public Accountants Co., Ltd.  
Address: Room 208, Block B, Huatong Building, B19 Chegongzhuang West Road,  
Haidian District, Beijing, PRC  
International auditors: KPMG  
Address: 8/F, Prince’s Building, 10 Chater Road, Central, Hong Kong
- XI. Other relevant information  
First registration date: 31 August 1999  
First registration address: No. 307 Yinpen South Road, Changsha, Hunan Province, PRC  
Date of registration for subsequent change: 20 October 2010  
Place of registration for subsequent change: No. 361 Yinpen South Road, Changsha,  
Hunan Province, PRC  
Enterprise legal business licence registration number: 430000400000198  
Taxation registration number: 430104712194405  
Organisation Code: 71219440-5

# Principal Financial Data and Indicators

## I. Major financial data and indicators prepared in accordance with China Accounting Standards for Business Enterprises (“PRC GAAP”)

*Unit: RMB*

|   | The Reporting Period | The corresponding period of last year | Change (%) |
|---|----------------------|---------------------------------------|------------|
| Operating income  | 20,164,757,196.06    | 29,119,503,863.31                     | -30.75%    |
| Net profit attributable to equity shareholders of the Company                                   | 2,905,914,320.50     | 5,621,763,670.35                      | -48.31%    |
| Net profit attributable to equity shareholders of the Company after extraordinary gain and loss | 2,868,249,078.46     | 5,727,537,042.78                      | -49.92%    |
| Net cash flow from operating activities   | 1,156,716,275.97     | 585,754,062.84                        | 97.47%     |
| Basic earnings per share (RMB/Share)  | 0.38                 | 0.73                                  | -47.95%    |
| Diluted earnings per share (RMB/Share)  | 0.38                 | 0.73                                  | -47.95%    |
| Weighted average net return on net assets (%)   | 6.88%                | 14.71%                                | -7.83%     |

*Unit: RMB*

|   | As at the end of the Reporting Period | As at the end of the last year | Change (%) |
|---|---------------------------------------|--------------------------------|------------|
| Total assets  | 88,903,940,442.10                     | 88,974,464,566.71              | -0.08%     |
| Net assets attributable to equity shareholders of the Company | 42,116,176,218.80                     | 40,802,141,704.02              | 3.22%      |

## Principal Financial Data and Indicators

### Extraordinary items

|  |        | <i>Unit: RMB</i> |
|--|--------|------------------|
| Items  | Amount |                  |
| Loss on disposal of non-current assets (including written off of provision for impairment of assets)   |        | -5,253,440.17    |
| Government grants recorded in current profit and loss, except government grants of fixed amount or quantity closely related to business operations of the Company and entitled pursuant to government unified policy   |        | 21,794,545.00    |
| Loss from debt restructuring   |        | -329,280.38      |
| Change in fair value of financial assets and liabilities held for trading and gain from disposal of financial assets and liabilities held for trading and financial assets held for sale other than financial assets and liabilities held under hedging arrangement in relation to normal business |        | 3,060,323.90     |
| Non-operating income and expenses other than those set out above   |        | 26,577,423.96    |
| Less: Income tax effect  |        | 7,820,191.90     |
| Minority interests after tax   |        | 364,138.37       |
| Total  |        | 37,665,242.04    |

## II. Major financial data and indicators prepared in accordance with International Financial Reporting Standards (“IFRSs”)

|  | Six months ended 30 June |              |
|--|--------------------------|--------------|
|  | 2013                     | 2012         |
|  | RMB millions             | RMB millions |
| Turnover                               | <b>20,165</b>            | 29,120       |
| Profit before taxation                 | <b>3,606</b>             | 6,699        |
| Income tax expenses                    | <b>(600)</b>             | (950)        |
| Profit for the period                  | <b>3,006</b>             | 5,749        |
| Profit for the period attributable to: |                          |              |
| Equity shareholders of the Company     | <b>2,923</b>             | 5,622        |
| Non-controlling interests              | <b>83</b>                | 127          |
| Basic and diluted earnings per share   | <b>0.38</b>              | 0.73         |
| Gearing ratio (%) (note)               | <b>52.14%</b>            | 55.15%       |

Note: Gearing ratio is calculated based on the total liabilities divided by total assets at the end of the respective reporting period.



## Principal Financial Data and Indicators

|  | As at<br>30 June 2013<br>RMB millions | As at<br>31 December 2012<br>RMB millions |
|--|---------------------------------------|---|
| Non current assets   | 23,999                                | 25,691                                    |
| Current assets   | 64,865                                | 63,243                                    |
| Current Liabilities  | 30,334                                | 34,109                                    |
| Net current assets   | 34,531                                | 29,134                                    |
| Total assets less current liabilities                        | 58,530                                | 54,825                                    |
| Non current liabilities                                      | 15,997                                | 13,676                                    |
| Net assets   | 42,533                                | 41,149                                    |
| Total equity attributable to the shareholders of the Company | 42,076                                | 40,762                                    |
| Non-controlling interests                                    | 457                                   | 387                                       |

### III. Reconciliation of unaudited interim financial information prepared under PRC GAAP to IFRSs

Effects of major differences between the total equity and total comprehensive income under PRC GAAP and the total equity and total comprehensive income under IFRSs are analysed as follows:

#### 1 Reconciliation of total equity of the Group

|   | As at<br>30 June 2013<br>RMB millions | As at<br>31 December 2012<br>RMB millions |
|---|---------------------------------------|---|
| Total equity reported under PRC GAAP                                    | 42,573                                | 41,189                                    |
| — Acquisition-related costs incurred on prior year business combination | (40)                                  | (40)                                      |
| Total equity reported under IFRSs                                       | 42,533                                | 41,149                                    |



## Principal Financial Data and Indicators

### 2 Reconciliation of total comprehensive income for the period of the Group

|   | Six months ended 30 June |                      |
|---|--------------------------|----------------------|
|   | 2013<br>RMB millions     | 2012<br>RMB millions |
| Total comprehensive income for the period reported under PRC GAAP     | <b>2,933</b>             | 5,732                |
| — Safety production fund (Note)                                       | <b>17</b>                | —                    |
| <b>Total comprehensive income for the period reported under IFRSs</b> | <b>2,950</b>             | 5,732                |

Note: Under PRC GAAP, safety production fund should be accrued and recognised in profit or loss with a corresponding credit in reserve according to relevant PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related equipment are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRSs, expense is recognised in profit or loss when incurred, and fixed assets are capitalised and depreciated in accordance with applicable accounting policies.

### 3 There is no material difference between the consolidated cash flow of the Group reported under PRC GAAP and IFRSs.

# Report of the Board of Directors

## I. Management Discussion and Analysis

### A · Review of six months ended 30 June 2013

In the first half of 2013, the global economy saw a sluggish recovery with its growth rate slower than expected. The economy of China continued its adjustment and the growth of investment in fixed assets slightly slowed down in face of a more prudent monetary policy. As a result, the demand of the construction machinery market in China was weak. However, since the second quarter of 2013, the sales of major products including concrete machineries and cranes machineries showed seasonal recovery and recorded a narrower decline as compared to the same period last year and improved significantly as compared with the first quarter of 2013.

During the Reporting Period, in strict adherence of its operation philosophy of “achieving quality growth” and its goal of “continuous improvement of operation quality”, the Company strengthened its foundation for sustainable development on the basis of management reforms, cost reduction, efficiency enhancement and stringent risk control.

#### 1. Steady improvement of operation quality

During the Reporting Period, under International Financial Reporting Standards, the Company recorded a turnover of approximately RMB20,165 million and net profit attributable to owners of the parent company amounted to approximately RMB2,923 million. Net cash flow from operating activities amounted to approximately RMB863 million.

The overall operation quality of the Company improved during the Reporting Period, particularly in the second quarter. As at the end of June, the market shares of the truck-mounted pump trucks, truck mixers, truck-mounted pumps, mixing stations and tower cranes of the Company continued to rank top in the industry. The overall gross profit margin of the Company was stable and reached 32.1% in the first half of the year, similar to that of last year. Inventory carrying cost decreased by 16.91% as compared with the end of the first quarter. Net cash flow from operating activities in the first half of the year increased by 90.1% as compared to the same period of last year.

#### 2. Further management reform

The Company strived to implement its “share simulation system for business division” and carried out reform on management models by decentralizing the autonomy of management and delegating remuneration authority to each business division, strengthening the mechanism linking operation quality with remuneration, directing each business division to pursue performance improvement.

## Report of the Board of Directors

### **3. Stringent control on operational risks**

The Company strengthened the credit assessment of customers and tightened its credit sales policy through various methods such as increasing down payment ratio and shortening credit term to improve the performance of contracts and prevent inherent risks. The Company increased the proportion of collection-linked commissions for business staff through monitoring of receivable collection and implementation of life-long risk responsibility system. It also strengthened collection of receivables through various means including stringent enforcement of equipment recovery, mediation and litigation. As a result of the above measures, risks in relation to account receivables of the Company were under effective control.

### **4. Cost reduction and efficiency enhancement**

In face of the challenging economic condition, the Company placed more emphasis on exploration of internal potential. In line with the market changes, the Company promptly adjusted its budgets and strictly controlled expenses to reduce cost and enhance efficiency. Through the implementation of “share simulation system for business division”, the Company established a mechanism to save and share resources and directed all staff members to participate in cost and expenses management which effectively controlled the expenditure of the Company.

### **5. Active Expansion into international market**

The Company exerted its efforts in expanding overseas markets and promoting its high-end products in such markets and achieved breakthrough in the international emerging markets.

For concrete machinery, the Company first launched truck-mounted concrete pumps and concrete mixing plants, into Thailand, Chile, Costa Rica and Ecuador. Capitalizing on the adaptability and outstanding functions of our mixing truck products in alpine regions, we successfully secured orders of mixing truck products of over USD10 million in Russia.

For crane machinery, a series of small-tonnage crawler crane was developed by the Company to cater for the needs in the Southeast Asian market. These series of crane could be extensively used in foundation construction and multi-functional hoisting in regions such as Singapore, Malaysia, Vietnam and Hong Kong. The tower crane products of the Company recorded strong export in the Southeast Asian market with increasing market share. Satisfactory sales performance was recorded in the Middle East market with the leading average market share in the industry.

## Report of the Board of Directors

### 6. Leading the trend of technology development

- In the first half of 2013, the Company was granted 753 national patents and 136 national invention patents, representing increase of 76% and 800% as compared to the same period last year, respectively.
- The Company undertook the construction of the “State Key Laboratory of Major Construction Machinery Technologies” (建設機械關鍵技術國家重點實驗室), the only laboratory of construction machinery established by private enterprise in China. The laboratory was approved by the Ministry of Science and Technology of the PRC, marking the establishment of a developed platform of general technology research for the construction machinery industry in China. It also represented a great contribution of the Company to the overall improvement of core technology of the construction machinery industry and the industrial advancement.
- The world’s first continuously-graded concrete batching plant was built and put into operation in Guizhou Province, setting a new technical trend for the global concrete batching industry.
- The Company introduced the “Surpass” series concrete mixers (diesel mixers and LNG mixers) which create higher value to customers by using the T-blade and flexible carriage linkage technologies.
- The Company also introduced JS8000 concrete mixer, currently the largest mixer in China in terms of size and tonnage, to meet the great demand from the hydroelectricity plants for high-volume concrete mixing equipment.
- The four-axle all-wheel-steering cross-country truck crane and sevenfold-arm five-axle all-terrain crane were launched one by one, which were the first of their kinds in the world. The specifications of these machines are of the leading international standards.
- The world’s first “recycled water cleaning vehicle” was launched in batches by the Company. The utilization rate and cost-effectiveness of the vehicle was significantly improved by the innovative technology.
- The Company introduced the world’s tallest 113-meter aerial platform fire engine, marking an unprecedented high technical standard of long-arm aerial fire fighting and operating equipment in China.



# Report of the Board of Directors

## B、Business Outlook for Future Development of the Company

### (I) Industry development trend and market outlook

In respect of the international market, the overall global economy will continue slow recovery in the second half of the year while the growth will continue to diverge across regions. The economy of the United States is expected to maintain its growth momentum while the economic recovery of the Euro zone will remain uncertain. The economies of the major emerging markets are expected to slow down. In general, export growth of domestic construction machinery products will be driven by the slow recovery of the overseas markets.

In respect of the domestic market, there will be limited rooms for growth in infrastructure investment in the second half of the year, and new construction of real estate will remain at low level. Market demands for construction machinery are likely to continue a downward trend. However, following the implementation of the “minor stimulation” policy, new development opportunities of the domestic construction machinery market will be brought about by the railway construction in central and western China, squatter resettlement and construction of urban infrastructure and energy-saving facilities.

### (II) Major business ideologies and initiatives in the second half of 2013

In the second half of the year, the Company will further deepen its reform through fully implementing the “share simulation system for business division” and increase establishment of overseas platform to support overseas business expansion. In addition, the Company will continue its tightened credit policies and place receivables collection and improvement in operation performance the highest priority.

# Report of the Board of Directors

## II. Analysis of Financial Position

### (I). Cash flow and capital expenditure

The Company financed its operations primarily through proceeds from sales of its products. As of 30 June 2013, the Company had RMB17,906 million in cash and cash equivalents, 95.66% of which were denominated in Renminbi. The Company's cash and cash equivalents primarily consist of cash and bank deposits.

#### 1. Operating activities

Net cash generated from operating activities for the six months ended 30 June 2013 was RMB863 million, derived primarily by deducting from the profit before taxation of RMB3,606 million the following items: (1) an increase in trade and other receivables of RMB5,107 million; (2) income tax payment of RMB1,165 million; and then adding back; (3) decrease in receivables under finance lease of RMB2,356 million and inventories of RMB309 million respectively; (4) an increase of trade and other payables of RMB460 million.

#### 2. Investing activities

Net cash generated from investing activities for the six months ended 30 June 2013 was RMB109 million, consisting primarily of interest received of RMB297 million and cash inflow generated from decrease in pledged book deposits of RMB386 million, and cash outflow used in payment for purchase of properties, plant and equipment and lease prepayments of RMB419 million and RMB108 million, respectively.

#### 3. Financing activities

Net cash used in financing activities for the six months ended 30 June 2013 was RMB3,092 million, consisting primarily of: (1) repayment of bank and other borrowings of RMB6,647 million, partially offset by proceeds from new bank and other borrowings of RMB4,076 million; and (2) interest payment of RMB487 million.

#### 4. Capital expenditures

The Company incurred capital expenditures of RMB901 million in the first half of 2013, for purchase of property, plant and equipment, intangible assets and lease prepayments. There were no significant asset disposals or business acquisition in the first half of 2013.

#### 5. Credit policies

Please refer to notes 9 and 10 of the unaudited interim financial report for details of the Company's credit policies.

## Report of the Board of Directors

### (II). Commitments and contingent liabilities

As of 30 June 2013, the Company's commitments consisted of capital commitments of RMB1,070 million and operating lease commitments of RMB461 million, of which RMB130 million was payable within one year.

Please refer to note 17 of the unaudited interim financial report for details of the Company's contingent liabilities as of 30 June 2013.

### (III). Charge on assets

Please refer to note 12 of the unaudited interim financial report for details of the Company's charge on assets as of 30 June 2013.

## III. Reception of Investment Research, Communications and Interviews during the Reporting Period

| Date of reception | Place of reception | Activity             | Types of guest | Guests                | Particulars and information provided   |
|-------------------|--------------------|----------------------|----------------|-----------------------|--|
| 8 May 2013        | Changsha           | Onsite investigation | Institution    | Value Partners Ltd.   | I. Main contents:  |
| 10 May 2013       | Hong Kong          | Onsite investigation | Institution    | Macquarie             | 1. The development of the industry and the Company in the second quarter of 2013, as well as the prospects of the industry in the second half of the year; |
| 14 May 2013       | Beijing            | Onsite investigation | Institution    | CLSA                  |  |
| 14 May 2013       | Shenzhen           | Onsite investigation | Institution    | Haitong               |  |
| 27 May 2013       | Hong Kong          | Onsite investigation | Institution    | Merrill Lynch         |  |
| 30 May 2013       | Beijing            | Onsite investigation | Institution    | Morgan Stanley        | 2. The development history, corporate culture, historical operation results and strategic plans of the Company;  |
| 20 June 2013      | Xiangyang          | Onsite investigation | Institution    | Changjiang Securities |  |
| 25 June 2013      | Changsha           | Onsite investigation | Institution    | CIMB Securities       |  |
| 28 June 2013      | Changsha           | Onsite investigation | Institution    | Shenyin Wanguo        | 3. The competition and advantages of various product categories;<br>4. Explanations to other enquiries.  |
|                   |                    |                      |                |                       | II. Information  |
|                   |                    |                      |                |                       | 1. Periodic reports and ad hoc announcements of the Company;   |
|                   |                    |                      |                |                       | 2. Product brochures   |

## IV. Employees

During the Reporting Period, there was no significant change to the number of employees, their salaries and remuneration policies of the Company as compared with the number disclosed in the annual report of 2012.

# Major Events

## I. Corporate Governance

The Company has established and improved the structure of its corporate governance to regulate its operation strictly in accordance with the Company Law, Securities Law, and the relevant regulations of the CSRC and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Company has improved its internal control, the regulations of shareholders’ meeting, board meeting and supervisor meeting so as to ensure effective operation and safeguard the interests of all shareholders and itself. The corporate governance of the Company is substantially the same as required by the regulatory requirements of the CSRC and Hong Kong Stock Exchange on listed companies. The Company will consolidate the efforts of the corporate governance of listed companies by further enhancing corporate governance and internal control of listed companies and their subsidiaries. The accountability mechanism and information disclosure system will be improved to ensure true, accurate, complete, timely and fair disclosure of information. The Company also strictly implemented the management system for insider information and external information user (内幕信息知情人和外部信息使用人管理制度) formulated by the Board of Directors.

### 1. Compliance with the principles and code provisions of the code on Corporate Governance during the Reporting Period

The Board had adopted all code provisions of the code on Corporate Governance (the “Codes”) contained in Appendix 14 to the Listing Rules as the codes of the Company. During the six months ended 30 June 2013, the Company had complied with all applicable code provisions of the Codes, other than the deviation of Code A.2.1 which the roles of the Chairman and Chief Executive Officer were not separated. Mr. Zhan Chunxin is currently the Chairman and Chief Executive Officer of the Company. The Board believes that Mr. Zhan Chunxin acting as the above two positions concurrently can more effectively facilitate the formulation and implementation of the business strategies of the Company. Through the regulation of the Board and Independent Executive Directors as well as the effective internal balancing mechanism of the Company, such arrangement will not affected the balance of the rights and authorizations regarding business management between the Board and the Company. The Board believes that such arrangement will benefit the Company and its operations.

### 2. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers during the Reporting Period

The Company had adopted the code provisions regarding the purchase and sale of the Company’s shares by the Directors on the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and Supervisors, the Company confirmed that all Directors and Supervisors had fully complied with the Model Code during the six months ended 30 June 2013. The Company was not aware of any noncompliance of the Model Code by any Directors or Supervisors.



# Major Events

## 3. Audit Committee

The audit committee of the Company had discussed the accounting principles and practices adopted by the Company with the management and reviewed this report, including the interim financial report of the Group prepared in accordance with International Accounting Standard No. 34 for the six months ended 30 June 2013.

## II. Material Contracts and their performance

### 1. Guarantees

Unit: Ten thousand

| Name of guarantee party   | Date of the announcement of the guarantee | Guarantee provided by the Company (Excluding guarantee provided to subsidiaries) |  |  |                   |                     |                   | In favour of any related party (Yes or No) |
|---|---|--|--|--|-------------------|---------------------|-------------------|--|
|   |   | Guarantee limit  | Date of commencement (Date of agreement) | Amount of guarantee  | Type of guarantee | Period of guarantee | Discharged or not |  |
| Zoomlion H.K. SPV Co., Limited  | 29 March 2012                             | 247,148  | 5 April 2012                             | 247,148  | General guarantee | 5 years             | No                | No   |
| Zoomlion H.K. SPV Co., Limited  | 15 December 2012                          | 370,722  | 20 December 2012                         | 370,722  | General guarantee | 10 years            | No                | No   |
| Zoomlion International Trading (H.K.) Co., Limited  | 29 March 2013                             | 350,000  | 21 June 2012                             | 61,787   | General guarantee | 2 years             | No                | No   |
| Zoomlion International Trading (H.K.) Co., Limited  |   | 350,000  | 19 April 2013                            | 30,893.5   | General guarantee | 1 year              | No                | No   |
| Zoomlion International Trading (H.K.) Co., Limited  |   | 350,000  | 16 August 2012                           | 30,893.5   | General guarantee | 31 July 2013        | Yes               | No   |
| Total amount of guarantee for subsidiaries approved by the Company during the Reporting Period (B1)         |   |  | 967,870                                  | Total actual amount of guarantee for subsidiaries during the Reporting Period (B2) |                   |                     |                   | 741,444                                    |
| Total amount of guarantee for subsidiaries approved by the Company at the end of the Reporting Period (B3)  |   |  | 967,870                                  | Total actual amount of guarantee for at the end of the Reporting Period (B4)       |                   |                     |                   | 741,444                                    |
| Total amount of guarantee provided by the Company (the total amount of the above two items)                 |   |  |  |  |                   |                     |                   |  |
| Total amount of guarantee approved by the Company during the Reporting Period (A1+B1)                       |   |  | 967,870                                  | Total actual amount of guarantee during the Reporting Period (A2+B2)               |                   |                     |                   | 741,444                                    |
| Total amount of guarantee approved by the Company at the end of the Reporting Period (A3+B3)                |   |  | 967,870                                  | Total actual amount of guarantee at the end of the Reporting Period (A4+B4)        |                   |                     |                   |  |
| Total actual amount of guarantee as a percentage of the net assets of the Company (%)                       |   |  |  |  |                   |                     |                   | 17.60%                                     |
| Including:  |   |  |  |  |                   |                     |                   |  |
| Amount of guarantee provided for shareholders, beneficial controllers and its related parties (C)           |   |  |  |  |                   |                     |                   | 0  |
| Amount of debt guarantee provided, directly or indirectly, for companies with gearing ratio of over 70% (D) |   |  |  |  |                   |                     |                   | 741,444                                    |
| The amount of guarantee in excess of 50% of the net assets (E)  |   |  |  |  |                   |                     |                   | 0  |
| The total amount of the above three guarantee items (C+D+E)   |   |  |  |  |                   |                     |                   | 741,444                                    |
| Explanation of contingent liabilities under outstanding guarantees (if any)                                 |   |  | Nil                                      |  |                   |                     |                   |  |
| Explanation of the provision of guarantee not in compliance with prescribed procedure (if any)              |   |  | Nil                                      |  |                   |                     |                   |  |

## Major Events

### III. Other Significant Events

- (1) On 15 March 2012, the fourth extraordinary meeting of the 4th session of the Board of the Company resolved to sell 80% equity interests in Changsha Zoomlion Environmental and Sanitation Machinery Co., Ltd. by way of open tender on the Hunan United Assets and Equity Exchange. During the tender period between 23 March 2012 and 28 February 2013, no offer was received by the Hunan United Assets and Equity Exchange. On 28 March 2013, the sixth extraordinary meeting of the 4th session of the Board of the Company resolved to terminate the open tender for disposal of equity interests.
- (2) On 28 December 2012, the sixth extraordinary meeting of 2012 of the 4th session of the Board of the Company resolved to purchase 40.68% equity interest in Zoomlion Cifa (Hong Kong) Holdings Limited directly or indirectly held by Goldman Sachs, Hony Capital, Madarin Capital Partners and CIFA Management at a consideration of US\$235,800,000 in aggregate to increase its shareholding in CIFA to 100%. During the Reporting Period, the transaction has yet to be completed.
- (3) With confidence to the stable and sustainable development of the Company in the future, the State-owned Assets Supervision and Administration Commission of Hunan Province ("Hunan SASAC"), the largest shareholder of the Company, increased its shareholding in the Company by 5,934,880 shares, or 0.07% of the total share capital of the Company, through purchases on Shenzhen Stock Exchange on 2 April 2013. Before the increase of shareholding, Hunan SASAC held 1,247,379,996 shares in the Company, or 16.19% of the total share capital of the Company. After the increase of shareholdings, Hunan SASAC held 1,253,314,876 shares in the Company, or 16.26% of the total share capital of the Company.
- (4) With confidence to the stable and sustainable development of the Company in the future, some directors, supervisors, senior management and key personnel of the Company purchased 19,379,251 shares in the Company in aggregate at prevailing market price in secondary market during the period between 30 May 2013 and 4 June 2013.

# Changes in Share Capital and Shareholders

## 1. Changes in Share Capital

|  | Before this change |                | Increase (+)/Decrease (-) in this change |             |                                   |             |             | After this change |                |
|--|--------------------|----------------|--|-------------|-----------------------------------|-------------|-------------|-------------------|----------------|
|  | Number             | Percentage (%) | New shares                               | Bonus issue | Bonus shares from capital reserve | Others      | Sub-total   | Number            | Percentage (%) |
| I. Share subject to sales restriction          | 1,864,143          | 0.02%          | 0  | 0           | 0                                 | 12,571,903  | 12,571,903  | 14,436,046        | 0.19%          |
| 1. State-owned shares                          | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| 2. Shares held by state-owned legal persons    | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| 3. Other domestic shares                       | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| Including: shares held                         |                    |                |  |             |                                   |             |             |                   |                |
| by domestic legal persons                      | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| Shares held by domestic natural persons        | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| 4. Foreign invested shares                     | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| Including: shares held                         |                    |                |  |             |                                   |             |             |                   |                |
| by overseas legal persons                      | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| Shares held by overseas natural persons        | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| 5. Shares held by senior management            | 1,864,143          | 0.02%          | 0  | 0           | 0                                 | 12,571,903  | 12,571,903  | 14,436,046        | 0.19%          |
| II. Shares not subject to sales restriction    | 7,704,089,907      | 99.98%         | 0  | 0           | 0                                 | -12,571,903 | -12,571,903 | 7,691,518,004     | 99.81%         |
| 1. Ordinary shares                             |                    |                |  |             |                                   |             |             |                   |                |
| denominated in RMB                             | 6,274,061,021      | 81.42%         | 0  | 0           | 0                                 | -12,571,903 | -12,571,903 | 6,261,489,118     | 81.25%         |
| 2. Domestically listed foreign invested shares | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| 3. Overseas listed foreign invested shares     | 1,430,028,886      | 18.56%         | 0  | 0           | 0                                 | 0           | 0           | 1,430,028,886     | 18.56%         |
| 4. Others                                      | 0                  | 0%             | 0  | 0           | 0                                 | 0           | 0           | 0                 | 0%             |
| III. Total number of shares                    | 7,705,954,050      | 100%           | 0  | 0           | 0                                 | 0           | 0           | 7,705,954,050     | 100%           |

During the period between 30 May 2013 and 4 June 2013, some directors, supervisors, senior management and key personnel of the Company purchased 19,379,251 shares of Company in aggregate based on market price in secondary market, including 16,803,651 shares purchased by directors, supervisors and senior management which are subject to trading restriction.

## Changes in Share Capital and Shareholders

### 2. Number of shareholders of the Company and shareholdings

Total number of shareholders as at the end of the Reporting Period 456,901

| Name of shareholder   | Nature of shareholder  | Percentage of shareholding (%) | Total number of share held as at the end of the reporting period | Changes during the reporting period | Unit: shares                                  |   |
|---|--|--------------------------------|--|-------------------------------------|---|---|
|   |  |                                |  |                                     | Number of shares subject to sales restriction | Number of shares not subject to sales restriction |
| HKSCC NOMINEES LIMITED  | Overseas legal person  | 18.53%                         | 1,427,788,445  | +31,340                             | 0   | 1,427,788,445                                     |
| State-owned Assets Supervision and Administration Commission of Hunan Province People's Government                                | State-owned legal person   | 16.26%                         | 1,253,314,876  | +5,934,880                          | 0   | 1,253,314,876                                     |
| Changsha Hesheng Science and Technology Investment Co., Ltd.  | Domestic non state-owned legal person  | 5.02%                          | 386,517,443  | 0                                   | 0   | 386,517,443                                       |
| GOOD EXCEL GROUP LIMITED  | Overseas legal person  | 4.72%                          | 363,936,856  | 0                                   | 0   | 363,936,856                                       |
| Real Smart International Limited  | Overseas legal person  | 2.19%                          | 168,635,602  | 0                                   | 0   | 168,635,602                                       |
| Changsha Yifang Science and Technology Investment Co., Ltd.   | Domestic non state-owned legal person  | 2.12%                          | 163,314,942  | 0                                   | 0   | 163,314,942                                       |
| Hony Capital Fund II (Tianjin), L.P.  | Domestic non state-owned legal person  | 2.07%                          | 159,428,548  | 0                                   | 0   | 159,428,548                                       |
| China Jiayin Investment Co., Ltd.   | State-owned legal person   | 1.8%                           | 138,814,554  | -12,350,000                         | 0   | 138,814,554                                       |
| China Minsheng Bank Yinghua SZSE 100 Index Classified Securities Investment Fund  | Others   | 0.76%                          | 58,907,600   | +14,463,931                         | 0   | 58,907,600  |
| Anhui Investment Group Holdings Co., Ltd.   | State-owned legal person   | 0.73%                          | 56,180,563   | 0                                   | 0   | 56,180,563  |
| Strategic investors or general legal person become top 10 shareholders as a result of new shares offer (if any)                   | Hony Capital Fund II (Tianjin), L.P., China Jiayin Investment Co., Ltd., Anhui Investment Group Holdings Co., Ltd. were among the top 10 shareholders as a result of the placing of shares of the Company in February 2010   |                                |  |                                     |   |   |
| Description of the connected relationships among the above shareholders, and among shareholders who are parties acting in concert | Good Excel Group Limited and Real Smart International Limited which are parties acting in concert, and Changsha Hesheng Science and Technology Investment Co., Ltd. and Changsha Yifang Science and Technology Investment Co., Ltd. which are parties acting in concert. |                                |  |                                     |   |   |



## Changes in Share Capital and Shareholders

| Top 10 holders of shares not subject to sales restriction  |  |   |               |
|--|--|---|---------------|
| Name of shareholder  | Number of shares not subject to sales restriction  | Class of shares                         | Number        |
| HKSCC NOMINEES LIMITED   | 1,427,788,445  | Overseas listed foreign invested shares | 1,427,788,445 |
| State-owned Assets Supervision and Administration Commission of Hunan Province People's Government   | 1,253,314,876  | Ordinary shares denominated in RMB      | 1,253,314,876 |
| Changsha Hesheng Science and Technology Investment Co., Ltd.   | 386,517,443  | Ordinary shares denominated in RMB      | 386,517,443   |
| GOOD EXCEL GROUP LIMITED   | 363,936,856  | Ordinary shares denominated in RMB      | 363,936,856   |
| Real Smart International Limited   | 168,635,602  | Ordinary shares denominated in RMB      | 168,635,602   |
| Changsha Yifang Science and Technology Investment Co., Ltd.  | 163,314,942  | Ordinary shares denominated in RMB      | 163,314,942   |
| Hony Capital Fund II (Tianjin), L.P.   | 159,428,548  | Ordinary shares denominated in RMB      | 159,428,548   |
| China Jianyin Investment Co., Ltd.   | 138,814,554  | Ordinary shares denominated in RMB      | 138,814,554   |
| China Minsheng Bank Yinghua SZSE 100 Index Classified Securities Investment Fund   | 58,907,600   | Ordinary shares denominated in RMB      | 58,907,600    |
| Anhui Investment Group Holdings Co., Ltd.  | 56,180,563   | Ordinary shares denominated in RMB      | 56,180,563    |
| Description of the connected relationships between top ten holders of shares not subject to sales restriction, and between top ten holders of shares not subject to sales restriction and top ten shareholders who are parties acting in concert | Good Excel Group Limited and Real Smart International Limited which are parties acting in concert, and Changsha Hesheng Science and Technology Investment Co., Ltd. and Changsha Yifang Science and Technology Investment Co., Ltd. which are parties acting in concert. |   |               |
| Description of shareholders participating in securities financing  | N/A  |   |               |

## Changes in Share Capital and Shareholders

### 3. Shareholdings of top ten holders of the corporate bonds of the Company

*Unit: shares*

| Name of holder of the corporate bonds   | Number of bonds held  | Percentage |
|---|---|------------|
| Haitong – BOC – Fortis Bank   | 2,163,855   | 19.67%     |
| ICBC Credit Suisse Asset Management<br>– ICBC – Specific clients asset                              | 857,927   | 7.80%      |
| Annuity Scheme of China Petrochemical Corporation<br>– Industrial and Commercial Bank of China      | 684,022   | 6.22%      |
| China Construction Bank – ICBCCS Credit<br>Value-added Debt Securities Investment Fund              | 641,324   | 5.83%      |
| National Social Insurance Fund 206 Package  | 540,097   | 4.91%      |
| Annuity Scheme of China National Petroleum Corporation<br>– Industrial and Commercial Bank of China | 459,400   | 4.18%      |
| GF Securities Co., Ltd.   | 259,864   | 2.36%      |
| Industrial and Commercial Bank of China – China Universal<br>Growth Bond Securities Investment Fund | 225,461   | 2.05%      |
| National Social Insurance Fund 210 Package  | 200,000   | 1.82%      |
| China Construction Bank – UBS SDIC double bond<br>debt increased profit Securities Investment Fund  | 179,890   | 1.64%      |
| Description of the connected relationships between<br>the above holders of bonds                    | Both ICBC Credit Suisse Asset Management – ICBC – Specific clients asset and CCB – ICBCCS Credit Value-added Debt Securities Investment Fund were managed by ICBC Credit Suisse Asset Management Co., Ltd. National Social Insurance Fund 206 Package and National Social Insurance Fund 210 Package were managed by the National Social Security Fund. Saved as the above, there was no other connected relationship between other holders of the bonds. |            |

## Changes in Share Capital and Shareholders

### 4. Substantial Shareholders' interests and short positions in the Company

As at 30 June 2013, the following persons (other than the directors and supervisors of the Company) had an interest or short position in the shares or underlying shares of the Company which is required to be disclosed to the Company pursuant to Section 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"), or required to be recorded in the register to be kept by the Company pursuant to Section 336 of SFO:

| Name   | Nature of interest   | Class of shares | Number of shares                                   | Percentage of class of shares issued (%) | Percentage of total shares issued (%) |
|--|--|-----------------|--|--|---------------------------------------|
| State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government | Beneficial   | A share         | 1,253,314,876                                      | 19.97                                    | 16.26                                 |
| Good Excel Group Limited <sup>(2)</sup>  | Beneficial   | A shares        | 363,936,856  | 5.80                                     | 4.72                                  |
| Rise Honour Investments Limited <sup>(2)</sup>   | Interests of controlled corporation  | A shares        | 523,572,458  | 8.49                                     | 6.91                                  |
| Hony Capital II L.P. <sup>(2)</sup>  | Interests of controlled corporation  | A shares        | 523,572,458  | 8.49                                     | 6.91                                  |
| Hony Capital II GP Ltd. <sup>(2)</sup>   | Interests of controlled corporation  | A shares        | 523,572,458  | 8.49                                     | 6.91                                  |
| Right Lane Limited <sup>(2)</sup>  | Interests of controlled corporation  | A shares        | 523,572,458  | 8.49                                     | 6.91                                  |
| Legend Holdings Limited <sup>(2)(3)</sup>  | Interests of controlled corporation  | A shares        | 692,001,006  | 11.06                                    | 8.98                                  |
| Chinese Academy of Sciences Holdings Co, Ltd. <sup>(3)(4)</sup>                                      | Interests of controlled corporation  | A shares        | 692,001,006  | 11.06                                    | 8.98                                  |
| Chinese Academy of Sciences <sup>(3)(4)</sup>  | Interests of controlled corporation  | A shares        | 692,001,006  | 11.06                                    | 8.98                                  |
| Changsha Hesheng Science and Technology Investment Co., Ltd. <sup>(5)</sup>                          | Beneficial   | A share         | 386,517,443  | 6.16                                     | 5.02                                  |
| Credit Suisse Group AG <sup>(1)(6)</sup>   | Interests of controlled corporation  | H share         | 132,179,939(L)<br>57,917,342(S)                    | 9.24<br>4.05                             | 1.72<br>0.75                          |
| JP Morgan Chase & Co. <sup>(1)(7)</sup>  | Beneficial, interests of controlled corporation and custodian corporation/<br>approved lending agent | H share         | 116,539,326 (L)<br>8,779,600 (S)<br>94,747,044 (P) | 8.15<br>0.61<br>6.63                     | 1.51<br>0.11<br>1.23                  |

## Changes in Share Capital and Shareholders

| Name   | Nature of interest   | Class of shares | Number of shares | Percentage of class of shares issued (%) | Percentage of total shares issued (%) |
|--|--|-----------------|------------------|--|---------------------------------------|
| The Goldman Sachs Group, Inc. <sup>(1)(8)</sup>          | Interests of controlled corporation  | H share         | 87,219,970(L)    | 6.10                                     | 1.13                                  |
|  |  |                 | 87,364,176(S)    | 6.11                                     | 1.13                                  |
| Morgan Stanley <sup>(1)(9)</sup>                         | Interests of controlled corporation  | H share         | 86,823,711 (L)   | 6.07                                     | 1.13                                  |
|  |  |                 | 72,997,267 (S)   | 5.10                                     | 0.95                                  |
| Bank of America Corporation <sup>(1)(10)</sup>           | Interests of controlled corporation  | H share         | 80,973,831(L)    | 5.66                                     | 1.05                                  |
|  |  |                 | 79,315,388(S)    | 5.55                                     | 1.03                                  |
| National Council for Social Security Fund <sup>(1)</sup> | Beneficial   | H share         | 76,714,420(L)    | 5.36                                     | 1.00                                  |
| Temasek Holdings (Private) Limited <sup>(1)(11)</sup>    | Interests of controlled corporation  | H share         | 71,505,300(L)    | 5.00                                     | 0.93                                  |
|  |  |                 |                  |  |                                       |
| Citigroup Inc. <sup>(1)(12)</sup>                        | Interests of controlled corporation and custodian corporation/approved lending agent | H share         | 70,560,434(L)    | 4.93                                     | 0.92                                  |
|  |  |                 | 58,377,957(S)    | 4.08                                     | 0.76                                  |
|  |  |                 | 14,358,372(P)    | 1.00                                     | 0.19                                  |
| BlackRock, Inc. <sup>(1)(13)</sup>                       | Interests of controlled corporation  | H share         | 68,684,688(L)    | 4.80                                     | 0.89                                  |
|  |  |                 | 66,400(S)        | 0.00                                     | 0.00                                  |

Notes: L refers to long position. S refers to short position. P refers to shares available for lending.

- (1) The disclosure is based on the information available on the website of SEHK ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)).
- (2) Good Excel Group Limited and Real Smart International Limited are beneficially interested in 363,936,856 and 168,635,602 A shares respectively. Good Excel Group Limited and Real Smart International Limited are interested in an aggregate of 532,572,458 A shares. Each of Good Excel Group Limited and Real Smart International Limited is a 86.99% and 67.71% owned subsidiary of Rise Honour Investments Limited, respectively. Rise Honour Investments Limited is controlled by Hony Capital II L.P., which is controlled by Hony Capital II GP Ltd..Hony Capital II GP Ltd. is wholly-owned by Right Lane Limited, which is a wholly-owned company of Legend Holdings Limited.
- (3) Legend Holdings Limited is deemed to be interested in 159,428,548 A shares held by Hony Capital Fund I (Tianjin), L.P. Legend Holdings Limited is deemed to be interested in 692,001,006 A shares.
- (4) Chinese Academy of Sciences Holdings Co., Ltd. holds 36% interests of Legend Holdings Limited, while Chinese Academy of Sciences Holdings Co., Ltd. is wholly owned by Chinese Academy of Sciences.
- (5) Changsha Hesheng Science and Technology Investment Co., Ltd. is an investment entity controlled and owned by the management of the Group.

## Changes in Share Capital and Shareholders

- (6) As stated in the form of disclosure of shareholder's interests submitted by Credit Suisse Group AG on 26 June 2013 (the date of the relevant event set out in the form was 21 June 2013), these shares were held via Credit Suisse Group AG and its affiliates.
- (7) As stated in the form of disclosure of shareholder's interests submitted by JPMorgan Chase & Co. on 27 June 2013 (the date of the relevant event set out in the form was 24 June 2013), these shares were held via JPMorgan Chase & Co. and its affiliates.
- (8) As stated in the form of disclosure of shareholder's interests submitted by The Goldman Sachs Group, Inc. on 28 June 2013 (the date of the relevant event set out in the form was 25 June 2013), these shares were held via The Goldman Sachs Group, Inc. and its affiliates.
- (9) As stated in the form of disclosure of shareholder's interests submitted by Morgan Stanley on 28 June 2013 (the date of the relevant event set out in the form was 26 June 2013), these shares were held via Morgan Stanley and its affiliates.
- (10) As stated in the form of disclosure of shareholder's interests submitted by Bank of America Corporation on 11 June 2013 (the date of the relevant event set out in the form was 6 June 2013), these shares were held via Bank of America Corporation and its affiliates.
- (11) As stated in the form of disclosure of shareholder's interests submitted by Temasek Holdings (Private) Limited on 13 April 2013 (the date of the relevant event set out in the form was 10 April 2013), these shares were held via Temasek Holdings (Private) Limited and its affiliates.
- (12) As stated in the form of disclosure of shareholder's interests submitted by Citigroup Inc. on 28 June 2013 (the date of the relevant event set out in the form was 25 June 2013), these shares were held via Citigroup Inc. and its affiliates.
- (13) As stated in the form of disclosure of shareholder's interests submitted by BlackRock, Inc. on 13 June 2013 (the date of the relevant event set out in the form was 11 June 2013), these shares were held via BlackRock, Inc. and its affiliates.



# Directors, Supervisors and Senior Management

## (I) Changes in Shareholdings of Directors, Supervisors and Senior Management

| Name                    | Position   | Employment Status | Number of Shares held in the beginning of the Reporting Period (A share) | Number of Shares increased during the Reporting Period (A share) | Number of Shares decreased during the Reporting Period (A share) | Number of Shares held as at the end of the Reporting Period (A share) | Number of restrictive shares held in the beginning of the Reporting Period (A share) | Number of restrictive shares held during the Reporting Period (A share) | Number of restrictive shares held at the end of the Reporting Period (A share) |
|-------------------------|--|-------------------|--|--|--|---|--|---|--|
| Zhan Chunxin            | Chairman and Chief Executive Officer                         | Current           | 263,120  | 4,888,916  | 0  | 5,152,036   | 0  | 0   | 0  |
| Liu Quan                | Executive Director   | Current           | 189,117  | 878,935  | 0  | 1,068,052   | 0  | 0   | 0  |
| Qiu Zhongwei            | Non-executive Director                                       | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Liu Changkun            | Independent Non-executive Director                           | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Qian Shizheng           | Independent Non-executive Director                           | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Wang Zhile              | Independent Non-executive Director                           | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Lian Weizeng            | Independent Non-executive Director                           | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Cao Yonggang            | Chairman of Supervisory Board                                | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Liu Chi                 | Supervisor   | Current           | 138,711  | 240,500  | 0  | 379,211   | 0  | 0   | 0  |
| Luo Anping              | Employee Supervisor  | Current           | 138,355  | 311,700  | 0  | 450,055   | 0  | 0   | 0  |
| Zhang Jianguo           | Senior President   | Current           | 186,443  | 1,017,500  | 0  | 1,203,943   | 0  | 0   | 0  |
| Yin Zhengfu             | Senior President   | Current           | 178,750  | 664,000  | 0  | 842,750   | 0  | 0   | 0  |
| He Jianming             | Senior President   | Current           | 123,338  | 0  | 0  | 123,338   | 0  | 0   | 0  |
| Du Youqi                | Senior President   | Current           | 10,011   | 566,500  | 0  | 576,511   | 0  | 0   | 0  |
| Fang Minghua            | Senior President   | Current           | 158,376  | 512,400  | 0  | 670,776   | 0  | 0   | 0  |
| Wang Chunyang           | Senior President   | Current           | 158,014  | 452,800  | 0  | 610,814   | 0  | 0   | 0  |
| Xu Wuquan               | Senior President   | Current           | 125,126  | 665,300  | 0  | 790,426   | 0  | 0   | 0  |
| Xiong Yanming           | Vice President   | Current           | 96,525   | 800,000  | 0  | 896,525   | 0  | 0   | 0  |
| Su Yongzhan             | Vice President   | Current           | 114,400  | 664,500  | 0  | 778,900   | 0  | 0   | 0  |
| Guo Xuehong             | Vice President   | Current           | 178,750  | 558,900  | 0  | 737,650   | 0  | 0   | 0  |
| Sun Changjun            | Vice President   | Current           | 160,876  | 593,200  | 0  | 754,076   | 0  | 0   | 0  |
| Li Jiangtao             | Vice President   | Current           | 153,010  | 608,700  | 0  | 761,710   | 0  | 0   | 0  |
| Hong Xiaoming           | Vice President and the person in charge of financial affairs | Current           | 0  | 495,300  | 0  | 495,300   | 0  | 0   | 0  |
| He Wenjin               | Vice President   | Current           | 0  | 706,900  | 0  | 706,900   | 0  | 0   | 0  |
| Chen Xiaofei            | Vice President   | Current           | 0  | 594,400  | 0  | 594,400   | 0  | 0   | 0  |
| Chen Peiliang           | Vice President   | Current           | 71,500   | 423,700  | 0  | 495,200   | 0  | 0   | 0  |
| Ajilore Akinola Odunayo | Vice President   | Current           | 0  | 0  | 0  | 0   | 0  | 0   | 0  |
| Wang Yukun              | Chief Information Officer                                    | Current           | 0  | 709,500  | 0  | 709,500   | 0  | 0   | 0  |
| Shen Ke                 | Secretary to the Board of Directors                          | Current           | 0  | 450,000  | 0  | 450,000   | 0  | 0   | 0  |
| Total                   |  |                   | 2,444,422  | 16,803,651   | 0  | 19,248,073  | 0  | 0   | 0  |

## Directors, Supervisors and Senior Management

### (II) Resignation and Termination of Director, Supervisors and Senior Management

| Name                    | Position held  | Changes  | Date           | Reason          |
|-------------------------|----------------|----------|----------------|-----------------|
| Ajilore Akinola Odunayo | Vice President | Resigned | 28 August 2013 | Personal Reason |

### (III) Directors, Supervisors and Chief Executive's Interests in Shares or Debentures of the Company

Each of the directors, supervisors and chief executives' interests in shares of the Company as at 30 June 2013 are set out in the section headed "Changes in Shareholdings of Directors, Supervisors and Senior Management".

As at 30 June 2013, the directors, supervisors and senior management of the Company who have interest or a short position in the shares, underlying shares or debentures of the Company or associated corporation (as defined in Part XV of the SFO) which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or required to be disclosed to the Company and SEHK under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

| Name of Directors/<br>Supervisors | Nature of interest | Class of share | Number<br>of share | Percentage<br>of the total<br>share capital<br>of the<br>same class<br>(%) |
|-----------------------------------|--------------------|----------------|--------------------|--|
| Zhan Chunxin                      | Beneficiary owner  | A Share        | 5,152,036          | 0.082  |
| Liu Quan                          | Beneficiary owner  | A Share        | 1,068,052          | 0.017  |
| Liu Chi                           | Beneficiary owner  | A Share        | 379,211            | 0.006  |
| Luo Anping                        | Beneficiary owner  | A Share        | 450,055            | 0.0072   |

## Directors, Supervisors and Senior Management

As at 30 June 2013, save as disclosed above, none of the directors, supervisors or chief executive officer has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and SEHK pursuant to the Model Code.

As at 30 June 2013, none of the directors, supervisors, or chief executive officers or their respective spouse or children under 18 years of age has any rights to acquire the shares or debentures of the Company or any of its associated corporations nor exercise any of these rights.

# Independent Review Report



## **To the directors of Zoomlion Heavy Industry Science and Technology Co., Ltd.**

*(Incorporated in The People's Republic of China with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 29 to 60, which comprises the consolidated balance sheet of Zoomlion Heavy Industry Science and Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2013, the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, "Interim Financial Reporting", issued by the International Accounting Standards Board. The Company's directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

# Independent Review Report

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

### **KPMG**

*Certified Public Accountants*

8/F Prince's Building

10 Chater Road

Hong Kong, China

28 August 2013



# Consolidated Statement of Comprehensive Income (Unaudited)

For the six-month period ended 30 June 2013  
(expressed in Renminbi)

|   | Note | For the six-month period ended 30 June |                         |
|---|------|--|-------------------------|
|   |      | 2013<br>RMB<br>millions                | 2012<br>RMB<br>millions |
| <b>Turnover</b>   | 3    | 20,165                                 | 29,120                  |
| Cost of sales and services  |      | (13,691)                               | (19,208)                |
| <b>Gross profit</b>   |      | 6,474                                  | 9,912                   |
| Other revenues and net loss   |      | (103)                                  | (87)                    |
| Sales and marketing expenses  |      | (1,526)                                | (1,473)                 |
| General and administrative expenses   |      | (1,115)                                | (1,207)                 |
| Research and development expenses   |      | (216)                                  | (251)                   |
| <b>Profit from operations</b>   |      | 3,514                                  | 6,894                   |
| Net finance costs   | 4(a) | 64                                     | (203)                   |
| Share of profits less losses of associates  |      | 28                                     | 8                       |
| <b>Profit before taxation</b>   | 4    | 3,606                                  | 6,699                   |
| Income tax  | 5    | (600)                                  | (950)                   |
| <b>Profit for the period</b>  |      | 3,006                                  | 5,749                   |
| <b>Other comprehensive income for the period (after tax)</b>                            |      |  |                         |
| Items that may be reclassified subsequently to profit or loss:                          |      |  |                         |
| Exchange differences on translation of financial statements of subsidiaries outside PRC |      | (55)                                   | (17)                    |
| Change in fair value of available-for-sale equity securities                            |      | (1)                                    | —                       |
| <b>Total other comprehensive income for the period</b>                                  |      | (56)                                   | (17)                    |
| <b>Total comprehensive income for the period</b>  |      | 2,950                                  | 5,732                   |

The notes on pages 36 to 60 form part of the interim financial report.

# Consolidated Statement of Comprehensive Income (Continued) (Unaudited)

For the six-month period ended 30 June 2013  
(expressed in Renminbi)

|  | Note | For the six-month period ended 30 June |                         |
|--|------|--|-------------------------|
|  |      | 2013<br>RMB<br>millions                | 2012<br>RMB<br>millions |
| <b>Profit attributable to:</b>                     |      |  |                         |
| Equity shareholders of the Company                 |      | 2,923                                  | 5,622                   |
| Non-controlling interests                          |      | 83                                     | 127                     |
| <b>Profit for the period</b>                       |      | <b>3,006</b>                           | <b>5,749</b>            |
| <b>Total comprehensive income attributable to:</b> |      |  |                         |
| Equity shareholders of the Company                 |      | 2,860                                  | 5,606                   |
| Non-controlling interests                          |      | 90                                     | 126                     |
| <b>Total comprehensive income for the period</b>   |      | <b>2,950</b>                           | <b>5,732</b>            |
| <b>Basic and diluted earnings per share (RMB)</b>  | 6    | <b>0.38</b>                            | 0.73                    |

The notes on pages 36 to 60 form part of the interim financial report.

# Consolidated Balance Sheet (Unaudited)

As at 30 June 2013  
(expressed in Renminbi)

|  | Note  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--|-------|---|---|
| <b>Non-current assets</b>                    |       |   |   |
| Property, plant and equipment                |       | 6,593                                       | 6,112   |
| Lease prepayments                            |       | 1,537                                       | 1,443   |
| Intangible assets                            |       | 1,270                                       | 1,288   |
| Goodwill                                     |       | 1,756                                       | 1,803   |
| Interests in associates                      |       | 188   | 188   |
| Other financial assets                       |       | 146   | 197   |
| Trade and other receivables                  | 9     | 2,604                                       | 2,685   |
| Receivables under finance lease              | 10    | 8,491                                       | 10,458  |
| Pledged bank deposits                        |       | 968   | 1,061   |
| Deferred tax assets                          |       | 446   | 456   |
| <b>Total non-current assets</b>              |       | <b>23,999</b>                               | <b>25,691</b>                                   |
| <b>Current assets</b>                        |       |   |   |
| Inventories                                  | 8     | 11,415                                      | 11,733  |
| Other current assets                         |       | 292   | 231   |
| Trade and other receivables                  | 9     | 24,678                                      | 19,939  |
| Receivables under finance lease              | 10    | 8,805                                       | 9,194   |
| Pledged bank deposits                        |       | 1,769                                       | 2,062   |
| Cash and cash equivalents                    | 11    | 17,906                                      | 20,084  |
| <b>Total current assets</b>                  |       | <b>64,865</b>                               | <b>63,243</b>                                   |
| <b>Total assets</b>                          |       | <b>88,864</b>                               | <b>88,934</b>                                   |
| <b>Current liabilities</b>                   |       |   |   |
| Loans and borrowings                         | 12(a) | 3,992                                       | 9,639   |
| Trade and other payables                     | 13    | 25,852                                      | 23,387  |
| Income tax payable                           |       | 490   | 1,083   |
| <b>Total current liabilities</b>             |       | <b>30,334</b>                               | <b>34,109</b>                                   |
| <b>Net current assets</b>                    |       | <b>34,531</b>                               | <b>29,134</b>                                   |
| <b>Total assets less current liabilities</b> |       | <b>58,530</b>                               | <b>54,825</b>                                   |

The notes on pages 36 to 60 form part of the interim financial report.

## Consolidated Balance Sheet (Continued) (Unaudited)

As at 30 June 2013

(expressed in Renminbi)

|  | Note  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--|-------|---|---|
| <b>Non-current liabilities</b>   |       |   |   |
| Loans and borrowings   | 12(b) | 13,550                                      | 10,674  |
| Other non-current liabilities  |       | 2,000                                       | 2,562   |
| Deferred tax liabilities   |       | 447   | 440   |
| <b>Total non-current liabilities</b>                                   |       | <b>15,997</b>                               | <b>13,676</b>                                   |
| <b>NET ASSETS</b>  |       | <b>42,533</b>                               | <b>41,149</b>                                   |
| <b>CAPITAL AND RESERVES</b>  |       |   |   |
| Share capital  |       | 7,706                                       | 7,706   |
| Reserves   |       | 34,370                                      | 33,056  |
| <b>Total equity attributable to equity shareholders of the Company</b> |       | <b>42,076</b>                               | <b>40,762</b>                                   |
| <b>Non-controlling interests</b>                                       |       | <b>457</b>                                  | <b>387</b>                                      |
| <b>TOTAL EQUITY</b>  |       | <b>42,533</b>                               | <b>41,149</b>                                   |

Approved and authorised for issue by the board of directors on 28 August 2013.

**Zhan Chunxin**

*Chairman and Chief Executive Officer*

**Hong Xiaoming**

*Vice-president and the person  
in-charge of financial affairs*

The notes on pages 36 to 60 form part of the interim financial report.

# Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended 30 June 2013  
(expressed in Renminbi)

|   | Attributable to equity shareholders of the Company |                 |                 |                  |               |                   |          | Non-controlling interests | Total equity |
|---|--|-----------------|-----------------|------------------|---------------|-------------------|----------|---------------------------|--------------|
|   | Share capital                                      | Capital reserve | Statutory       |                  |               | Retained earnings | Total    |                           |              |
|   |  |                 | surplus reserve | Exchange reserve | Other reserve |                   |          |                           |              |
|   |  |                 | RMB             | RMB              | RMB           |                   |          |                           |              |
| millions  | millions   | millions        | millions        | millions         | millions      | millions          | millions | millions                  |              |
| <b>Balance at 1 January 2012</b>                            | 7,706  | 14,676          | 1,963           | (81)             | (2)           | 11,145            | 35,407   | 188                       | 35,595       |
| Cash dividends  | —  | —               | —               | —                | —             | (1,926)           | (1,926)  | —                         | (1,926)      |
| Contribution from non-controlling interests                 | —  | —               | —               | —                | —             | —                 | —        | 1                         | 1            |
| Acquisition of non-controlling interests                    | —  | (69)            | —               | —                | —             | —                 | (69)     | (9)                       | (78)         |
| Dividends paid by subsidiaries to non-controlling interests | —  | —               | —               | —                | —             | —                 | —        | (39)                      | (39)         |
| Total comprehensive income for the period                   | —  | —               | —               | (16)             | —             | 5,622             | 5,606    | 126                       | 5,732        |
| <b>Balance at 30 June 2012</b>                              | 7,706  | 14,607          | 1,963           | (97)             | (2)           | 14,841            | 39,018   | 267                       | 39,285       |
| <b>Balance at 1 January 2013</b>                            | 7,706  | 14,606          | 2,613           | (59)             | (2)           | 15,898            | 40,762   | 387                       | 41,149       |
| Cash dividends (Note 14)                                    | —  | —               | —               | —                | —             | (1,541)           | (1,541)  | —                         | (1,541)      |
| Safety production fund (Note 19(b))                         | —  | —               | —               | —                | 17            | (17)              | —        | —                         | —            |
| Acquisition of non-controlling interests                    | —  | (5)             | —               | —                | —             | —                 | (5)      | (18)                      | (23)         |
| Dividends paid by subsidiaries to non-controlling interests | —  | —               | —               | —                | —             | —                 | —        | (2)                       | (2)          |
| Total comprehensive income for the period                   | —  | —               | —               | (62)             | (1)           | 2,923             | 2,860    | 90                        | 2,950        |
| <b>Balance at 30 June 2013</b>                              | 7,706  | 14,601          | 2,613           | (121)            | 14            | 17,263            | 42,076   | 457                       | 42,533       |

The notes on pages 36 to 60 form part of the interim financial report.



# Consolidated Cash Flow Statement (Unaudited)

For the six-month period ended 30 June 2013  
(expressed in Renminbi)

|  | For the six-month period<br>ended 30 June |                        |
|--|---|------------------------|
|  | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>million |
| <b>Operating activities</b>  |   |                        |
| <b>Profit before taxation</b>  | 3,606                                     | 6,699                  |
| Adjustments for:   |   |                        |
| Depreciation of property, plant and equipment                                      | 221                                       | 201                    |
| Amortisation of lease prepayments  | 14  | 15                     |
| Amortisation of intangible assets  | 35  | 31                     |
| Share of profits less losses of associates   | (28)                                      | (8)                    |
| Interest income  | (294)                                     | (132)                  |
| Interest expense   | 452                                       | 405                    |
| Loss on disposal of property, plant and equipment,<br>and intangible assets        | 5   | 12                     |
| Impairment loss of property, plant and equipment                                   | 2   | 2                      |
| (Gain)/loss on re-measurement of derivative financial<br>instruments at fair value | (3)                                       | 18                     |
|  | 4,010                                     | 7,243                  |
| Decrease/(increase) in inventories   | 309                                       | (1,757)                |
| Increase in trade and other receivables  | (5,107)                                   | (7,693)                |
| Decrease/(increase) in receivables under finance lease                             | 2,356                                     | (2,572)                |
| Increase in trade and other payables   | 460                                       | 6,650                  |
| <b>Cash generated from operations</b>  | 2,028                                     | 1,871                  |
| Income tax paid  | (1,165)                                   | (1,417)                |
| <b>Net cash generated from operating activities<br/>carried forward</b>            | 863                                       | 454                    |

The notes on pages 36 to 60 form part of the interim financial report.

# Consolidated Cash Flow Statement (Continued) (Unaudited)

For the six-month period ended 30 June 2013  
(expressed in Renminbi)

|  | For the six-month period ended 30 June |                        |
|--|--|------------------------|
|  | 2013<br>RMB<br>millions                | 2012<br>RMB<br>million |
| <b>Net cash generated from operating activities brought forward</b>            | 863                                    | 454                    |
| <b>Investing activities</b>  |  |                        |
| Payment for the purchase of property, plant and equipment                      | (419)                                  | (701)                  |
| Lease prepayments  | (108)                                  | (71)                   |
| Payment for purchase of intangible assets                                      | (51)                                   | (46)                   |
| Payment for acquisition of investments in associates and equity investments    | (22)                                   | (168)                  |
| Proceeds from disposal of property, plant and equipment, and intangible assets | 28                                     | 14                     |
| Dividends received from associates   | 1                                      | —                      |
| Interest received  | 294                                    | 132                    |
| Decrease/(increase) in pledged bank deposits                                   | 386                                    | (360)                  |
| <b>Net cash generated from/(used in) investing activities</b>                  | 109                                    | (1,200)                |
| <b>Financing activities</b>  |  |                        |
| Proceeds from loans and borrowings   | 4,076                                  | 11,870                 |
| Repayments of loans and borrowings   | (6,647)                                | (7,786)                |
| Interest paid  | (487)                                  | (432)                  |
| Dividends paid by subsidiaries to non-controlling interests                    | (20)                                   | (18)                   |
| Payment for acquisition of non-controlling interests                           | (14)                                   | (42)                   |
| Contribution from non-controlling interests                                    | —                                      | 1                      |
| <b>Net cash (used in)/generated from financing activities</b>                  | (3,092)                                | 3,593                  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                    | (2,120)                                | 2,847                  |
| <b>Cash and cash equivalents at beginning of period</b>                        | 20,084                                 | 16,002                 |
| <b>Effect of foreign exchange rate changes</b>                                 | (58)                                   | (7)                    |
| <b>Cash and cash equivalents at end of period</b>                              | 17,906                                 | 18,842                 |

The notes on pages 36 to 60 form part of the interim financial report.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 1 Principal activities of reporting entity

Zoomlion Heavy Industry Science and Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively, referred to as the “Group”) are principally engaged in the research, development, manufacturing and sale and leasing of concrete machinery, crane machinery, environmental and sanitation equipment, road construction and pile foundation machinery and other related heavy machinery and capital equipment.

## 2 Basis of preparation

- (a) The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2(b).

The preparation of interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Report Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 2 Basis of preparation (continued)

(b) The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period. Of these, the following developments are relevant to the Group's consolidated financial statements:

- Amendments to IAS 1, Presentation of financial statements-Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Revised IAS 19, Employee benefits
- Annual Improvements to IFRSs 2009–2011 Cycle
- Amendments to IFRS 7-Disclosures — Offsetting financial assets and financial liabilities

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

### Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these consolidated financial statements has been modified accordingly.

### IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation — Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 2 Basis of preparation (continued)

### IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

### IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 15. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

### Revised IAS 19, Employee benefits

Revised IAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised IAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised IAS 19 also changes the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. This change in accounting policy does not have any material impact on the Group's total comprehensive income for the period and earnings per share.

### Annual Improvements to IFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because a measurement of segment total assets and total liabilities is not provided regularly to the CODM.



# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 2 Basis of preparation (continued)

### Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32. The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

## 3 Turnover

|   | For the six-month period<br>ended 30 June |               |
|---|---|---------------|
|   | 2013                                      | 2012          |
|   | RMB                                       | RMB           |
|   | millions                                  | millions      |
| Sales of  |   |               |
| Concrete machinery                              | 8,929                                     | 16,906        |
| Crane machinery                                 | 6,603                                     | 7,044         |
| Environmental and sanitation machinery          | 1,411                                     | 1,201         |
| Road construction and pile foundation machinery | 927                                       | 779           |
| Earth working machinery                         | 642                                       | 1,324         |
| Other machinery products                        | 830                                       | 1,083         |
| Finance income under finance lease              | 823                                       | 783           |
|   | <b>20,165</b>                             | <b>29,120</b> |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

### (a) Net finance costs:

|  | For the six-month period<br>ended 30 June |                         |
|--|---|-------------------------|
|  | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Finance income:  |   |                         |
| Interest income  | (294)                                     | (132)                   |
| (Gain)/loss on re-measurement of derivative financial instruments<br>at fair value | (3)                                       | 18                      |
|  | (297)                                     | (114)                   |
| Finance costs:   |   |                         |
| Interest on loans and borrowings (note)  | 451                                       | 381                     |
| Net exchange gains   | (218)                                     | (64)                    |
|  | 233                                       | 317                     |
|  | (64)                                      | 203                     |

Note:

Interest expense on factoring the Group's receivables under finance lease with recourse amounted to RMB1 million for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: RMB24 million), and was included in cost of sales and services.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 4 Profit before taxation (continued)

### (b) Staff costs:

|                                     | For the six-month period<br>ended 30 June |                         |
|-------------------------------------|---|-------------------------|
|                                     | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Salaries, wages and other benefits  | 1,396                                     | 1,529                   |
| Contributions to retirement schemes | 132                                       | 107                     |
|                                     | 1,528                                     | 1,636                   |

### (c) Other items:

|   | For the six-month period<br>ended 30 June |                         |
|---|---|-------------------------|
|   | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Cost of inventories sold                      | 13,690                                    | 19,183                  |
| Depreciation of property, plant and equipment | 221                                       | 201                     |
| Amortisation of lease prepayments             | 14  | 15                      |
| Amortisation of intangible assets             | 35  | 31                      |
| Operating lease charges                       | 101                                       | 80                      |
| Product warranty costs                        | 113                                       | 82                      |
| Impairment losses                             |   |                         |
| — trade receivables                           | 239                                       | 195                     |
| — receivables under finance lease             | 93  | 67                      |
| — inventories                                 | 32  | 40                      |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 5 Income tax

Income tax in the consolidated statements of comprehensive income represents:

|   | For the six-month period<br>ended 30 June |                         |
|---|---|-------------------------|
|   | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Current tax — PRC income tax                        | 570                                       | 1,005                   |
| Current tax — Income tax in other tax jurisdictions | 2   | 2                       |
| Deferred taxation                                   | 28  | (57)                    |
|   | 600                                       | 950                     |

Reconciliation between actual income tax expense and notional tax on profit before taxation is as follows:

|  | For the six-month period<br>ended 30 June |                         |
|--|---|-------------------------|
|  | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Profit before taxation   | 3,606                                     | 6,699                   |
| Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (note (a)) | 902                                       | 1,675                   |
| Tax effect of non-deductible expenses  | 5   | 14                      |
| Tax effect of non-taxable income   | (5)                                       | (6)                     |
| Tax effect of tax concessions (note (b))   | (253)                                     | (676)                   |
| Additional deduction for qualified research and development expenses (note (c))                                      | (49)                                      | (57)                    |
| Actual income tax expense  | 600                                       | 950                     |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 5 Income tax (continued)

Notes:

- (a) The PRC statutory income tax rate is 25% (2012: 25%).  
The Company's subsidiaries in Italy are subject to income tax at rates ranging from 27.5% to 31.4% (2012: 27.5% to 31.4%).  
The Company's subsidiaries in the HKSAR are subject to Hong Kong Profits Tax at 16.5% (2012: 16.5%).
- (b) According to the income tax law and its relevant regulations, entities that qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The Company and certain of its subsidiaries obtained the renewal approval of high-technology enterprises in 2011 and accordingly are subject to income tax at 15% for the years from 2011 to 2013.
- (c) Under the income tax law and its relevant regulations, a 50% additional tax deduction is allowed for qualified research and development expenses.

## 6 Basic and diluted earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB2,923 million (six-month period ended 30 June 2012: RMB5,622 million), and the weighted average number of shares of 7,706 million during the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: 7,706 million shares).

There were no dilutive potential ordinary shares in issue as at 30 June 2013 (30 June 2012: Nil).



# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 7 Segment reporting

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six-month period ended 30 June 2013 is set out below.

|   | For the six-month period<br>ended 30 June |                         |
|---|---|-------------------------|
|   | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Reportable segment revenue:                     |   |                         |
| Concrete machinery                              | 8,929                                     | 16,906                  |
| Crane machinery                                 | 6,603                                     | 7,044                   |
| Environmental and sanitation machinery          | 1,411                                     | 1,201                   |
| Road construction and pile foundation machinery | 927                                       | 779                     |
| Earth working machinery                         | 642                                       | 1,324                   |
| Finance lease services                          | 823                                       | 783                     |
| Total reportable segment revenue                | 19,335                                    | 28,037                  |
| Revenue from all other segments (note)          | 830                                       | 1,083                   |
| Total   | 20,165                                    | 29,120                  |
| Reportable segment profit:                      |   |                         |
| Concrete machinery                              | 2,809                                     | 6,123                   |
| Crane machinery                                 | 1,819                                     | 1,927                   |
| Environmental and sanitation machinery          | 396                                       | 333                     |
| Road construction and pile foundation machinery | 345                                       | 326                     |
| Earth working machinery                         | 149                                       | 335                     |
| Finance lease services                          | 822                                       | 759                     |
| Total reportable segment profit                 | 6,340                                     | 9,803                   |
| Profit from all other segments (note)           | 134                                       | 109                     |
| Total   | 6,474                                     | 9,912                   |

Note:

In 2013, the data of material handling machinery and systems segment is included in "other segments" and not separately disclosed as the amounts involved are not significant. The comparative figures have been reclassified to conform with the current period presentation.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 7 Segment reporting (continued)

### Reconciliation of segment profit

|  | For the six-month period<br>ended 30 June |                         |
|--|---|-------------------------|
|  | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Total segment profit                       | 6,474                                     | 9,912                   |
| Other revenues and net loss                | (103)                                     | (87)                    |
| Sales and marketing expenses               | (1,526)                                   | (1,473)                 |
| General and administrative expenses        | (1,115)                                   | (1,207)                 |
| Research and development expenses          | (216)                                     | (251)                   |
| Net finance costs                          | 64  | (203)                   |
| Share of profits less losses of associates | 28  | 8                       |
| Consolidated profit before taxation        | 3,606                                     | 6,699                   |

## 8 Inventories

|                  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|------------------|---|---|
| Raw materials    | 4,601                                       | 4,687   |
| Work in progress | 1,916                                       | 1,597   |
| Finished goods   | 4,898                                       | 5,449   |
|                  | 11,415                                      | 11,733  |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 9 Trade and other receivables

|   | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|---|---|---|
| Trade receivables                             | 24,822                                      | 19,343  |
| Less: provision for impairment (Note (b))     | (1,103)                                     | (871)   |
|   | 23,719                                      | 18,472  |
| Less: trade receivables due after one year    | (2,604)                                     | (2,685)   |
|   | 21,115                                      | 15,787  |
| Bills receivable (Note(c))                    | 962   | 1,721   |
|   | 22,077                                      | 17,508  |
| Amounts due from related parties (Note 18(b)) | 700   | 441   |
| Prepayments for purchase of raw materials     | 554   | 565   |
| Prepaid expenses                              | 312   | 396   |
| VAT recoverable                               | 362   | 284   |
| Deposits                                      | 191   | 150   |
| Others  | 482   | 595   |
|   | 24,678                                      | 19,939  |

During the six-month period ended 30 June 2013, trade receivables of RMB2,021 million (six-month period ended 30 June 2012: RMB2,063 million) were factored to banks and other financial institutions without recourse, and were therefore derecognised.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 9 Trade and other receivables (continued)

### (a) Ageing analysis of trade receivables

Ageing analysis of trade receivables based on the date of billing (net of provision for impairment) as at the balance sheet date is as follows:

|                                     | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|-------------------------------------|---|---|
| Within 1 month                      | 5,773                                       | 4,947   |
| Over 1 month but less than 3 months | 4,614                                       | 4,345   |
| Over 3 months but less than 1 year  | 10,283                                      | 7,826   |
| Over 1 year but less than 2 years   | 2,695                                       | 1,018   |
| Over 2 years but less than 3 years  | 260   | 251   |
| Over 3 years but less than 5 years  | 94  | 85  |
|                                     | <b>23,719</b>                               | <b>18,472</b>                                   |

Trade receivables under credit sales arrangement are generally due within 1 to 3 months from the date of billing, and customers are normally required to make an upfront payment ranging from 10% to 30% of the product price. For sales under instalment payment method that has payment periods generally ranging from 3 to 60 months, customers are normally required to make an upfront payment ranging from 3% to 40% of the product price.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 9 Trade and other receivables (continued)

### (b) Impairment of trade receivables

The movement in the provision for impairment during the period, including both specific and collective loss components, is as follows:

|                                   | 2013<br>RMB<br>millions | 2012<br>RMB<br>millions |
|-----------------------------------|-------------------------|-------------------------|
| Balance at 1 January              | (871)                   | (533)                   |
| Impairment losses recognised      | (239)                   | (346)                   |
| Uncollectible amounts written off | 7                       | 8                       |
| Balance at 30 June/31 December    | (1,103)                 | (871)                   |

As at 30 June 2013, the Group did not have any trade receivables past due but not impaired (31 December 2012: Nil).

- (c) Bills receivable primarily represent short-term bank acceptance notes receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 1 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group periodically endorses bills receivable to suppliers to settle trade payables. As at 30 June 2013, undue bills receivable endorsed to suppliers amounted to RMB1,697 million (31 December 2012: RMB814 million). During the six-month period ended 30 June 2013, bills receivable of RMB1,546 million (six-month period ended 30 June 2012: Nil) were discounted to banks, where substantially all the risks and rewards of ownership have been transferred. These bills receivable were therefore derecognised.



# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 10 Receivables under finance lease

|  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--|---|---|
| Gross investment   | 18,607                                      | 21,499  |
| Unearned finance income                                  | (919)                                       | (1,548)   |
|  | 17,688                                      | 19,951  |
| Less: provision for impairment (Note (c))                | (392)                                       | (299)   |
|  | 17,296                                      | 19,652  |
| Less: receivables under finance lease due after one year | (8,491)                                     | (10,458)  |
| Receivables under finance lease due within one year      | 8,805                                       | 9,194   |

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement. The finance lease contracts entered into by the Group typically are for a period ranging from 2 to 5 years. Customers are normally required to make an upfront payment ranging from 5% to 25% of the product price and pay a security deposit ranging from 1% to 8% of the product price. At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. The leases do not provide any guarantee of residual values.

As at 30 June 2013, no receivables under finance lease (31 December 2012: RMB1,064 million) were factored to banks with recourse.

During the six-month period ended 30 June 2013, receivables under finance lease of RMB6,912 million (six-month period ended 30 June 2012: RMB8,043 million) were factored to banks without recourse, and were therefore derecognised.

Under the non-recourse factoring agreements, the Group has agreed to repurchase equipment at fair market value of the equipment from banks to which the Group factored its receivables, upon repossession of the equipment under the relevant finance lease contracts by such banks.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 10 Receivables under finance lease (continued)

### (a) Ageing analysis of receivables under finance lease

The minimum lease payments receivable at the balance sheet date is as follows:

|  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--|---|---|
| <b>Present value of the minimum lease payments</b> |   |   |
| Within 1 year                                      | 9,006                                       | 9,336   |
| Over 1 year but less than 2 years                  | 4,514                                       | 5,373   |
| Over 2 years but less than 3 years                 | 2,625                                       | 3,116   |
| Over 3 years                                       | 1,543                                       | 2,126   |
|  | <b>17,688</b>                               | <b>19,951</b>                                   |
| <b>Unearned finance income</b>                     |   |   |
| Within 1 year                                      | 528   | 882   |
| Over 1 year but less than 2 years                  | 234   | 405   |
| Over 2 years but less than 3 years                 | 117   | 182   |
| Over 3 years                                       | 40  | 79  |
|  | <b>919</b>                                  | <b>1,548</b>                                    |
| <b>Gross investment</b>                            |   |   |
| Within 1 year                                      | 9,534                                       | 10,218  |
| Over 1 year but less than 2 years                  | 4,748                                       | 5,778   |
| Over 2 years but less than 3 years                 | 2,742                                       | 3,298   |
| Over 3 years                                       | 1,583                                       | 2,205   |
|  | <b>18,607</b>                               | <b>21,499</b>                                   |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 10 Receivables under finance lease (continued)

### (b) Overdue analysis

Overdue analysis of receivables under finance lease at the balance sheet date is as follows:

|                              | <b>As at<br/>30 June<br/>2013<br/>RMB<br/>millions</b> | As at<br>31 December<br>2012<br>RMB<br>millions |
|------------------------------|--|---|
| Not yet due                  | 15,893   | 19,510  |
| Less than 1 month past due   | 324  | 309   |
| 1 to 3 months past due       | 517  | 483   |
| 3 to 12 months past due      | 1,283  | 1,086   |
| 12 to 24 months past due     | 563  | 101   |
| More than 24 months past due | 27   | 10  |
| <b>Total past due</b>        | <b>2,714</b>   | <b>1,989</b>                                    |
| <b>Gross investment</b>      | <b>18,607</b>  | <b>21,499</b>                                   |

Past due receivables refer to the amount remains unpaid after the relevant payment due date, including those receivables that are overdue for only one day.

### (c) Impairment of receivables under finance lease

The movement in the provision for impairment during the period is as follows:

|                                       | <b>2013<br/>RMB<br/>millions</b> | 2012<br>RMB<br>millions |
|---------------------------------------|----------------------------------|-------------------------|
| Balance at 1 January                  | 299                              | 140                     |
| Impairment losses recognised          | 93                               | 159                     |
| <b>Balance at 30 June/31 December</b> | <b>392</b>                       | <b>299</b>              |

As at 30 June 2013, the Group did not have any receivables under finance lease past due but not impaired (31 December 2012: Nil).

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 11 Cash and cash equivalents

|                          | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--------------------------|---|---|
| Cash at bank and on hand |   |   |
| – RMB denominated        | 17,128                                      | 15,462  |
| – USD denominated        | 340   | 4,032   |
| – EUR denominated        | 375   | 506   |
| – HKD denominated        | 12  | 16  |
| – Other currencies       | 51  | 68  |
|                          | <b>17,906</b>                               | <b>20,084</b>                                   |

## 12 Loans and borrowings

### (a) Short-term loans and borrowings:

|   | Note  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|---|-------|---|---|
| Secured short-term bank loans           |       |   |   |
| – RMB denominated                       |       | –   | 135   |
| – EUR denominated                       |       | –   | 8   |
| Unsecured short-term bank loans         |       |   |   |
| – RMB denominated                       | (i)   | 135   | –   |
| – EUR denominated                       | (ii)  | 106   | 162   |
| – USD denominated                       | (iii) | 2,880                                       | 4,043   |
| Current portion of long-term bank loans | 12(b) | 871   | 5,291   |
|   |       | <b>3,992</b>                                | <b>9,639</b>                                    |

Notes:

- (i) As at 30 June 2013, RMB denominated unsecured short-term bank loans of RMB135 million (31 December 2012: Nil) bore interest ranging from 3.60% to 4.10% per annum.
- (ii) As at 30 June 2013, EUR denominated unsecured short-term bank loans of RMB106 million (31 December 2012: RMB162 million) bore interest ranging from 1.58% to 1.91% per annum.
- (iii) As at 30 June 2013, USD denominated unsecured short-term bank loans of RMB2,880 million (31 December 2012: RMB3,540 million) bore interest ranging from 1.27% to 3.37% per annum.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 12 Loans and borrowings (continued)

### (b) Long-term loans and borrowings:

|   | Note  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|---|-------|---|---|
| Secured long-term bank loans                  |       |   |   |
| — RMB denominated                             |       | —   | 929   |
| — EUR denominated                             |       | —   | 1,497   |
| Unsecured long-term bank loans                |       |   |   |
| — RMB denominated                             | (i)   | 1,198                                       | 600   |
| — EUR denominated                             | (ii)  | 1,614                                       | 835   |
| — USD denominated                             | (iii) | 4,427                                       | 4,825   |
| Unsecured bond                                | (iv)  | 1,095                                       | 1,094   |
| Guaranteed USD senior notes                   | (v)   | 6,087                                       | 6,185   |
|   |       | <b>14,421</b>                               | <b>15,965</b>                                   |
| Less: Current portion of long-term bank loans | 12(a) | (871)                                       | (5,291)   |
|   |       | <b>13,550</b>                               | <b>10,674</b>                                   |

#### Notes:

- (i) As at 30 June 2013, RMB denominated unsecured long-term bank loan of RMB1,000 million (31 December 2012: RMB400 million) bore interest at 4.20% per annum and will be repayable by half-year instalments through 2015. The remaining unsecured long-term bank loan of RMB198 million (31 December 2012: RMB200 million) bore interest at 4.93% per annum and will be repayable in full in 2015.
- (ii) As at 30 June 2013, EUR denominated unsecured long-term bank loans of RMB1,611 million (31 December 2012: RMB831 million) bore interest ranging from 1.65% to 1.95% per annum and will be repayable in full in June 2016. The remaining unsecured long-term bank loans of RMB3 million (31 December 2012: RMB4 million) will be repayable by quarterly instalments through 2017.
- (iii) As at 30 June 2013, USD denominated unsecured long-term bank loan of RMB945 million (31 December 2012: RMB962 million) bore interest at 3.27% per annum and had maturity of 15 months from the balance sheet date. Such loan is subject to the fulfilment of certain financial covenants of the Group. As at 30 June 2013, the Group was in compliance with these financial covenants.
- As at 30 June 2013, USD denominated unsecured long-term bank loans of RMB556 million (31 December 2012: Nil) bore interest ranging from 2.87% to 3.34% per annum and had maturity of 13 months from the balance sheet date. Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 30 June 2013, the Group was in compliance with these financial covenants.
- As at 30 June 2013, USD denominated unsecured long-term bank loan of RMB989 million (31 December 2012: Nil) bore interest at 2.37% per annum and will be repayable by half-year instalments through 2016. Such loan is subject to the fulfilment of certain financial covenants of the Group. As at 30 June 2013, the Group was in compliance with these financial covenants.
- The remaining USD denominated unsecured long-term bank loans of RMB1,937 million (31 December 2012: RMB3,800 million) bore interest ranging from 2.19% to 4.37% per annum and had maturities ranging from 5 months to 33 months from the balance sheet date.



# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 12 Loans and borrowings (continued)

### (b) Long-term loans and borrowings: (continued)

- (iv) In April 2008, the Company issued bonds with principal amount of RMB1,100 million to public and institutional investors. The bonds bear interest at a fixed rate of 6.5% per annum and will mature in April 2016.
- (v) In April 2012, Zoomlion H.K. SPV Co., Limited, a wholly-owned subsidiary of the Company issued 5-year senior notes with principal amount of USD400 million (RMB equivalent 2,521 million). The senior notes are guaranteed by the Company, bear interest at a fixed rate of 6.875% per annum and will mature in April 2017. Interest on the notes will be payable semi-annually in arrears in April and October of each year, beginning from October 2012.
- In December 2012, Zoomlion H.K. SPV Co., Limited issued 10-year senior notes with principal amount of USD600 million (RMB equivalent 3,773 million). The senior notes are guaranteed by the Company, bear interest at a fixed rate of 6.125% per annum and will mature in December 2022. Interest on the notes will be payable semi-annually in arrears in June and December of each year, beginning from June 2013.

- (c) Except as disclosed in Note 12(b)(iii) above, none of the Group's loans and borrowings contains any financial covenants.

## 13 Trade and other payables

|  | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|--|---|---|
| Trade creditors  | 10,147                                      | 7,720   |
| Bills payable  | 5,302                                       | 5,763   |
| Trade creditors and bills payable (note)                 | 15,449                                      | 13,483  |
| Amounts due to related parties (Note 18(b))              | 32  | 94  |
| Receipts in advance                                      | 1,328                                       | 1,225   |
| Payable for acquisition of property, plant and equipment | 703   | 608   |
| Accrued staff costs                                      | 304   | 713   |
| VAT payable  | 555   | 1,106   |
| Security deposits  | 792   | 749   |
| Product warranty provision                               | 111   | 93  |
| Sundry taxes payable                                     | 207   | 496   |
| Payables for factoring discount                          | 823   | 970   |
| Dividend payable (Note 14)                               | 1,541                                       | —   |
| Cash collected on behalf of banks                        | 2,481                                       | 2,385   |
| Others   | 1,526                                       | 1,465   |
|  | <b>25,852</b>                               | <b>23,387</b>                                   |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 13 Trade and other payables (continued)

Note:

Ageing analysis of trade creditors and bills payable as at the balance sheet date is as follows:

|   | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|---|---|---|
| Due within 1 month or on demand         | 4,784                                       | 4,643   |
| Due after 1 month but within 3 months   | 6,515                                       | 5,120   |
| Due after 3 months but within 6 months  | 3,611                                       | 3,119   |
| Due after 6 months but within 12 months | 539   | 601   |
|   | 15,449                                      | 13,483  |

## 14 Profit appropriation and dividend payable

Pursuant to the shareholders' approval at the Annual General Meeting held on 18 June 2013, a final cash dividend of RMB0.20 per share based on 7,706 million ordinary shares totalling RMB1,541 million in respect of the year ended 31 December 2012 was declared.

## 15 Fair value measurement of financial instruments

### (a) Financial instruments carried at fair value

The Group's available-for-sale listed equity securities are stated at fair value measured using the quoted market prices on a PRC stock exchange. The fair value of the Group's available-for-sale listed equity securities was RMB4 million as at 30 June 2013 (31 December 2012: RMB5 million).

As at 30 June 2013 and 31 December 2012, the Group does not have financial instruments carried at fair value of which the measurement was determined using significant other observable inputs or significant unobservable inputs.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 15 Fair value measurement of financial instruments (continued)

### (b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2013 and 31 December 2012, except for the following financial instruments:

|              | 30 June 2013       |            | 31 December 2012   |            |
|--------------|--------------------|------------|--------------------|------------|
|              | RMB<br>millions    |            | RMB<br>millions    |            |
|              | Carrying<br>amount | Fair value | Carrying<br>amount | Fair value |
| Senior notes | 6,087              | 5,705      | 6,185              | 6,525      |

## 16 Commitments

### (a) Capital commitments

As at 30 June 2013, the Group had capital commitments as follows:

|                                   | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|-----------------------------------|---|---|
| Authorised and contracted for     |   |   |
| – property, plant and equipment   | 488   | 545   |
| – intangible assets               | 25  | 21  |
| – lease prepayments               | 10  | 10  |
|                                   | 523   | 576   |
| Authorised but not contracted for |   |   |
| – property, plant and equipment   | 157   | 173   |
| – lease prepayments               | 390   | 390   |
|                                   | 547   | 563   |

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 16 Commitments (continued)

### (b) Operating lease commitments

The Group leases business premises and equipment through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

As at 30 June 2013, the future minimum lease payments under operating lease are as follows:

|                            | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|----------------------------|---|---|
| Within 1 year              | 130   | 92  |
| After 1 but within 2 years | 94  | 59  |
| After 2 but within 3 years | 85  | 47  |
| After 3 but within 4 years | 70  | 42  |
| After 4 but within 5 years | 44  | 19  |
| Thereafter                 | 38  | 26  |
|                            | 461   | 285   |

## 17 Contingent liabilities

### (a) Financial guarantees issued

Certain customers of the Group from time to time may finance their purchase of the Group's machinery products through bank loans, and the Group provides guarantees to the banks for the amount drawn by customers. Under the guarantee arrangement, in the event of customer default, the Group is required to repossess the machinery collateralising the bank loans, and is entitled to sell the machinery and retain any net proceeds in excess of the guarantee payments made to the banks. As at 30 June 2013, the Group's maximum exposure to such guarantees was RMB13,171 million (31 December 2012: RMB12,385 million). The terms of these guarantees coincide with the tenure of bank loans which generally range from 2 to 4 years. The Group, when called upon by the banks to fulfil its guarantee obligations, has historically been able to sell the repossessed machinery for proceeds that are not significantly different from the amount of the guarantee payments. For the six-month period ended 30 June 2013, the Group made payments of RMB123 million (six-month period ended 30 June 2012: RMB129 million) to the banks under the guarantee arrangement as a result of customer default.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 17 Contingent liabilities (continued)

### (a) Financial guarantees issued (continued)

Certain of the Group's finance lease contracts with end-user customers are jointly provided by the Group's leasing subsidiaries and a third-party leasing company. Under the joint leasing arrangement, the Group provides guarantee to the third-party leasing company that in the event of customer default, the Group is required to make payment to the leasing company for its share of the outstanding lease payments due from the customer. At the same time, the Group is entitled to repossess and sell the leased machinery, and retain any net proceeds in excess of the guarantee payments made to the leasing company. As at 30 June 2013, the Group's maximum exposure to such guarantees was RMB541 million (31 December 2012: RMB892 million). The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 2 to 5 years. For the six-month period ended 30 June 2013, there was no material default of payments from end-user customers which required the Group to make guarantee payments to the third-party leasing company.

Starting from the year beginning 1 January 2013, certain customers of the Group finance their purchase of the Group's machinery products through finance leases provided by third-party leasing companies. Under the third party leasing arrangement, the Group provides guarantee to the third-party leasing companies that in the event of customer default, the Group is required to make payment to the leasing companies for the outstanding lease payments due from the customer. At the same time, the Group is entitled to repossess and sell the leased machinery, and retain any net proceeds in excess of the guarantee payments made to the leasing companies. As at 30 June 2013, the Group's maximum exposure to such guarantees was RMB1,066 million (31 December 2012: Nil). The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 2 to 5 years. For the six-month period ended 30 June 2013, there was no material default of payments from end-user customers which required the Group to make guarantee payments to the third-party leasing companies.

### (b) Contingent liability in respect of legal claims

The Group is a defendant in certain lawsuits as well as the named party in certain proceedings arising in the ordinary course of business. Management has assessed the likelihood of any unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.



# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 18 Related party transactions

### (a) Transactions with related parties

|                                      | For the six-month period<br>ended 30 June |                         |
|--------------------------------------|---|-------------------------|
|                                      | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| <b>Transactions with associates:</b> |   |                         |
| Sales of products                    | 1,097                                     | 285                     |
| Purchase of raw materials            | 16  | 136                     |

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions which are comparable to normal commercial terms.

### (b) Outstanding balances with related parties

Amounts due from/to related parties are arising in the Group's normal course of business and are included in the account captions of trade and other receivables and trade and other payables, respectively. These balances bear no interest, are unsecured and are repayable in accordance with the agreements governing such transactions which are comparable to credit period with third-party customers/suppliers.

# Notes to the Interim Financial Report

For the six-month period ended 30 June 2013

## 19 Reconciliation of financial information prepared under PRC GAAP to IFRSs

Effects of major differences between the total equity and total comprehensive income under PRC GAAP and the total equity and total comprehensive income under IFRSs are analysed as follows:

### (a) Reconciliation of total equity of the Group

|   | As at<br>30 June<br>2013<br>RMB<br>millions | As at<br>31 December<br>2012<br>RMB<br>millions |
|---|---|---|
| Total equity reported under PRC GAAP                                    | 42,573                                      | 41,189  |
| — Acquisition-related costs incurred on prior year business combination | (40)  | (40)  |
| Total equity reported under IFRSs                                       | 42,533                                      | 41,149  |

### (b) Reconciliation of total comprehensive income for the period of the Group

|   | For the six-month period<br>ended 30 June |                         |
|---|---|-------------------------|
|   | 2013<br>RMB<br>millions                   | 2012<br>RMB<br>millions |
| Total comprehensive income for the period reported under PRC GAAP | 2,933                                     | 5,732                   |
| — Safety production fund (Note)                                   | 17  | —                       |
| Total comprehensive income for the period reported under IFRSs    | 2,950                                     | 5,732                   |

Note: Under PRC GAAP, safety production fund should be accrued and recognised in profit or loss with a corresponding credit in reserve according to relevant PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related equipment are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRSs, expense is recognised in profit or loss when incurred, and fixed assets are capitalised and depreciated in accordance with applicable accounting policies.

### (c) There is no material difference between the consolidated cash flow of the Group reported under PRC GAAP and IFRSs.



