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

中聯重科股份有限公司

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

(Stock Code: 1157)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

- As at 30 June 2012, total assets of the Group amounted to RMB87,593 million, representing an increase of RMB16,050 million or 22.43% over that of 31 December 2011
- As at 30 June 2012, total equity attributable to equity shareholders of the Company amounted to RMB39,018 million, representing an increase of RMB3,611 million or 10.20% over that of 31 December 2011
- For the six months ended 30 June 2012, turnover of the Group amounted to RMB29,120 million, representing an increase of RMB4,972 million or 20.59% over the same period of 2011
- For the six months ended 30 June 2012, profit attributable to equity shareholders of the Company amounted to RMB5,622 million, representing an increase of RMB994 million or 21.48% over the same period of 2011
- For the six months ended 30 June 2012, earnings per share amounted to RMB0.73, representing an increase of RMB0.13 over the same period of 2011

The board of directors (the "Board") of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012 (the "Reporting Period"). The Group's interim financial report was prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS34") issued by the International Accounting Standards Board and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

FINANCIAL RESULTS

Financial information extracted from the unaudited interim financial report for the six months ended 30 June 2012 prepared in accordance with IAS34.

Consolidated statement of comprehensive income

		For the six months ended 30 June	
		2012	2011
	Note	***RMB millions***	*RMB millions*
Turnover	*2*	**29,120**	24,148
Cost of sales and services		**(19,208)**	(16,291)
Gross profit		**9,912**	7,857
Other revenues and net(loss)/income		**(87)**	66
Sales and marketing expenses		**(1,473)**	(1,230)
General and administrative expenses		**(1,207)**	(1,021)
Research and development expenses		**(251)**	(145)
Profit from operations		**6,894**	5,527
Gain on disposal of an associate		**—**	12
Net finance costs		**(203)**	(108)
Share of profits less losses of associates		**8**	13
Profit before taxation	*3*	**6,699**	5,444
Income tax	*4*	**(950)**	(793)
Profit for the period		**5,749**	4,651
Other Comprehensive Income for the period (after tax)			
Exchange differences on translation of financial statements of subsidiaries outside the PRC		**(17)**	92
Total other comprehensive income for the period		**(17)**	92
Total comprehensive income for the period		**5,732**	4,743
Profit attributable to:			
Equity shareholders of the Company		**5,622**	4,628
Non-controlling interests		**127**	23
Profit for the period		**5,749**	4,651
Total comprehensive income attributable to:			
Equity shareholders of the Company		**5,606**	4,713
Non-controlling interests		**126**	30
Total comprehensive income for the period		**5,732**	4,743
Basic and diluted earnings per share (RMB)	*6*	**0.73**	0.60

Consolidated balance sheet

	Note	As at 30 June 2012 *RMB millions*	As at 31 December 2011 *RMB millions*
Non-current assets			
Property, plant and equipment		**5,556**	4,886
Lease prepayments		**1,446**	1,390
Intangible assets		**1,190**	1,216
Goodwill		**1,742**	1,793
Interests in associates		**166**	103
Other financial assets		**116**	43
Trade and other receivables	*7*	**3,355**	912
Receivables under finance lease	*8*	**14,368**	12,780
Pledged bank deposits		**626**	261
Deferred tax assets		**388**	317
Total non-current assets		**28,953**	23,701
Current assets			
Inventories		**11,413**	9,656
Trade and other receivables	*7*	**18,836**	13,614
Receivables under finance lease	*8*	**8,073**	7,089
Pledged bank deposits		**1,476**	1,481
Cash and cash equivalents		**18,842**	16,002
Total current assets		**58,640**	47,842
Total assets		**87,593**	71,543
Current liabilities			
Loans and borrowings		**10,121**	6,049
Trade and other payables	*9*	**28,157**	19,314
Income tax payable		**879**	1,289
Total current liabilities		**39,157**	26,652
Net current assets		**19,483**	21,190
Total assets less current liabilities		**48,436**	44,891

	Note	As at 30 June 2012 RMB millions	As at 31 December 2011 RMB millions
Non-current liabilities			
Loans and borrowings		**7,009**	7,089
Other non-current liabilities		**1,716**	1,789
Deferred tax liabilities		**426**	418
Total non-current liabilities		**9,151**	9,296
NET ASSETS		**39,285**	35,595
CAPITAL AND RESERVES			
Share capital		**7,706**	7,706
Reserves		**31,312**	27,701
Total equity attributable to equity shareholders of the Company		**39,018**	35,407
Non-controlling interests		**267**	188
TOTAL EQUITY		**39,285**	35,595

Consolidated cash flow

	For the six months ended 30 June 2012 RMB millions	2011 RMB millions
Net cash generated from operating activities	**454**	356
Net cash used in investing activities	**(1,200)**	(1,571)
Net cash generated from financing activities	**3,593**	2,488

Notes to financial information

1 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").

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.

(b) The IASB has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that are first effective for the current accounting period of the Group. The adoption of these new and revised IFRSs has had no significant effect on the interim financial statements and there have been no significant changes to the accounting policies applied in the preparation of the interim financial statements comparing to those adopted in the preparation of the 2011 annual financial statements.

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

2 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 months ended 30 June 2012 is set out below.

	For the six months ended 30 June	
	2012	2011
	RMB millions	*RMB millions*
Reportable segment revenue:		
Concrete machinery	**16,906**	11,134
Crane machinery	**7,044**	8,208
Environmental and sanitation machinery	**1,201**	1,264
Road construction and pile foundation machinery	**779**	1,006
Earth working machinery	**1,324**	673
Material handling machinery and systems	**204**	282
Finance lease services	**783**	749
Total reportable segment revenue	**28,241**	23,316
Revenue from all other segments	**879**	832
Total	**29,120**	24,148
Reportable segment profit:		
Concrete machinery	**6,123**	4,041
Crane machinery	**1,927**	2,159
Environmental and sanitation machinery	**333**	407
Road construction and pile foundation machinery	**326**	383
Earth working machinery	**335**	125
Material handling machinery and systems	**20**	34
Finance lease services	**759**	597
Total reportable segment profit	**9,823**	7,746
Profit from all other segments	**89**	111
Total	**9,912**	7,857

Reconciliation of segment profit

	For the six months ended 30 June	
	2012	2011
	RMB millions	*RMB millions*
Total segment profit	**9,912**	7,857
Other revenues and net (loss)/income	**(87)**	66
Sales and marketing expenses	**(1,473)**	(1,230)
General and administrative expenses	**(1,207)**	(1,021)
Research and development expenses	**(251)**	(145)
Gain on disposal of an associate	**—**	12
Net finance costs	**(203)**	(108)
Share of profits less losses of associates	**8**	13
Consolidated profit before taxation	**6,699**	5,444

3 Profit before taxation

Profit before taxation is arrived at after charging:

	For the six months ended 30 June	
	2012	2011
	RMB millions	*RMB millions*
Cost of inventories	**19,183**	16,139
Interest on loans and borrowings	**381**	218
Depreciation of property, plant and equipment	**201**	178
Amortisation of lease prepayments	**15**	13
Amortisation of intangible assets	**31**	31

4 Income tax

Income tax in the consolidated statements of comprehensive income represents:

	For the six months ended 30 June	
	2012	2011
	RMB millions	*RMB millions*
Current tax — PRC income tax	**1,005**	856
Current tax — Income tax in other tax jurisdictions	**2**	3
Deferred taxation	**(57)**	(66)
	950	793

The PRC statutory income tax rate is 25% (2011: 25%).

The Company's subsidiaries in Italy are subject to income tax at rates ranging from 27.5% to 31.4% (2011: 27.5% to 31.4%).

The Company's subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at 16.5% (2011: 16.5%).

According to the income tax law and its relevant regulations, entities that are 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 were subject to income tax at 15% for the years from 2011 to 2013.

5 Dividends

Pursuant to the shareholders' approval at the annual general meeting of the Company held on 29 June 2012, a final cash dividend of RMB0.25 per share based on 7,706 million ordinary shares totalling RMB1,926 million in respect of the year ended 31 December 2011 was declared, and among which RMB1,614 million was paid in August 2012, and the remaining balance is expected to be paid by the end of 2012.

The Company's board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2012.

6 Basic and diluted earnings per share

Pursuant to the shareholders' approval at the annual general meeting of the Company held on 3 June 2011, the Company executed a stock split in the form of bonus shares on the basis of 0.3 share for every outstanding ordinary share on 15 July 2011. For the purpose of calculating earnings per share for the six months ended 30 June 2011, the number of ordinary shares used in the calculation has been retrospectively adjusted to reflect the above-mentioned stock split as if it had occurred at the beginning of the earliest period presented and such shares had been outstanding for the period.

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to equity shareholders of the Company of RMB5,622 million (six months ended 30 June 2011: RMB4,628 million), and the weighted average number of shares of 7,706 million during the six months ended 30 June 2012 (six months ended 30 June 2011: 7,695 million) after adjusting for the stock split mentioned in the above paragraph.

There were no dilutive potential ordinary shares in issue as at 30 June 2012 (30 June 2011: Nil).

7 Trade and other receivables

	As at 30 June 2012	As at 31 December 2011
	RMB millions	*RMB millions*
Trade receivables	**19,609**	12,096
Less: provision for impairment	**(722)**	(533)
	18,887	11,563
Less: trade receivables due after one year	**(3,355)**	(912)
	15,532	10,651
Bills receivable	**1,020**	1,138
	16,552	11,789
Amounts due from related parties	**332**	99
Prepayments for purchase of raw materials	**682**	508
Prepaid expenses	**366**	310
VAT recoverable	**253**	247
Deposits	**138**	118
Others	**513**	543
	18,836	13,614

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

	As at 30 June 2012	As at 31 December 2011
	RMB millions	*RMB millions*
Within 1 month	**6,873**	4,547
Over 1 month but less than 3 months	**5,785**	2,362
Over 3 months but less than 1 year	**4,671**	3,401
Over 1 year but less than 2 years	**1,118**	932
Over 2 years but less than 3 years	**287**	249
Over 3 years but less than 5 years	**153**	72
	18,887	11,563

Trade receivables under credit sales arrangement are generally due within 1 to 3 months from the date of billing, and customers are required to make an upfront payment ranging from 10% to 30% of the product price. For sales under instalment payment method that has instalment payment period generally ranging from 3 to 36 months, customers are required to make an upfront payment ranging from 10% to 40% of the product price.

8 Receivables under finance lease

	As at 30 June 2012 *RMB millions*	As at 31 December 2011 *RMB millions*
Gross investment	**24,889**	22,135
Unearned finance income	**(2,241)**	(2,126)
	22,648	20,009
Less: provision for impairment	**(207)**	(140)
	22,441	19,869
Less: receivables under finance lease due after one year	**(14,368)**	(12,780)
Receivables under finance lease due within one year	**8,073**	7,089

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

	As at 30 June 2012 *RMB millions*	As at 31 December 2011 *RMB millions*
Present value of the minimum lease payments		
Within 1 year	**8,178**	7,139
Over 1 year but less than 2 years	**7,008**	6,300
Over 2 years but less than 3 years	**4,436**	4,178
Over 3 years	**3,026**	2,392
	22,648	20,009
Unearned finance income		
Within 1 year	**1,112**	1,024
Over 1 year but less than 2 years	**689**	671
Over 2 years but less than 3 years	**298**	318
Over 3 years	**142**	113
	2,241	2,126
Gross investment		
Within 1 year	**9,290**	8,163
Over 1 year but less than 2 years	**7,697**	6,971
Over 2 years but less than 3 years	**4,734**	4,496
Over 3 years	**3,168**	2,505
	24,889	22,135

Generally, sales under finance lease arrangement has lease periods ranging from two to five years, customers are required to make an upfront payment ranging from 5% to 20% of the product price and pay a security deposit ranging from 1% to 7% of the product price.

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

	As at 30 June 2012 ***RMB millions***	As at 31 December 2011 *RMB millions*
Not yet due	**23,571**	21,671
Less than 1 month past due	**387**	123
1 to 3 months past due	**424**	117
3 to 12 months past due	**453**	175
More than 12 months past due	**54**	49
Total past due	**1,318**	464
Gross investment	**24,889**	22,135

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.

9 Trade and other payables

	As at 30 June 2012 *RMB millions*	As at 31 December 2011 *RMB millions*
Trade creditors	**10,508**	7,136
Bills payable	**6,907**	4,967
Trade creditors and bills payable	**17,415**	12,103
Amounts due to related parties	**84**	13
Receipts in advance form customers	**1,618**	1,166
Payable for acquisition of property, plant and equipment	**637**	403
Accrued staff costs	**701**	940
VAT payable	**572**	1,224
Security deposits	**1,122**	864
Product warranty provision	**122**	131
Sundry taxes payable	**345**	546
Payables for factoring discount	**1,167**	687
Dividend payable	**1,926**	—
Cash collected on behalf of banks	**1,282**	168
Others	**1,166**	1,069
	28,157	19,314

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

	As at 30 June 2012 *RMB millions*	As at 31 December 2011 *RMB millions*
Due within 1 month or on demand	**5,389**	4,974
Due after 1 month but within 3 months	**6,899**	3,938
Due after 3 months but within 6 months	**4,259**	2,496
Due after 6 months but within 12 months	**868**	695
	17,415	12,103

BUSINESS REVIEW AND OUTLOOK

Review of six months ended 30 June 2012

In the first half of 2012, given a prolonged downward trend in domestic economic growth in the PRC since last year, the growth of investment in fixed assets continued to slow down and credit funds continued to be tightened. The first half of 2012 was challenging for the construction machinery industry of the PRC. The decline in the growth of its production and sales of construction machinery was more substantial and lasted longer than expected.

During the Reporting Period, the Company closely monitored changes in market. In the pursuit of its two major goals of management reform and globalization, it adopted market-oriented and customer-focus approaches to strengthen internal management and explore external markets. As such, the Company's operating results were improved in spite of the unfavorable environment.

1. *Improvement in operating results under adverse market environment*

During the Reporting Period, the Company recorded turnover of RMB29,120 million, representing an increase of 20.59% as compared to the same period last year. Net profit attributable to equity shareholders of the Company amounted to RMB5,622 million, representing an increase of 21.48% as compared to the same period last year. The growth of the results of the Company under the adverse market environment was mainly due to: (1) balanced product mix. Currently, Zoomlion offers more than 700 products, covering 13 major categories and 86 product lines. In the first half of 2012, the growth of concrete machinery and certain crane machinery was stable. Its balanced product mix was effective in preventing the risks of its business segments; (2) the increasing market share of core products. The Company's products such as truck-mounted pumps and tower cranes were well received by the market and strengthened their leading market positions. With the steady increase in its market share, the Company had improving results during the Reporting Period; (3) effective control of costs and fees. The Company carried out measures for reducing expenses, controlling cost and enhancing efficiency to optimize the use of product costs and fees for operation.

2. *Steady progress of management reform*

During the Reporting Period, the Company adjusted and optimized its organizational structure. With efficient resources integration and implementation of project management, the Company was able to promptly respond to market changes.

The Company implemented the three-dimensional matrix management model and accelerated the research and development reform of IPD to optimize new product development process, enhance its research and development quality and facilitate its technological achievements.

The Company adopted a large-scale marketing model and integrated the marketing network resources of various divisions. It launched a national marketing platform for major regions and formulated 7S shop plan for the optimal management of these regions. Efforts were also made to expand the development of the market segments and enhance service coordination.

3. *Significant progress in expansion to international markets*

During the Reporting Period, the Company recorded rapid growth in overseas sales, representing a growth of 27.31% as compared to the same period last year. The Company's core segments achieved new breakthroughs in product sales. For its concrete machinery, the Company's truck-mounted concrete pumps entered the German market successfully. It is the first brand of self-owned truck-mounted concrete pumps in the PRC that has penetrated the German market. For its crane machinery, the export of Zoomlion's 800-ton crawler cranes to Iran set the record of the largest tonnage crawler crane exported from the PRC. Since its advanced technological cooperation with JOST of Germany last year, the Company's all major technical performance indicators have reached international advanced levels and satisfied the Standards of the European Federation of Materials Handling ("FEM"). The Company's tower cranes continued to rank top among all tower crane products of the same model in the world in terms of comprehensive performance. The newly-developed flat top tower crane, T320-16 was permitted to enter into Singapore's market. Moreover, the Company won the bid for extra-large tower crane purchase order of an overseas project in May, setting a new record in extra-large tower crane exports in the PRC.

The Company strengthened its overseas project management through adopting different marketing policies, pricing systems and product strategies based on regional differences of various product lines. It made further improvement in overseas dealer management system ("DMS") through launching and promoting overseas DMS and regulating market access for overseas dealers and dealership management. As a result, contribution from distribution channels increased significantly. The Company also focused on the development of overseas service network, which further enhanced the average coverage rate of overseas services and its capabilities to respond rapidly on a 24-hour basis.

4. *Remarkable enhancement of technological research capabilities*

The Company is committed to independent technological innovation to develop advanced construction machinery products that meet market demands. It focused on patent applications and actively participated in the formulation and revision of industrial standards so as to consolidate its leading position and core competitiveness. During the Reporting Period, the Company's patent applications grew by 248% as compared to the same period last year, ranking first in the construction machinery industry and fifth among all the applicants of the Patent Cooperation Treaty ("PCT"). As the first ISO secretariat established in PRC, the Company is independently responsible for the secretariat work of the International Organization for Standardization/Technical Committee on Cranes (ISO/TC96), reflecting its leading position in the global crane industry. The Test Data Management ("TDM") system was first developed and operated by the Company which has filled the gap left in the domestic concrete machinery industry.

In the first half of 2012, the Company made fruitful achievements in product research and development, primarily in the following areas:

- The Company's self-developed truck-mounted pumps with 80-meter carbon fibre arms, which adopt the most advanced technologies in the global concrete machinery industry, were launched into the market and commenced operation. The product is able to pump C25 concrete to the 19th floor or above of a building, marking a world-record of highest pumping height of truck-mounted pumps;

- The new generation of truck-mounted pump adopting 6-fold arm technology with 63-meter steel arm, which is the world's longest truck-mounted crane arm with 5 axles, was successfully launched;

- The first dry-mixed mortar packaging machine with double buckets in the PRC was successfully launched, reflecting the capability of the Company to fully master the core technologies of manufacturing dry-mixed mortar equipment;

- The Company's self-developed ZE1250E, a large-tonnage crawler hydraulic excavator, passed the test of relevant national authorities and has been delivered for use. Its tonnage is currently the largest among the domestic brands of crawler hydraulic excavators in use;

- A number of products were honored as the "TOP50 Products of the Year of China Construction Machinery for 2011" ("2011中國工程機械年度產品TOP50"大獎): ZLJ5530THBK 64X-6RZ truck-mounted concrete pump won the only Jury Prize; ZCC3200NP crawler crane was granted the Technological Innovation Golden Award; ZR360A rotary drilling rig and QY80VF532 truck crane were selected as the TOP50 Products of the Year.

5. *Effective reinforcement of risk control*

During the Reporting Period, the Company attached great importance to risk prevention and control. It strictly adopted the triple risk control concept of "complete control by staff, process and monitoring for closed-loop control" (全員控制、全流程控制及閉環控制). The Company had improved its management system for capital, foreign exchange, accounts receivable, inventory, fixed assets and information, and risk warning system. In particular, it strengthened the management for receivables in accordance with the market situation. It also established the operation mechanism with "centralized management by the headquarters and reinforced cooperation between the headquarters and divisions to bring their respective advantages of supervision and administration into full play". The implementation of these initiatives had facilitated the risk control of the Company. The Company was granted "Golden Shield Award for the Best Legal Risk Management of 2012", being the only company specializing in construction machinery manufacturing in China to win the award for three consecutive years.

6. Further enhancement of brand image

The major awards received by the Company in the first half of 2012 are as follows:

The Company has been listed on the Forbes Global 2000 list in 2011, ranking sixth among the global construction machinery enterprises and first among the construction machinery enterprises in China on the list.

The brand value of the Company was RMB17,258 million, ranking 74th among "China's 500 Most Valuable Brands of 2012" released by World Brand Lab. The brand value of the Company grew nearly 40% over that of last year and its ranking rose by five spaces.

The Board was selected as the Most Outstanding Board of Directors during the eighth Golden Roundtable Award campaign for the fifth time, more than any other listed companies in Shenzhen and Shanghai. The Company was honored as one of the "Top 100 Golden Bull Listed Companies" (金牛上市公司百強) and received the awards of "Golden Bull Built-to-Last Company" (金牛基業長青公司) and "Investors' Most Trusted Enterprise" (最受投資者信賴公司) in the fourteenth "Golden Bull Award Compaign" (金牛獎). The Company has been rated "excellent" (the highest grade) in the assessment of the information disclosure and corporate governance of listed companies on the main board of the Shenzhen Stock Exchange for three consecutive years.

Outlook

(I) Economic conditions in the second half of the year

In respect of the international market, as the European debt crisis was further intensified and the growth of emerging economies was slower than expected, the global economy is full of uncertainties. However, with the moderate economic recovery in the United States, the increasingly-relaxed monetary policies in emerging economies, such as Russia, India and Brazil, and increasing infrastructure investment in the Middle East, Africa and Southeast Asia, the Company expects that the export of domestic construction machinery products will continue to increase.

In respect of the domestic market, with China's current economic focus on economic transformation and structural adjustment, the Company expects the growth of the construction machinery industry will slow down. During the first half of the year, the slowdown of domestic growth was worse than expectation and inflation was decreased, therefore, further easing of the domestic monetary policies is possible in the second half of the year. Those policies will offset the slowdown of the growth of investment in fixed assets to some extent. Subsequent demand for construction machinery products may rebound.

(II) Operation risks in the second half of the year

1. Market risks: the weak global economic recovery, slowdown of domestic economic growth and overcapacity of construction machinery manufacturing will lead to intensified competition and may affect the sales volume and profitability of the Company;

2. Credit risks: due to the large customer base of the Company, the credit status of different customers varies. It may affect the business expansion and future recovery of debt of the Company.

(III) Major operation measures in the second half of the year

In face of the complex and ever-changing domestic and international economies, the Company will closely monitor the changes of market conditions and adjust its marketing strategies in a timely manner so as to prevent market risks and maintain the steady development of the Company.

1. Market. The Company will strengthen its marketing mode which focuses on the market segments. It will further implement the differentiated development strategies based on its products, services and regions. It will also increase its market penetration in central and western areas as well as third-and fourth-tier cities.

2. Cost. The Company will further enhance its internal management and control. The Company will strengthen the cost management so as to optimize its profitability and streamline its production for better productivity and waste reduction. It will upgrade its quality management through establishing the Key Performance Indicator ("KPI"), a real-time monitor and warning system, so as to refine product quality. In addition, the Company will also reinforce its supply chain management and control by integrating its existing resources and leveraging its economy of scale.

3. Risk. The Company will strictly control its operation risk and consolidate its professional team which is strong in risk prevention, management and disposal. It will also develop new incentive measures and optimize the collection system. Furthermore, the Company will introduce a project management mechanism for analyzing, preventing and responding to risks of special projects.

CORPORATE GOVERNANCE

The Board has adopted all code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules as the code of the Company. During the six months ended 30 June 2012, the Company has complied with all the applicable code provisions set out in the Code, save and except the only deviation from code provision A.2.1 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Dr. Zhan Chunxin is currently the chairman of the Board and chief executive officer of the Company. The Board is of the view that vesting of these two roles in Dr. Zhan Chunxin can facilitate efficient planning and implementation of business strategies of the Company, and that through the supervision of the Board and its independent non-executive directors as well as the internal effective check-and-balance system, the balance of power and authority between the Board and management of the Company will not be affected. The Board believes that this arrangement is in the interests of the Company and its business.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the rules governing the securities transactions by directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all its directors and supervisors, and all its directors and supervisors have confirmed that they have fully complied with the Model Code throughout the six months ended 30 June 2012. The Company has not identified any non-compliance with the Model Code by any of its directors or supervisors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities in the six months ended 30 June 2012.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the interim financial report of the Group for the six months ended 30 June 2012 prepared in accordance with International Accounting Standard 34.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.zoomlion.com).

The Company's 2012 interim report containing all the information required under the Listing Rules will be dispatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Changsha, the PRC, 30 August 2012

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

* *For identification purpose only*