

**CHANGSHA ZOOMLION HEAVY INDUSTRY
SCIENCE AND TECHNOLOGY DEVELOPMENT COMPANY LTD:
THE SHARES ARE OVER-PRICED, ALL THINGS CONSIDERED**

With Changsha Zoomlion Heavy Industry Science and Technology Development Company Ltd () (Code: 1157, Main Board, The Stock Exchange of Hongkong Ltd), having bagged about \$HK14.45 billion in respect of its Global Offering of December 13, 2010, plus the Over-Allotment Option, afforded to the Joint Global Coordinators on behalf of the International Underwriters on January 5, 2011, with regard to 130,437,400, one-renminbi Shares, being fully exercised, this publicly listed Company should be completely without any debt, today, unless **TARGET** () has made a mistake in its sums.

For any company with an Annual Turnover in excess of 20.76 billion renminbi, that is quite a feat.

How long this Company will remain in this happy state of affairs, however, is anybody's guess, after all, Changsha Zoomlion is a corporate entity, domiciled in the People's Republic of China (PRC), with the bulk of its customers, being entities of the PRC, proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

The Global Offering Prospectus of last December was for the Hongkong Offer Shares and International Placing Shares, amounting to some 869,582,800 Shares, with 43,479,200 Shares, being Offered to Hongkong investors, and 826,103,600 Shares to be Placed with International Investors.

The Global Offering was a success, with the Hongkong tranche, being oversubscribed by about 8.17 times, while the International Placing Share tranche was said to have been '*moderately oversubscribed*'.

On January 6, 2011, the Company announced that it had, successfully, Placed a further 130,437,400 Shares with International Investors.

The price per share in respect of all Share Sales was \$HK14.98.

As at September 30, 2010, Current and Non-Current Loans and Borrowings amounted to about 16.42 billion renminbi, against about 5.51 billion renminbi that the Company had in cash and cash equivalents and with Pledged Bank Deposits, amounting to about 1.70 billion renminbi.

All in all, therefore, the above intelligence should result in Changsha Zoomlion, being about 9.21 billion renminbi to the good, without taking into consideration Other Non-Current Liabilities, amounting to about 1.40 billion renminbi, as at September 30, 2010.

The money, raised in the Initial Public Offering without the benefit of the exercise of the Over-Allotment Option, is to be utilised, one was told in the Global Offering Prospectus, for the following purposes:

- a. About \$HK3.82 billion to expand the Company's operations and services;
- b. About \$HK5.31 billion to strengthen and enhance the manufacturing capacity of key products, parts and components;

- c. About \$HK627 million to strengthen the Company's research and development capabilities;
- d. About \$HK1.53 billion to retire some of the Company's bank debts; and,
- e. About \$HK1.25 billion to be used as additional Working Capital for overseas operations.

Clearly, Changsha Zoomlion should be sitting pretty, today.

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