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

中联重科股份有限公司

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

(Stock Code: 1157)

PROPOSED ISSUE OF NEW H SHARES UNDER GENERAL MANDATE

Financial adviser and placing agent



INTRODUCTION

The Board is pleased to announce that on 29 September 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for, 193,757,462 Subscription Shares at the Subscription Price of HK\$5.863 per Subscription Share, upon the terms and subject to the conditions set out in the Subscription Agreement.

The principal terms of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date

29 September 2020

Parties

(1) The Company (as issuer)

(2) The Subscriber (as subscriber)

As at the date of this announcement, the Subscriber was held as to 29.99% by Zhan Chunxin (executive Director), 5.40% by Zhang Jianguo (former employee of the Group) and 64.61% by 23 other former and current employees of the Group each holding less than 5.00% equity interest in the Subscriber. The Subscriber is a third party independent of and not connected with the Company.

As at the date of this announcement, the Subscriber held 386,517,443 A Shares (representing approximately 4.88% of the Shares in issue). The Subscriber is not expected to become a substantial Shareholder immediately after Completion.

Subscription Shares

The 193,757,462 Subscription Shares represent approximately (i) 13.96% of the number of H Shares and 2.45% of the total number of Shares in issue as at the date of this announcement, and (ii) 12.25% of the number of H Shares and 2.39% of the total number of Shares in issue as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the number of Shares between the date of this announcement and Completion).

Based on the closing price of HK\$7.05 per H Share on the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK\$1,365,990,107.100 and an aggregate nominal value of RMB193,757,462.000 (equivalent to approximately HK\$220,274,052.432).

Ranking

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of their allotment and issue.

Subscription Price

The Subscription Price of HK\$5.863 per Subscription Share represents:

- (1) a discount of approximately 16.84% to the closing price of HK\$7.05 per H Share as quoted on the Hong Kong Stock Exchange on 29 September 2020, being the date of the Subscription Agreement; and
- (2) a discount of approximately 19.99% to the average closing price of HK\$7.328 per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was determined on an arm's length basis between the Company and the Subscriber with reference to the prevailing market price of the H Shares and current market conditions. The Directors consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Assuming 193,757,462 Subscription Shares are subscribed for under the Subscription, the gross proceeds from the Subscription will amount to approximately HK\$11.36 billion and the net price (after deducting relevant fees and expenses to be borne by the Company) to be raised per Subscription Share is approximately HK\$5.811.

Conditions precedent

Completion is conditional on the satisfaction (or waiver, as applicable) of the following Conditions:

- (1) the CSRC having granted approval for the issue of the Subscription Shares;
- (2) the Listing Committee having granted approval for the listing of, and permission to deal in, the Subscription Shares; and
- (3) other customary conditions as set out in the Subscription Agreement.

In the event that the Conditions are not fulfilled (or waived, as applicable) on or before 31 May 2021 (or such later date as the parties may agree in writing), the Subscription Agreement will automatically terminate with immediate effect.

Completion

Completion is expected to take place on the second business day after the date on which the last Condition is satisfied (or waived, as applicable) (or such later date as the parties may agree in writing).

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscription Shares will be subject to a lock-up period of six months from the date on which the Subscription Shares become listed on the Hong Kong Stock Exchange, during which the Subscriber cannot transfer its beneficial interest in any of the Subscription Shares. If a longer lock-up period is required under any applicable law and regulation of the PRC or elsewhere or by any relevant regulatory authority, such longer lock-up period shall apply.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate, which allows the Board to allot, issue and deal with not more than 20% of the number of H Shares in issue as at the date of the AGM (being 277,641,417 H Shares). As such, the Subscription is not subject to approval from Shareholders.

As at the date of this announcement, no H Shares had been issued pursuant to the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Company intends to apply the net proceeds from the Subscription for working capital and other general corporate purposes such as exploring overseas markets, establishing overseas base, and importing and procuring core parts and components. In light of the booming construction machinery industry in the PRC and its expanding market size, coupled with internationalisation as the key development direction of domestic leading players in the industry, the Board considers that the Subscription is in line with the current industry status and the actual requirements of the Company. The Subscription will enable the Company to speed up its internationalisation, create a business ecosystem and ultimately promote the sustainable development of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE LAST 12 MONTHS

Reference is made to the Company's circular dated 27 July 2020 and announcements dated 12 August 2020 and 29 September 2020, respectively, in relation to a non-public issuance of A Shares under general mandate.

On 12 August 2020, a non-public issuance of A shares under general mandate was approved by Shareholders. On 29 September 2020, the Board proposed to adjust the non-public issuance proposal such that the Company will instead issue not more than 1,060,000,000 A Shares to not more than 35 specified investors (including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors and RMB qualified foreign institutional investors in compliance with the requirements of CSRC and other legal persons, natural persons and other institutional investors in compliance with the requirements of relevant laws and regulations) under general mandate, subject to approval from Shareholders and the CSRC.

The non-public issuance as adjusted is expected to raise up to RMB5.6 billion (equivalent to approximately HK\$6.366 billion), which will be applied to the following projects: (i) excavating machinery intelligent manufacturing; (ii) upgrade of intelligent manufacturing of mixer product; and (iii) key components intelligent manufacturing, as well as to replenish the Company's working capital. The non-public issuance had not been completed as at the date of this announcement.

Save as disclosed, the Company has not raised any funds from the issue of equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure as at 28 September 2020 and immediately upon Completion (assuming that there is no other change in the number of Shares between 28 September 2020 and Completion):

Shareholders	Class of Shares	As at 28 September 2020		Immediately upon Completion assuming no A Shares are issued under the non-public issuance as adjusted		Immediately upon Completion assuming all A Shares are fully subscribed for under the non-public issuance as adjusted	
		<i>Number of Shares</i>	<i>Approximate % of issued share capital of the Company</i>	<i>Number of Shares</i>	<i>Approximate % of issued share capital of the Company</i>	<i>Number of Shares</i>	<i>Approximate % of issued share capital of the Company</i>
Subscriber	H	—	—	193,757,462	2.39	193,757,462	2.11
	A	386,517,443	4.88	386,517,443	4.76	386,517,443	4.21
Other holders of H Shares	H	1,388,207,086	17.53	1,388,207,086	17.11	1,388,207,086	15.14
Other holders of A Shares	A	6,143,183,661	77.59	6,143,183,661	75.73	7,203,183,661	78.54
Total		<u>7,917,908,190</u>	<u>100.00</u>	<u>8,111,665,652</u>	<u>100.00</u>	<u>9,171,665,652</u>	<u>100.00</u>

INFORMATION ON THE PARTIES

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is a leading construction machinery manufacturer based in China providing diversified products, including concrete machinery, crane machinery and environmental and sanitation machinery, with a presence in Asia, Europe and other regions.

The Subscriber is a company incorporated in the PRC with limited liability and is principally engaged in investment activities in the high-technology and real estate industries using its owned assets and providing relevant consultation services. It is a third party independent of and not connected with the Company.

Completion is subject to the satisfaction of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in RMB
“AGM”	the Company’s annual general meeting held on 29 June 2020 at which, among other things, the General Mandate was approved
“Board”	the board of Directors
“Company”	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 PRC with limited liability
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Condition(s)”	the condition(s) precedent to the Subscription as set out in the paragraph headed “The Subscription Agreement — Conditions precedent” in this announcement
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders at the AGM to the Board to allot, issue and deal with not more than 20% of the number of H Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange

“PRC”	the People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s), or the context requires, either of them
“Shareholders”	holders of the Shares
“Subscriber”	長沙合盛科技投資有限公司 (Changsha Hesheng Technology Investment Co., Ltd.*), a company incorporated in the PRC with limited liability, or its designated person(s) so as to facilitate settlement of the Subscription Shares, such person(s) being third parties independent of and not connected with the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 September 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$5.863 per Subscription Share
“Subscription Share(s)”	the 193,757,462 new H Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.137. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Changsha, PRC, 29 September 2020

As at the date of this announcement, the executive Director is Dr. Zhan Chunxin; the non-executive Directors are Mr. He Liu and Mr. Zhao John Huan; and the independent non-executive Directors are Mr. Zhao Songzheng, Mr. Lai Kin Keung, Ms. Liu Guiliang and Mr. Yang Changbo.

* For identification purpose only