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ZOOMLION 中 联 重 科

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

中聯重科股份有限公司

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

(Stock Code: 1157)

FIRST QUARTERLY REPORT OF 2022

SUMMARY

The Board of Zoomlion Heavy Industry Science and Technology Co., Ltd.* hereby announces the First Quarterly Report of 2022 of the Company. The financial data contained in the Report has been prepared in accordance with PRC GAAP and is unaudited.

This announcement is made in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (the “**Company**”) hereby announces the unaudited results of the Company for the three months ended 31 March 2022 (the “**First Quarterly Report of 2022**”, the “**Report**”). The financial data contained in the Report has been prepared in accordance with China Accounting Standards for Business Enterprises (“**PRC GAAP**”) and is unaudited. This announcement is made in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The First Quarterly Report of 2022 is written in both Chinese and English. In the case of any discrepancies, the Chinese version of the Report shall prevail.

FIRST QUARTERLY REPORT OF 2022 OF ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO., LTD. *

1. IMPORTANT

- 1.1 The Board, the Supervisory Board of the Company and its directors, supervisors and senior management warrant that there are no mis-representations, misleading statements or material omissions in the Report, and they shall, individually and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of the Report.
- 1.2 None of the directors, supervisors and senior management declared to be unable to confirm or held objection to the truthfulness, accuracy and completeness of the Report.
- 1.3 All members of the Board attended the Board meeting in person for the review of the Report.
- 1.4 The first quarterly financial statements of the Company are unaudited.

2. CORPORATE INFORMATION

2.1 Principal Financial Data and Indicators prepared in accordance with PRC GAAP

Unit: RMB

	The Reporting Period	Corresponding period of last year	Increase/decrease over corresponding period of last year
Operating income	10,011,935,134.49	19,049,979,659.20	-47.44%
Net profit attributable to equity shareholders of the Company	906,366,156.05	2,415,513,572.98	-62.48%
Net profit after extraordinary gain and loss attributable to equity shareholders of the Company	881,753,080.61	2,243,286,533.76	-60.69%
Net cash flow from operating activities	589,988,021.55	2,660,341,321.60	-77.82%
Basic earnings per share	0.11	0.30	-63.33%
Diluted earnings per share	0.11	0.30	-63.33%
Weighted average return on net assets	1.58%	4.66%	-3.08%
			Change in the end of the reporting period as compared with the end of last year
	As at the end of the reporting period	As at the end of last year	
Total assets	130,582,790,575.79	122,018,160,397.82	7.02%
Net assets attributable to the equity shareholders of the Company	57,772,678,006.09	56,867,851,034.55	1.59%

2.2 Total number of shareholders and top ten holders of shares not subject to sales restriction as at the end of the reporting period

Unit: Share

Total number of the shareholders as at the end of the Reporting Period

395,854

Top ten shareholders		
Name of shareholders	Shareholding percentage	Number of shares held
HKSCC NOMINEES LIMITED	18.19%	1,578,918,761
Hunan Xing Xiang Investment Holding Group Co., Ltd.	14.44%	1,253,314,876
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	7.86%	682,201,864
Zoomlion Heavy Industry Science and Technology Co., Ltd.* — Phase I Employee Stock Ownership Plan	4.50%	390,449,924
Hong Kong Securities Clearing Company Limited	3.58%	310,777,378
China Securities Finance Corporation Limited	2.69%	233,042,928
Real Smart International Limited	1.94%	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	1.72%	148,869,223
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Phoenix Cornerstone Tongli Private Equity Investment Fund	0.86%	74,434,611
Ning Chen	0.44%	37,800,000

3. Significant changes in major items of the financial statements and financial indicators and reasons (based on statements reported under PRC GAAP)

Unit: RMB

Item	Amount at the end of the reporting period	beginning of the previous period	Percentage of changes	Reason of changes
Financial assets held-for-trading	9,420,673,773.43	6,407,551,656.31	47.02%	Mainly attributable to the purchase of wealth management products with idle fund
Prepayments	1,167,308,242.26	844,817,600.49	38.17%	Mainly attributable to the increase in prepayments of procurement
Other receivables	1,818,592,416.33	1,243,782,421.96	46.21%	Mainly attributable to the increase in other incoming and outgoing receivables
Goodwill	2,539,290,620.61	1,944,990,705.11	30.56%	Mainly attributable to the increase in the acquisition of shares of RoadRover
Long-term deferred expenditures	19,007,949.19	14,565,138.89	30.50%	Mainly attributable to the increase in expenses related to renovation in new projects
Short-term borrowings	6,173,755,422.41	3,312,872,154.76	50.13%	Mainly attributable to the increase in short-term financing
Bill payables	13,149,547,399.30	9,528,640,980.97	50.59%	Mainly attributable to the increase in settlement of bills
Accrued payroll	523,334,539.37	887,920,506.29	-41.06%	Mainly attributable to the decrease in performance bonuses granted in the last year
Taxes payable	234,948,518.03	389,501,445.20	-39.68%	Mainly attributable to the decrease in related tax payable due to a decrease in sales scale
Operating income	10,011,935,134.49	19,049,979,659.20	-47.44%	Mainly attributable to decrease in income due to the decline in the industry
Operation cost	8,002,468,211.42	13,874,359,690.18	-42.32%	Mainly attributable to decrease in income due to the decline in the industry
Taxes and surcharges	57,154,317.61	86,182,696.70	-33.68%	Mainly attributable to decrease in related tax payable due to a decrease in income
Selling expenses	498,474,788.55	1,053,191,771.65	-52.67%	Mainly attributable to the decrease in selling expenses such as brokerage fees related to income

Item	Amount at the end of the reporting period	beginning of the previous period	Percentage of changes	Reason of changes
Research and development expenses	434,069,288.93	812,099,802.40	-46.55%	Mainly attributable to the decrease in the investment in research and development
Financial expenses	-5,771,774.85	61,472,299.10	-109.39%	Mainly attributable to the increase in interest income
Other gains	337,795,336.27	49,073,544.85	588.35%	Mainly attributable to the increase in government grants
Income from investment	40,919,287.01	101,514,797.75	-59.69%	Mainly attributable to the decrease in the completion of wealth management products
Gain on change in fair value	59,210,694.83	110,763,014.03	-46.54%	Mainly attributable to the decrease in the fair value of shares
Losses on credit impairment	-94,761,658.10	-178,716,423.08	-46.98%	Mainly attributable to the decrease in accounts receivable and the decrease in provision for impairment
Gains from asset disposal	3,301,790.93	52,475,652.41	-93.71%	Mainly attributable to the decrease in assets disposal
Income tax expenses	105,482,092.31	445,539,373.30	-76.32%	Mainly attributable to the decrease in taxable income
Net cash flow from operating activities	589,988,021.55	2,660,341,321.60	-77.82%	Mainly attributable to the decrease in sales return
Net cash flow from investing activities	-3,571,681,293.18	-5,985,672,593.64		Mainly attributable to the decrease in the purchase of wealth management products and the corresponding increase in procurement payments
Net cash flow from financing activities	4,163,412,851.91	10,185,025,713.90	-59.12%	Mainly attributable to the decrease in borrowings

4. APPENDIX

4.1 Consolidated Balance Sheet

Item	Unit: RMB	
	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash equivalents	16,071,450,928.25	15,166,953,759.11
Balance with clearing companies		
Placements with other financial institutions		
Financial assets held-for-trading	9,420,673,773.43	6,407,551,656.31
Derivative financial assets		
Bill receivables	425,748,718.48	358,589,332.35
Account receivables	41,764,775,525.06	43,026,693,281.74
Account receivable financing	1,333,975,796.73	1,523,034,860.87
Prepayments	1,167,308,242.26	844,817,600.49
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance contract		
Other receivables	1,818,592,416.33	1,243,782,421.96
Including: Interest receivable	25,414,676.41	30,413,845.39
Dividends receivable		
Purchases of resold financial assets		
Inventories	16,374,881,558.30	13,501,450,039.78
Contract assets	1,914,515.00	
Held-for-sale assets	95,707.00	
Non-current assets due within one year	5,040,917,217.43	4,577,748,675.86
Other current assets	2,617,003,803.16	2,602,857,006.38
Total current assets	96,037,338,201.43	89,253,478,634.85

Item	Balance at the end of the period	Balance at the beginning of the year
Non-current assets:		
Loans and advances granted	141,576,640.46	139,703,279.73
Debt investments		
Other debt investments		
Long-term receivables	7,564,120,935.58	7,206,480,729.70
Long-term equity investment	4,243,888,329.96	4,189,559,150.66
Investments in other equity instruments	2,288,478,322.61	2,306,296,652.65
Other non-current financial assets	89,723,286.50	111,282,420.48
Investment property	153,114,462.67	
Fixed assets	6,767,789,121.28	6,772,542,081.22
Construction in progress	3,209,401,912.14	2,523,014,566.82
Biological assets for production		
Oil and gas assets		
Right-of-use assets	440,313,504.74	445,056,844.05
Intangible assets	5,549,377,963.73	5,471,888,499.72
Development expenses	47,667,168.12	45,990,860.02
Goodwill	2,539,290,620.61	1,944,990,705.11
Long-term deferred expenditures	19,007,949.19	14,565,138.89
Deferred income tax assets	1,158,533,438.68	1,147,935,530.38
Other non-current assets	333,168,718.09	445,375,303.54
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Total non-current assets	34,545,452,374.36	32,764,681,762.97
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Total assets	130,582,790,575.79	122,018,160,397.82
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Item	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-term borrowings	6,173,755,422.41	3,312,872,154.76
Borrowings from the Central Bank Capital borrowed		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable	13,149,547,399.30	9,528,640,980.97
Account payable	14,301,100,262.87	14,708,779,954.95
Advances from customers		
Contract liabilities	2,064,310,476.27	1,873,714,983.72
Funds from disposal of repurchased financial assets		
Deposit received and inter-bank deposit		
Customer deposit for trading in securities		
Customer deposits for securities underwriting		
Accrued payroll	523,334,539.37	887,920,506.29
Taxes payable	234,948,518.03	389,501,445.20
Other payables	3,677,858,231.86	4,389,031,366.83
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance account payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	8,130,999,758.99	7,893,021,122.84
Other current liabilities	7,263,245,956.83	6,688,535,760.41
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Total current liabilities	55,519,100,565.93	49,672,018,275.97
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Item	Balance at the end of the period	Balance at the beginning of the year
Non-current liabilities:		
Deposits for insurance contract		
Long-term borrowings	6,331,578,381.13	4,902,232,197.63
Bonds payable	2,935,006,228.84	2,991,765,848.09
Including: Preference shares		
Perpetual bonds		
Lease liabilities	337,639,660.06	320,219,402.10
Long-term payables	665,369,419.53	664,055,668.85
Long-term accrued payroll		
Accrued liabilities	7,302,402.85	
Deferred income	1,211,103,993.78	1,199,875,683.61
Deferred income tax liabilities	436,086,893.25	405,251,528.90
Other non-current liabilities	3,517,079,783.30	3,565,575,642.06
	<u>15,441,166,762.74</u>	<u>14,048,975,971.24</u>
Total non-current liabilities		
	<u>15,441,166,762.74</u>	<u>14,048,975,971.24</u>
Total liabilities	<u>70,960,267,328.67</u>	<u>63,720,994,247.21</u>
Owners' equity:		
Share capital	8,677,992,236.00	8,677,992,236.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	19,641,696,772.93	19,600,953,473.78
Less: Treasury shares		
Other comprehensive income	-1,475,137,926.38	-1,460,659,399.72
Special reserves	95,690,389.00	91,281,369.96
Surplus reserve	4,384,443,521.49	4,384,443,521.49
General risk provisions	168,800,178.20	168,800,178.20
Undistributed profit	26,279,192,834.85	25,405,039,654.84
	<u>57,772,678,006.09</u>	<u>56,867,851,034.55</u>
Total owners' equity attributable to the equity holders of the parent company		
	<u>57,772,678,006.09</u>	<u>56,867,851,034.55</u>
Minority interests	1,849,845,241.03	1,429,315,116.06
	<u>1,849,845,241.03</u>	<u>1,429,315,116.06</u>
Total owners' equity	<u>59,622,523,247.12</u>	<u>58,297,166,150.61</u>
	<u>59,622,523,247.12</u>	<u>58,297,166,150.61</u>
Total liabilities and owners' equity	<u>130,582,790,575.79</u>	<u>122,018,160,397.82</u>
	<u>130,582,790,575.79</u>	<u>122,018,160,397.82</u>

4.2 Consolidated Income Statement

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Total operating income	10,011,935,134.49	19,049,979,659.20
Including: Operating income	10,011,935,134.49	19,049,979,659.20
Interest income		
Premium received		
Handling fee and commission income		
II. Total operation costs	9,322,371,683.88	16,328,745,393.72
Including: Operation cost	8,002,468,211.42	13,874,359,690.18
Interest expenses		
Handling fee and commission expenses		
Payment on surrenders		
Net compensation expenses		
Net provision drawn for insurance		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	57,154,317.61	86,182,696.70
Selling expenses	498,474,788.55	1,053,191,771.65
Administrative expenses	335,976,852.22	441,439,133.69
Research and development expenses	434,069,288.93	812,099,802.40
Financial expenses	-5,771,774.85	61,472,299.10
Including: Interest expenses	286,622,501.99	216,529,330.91
Interest income	141,223,860.47	51,688,468.40
Add: Other gains	337,795,336.27	49,073,544.85
Income from investment (“-” refers to loss)	40,919,287.01	101,514,797.75
Including: Investment income from associates and joint ventures	48,224,860.20	42,126,999.47
Gains from derecognition of financial assets at amortized cost	-392,961.46	-9,778,511.93
Exchange gains (“-” refers to loss)		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)	59,210,694.83	110,763,014.03
Losses on credit impairment (“-” refers to loss)	-94,761,658.10	-178,716,423.08
Impairment losses on assets (“-” refers to loss)	-9,820,013.98	
Gains from asset disposal (“-” refers to loss)	3,301,790.93	52,475,652.41

Item	Amount during the current period	Amount during the previous period
III. Operating profits (“-” refers to loss)	1,026,208,887.57	2,856,344,851.44
Add: Non-operating profits	27,965,742.53	23,436,286.31
Less: Non-operating expenses	12,638,189.17	9,543,163.10
IV. Total profits (“-” refers to total loss)	1,041,536,440.93	2,870,237,974.65
Less: Income tax expenses	105,482,092.31	445,539,373.30
V. Net profits (“-” refers to net loss)	936,054,348.62	2,424,698,601.35
(I) Classified by operation continuity		
1. Net profits from continuing activities (“-” refers to net loss)	936,054,348.62	2,424,698,601.35
2. Net profits from discontinuing activities (“-” refers to net loss)		
(II) Classified by ownership		
1. Net profits attributable to owners of the parent company	906,366,156.05	2,415,513,572.98
2. Net profits attributable to minority interests	29,688,192.57	9,185,028.37
VI. Net amount of other comprehensive income after tax	-46,691,502.70	-97,804,806.65
Net amount of other comprehensive income after tax attributable to owners of the parent company	-46,691,502.70	-97,804,806.65
(I) Other comprehensive income not to be reclassified into profit or loss subsequently	-19,354,793.41	15,158,100.04
1. Change in re-measurement of defined benefit plans		—
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		—
3. Change in fair value of investments in other equity instruments	-19,354,793.41	15,158,100.04
4. Change in fair value of own credit risk		—
5. Others		—
(II) Other comprehensive income to be reclassified into profit or loss subsequently	-27,336,709.29	-112,962,906.69
1. Other comprehensive income that may be reclassified to profit or loss under equity method		—
2. Change in fair value of other debt investments		—
3. Amount included in other comprehensive income on reclassification of financial assets		—
4. Credit impairment provisions of other debt investments		—
5. Cash flows hedging reserve		—
6. Exchange differences from translation of financial statements	-27,336,709.29	-112,962,906.69
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders		—

Item	Amount during the current period	Amount during the previous period
VII. Total comprehensive income	889,362,845.92	2,326,893,794.70
Total comprehensive income attributable to owners of the parent company	859,674,653.35	2,317,708,766.33
Total comprehensive income attributable to minority shareholders	29,688,192.57	9,185,028.37
VIII. Earnings per share:		
(1) Basic earnings per share	0.11	0.30
(2) Diluted earnings per share	0.11	0.30

4.3 Consolidated Cash Flow Statement

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	11,776,066,915.07	18,676,407,631.25
Net increase in customer bank deposits and due to banks and other financial institutions	78,497,825.73	
Net increase in borrowings from the Central Bank		
Net increase in placements from other financial institutions		
Cash received from original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in policy holder deposits and investments funds		
Cash received from interest, handling fees and commissions		
Net increase in capital borrowed		
Net increase in income from repurchase business		
Net cash received from securities brokerage deposits		
Refunds of taxes received	171,639,745.36	38,295,116.90
Cash received relating to other operating activities	322,311,298.60	422,909,431.99
Sub-total of cash inflow from operating activities	12,348,515,784.76	19,137,612,180.14
Cash paid for purchasing goods and receiving services	8,795,770,341.24	12,541,319,792.60
Net increase in customer loans and advances to customers		
Net increase in placements with the Central Bank and other financial institution		
Cash paid for original insurance contract claimed		
Net increase in capital borrowed		
Cash paid for interest, handling fees and commissions		
Cash paid for policy holder dividend		
Cash paid to and for employees	1,115,100,377.72	1,320,762,659.68
Cash paid for taxes and surcharges	591,418,207.77	599,884,042.99
Cash paid relating to other operating activities	1,256,238,836.48	2,015,304,363.27
Sub-total of cash outflow from operating activities	11,758,527,763.21	16,477,270,858.54
Net cash flow from operating activities	589,988,021.55	2,660,341,321.60

Item	Amount during the current period	Amount during the previous period
II. Cash flow from investing activities:		
Cash received from disposal of investments	228,226,655.05	2,233,540,352.80
Cash received from returns on investments	3,309,281.96	42,673,706.13
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	67,866,001.24	4,772,334.72
Net cash received from disposal of subsidiaries and other operating business units		
Cash received relating to other investing activities	311,402,762.57	250,000,000.00
Sub-total of cash inflow from investing activities	610,804,700.82	2,530,986,393.65
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	376,550,930.00	324,257,393.06
Cash paid for investment	3,004,000,000.00	8,089,576,850.93
Net increase in pledge loans		
Net cash received from subsidiaries and other operating business units	801,935,064.00	
Cash paid relating to other investing activities		102,824,743.30
Sub-total of cash outflow from investing activities	4,182,485,994.00	8,516,658,987.29
Net cash flow from investing activities	-3,571,681,293.18	-5,985,672,593.64
III. Cash flow from financing activities:		
Cash received from investment	18,000,000.00	6,182,663,684.79
Including: Cash received by subsidiaries from the investment of minority shareholders	18,000,000.00	
Cash received from borrowings	4,622,814,598.10	18,090,887,725.01
Cash received related to other financing activities		51,823,809.42
Sub-total of cash inflow from financing activities	4,640,814,598.10	24,325,375,219.22
Cash paid for repaying debts	344,248,129.05	13,970,510,604.34
Cash paid for distributing dividends and profits and interest repayment	133,153,617.14	121,439,419.11
Including: Dividends and profits paid by subsidiaries to minority shareholders	9,514,382.91	18,684,000.00
Cash paid related to other financing activities		48,399,481.87
Sub-total of cash outflow from financing activities	477,401,746.19	14,140,349,505.32
Net cash flow from financing activities	4,163,412,851.91	10,185,025,713.90
IV. Effect of foreign exchange rate changes to cash and cash equivalents	-21,894,462.68	-23,544,162.34
V. Net increase in cash and cash equivalents	1,159,825,117.61	6,836,150,279.52
Add: Balance of cash and cash equivalents at the beginning of the period	13,190,243,110.65	10,086,205,981.31
VI. Balance of cash and cash equivalents at the end of the period	14,350,068,228.26	16,922,356,260.83

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

Changsha, the PRC, 26 April 2022

As at the date of this announcement, the executive director of the Company 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*