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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 with limited liability)

(Stock Code: 1157)

THIRD QUARTERLY REPORT OF 2022

SUMMARY

The Board of Zoomlion Heavy Industry Science and Technology Co., Ltd.* hereby announces the Third 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 nine months ended 30 September 2022 (the “**Third 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 Third 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.

THIRD 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 third 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				
				Changes from the beginning of the year to the end of the Reporting Period as compared with the corresponding period of last year
	The Reporting Period	Increase/decrease over corresponding period of last year	From the beginning of the year to the end of the Reporting Period	
Operating income	9,349,418,236.18	-21.94%	30,648,916,221.19	-43.69%
Net profit attributable to equity shareholders of the Company	452,810,565.99	-49.72%	2,618,633,307.95	-62.29%
Net profit attributable to equity shareholders of the Company after extraordinary gain and loss	359,552,972.56	-52.60%	1,562,974,417.89	-70.51%
Net cash flow from operating activities (RMB)	—	—	1,125,957,104.89	-75.70%
Basic earnings per share (RMB/share)	0.05	-50.00%	0.25	-64.29%
Diluted earnings per share (RMB/share)	0.05	-50.00%	0.25	-64.29%
Weighted average return on net assets	0.82%	-0.79%	3.96%	-6.47%
Changes at 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	127,258,147,949.22	122,018,160,397.82		4.29%
Net assets attributable to equity shareholders of the Company	53,861,297,481.41	56,867,851,034.55		-5.29%

Items	Amount of the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period
Gain or loss on disposal of non-current assets (including written off of provision for impairment of assets)	-3,303,432.61	4,813,013.06
Government grants recorded in current profit or loss, except government grants of fixed continuous amount or quantity closely related to normal business operations of the Company and entitled pursuant to the government policy	100,995,014.04	607,410,483.43
Gain or loss on debt restructuring	-5,798,928.77	-11,490,703.44
Gain or loss on changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities, and investment gains from disposal of held-for-trading financial assets, held-for-trading financial liabilities and financial assets available for sale, other than effective hedging activities related to normal business operations of the Company	6,311,108.91	65,793,456.93
Non-operating income and expenses other than those set out above	23,995,799.14	59,805,708.03
Less: Income tax effect	22,863,210.93	111,421,965.27
Minority interests after tax	6,078,756.35	9,251,102.68
Total	<u>93,257,593.43</u>	<u>605,658,890.06</u>

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 (s)

Name of shareholder	Shareholdings of top 10 shareholders				Number of shares subject to trading moratorium	Condition of pledge, marked or lock-up	
	Nature of shareholder	Shareholding percentage	Number of shares held			Condition of shares	Number
HKSCC NOMINEES LIMITED	Overseas legal person	18.19%	1,578,629,421		0		
Hunan Xing Xiang Investment Holding Group Co., Ltd.	State-owned legal person	14.44%	1,253,314,876		0		
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	Domestic non state-owned legal person	7.86%	682,201,864		0	Pledged	340,930,000
Zoomlion Heavy Industry Science and Technology Co., Ltd. — Phase I Employee Stock Ownership Plan	Other	4.50%	390,449,924		0		
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.76%	239,824,010		0		
China Securities Finance Co., Ltd	State-owned legal person	2.69%	233,042,928		0		
Real Smart International	Overseas legal person	1.94%	168,635,602		0	Pledged	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	Other	1.72%	148,869,223		0		
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Phoenix Cornerstone Tongli Private Equity Investment Fund	Other	0.86%	74,434,611		0		
Ning Chen	Domestic natural person	0.52%	44,708,859		0		

3. SIGNIFICANT CHANGES IN MAJOR ITEMS OF THE FINANCIAL STATEMENTS AND FINANCIAL INDICATORS AND REASONS (BASED ON STATEMENTS REPORTED UNDER PRC GAAP)

Unit: RMB

Items	At the end of the Reporting Period	At the beginning of the Reporting Period	Changes	Description of reasons
Prepayments	1,155,732,314.93	844,817,600.49	36.80%	Mainly attributable to the increase in prepayments of materials
Other non-current financial assets	73,280,581.57	111,282,420.48	-34.15%	Mainly attributable to the decrease in fair value in shares held
Construction in progress	4,324,504,642.85	2,523,014,566.82	71.40%	Mainly attributable to the increase in construction projects and expenses
Short-term borrowings	6,063,624,500.37	3,312,872,154.76	83.03%	Mainly attributable to the effect of debt restructuring
Accrued payroll	620,852,875.12	887,920,506.29	-30.08%	Mainly attributable to the distribution of year-end performance bonus in previous year
Other current liabilities	13,355,608,760.52	6,688,535,760.41	99.68%	Mainly attributable to the increase in notes such as Yun Xin (雲信) in the current period
Long-term borrowings	10,358,143,477.06	4,902,232,197.63	111.29%	Mainly attributable to the effect of debt restructuring
Bonds payable	979,574,909.58	2,991,765,848.09	-67.26%	Mainly attributable to the increase in bonds payable due within one year
Treasury shares	1,430,293,247.15	—		Mainly attributable to the repurchase of shares in the current period
Other comprehensive income	-1,951,241,386.30	-1,460,659,399.72		Mainly attributable to the effect of foreign exchange rate changes
Operating income	30,648,916,221.19	54,427,253,993.35	-43.69%	Mainly attributable to the market decline and decrease in sales scale
Operation cost	24,221,260,263.98	41,170,620,061.23	-41.17%	Mainly attributable to the market decline and decrease in sales scale
Taxes and surcharges	203,464,305.10	296,547,296.31	-31.39%	Mainly attributable to the decrease in sales and sales-related taxes

Items	At the end of the Reporting Period	At the beginning of the Reporting Period	Changes	Description of reasons
Selling expenses	1,883,793,504.34	2,811,311,782.85	-32.99%	Mainly attributable to decrease in sales and selling expenses such as agency fee related to income
Research and development expenses	1,790,279,714.45	2,937,728,596.39	-39.06%	Mainly attributable to the decrease in consumption of research and development materials resulting from adjustment in testing method
Financial expenses	-547,360,774.84	-47,852,442.91		Mainly attributable to the increase in interest income and exchange gains
Investment gains	35,073,310.19	117,337,610.37	-70.11%	Mainly attributable to the decrease in wealth management income and investment income from associates
Losses on credit impairment	-301,567,564.86	-506,828,549.27		Mainly attributable to the increase in quality of sales, decrease in risk of expected loss and impairment provisions
Losses on assets impairment	-1,791,108.08	-6,458,861.24		Mainly attributable to the decrease in provision for inventory and reversal of impairment of contract assets
Gains from asset disposal	4,470,533.34	70,510,199.77	-93.66%	Mainly attributable to the decrease in asset disposal in the current period
Income tax expenses	389,167,970.44	936,457,918.26	-58.44%	Mainly attributable to the decrease in amount of taxable income

4. APPENDIX

4.1 Consolidated Balance Sheet

Item	Unit: RMB	
	30 September 2022	1 January 2022
Current assets:		
Cash and cash equivalents	14,938,998,298.14	15,166,953,759.11
Balance with clearing companies		
Placements with other financial institutions		
Financial assets held-for-trading	7,126,014,861.60	6,407,551,656.31
Derivative financial assets		
Bill receivables	79,189,431.14	358,589,332.35
Account receivables	29,476,430,690.12	26,830,097,127.93
Account receivable financing	972,285,327.61	1,523,034,860.87
Prepayments	1,155,732,314.93	844,817,600.49
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance contract		
Other receivables	1,151,890,549.51	1,243,782,421.96
Including: Interest receivable		
Dividends receivable	7,200,000.00	
Purchases of resold financial assets		
Inventories	16,434,275,329.49	13,501,450,039.78
Contract assets	2,011,355.00	
Held-for-sale assets		
Non-current assets due within one year	4,751,643,849.27	4,577,748,675.86
Other current assets	2,576,644,703.93	2,602,857,006.38
Total current assets	78,665,116,710.74	73,056,882,481.04

Item	30 September 2022	1 January 2022
Non-current assets:		
Loans and advances granted	242,036,406.55	139,703,279.73
Debt investments		
Other debt investments		
Long-term receivables	19,628,669,575.10	23,403,076,883.51
Long-term equity investment	4,444,065,894.52	4,189,559,150.66
Investments in other equity instruments	2,179,899,406.47	2,306,296,652.65
Other non-current financial assets	73,280,581.57	111,282,420.48
Investment property	160,764,133.00	
Fixed assets	6,971,219,086.62	6,772,542,081.22
Construction in progress	4,324,504,642.85	2,523,014,566.82
Biological assets for production		
Oil and gas assets		
Right-of-use assets	534,771,857.96	445,056,844.05
Intangible assets	5,764,705,859.11	5,471,888,499.72
Development expenses	34,084,764.60	45,990,860.02
Goodwill	2,518,943,988.36	1,944,990,705.11
Long-term deferred expenditures	16,882,878.86	14,565,138.89
Deferred income tax assets	1,135,888,726.38	1,147,935,530.38
Other non-current assets	563,313,436.53	445,375,303.54
Total non-current assets	48,593,031,238.48	48,961,277,916.78
Total assets	127,258,147,949.22	122,018,160,397.82

Item	30 September 2022	1 January 2022
Current liabilities:		
Short-term borrowings	6,063,624,500.37	3,312,872,154.76
Borrowings from the Central Bank		
Capital borrowed		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable	5,193,967,622.68	9,528,640,980.97
Account payable	13,157,025,078.96	14,708,779,954.95
Advances from customers		
Contract liabilities	2,101,755,975.33	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	620,852,875.12	887,920,506.29
Taxes payable	417,992,543.91	389,501,445.20
Other payables	3,612,508,257.58	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	8,705,374,840.56	7,893,021,122.84
Other current liabilities	13,355,608,760.52	6,688,535,760.41
Total current liabilities	<u>53,228,710,455.03</u>	<u>49,672,018,275.97</u>
Non-current liabilities:		
Deposits for insurance contract		
Long-term borrowings	10,358,143,477.06	4,902,232,197.63
Bonds payable	979,574,909.58	2,991,765,848.09
Including: Preference shares		
Perpetual bonds		
Lease liabilities	389,095,415.06	320,219,402.10
Long-term payables	618,534,778.47	664,055,668.85
Long-term accrued payroll		
Accrued liabilities	1,125,428.74	
Deferred income	1,385,133,566.90	1,199,875,683.61
Deferred income tax liabilities	476,918,450.28	405,251,528.90
Other non-current liabilities	4,267,047,667.01	3,565,575,642.06
Total non-current liabilities	<u>18,475,573,693.10</u>	<u>14,048,975,971.24</u>
Total liabilities	<u>71,704,284,148.13</u>	<u>63,720,994,247.21</u>

Item	30 September 2022	1 January 2022
Owners' equity:		
Share capital	8,677,992,236.00	8,677,992,236.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	19,112,504,942.19	19,600,953,473.78
Less: Treasury shares	1,430,293,247.15	
Other comprehensive income	-1,951,241,386.30	-1,460,659,399.72
Special reserves	116,036,524.84	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	24,783,054,712.14	25,405,039,654.84
Total owners' equity attributable to the equity holders of the parent company	53,861,297,481.41	56,867,851,034.55
Minority interests	1,692,566,319.68	1,429,315,116.06
Total owners' equity	<u><u>55,553,863,801.09</u></u>	<u><u>58,297,166,150.61</u></u>
Total liabilities and owners' equity	<u><u>127,258,147,949.22</u></u>	<u><u>122,018,160,397.82</u></u>

4.2 Consolidated Income Statement from the Beginning of the Year to the end of the Reporting Period

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Total operating income	30,648,916,221.19	54,427,253,993.35
Including: Operating income	30,648,916,221.19	54,427,253,993.35
Interest income		
Premium received		
Handling fee and commission income		
II. Total operation costs	28,661,065,080.18	48,403,261,276.99
Including: Operation cost	24,221,260,263.98	41,170,620,061.23
Interest expenses		
Handling fee and commission expenses		
Payment on surrenders		
Net compensation expenses		
Net provision drawn for insurance contract		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	203,464,305.10	296,547,296.31
Selling expenses	1,883,793,504.34	2,811,311,782.85
Administrative expenses	1,109,628,067.15	1,234,905,983.12
Research and development expenses	1,790,279,714.45	2,937,728,596.39
Financial expenses	-547,360,774.84	-47,852,442.91
Including: Interest expenses	773,965,604.81	707,278,675.70
Interest income	352,719,485.62	295,433,749.31
Add: Other gains	641,234,436.05	812,431,632.78
Income from investment (“-” refers to loss)	35,073,310.19	117,337,610.37
Including: Investment income from associates and joint ventures	82,536,578.13	105,813,386.63
Gains from derecognition of financial assets at amortized cost	-92,346,533.58	-196,729,053.70
Exchange gains (“-” refers to loss)		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)	181,960,407.55	157,098,662.85
Losses on credit impairment (“-” refers to loss)	-301,567,564.86	-506,828,549.27
Impairment losses on assets (“-” refers to loss)	-1,791,108.08	-6,458,861.24
Gains from asset disposal (“-” refers to loss)	4,470,533.34	70,510,199.77
III. Operating profits (“-” refers to loss)	2,547,231,155.20	6,668,083,411.62
Add: Non-operating profits	99,607,398.35	119,471,884.81
Less: Non-operating expenses	41,716,119.08	37,308,078.66
IV. Total profits (“-” refers to total loss)	2,605,122,434.47	6,750,247,217.77
Less: Income tax expenses	389,167,970.44	936,457,918.26

Item	Amount during the current period	Amount during the previous period
V. Net profits (“-” refers to net loss)	2,215,954,464.03	5,813,789,299.51
(I) Classified by operation continuity		
1. Net profits from continuing activities (“-” refers to net loss)	2,215,954,464.03	5,813,789,299.51
2. Net profits from discontinuing activities (“-” refers to net loss)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the parent company (“-” refers to net loss)	2,168,633,307.95	5,750,636,124.21
2. Net profit or loss attributable to minority interests (“-” refers to net loss)	47,321,156.08	63,153,175.30
VI. Net amount of other comprehensive income after tax	-503,919,320.47	-134,612,037.44
Net amount of other comprehensive income after tax attributable to owners of the parent company	-503,919,320.47	-134,612,037.44
(I) Other comprehensive income not to be reclassified into profit or loss subsequently	-84,585,600.48	-2,335,947.63
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	-84,585,600.48	-2,335,947.63
4. Change in fair value of own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss subsequently	-419,333,719.99	-132,276,089.81
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	-419,333,719.99	-132,276,089.81
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders		
VII. Total comprehensive income	1,712,035,143.56	5,679,177,262.07
1. Total comprehensive income attributable to owners of the parent company	1,664,713,987.48	5,616,024,086.77
2. Total comprehensive income attributable to minority shareholders	47,321,156.08	63,153,175.30
VIII. Earnings per share:		
(1) Basic earnings per share	0.25	0.70
(2) Diluted earnings per share	0.25	0.70

4.3 Consolidated Cash Flow Statement from the beginning of the year to the end of the Reporting Period

Item	Unit: RMB	
	Amount during the current period	Amount during the previous period
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	36,971,134,848.58	50,821,434,643.41
Refunds of taxes received	965,966,725.36	752,044,631.27
Cash received relating to other operating activities	2,085,033,709.22	5,061,022,223.92
Sub-total of cash inflow from operating activities	40,022,135,283.16	56,634,501,498.60
Cash paid for purchasing goods and receiving services	30,281,042,697.76	39,833,090,014.18
Net increase in customer loans and advances to customers	102,333,126.82	
Cash paid to and for employees	3,427,089,056.95	3,293,066,366.57
Cash paid for taxes and surcharges	1,546,055,625.94	3,194,009,313.88
Cash paid relating to other operating activities	3,539,657,670.80	5,679,865,548.34
Sub-total of cash outflow from operating activities	38,896,178,178.27	52,000,031,242.97
Net cash flow from operating activities	1,125,957,104.89	4,634,470,255.63
II. Cash flow from investing activities:		
Cash received from disposal of investments	9,702,075,636.73	13,939,232,477.67
Cash received from returns on investments	95,793,267.42	338,767,551.30
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	78,482,612.87	150,504,065.97
Net cash received from disposal of subsidiaries and other operating business units		
Cash received relating to other investing activities	451,390,629.99	634,655,604.91
Sub-total of cash inflow from investing activities	10,327,742,147.01	16,508,029,838.71
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	1,465,441,731.38	1,376,390,158.27
Cash paid for investment	10,238,402,908.11	19,268,753,401.86
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other operating business units	723,785,145.89	
Cash paid relating to other investing activities		
Sub-total of cash outflow from investing activities	12,427,629,785.38	21,186,055,852.30
Net cash flow from investing activities	-2,099,887,638.37	-4,678,026,013.59
III. Cash flow from financing activities:		
Cash received from investment	91,142,312.36	6,420,497,387.91
Including: Cash received by subsidiaries from the investment of minority shareholders	91,142,312.36	195,524,232.00
Cash received from borrowings	16,005,134,622.30	62,725,158,703.62
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	16,096,276,934.66	69,221,482,600.79

Item	Amount during the current period	Amount during the previous period
Cash paid for repaying debts	9,469,024,147.78	60,003,292,305.64
Cash paid for distributing dividends and profits and interest repayment	3,188,359,713.31	3,231,814,790.21
Including: Dividends and profits paid by subsidiaries to minority shareholders	9,514,382.91	18,684,000.00
Cash paid relating to other financing activities	2,404,283,485.55	132,108,638.89
Sub-total of cash outflow from financing activities	15,061,667,346.64	63,367,215,734.74
Net cash flow from financing activities	1,034,609,588.02	5,854,266,866.05
IV. Effect of foreign exchange rate changes to cash and cash equivalents	162,756,114.48	-50,585,332.05
V. Net increase in cash and cash equivalents	223,435,169.02	5,760,125,776.04
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	13,413,678,279.67	15,846,331,757.35

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

Changsha, the PRC, 28 October 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. Lai Kin Keung, Mr. Zhao Songzheng, Ms. Liu Guiliang and Mr. Yang Changbo.

* For identification purpose only