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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)

CONNECTED TRANSACTION IN RELATION TO A FACTORING CONTRACT

FACTORING CONTRACT

The Board wishes to announce that on 29 December 2022 (after trading hours), the Company entered into the Factoring Contract with Xingxiang Factoring, pursuant to which the Company agreed to sell and Xingxiang Factoring agreed to acquire the Account Receivables on a no-recourse basis.

Consideration

The consideration payable by Xingxiang Factoring to the Company for the Account Receivables is a lump sum payment in cash of approximately RMB483 million.

The consideration has been determined in accordance with market practice after arm's length negotiations between the parties, with reference to the aggregate book value of and credit periods attached to the Account Receivables, as well as the creditworthiness of customers from whom Account Receivables are due.

The book value of the Account Receivables is approximately RMB520 million in aggregate.

REASONS FOR AND BENEFITS OF THE FACTORING CONTRACT

The entering into of the Factoring Contract is beneficial to the Company as it provides immediate cash flow to the Company and allows the Company to optimise its assets, reduce credit risks and diversify funding sources. On this basis, the Directors (including the independent non-executive Directors) believe that the Transaction is on normal commercial terms which are fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

Mr. He Liu, a non-executive Director, abstained from voting on the relevant resolution(s) of the Board approving the Transaction in light of his position as chief executive officer of Xingxiang Group. Save as disclosed, none of the Directors has a material interest in the Transaction and was required to abstain from voting.

FINANCIAL EFFECT OF THE SALE OF ACCOUNT RECEIVABLES

The Company expects to record a loss before tax of approximately RMB37 million on transfer of the Account Receivables, and intends to apply the net proceeds from the transfer toward general working capital.

INFORMATION ABOUT THE PARTIES

Xingxiang Factoring

Xingxiang Factoring is a company incorporated in the PRC with limited liability. Its business scope includes provision of factoring financing, sales account (classification) management, accounts receivable collection, non-commercial bad debt guarantee, customer credit investigation and evaluation and commercial factoring related consultancy services.

Xingxiang Factoring is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Hunan Province.

The Company

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

LISTING RULES IMPLICATIONS

Xingxiang Factoring is a wholly-owned subsidiary of Xingxiang Group, which is interested in approximately 14.44% of Shares as at the date of this announcement and a substantial shareholder of the Company. Xingxiang Factoring is therefore a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceeds 0.1% but all are less than 5%, the Transaction is subject to the announcement requirement under Chapter 14A of the Listing Rules but is exempt from independent shareholders' approval.

DEFINITIONS

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

“A Share(s)”	domestic shares of nominal value of RMB1.00 each in the share capital of the Company
“Account Receivables”	account receivables accrued to the Company which are due from its customers on or before 31 December 2025
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Factoring Contract”	the factoring contract dated 29 December 2022 between the Company and Xingxiang Factoring with respect to the sale of Account Receivables
“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Taiwan, Hong Kong Special Administrative Region of the PRC and Macao Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s) or where the context requires, either of them
“Shareholder(s)”	holder(s) of Share(s)
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Transaction”	the entering into of the Factoring Contract and the transaction(s) contemplated thereunder
“Xingxiang Factoring”	興湘商業保理(深圳)有限公司(Xingxiang Commercial Factoring (Shenzhen) Co., Ltd.*), a connected person of the Company
“Xingxiang Group”	Hunan Xingxiang Investment Holding Group Co., Ltd. (湖南興湘投資控股集團有限公司), a substantial shareholder of the Company
“%”	per cent.

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

Changsha, PRC, 29 December 2022

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