Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNOUNCEMENT

(1) PROVISIONS FOR ASSET IMPAIRMENT FOR THE FIRST HALF OF 2024
(2) AMENDMENTS TO THE STOCK OWNERSHIP PLAN FOR CORE MANAGEMENT (PHASE I)

I. PROVISIONS FOR ASSET IMPAIRMENT FOR THE FIRST HALF OF 2024

The Company has conducted impairment tests on its accounts receivables, inventories and fixed assets which showed indication of impairment as at 30 June 2024, in accordance with the relevant requirements under the Accounting Standards for Business Enterprises and the accounting policies of the Company on a prudent basis. When the net realisable value of an asset is estimated to be lower than its carrying amount, a provision for asset impairment will be made upon recognition or measurement.

A. Overview

After conducting tests, the Company made a total provision of RMB389.70 million for impairment for 6M2024, among which (i) bad debts provision for accounts receivables amounted to RMB310.25 million, (ii) bad debts provision for other receivables amounted to RMB8.03 million, (iii) bad debts provision for long-term receivables amounted to RMB59.02 million, (iv) provision for decline in value of inventories amounted to RMB12.37 million, (v) reversal of impairment loss of loans and advances issued amounted to RMB0.07 million, and (vi) provision for impairment of contract assets amounted to RMB0.09 million.

Excluding the effect of difference arising from currency conversion, the effect of provisions for asset impairment on the profit or loss (before tax) for 6M2024 was RMB389.70 million in aggregate.

B. Provisions for asset impairment

Accounts receivables

For 6M2024, the Company made (i) a bad debts provision of RMB310.25 million for accounts receivables, (ii) a bad debts provision of RMB8.03 million for other receivables, (iii) a bad debts provision of RMB59.02 million for long-term receivables, and (iv) provision for impairment of contract assets of RMB0.09 million on the following basis:

The provision for bad debts of accounts receivables is recognised on the basis of the expected credit loss of the Company, after considering the type of clients, loss incurred by historical defaults and current economic condition and taking account of forward-looking information, expected rate of default and rate of loss when determining the lifetime expected credit loss.

Inventory

For 6M2024, the Company made a provision of RMB12.37 million for decline in value of inventories on the following basis:

Inventories are measured at the lower of cost and net realisable value at the end of a period. The estimates of net realisable value are based on the most reliable evidence available, taking into consideration the purpose for holding inventories and the effects of events subsequent to the balance sheet date. If it is foreseeable that the cost of inventories may not be recoverable because inventories are damaged, have become wholly or partly obsolete, or their selling prices are below cost, the provision for decline in value of inventories will be made according to such portion of the cost not recoverable. The provision for decline in value of inventories such as finished products and bulk raw materials are made by comparing costs with their net realisable value on an individual basis. For other raw and auxiliary materials and products in progress with large quantities and relatively low unit costs, the provision for decline in value of those inventories are made according to the categories of inventories.

The net realisable value of inventory of goods directly for sale such as finished products, products in progress and materials for sale is determined by deducting the estimated sales expenses and relevant taxes from the estimated selling prices of those inventories. The net realisable value of inventory of materials held for production is the amount after deducting the estimated costs to be incurred upon completion, estimated sales expenses and relevant taxes from the estimated selling prices of finished products being manufactured. The net realisable value of inventories held for execution of sales contract or labour contract is calculated on the basis of contract prices. In the event that an enterprise holds more inventories than the quantities ordered in the sales contract, the net realisable value of the excessive inventories is calculated on the basis of the general selling prices.

For inventories showing any indication of possible impairment, the Company would conduct impairment test by regularly adopting the lower of cost and net realisable value method to make sufficient provisions for decline in the value of inventories.

Loans and advances issued

For 6M2024, the Company made a reversal of RMB0.07 million for credit impairment of loans and advances issued on the following basis:

The Company classifies loans and advances issued into certain categories based on their characteristics of credit risk. For loans and advances issued classified into categories, the Company calculates the expected credit losses based on the number of days overdue and exposure to default risk by referring to the historical credit loss experience of the sector and taking into account current situations and forecasts of future economic conditions.

C. Effects of the provisions for asset impairment on the financial position of the Company

The profit before tax of the Company decreased by RMB389.70 million for 6M2024 due to the provisions for asset impairment.

The provisions for asset impairment give a true view of the financial position, and are in compliance with the requirements of the accounting standards and relevant policies, conforming to the actual condition of the Company. The provisions for asset impairment are not prejudicial to the interests of the Company and the Shareholders, and do not involve any related party of the Company.

II. AMENDMENTS TO THE STOCK OWNERSHIP PLAN (PHASE I)

Reference is made to the Company's circular dated 21 November 2019 and announcement dated 6 January 2020 in relation to (among other things) the adoption of the Stock Ownership Plan (Phase I).

On 29 August 2024, the Board resolved to amend the trading restrictions applicable to the Stock Ownership Plan (Phase I) and to make corresponding changes to the Management Rules. Details are as follows:

A. Basic information and procedures for implementation of the amendments

On 24 May 2024, CSRC issued the CSRC Management Rules, which amended the periods during which directors, supervisors and senior management of a listed company are not allowed to sell or purchase the company's shares. According to the relevant requirements of the Stock Ownership Plan (Phase I), the market trading rules and the requirements of CSRC on prohibition of securities dealings during information sensitive periods shall be strictly observed by the Stock Ownership Plan (Phase I). To align with the aforesaid regulatory changes, the Board has resolved to amend the periods during which A Shares are not allowed to be traded under the Stock Ownership Plan (Phase I) as set forth in Article 7(3) of the terms of the Stock Ownership Plan (Phase I), with corresponding changes made to the Management Rules. Details are as follows (additions are in underline and deletions in strikethrough):

Before amendment	After amendment
The Stock Ownership Plan (Phase I) shall strictly observe the market trading rules and the relevant securities dealings requirements of CSRC and the Shenzhen Stock Exchange. No dealings in A Shares are allowed during the following periods, except for the purchase by the Stock Ownership Plan (Phase I) of A Shares from the Company as approved at the Shareholders' meeting:	The Stock Ownership Plan (Phase I) shall strictly observe the market trading rules and the relevant securities dealings requirements of CSRC and the Shenzhen Stock Exchange. No dealings in A Shares are allowed during the following periods, except for the purchase by the Stock Ownership Plan (Phase I) of A Shares from the Company as approved at the Shareholders' meeting:
(i) during the period commencing from 30 days prior to the publication of periodic reports of the Company, or in the event of delay in publishing the annual or interim reports for special reasons, from 30 days prior to the original date of publication, and ending on the date preceding such publication;	(i) during the period commencing from 15~~30~~ days prior to the publication of annual or interim~~periodic~~ reports of the Company, or in the event of delay in publishing the annual or interim reports for special reasons, from 15~~30~~ days prior to the original date of publication, and ending on the date preceding such publication;
(ii) during the period of 10 days preceding the announcement of the estimated and preliminary results of the Company;	(ii) during the period of 5~~10~~ days preceding the publication of quarterly reports, announcement of the estimated and preliminary results of the Company;
(iii) during the period commencing from the date of occurrence of a material event which may have a substantial impact on the trading prices of the Shares or the date on which the relevant decision-making procedures commence, and ending on the second trading day following the relevant disclosure in accordance with laws; and	(iii) during the period commencing from the date of occurrence of a material event which may have a substantial impact on the trading prices of the Company's securities and their derivatives~~Shares~~ or during the ~~date on which the relevant~~ decision-making process~~procedures commence~~, and ending on the ~~second trading~~ day of~~following~~ the relevant disclosure in accordance with laws; and
(iv) during any other period stipulated by the CSRC and the Shenzhen Stock Exchange.	(iv) during any other period stipulated by the CSRC and the Shenzhen Stock Exchange. If the relevant laws, administrative regulations and departmental rules stipulate otherwise in respect of the information sensitive period(s) applicable or if there is any subsequent change in the relevant provisions, the relevant provisions at that time shall prevail.

Note: In addition to and in consequence of the above amendments, the relevant provisions on management method and effective period of the Stock Ownership Plan (Phase I) and the corresponding rules of the Management Rules have also been amended.

According to the relevant requirements of the Stock Ownership Plan (Phase I), amendments to the terms of the Stock Ownership Plan (Phase I) shall be effective with the consent of the Holders holding more than two-thirds of the units in the Stock Ownership Plan (Phase I) at a Holders' meeting and subject to the approval of the Board. As such, the above amendments are not subject to Shareholders' approval.

B. Effect of the amendments

The amendments are in compliance with the requirements of laws and regulations as well as the actual needs of the Stock Ownership Plan (Phase I); and the Stock Ownership Plan (Phase I), Management Rules and other relevant documents as revised are all in compliance with the PRC Company Law, PRC Securities Law, Guiding Opinions on the Pilot Program of Employee Stock Ownership Plans Implemented by Listed Companies and CSRC Management Rules and other relevant laws, regulations and regulatory documents, and without prejudice to the interests of the Company and the Shareholders.

III. DEFINITIONS

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

"6M2024"	six months ended 30 June 2024
"A Share(s)"	domestic shares of nominal value of RMB1.00 each in the share capital of the Company
"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
"CSRC"	China Securities Regulatory Commission
"CSRC Management Rules"	Rules on the Management of the Shares Held by Directors, Supervisors and Senior Management of Listed Companies and their Changes (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》)
"Director(s)"	director(s) of the Company
"H Share(s)"	overseas listed foreign shares of nominal value of RMB1.00 each in the share capital of the Company
"Holder(s)"	participant(s) of the Stock Ownership Plan (Phase I)
"Management Rules"	the management rules of the Stock Ownership Plan (Phase I)

"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Taiwan, the Hong Kong Special Administrative Region of the PRC and the 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)
"Stock Ownership Plan (Phase I)"	the Company's stock ownership plan for core management (phase I) adopted on 6 January 2020

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

Changsha, PRC, 29 August 2024

As at the date of this announcement, the executive Director is Dr. Zhan Chunxin; the non-executive Directors are Mr. He Liu and Mr. Wang Xianping; and the independent non-executive Directors are Mr. Zhang Chenghu, Mr. Huang Guobin, Mr. Wu Baohai and Ms. Huang Jun.

* *For identification purpose only*