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ZOOMLION 中 聯 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)

UPDATE ON PROPOSED SPIN-OFF AND SEPARATE LISTING OF A SUBSIDIARY

INTRODUCTION

Reference is made to the Company's announcements dated 16 January 2023 and 5 February 2023. On 5 February 2023, the Board resolved to approve the Proposed Spin-off pursuant to which RoadRover Technology intends to (i) acquire 100% interest in Zoomlion Aerial Machinery at a consideration for which RoadRover Technology will allot and issue new shares to Existing ZAM Shareholders (including the Company), and (ii) raise funds through an issue of shares to not more than 35 designated targets. The Placing is conditional completion of the Acquisition. Implementation of the Acquisition will not be affected by consummation of the Placing or its level of subscription.

Upon completion of the Proposed Spin-off, RoadRover Technology will remain a subsidiary of the Company, and Zoomlion Aerial Machinery will become a wholly-owned subsidiary of RoadRover Technology.

The purpose of this announcement is to provide further details on the Proposed Spin-off.

PROPOSED SPIN-OFF

Acquisition

On 3 February 2023, the Company, Zoomlion Fund (a non-wholly owned subsidiary of the Company), the other Existing ZAM Shareholders, RoadRover Technology and Zoomlion Aerial Machinery entered into the Agreement. On 10 July 2023, the parties entered into the Supplemental Agreement to set out further details on the Proposed Spin-off. The principal terms of the Agreement and the Supplemental Agreement are set out below:

1. Type, par value and listing of Consideration Shares

The Consideration Shares will be domestic RMB ordinary shares (A shares) with a par value of RMB1.00 each, to be listed on Shenzhen Stock Exchange.

2. Base date for pricing, pricing principles and issue price

The base date for pricing the Consideration Shares is 6 February 2023, being the date on which RoadRover Technology announced the passing of resolutions at its first board meeting in respect of the Proposed Spin-off.

Pursuant to relevant requirements of the Administrative Measures for Restructuring, the price at which shares may be issued by a listed company must not be lower than 80% of the market reference price, being the average price of the relevant shares in the 20, 60 or 120 trading days immediately preceding the pricing base date.

After negotiation among the parties, the issue price of the Consideration Shares was determined at RMB23.89 per share, which is no less than 80% of the average price of RoadRover Shares in the 20 trading days immediately preceding the pricing base date, in accordance with the Administrative Measures for Restructuring.

In case of any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as payment of cash dividend, bonus shares, conversion of capital reserve to share capital or rights issue, during the period from the pricing base date to the issue date, the above issue price will be adjusted according to the relevant regulations of CSRC and Shenzhen Stock Exchange.

3. Subscribers and method of subscription

The Consideration Shares will be issued to Existing ZAM Shareholders, in exchange for their share of the Target Shares.

4. Transaction amount, payment method and number of Consideration Shares to be issued

According to the Valuation Report, which adopted the asset-based approach and income approach, the value of 100% interest in Zoomlion Aerial Machinery as at 30 April 2023 is as follows:

Target assets	Book value A	Assessed value B	Change in value C = B-A	Change in % D = C/A	<i>RMB10,000</i>				
					Valuation approach				
100% interest in Zoomlion Aerial Machinery	331,935.42	440,010.29	108,074.87	32.56	Asset based approach				
		942,387.00	610,451.58	183.91	Income approach				

Based on the results of the Valuation Report and after negotiation among the parties, the consideration for 100% interest in Zoomlion Aerial Machinery was determined at RMB9,423,870,000.

The consideration for the Acquisition will be settled by way of issue of Consideration Shares. The number of Consideration Shares to be issued will be determined according to the following formula:

$$\text{Total number of Consideration Shares} = \frac{\text{Total consideration payable under the Acquisition}}{\text{Issue price of the Consideration Shares}}$$

The number of Consideration Shares to be subscribed by Existing ZAM Shareholders will be rounded down to the nearest whole number, and fractional shares arising therefrom will be deemed to be donation by the Existing ZAM Shareholders and credited to the capital reserve of RoadRover Technology.

A breakdown of the consideration payable by RoadRover Technology and the number of Consideration Shares to be issued is shown below:

No.	Existing ZAM Shareholder	Capital contribution (RMB10,000)	% of all Target Shares	Consideration (RMB10,000)	Number of Consideration Shares to be issued
1.	The Company	50,000.00	61.43	578,867.62	242,305,407
2.	New Yisheng	6,663.73	8.19	77,148.32	32,293,144
3.	Zhicheng Gaosheng	3,005.34	3.69	34,793.89	14,564,208
4.	Zhicheng Gaoda	1,146.16	3.09	29,084.92	12,174,515
5.	Zhicheng High-Tech	2,512.23	1.41	13,269.51	5,554,421
6.	Daheng Cornerstone	2,665.49	3.27	30,859.33	12,917,257
7.	Zhaoyin New Kinetic Energy	644.33	0.79	7,459.63	3,122,492
8.	Changsha Lianying Cornerstone Venture Capital Partnership (Limited Partnership)*	2,653.33	3.39	31,975.54	13,384,488
9.	Zoomlion Fund	2,761.90	3.26	30,718.59	12,858,346
10.	National Green Development Fund Co., Ltd.*	1,904.76	2.34	22,052.10	9,230,682
11.	Hunan Xiangtou Junrong Industrial Investment Fund Enterprise (Limited Partnership)*	952.38	1.17	11,026.05	4,615,340
12.	Hunan Railway High-Tech Industrial Investment Co. Ltd.*	476.19	0.59	5,513.02	2,307,670
13.	Shanghai Shenchuang Pujiang Equity Investment Fund Partnership (Limited Partnership)*	476.19	0.59	5,513.02	2,307,670
14.	Shanghai Junhe Tongxing Private Equity Fund Partnership (Limited Partnership)*	476.19	0.59	5,513.02	2,307,670
15.	Guoxin Capital Co., Ltd.*	428.57	0.53	4,961.72	2,076,903
16.	Xiamen Merchants Jinyuan Equity Investment Partnership (Limited Partnership)*	285.71	0.35	3,307.81	1,384,601
17.	Wanlin International Holdings Limited*	285.71	0.35	3,307.81	1,384,601

No.	Existing ZAM Shareholder	Capital contribution (RMB10,000)	% of all Target Shares	Consideration (RMB10,000)	Number of Consideration Shares to be issued
18.	Hunan Chanxiang Zhilian High-Tech Machinery Venture Capital Investment Partnership (Limited Partnership)*	238.10	0.32	2,993.57	1,253,064
19.	Hunan Guoling Qihang Equity Investment Partnership (Limited Partnership)*	258.57	0.29	2,756.51	1,153,835
20.	Hunan Xingxiang Longyin Hi-Tech Industrial Investment Partnership (Limited Partnership)*	190.48	0.23	2,205.21	923,067
21.	Hunan Anxin Light Salt Medicine and Health Industrial Investment Fund (Limited Partnership)*	190.48	0.23	2,205.21	923,067
22.	Changsha Changcaizhi New Industrial Investment Fund Partnership (Limited Partnership)*	190.48	0.23	2,205.21	923,067
23.	Dongguan Jinqing Venture Capital Partnership (Limited Partnership)*	190.48	0.23	2,205.21	923,067
24.	Changsha Advantage Baxing Intellectual Property Investment Fund Partnership (Limited Partnership)*	190.48	0.23	2,205.21	923,067
25.	Hunan Kunshi Dingli No.1 Venture Capital Investment Partnership (Limited Partnership)*	135.71	0.17	1,571.21	657,685
26.	Changsha Economic and Technological Development Zone Eastern Industrial Investment Co., Ltd.*	95.24	0.12	1,102.60	461,533
27.	Hunan Dice Honggao Investment Fund Partnership (Limited Partnership)*	1,428.57	1.76	16,539.07	6,923,011
28.	Hunan Manufacturing Industry Transformation and Upgrading Equity Investment Fund Partnership (Limited Partnership)*	571.43	0.70	6,615.63	2,769,204
29.	Hunan Caixin Jingjin Equity Investment Partnership*	380.95	0.47	4,410.42	1,846,136
Total		81,399.18	100	942,387.00	394,469,218

The final number of Consideration Shares to be issued is subject to the number registered by the CSRC.

In case of any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, rights issue or conversion of capital reserve to share capital, during the period from the pricing base date to issue date, the number of Consideration Shares to be issued will be adjusted according to adjustment(s) made to the issue price.

5. Lock-up period

(1) The Company

Pursuant to the Agreement, the Supplemental Agreement and a letter of undertakings, the Company is subject to the following lock-up undertakings:

- (i) existing interest held by it in RoadRover Technology and any new RoadRover Share to be acquired under the Acquisition are not transferrable within 36 months from the completion date of the Acquisition;
- (ii) if, during the six months after completion of the Acquisition, the closing prices of RoadRover Shares for 20 consecutive trading days are lower than the issue price, or the closing price of RoadRover Shares at the end of such six-month period is lower than the issue price, the lock-up period applicable to the RoadRover Shares acquired will be automatically extended for at least six months (and the reference issue price shall be adjusted for any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, conversion of capital or rights issue, during the abovementioned period);
- (iii) if, upon the expiration of the abovementioned lock-up period, it is required to fulfil any share compensation obligation in favour of RoadRover Technology and such obligation remains outstanding, the lock-up period of the Consideration Shares acquired will be extended to such date until it has discharged the share compensation obligation;
- (iv) if the Acquisition is investigated by any judicial authorities or CSRC for suspected false content, misleading statements or material omissions contained in the information provided or disclosed, the interest held by it in RoadRover Technology must not be transferred before the conclusion of such investigation;
- (v) any additional RoadRover Share acquired by it in connection with bonus issue or conversion of capital in RoadRover Technology during the abovementioned lock-up period is also subject to the same lock-up period and restrictions;
- (vi) if CSRC and/or Shenzhen Stock Exchange holds different views on or have different requirements for such lock-up arrangement, it will adjust and implement the lock-up arrangement according to such views or requirements; and
- (vii) upon expiration of the abovementioned lock-up period, any share transfer and related transaction will be subject to the laws, regulations and relevant requirements of CSRC and Shenzhen Stock Exchange in force for the time being.

(2) *Zoomlion Fund, Zhicheng Gaosheng, Zhicheng High-Tech and Zhicheng Gaoda*

Pursuant to the Agreement, the Supplemental Agreement and letters of undertakings, each of Zoomlion Fund, Zhicheng Gaosheng, Zhicheng High-Tech and Zhicheng Gaoda is subject to the following lock-up undertakings:

- (i) any new RoadRover Share to be acquired by it under the Acquisition is not transferable within 36 months from the completion date of the Acquisition;
- (ii) if, during the six months after completion of the Acquisition, the closing prices of RoadRover Shares for 20 consecutive trading days are lower than the issue price, or the closing price of RoadRover Shares at the end of such six-month period is lower than the issue price, the lock-up period applicable to the RoadRover Shares acquired will be automatically extended for at least six months (and the reference issue price shall be adjusted for any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, conversion of capital or rights issue, during the abovementioned period);
- (iii) if, upon the expiration of the abovementioned lock-up period, it is required to fulfil any share compensation obligation in favour of RoadRover Technology and such obligation remains outstanding, the lock-up period of the Consideration Shares acquired will be extended to such date until it has discharged the share compensation obligation;
- (iv) if the Acquisition is investigated by any judicial authorities or CSRC for suspected false content, misleading statements or material omissions contained in the information provided or disclosed, the interest held by it in RoadRover Technology must not be transferred before the conclusion of such investigation;
- (v) any additional RoadRover Share acquired by it in connection with bonus issue or conversion of capital in RoadRover Technology during the abovementioned lock-up period is also subject to the same lock-up period and restrictions;
- (vi) if CSRC and/or Shenzhen Stock Exchange holds different views on or have different requirements for such lock-up arrangement, it will adjust and implement the lock-up arrangement according to such views or requirements; and
- (vii) upon expiration of the abovementioned lock-up period, any share transfer and related transaction will be subject to the laws, regulations and relevant requirements of CSRC and Shenzhen Stock Exchange in force for the time being.

(3) *Daheng Cornerstone, Zhaoyin New Kinetic Energy and New Yisheng*

Pursuant to the Agreement, the Supplemental Agreement and letters of undertakings, each of Daheng Cornerstone, Zhaoyin New Kinetic Energy and New Yisheng is subject to the following lock-up undertakings:

- (i) any new RoadRover Share to be acquired by it under the Acquisition is not transferable within 24 months from the completion date of the Acquisition;

- (ii) if, during the six months after completion of the Acquisition, the closing prices of RoadRover Shares for 20 consecutive trading days are lower than the issue price, or the closing price of RoadRover Shares at the end of such six-month period is lower than the issue price, the lock-up period applicable to the RoadRover Shares acquired will be automatically extended for at least six months (and the reference issue price shall be adjusted for any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, conversion of capital or rights issue, during the abovementioned period);
- (iii) if the Acquisition is investigated by any judicial authorities or CSRC for suspected false content, misleading statements or material omissions contained in the information provided or disclosed, the interest held by it in RoadRover Technology must not be transferred before the conclusion of such investigation;
- (iv) any additional RoadRover Share acquired by it in connection with bonus issue or conversion of capital in RoadRover Technology during the abovementioned lock-up period is also subject to the same lock-up period and restrictions;
- (v) if CSRC and/or Shenzhen Stock Exchange holds different views on or have different requirements for such lock-up arrangement, it will adjust and implement the lock-up arrangement according to such views or requirements; and
- (vi) upon expiration of the abovementioned lock-up period, any share transfer and related transaction will be subject to the laws, regulations and relevant requirements of CSRC and Shenzhen Stock Exchange in force for the time being.

(4) Other Existing ZAM Shareholders

Pursuant to the Agreement, the Supplemental Agreement and letters of undertakings, each of the remaining Existing ZAM Shareholders is subject to the following lock-up undertakings:

- (i) any new RoadRover Share to be acquired by it under the Acquisition is not transferrable within 36 months from the completion date of the Acquisition if it had held its portion of the Target Shares for less than 12 months, or within 24 months from the completion date of the Acquisition if it had held its portion of the Target Shares for at least 12 months;
- (ii) if, during the six months after completion of the Acquisition, the closing prices of RoadRover Shares for 20 consecutive trading days are lower than the issue price, or the closing price of RoadRover Shares at the end of such six-month period is lower than the issue price, the lock-up period applicable to the RoadRover Shares acquired will be automatically extended for at least six months (and the reference issue price shall be adjusted for any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, conversion of capital or rights issue, during the abovementioned period);
- (iii) if the Acquisition is investigated by any judicial authorities or CSRC for suspected false content, misleading statements or material omissions contained in the information provided or disclosed, the interest held it in RoadRover Technology must not be transferred before the conclusion of such investigation;

- (iv) any additional RoadRover Share acquired by it in connection with bonus issue or conversion of capital in RoadRover Technology during the lock-up period is also subject to the same lock-up period and restrictions;
- (v) if CSRC and/or Shenzhen Stock Exchange holds different views on or have different requirements for such lock-up arrangement, it will adjust and implement the lock-up arrangement according to such views or requirements; and
- (vi) upon expiration of the abovementioned lock-up period, any share transfer and related transaction will be subject to the laws, regulations and relevant requirements of CSRC and Shenzhen Stock Exchange in force for the time being.

6. Arrangement for profit or loss of Zoomlion Aerial Machinery during the Transition Period

Pursuant to the Agreement and the Supplemental Agreement, profit or loss of Zoomlion Aerial Machinery attributable to the Transition Period will be distributed as follows:

- (1) profits accruing during such period will belong to RoadRover Technology; and
- (2) losses accruing during such period will be borne by the Existing ZAM Shareholders in proportion to their respective shareholdings in RoadRover Technology.

7. Arrangement for accumulated retained earnings of RoadRover Technology

Accumulated retained earnings of RoadRover Technology as at the completion date of the Acquisition, if any, shall be shared by all new and existing RoadRover Shareholders after such date, in proportion to their then respective shareholdings in RoadRover Technology.

Placing

1. Type, par value and listing of Placing Shares

The Placing Shares will be domestic RMB ordinary shares (A shares) with a par value of RMB1.00 each, to be listed on Shenzhen Stock Exchange.

2. Base date for pricing, pricing principles and issue price

The Placing will be conducted by way of book building. According to the requirements of the Administrative Measures for the Registration of Securities Issuance by Listed Companies and other relevant laws and regulations, the base date for pricing the Placing Shares is the first day of the issue period. The issue price will be no less than 80% of the average price of the RoadRover Shares in the 20 trading days immediately preceding the pricing base date. Upon registration of the Placing by CSRC, the final price of the Placing Shares will be agreed and determined by the RoadRover Board on the authorisation from its shareholders by way of book building, according to relevant PRC laws, administrative regulations and regulatory documents.

In case of any event leading to ex-right or ex-dividend trading in RoadRover Shares, such as declaration of dividend, bonus shares, rights issue or conversion of capital reserve to share capital, during the period from the pricing base date to the issue date, the above issue price will be adjusted according to the relevant regulations of CSRC and Shenzhen Stock Exchange.

3. *Target subscribers*

RoadRover Technology intends to raise funds through an issue of shares to not more than 35 designated targets. Such designated targets include local industrial investors, securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors, natural person investors and other legal investors that comply with the relevant laws and regulations.

4. *Issue size and number of Placing Shares to be issued*

Gross proceeds from the Placing will not exceed RMB3,350 million, representing not more than the total consideration payable by RoadRover Technology for the Target Shares. The number of Placing Shares to be issued will not exceed 30% of the share capital of RoadRover Technology (as enlarged by the issue of Consideration Shares) after completion of the Acquisition.

5. *Lock-up period*

The Placing will be conducted by way of book building. The Placing Shares are not transferrable within six months from the date of listing after completion of the issue. Any subscriber who acquires additional RoadRover Shares by reason of bonus issue, rights issue or conversion of capital in RoadRover Technology during the lock-up period is required to observe the abovementioned undertakings with respect to such new RoadRover Shares. If such lock-up period is contrary to the latest regulatory requirements of relevant securities regulatory authorities, adjustments will be made according to the latest regulatory views.

6. *Use of proceeds*

It is intended that the proceeds from the Placing, after deducting relevant expenses, will be applied toward replenishing working capital or repaying debts of RoadRover Technology and Zoomlion Aerial Machinery, as well as the construction of a production base in Mexico. The proportion of proceeds to be used for replenishing working capital and repaying debts will not exceed 25% of the consideration payable under the Acquisition, or 50% of the gross proceeds to be raised from the Placing. Details are as follow:

No.	Intended use	Proposed allocation (RMB10,000)	% of gross proceeds
1.	Replenishing working capital or repaying debts of RoadRover Technology and Zoomlion Aerial Machinery	235,000	70.15
2.	Construction of a production base in Mexico	100,000	29.85
Total		335,000	100.00

The order of priority and the actual amount of monies to be allocated to each intended use of proceeds may be adjusted by the RoadRover Board based on the actual availability of funds. If the amount of proceeds is insufficient to satisfy in full the designated purposes, RoadRover Technology will make up the shortfall by using its own funds or through self-financing. Prior to the proceeds becoming available, RoadRover Technology may first apply funds obtained through self-financing toward the said purposes, having regard to market conditions and its actual position, and subsequently repay the funds so used with proceeds raised from the Placing.

Effect of the Proposed Spin-off on the Company

1. Effect of the Proposed Spin-off on the Company's principal business

The Company is principally engaged in the research, development, manufacturing and sales of, and provision of services for, construction machinery and agricultural machinery. Specifically, construction machinery, including concrete machinery, crane machinery, road construction machinery, pile foundation machinery, aerial work machinery, fire machinery, mining machinery and forklift trucks, is mainly used in the provision of services for infrastructure and real estate construction; while agricultural machinery, including farming machinery, harvesting machinery, drying machinery and agricultural equipment, is mainly used in the provision of complete package of services for breeding, field preparation, sowing, field management, harvesting, drying and storage.

Zoomlion Aerial Machinery is mainly engaged in the research, development, manufacturing and sales of, and provision of services for, aerial work machinery. Its main products comprise a series of aerial work machinery such as scissor lifts, telescopic boom lifts and articulating boom lifts. The business of aerial work machinery operates relatively independent of other business segments of the Company.

The Proposed Spin-off will have no material impact on the ongoing operation of other business segments of the Company, nor will it impair the separate listing status of the Company or its ability to sustain profits.

2. Effect of the Proposed Spin-off on the Company's profitability

After the completion of the Proposed Spin-off, Zoomlion Aerial Machinery will become a wholly-owned subsidiary of RoadRover Technology, which will remain a subsidiary of the Company. The financial condition and profitability of Zoomlion Aerial Machinery will continue to be reflected in the consolidated financial statements of the Company, although the Company's share of net profits from Zoomlion Aerial Machinery based on equity may be partially diluted after completion of the Proposed Spin-off. By capitalising on the Proposed Spin-off, the capital strength of the Company's aerial work machinery segment will be improved and the Company's business coverage will be further expanded, which will in turn be conducive to improving the Company's overall profitability in the future.

3. Effect of the Proposed Spin-off on the Company's shareholding structure

The Proposed Spin-off will not result in any change in the Company's shareholding structure.

4. *Effect of the Proposed Spin-off on Shareholders, creditors and other interested parties of the Company*

(1) Effect on Shareholders

Upon the completion of the Proposed Spin-off, Zoomlion Aerial Machinery will become a wholly-owned subsidiary of RoadRover Technology, which is a listed subsidiary of the Company. With a separate listing, it is expected that the capital strength of Zoomlion Aerial Machinery will be improved and its business coverage will be expanded. The Proposed Spin-off will help to fully reflect Zoomlion Aerial Machinery's intrinsic value, further increase the value of interest held by the Company in Zoomlion Aerial Machinery and provide liquidity. In addition, the separate listing of Zoomlion Aerial Machinery will help to further explore and expand financing channels, improve the overall financing efficiency and enhance the overall strength of the Company.

The Company and RoadRover Technology will each be able to specialise in the operation and development of businesses with competitive strengths, which will maximise value for their respective shareholders. Although the Company's interest in Zoomlion Aerial Machinery will be partially diluted after the Proposed Spin-off, it will help to further enhance the operational efficiency and improve the governance structure of both Zoomlion Aerial Machinery and RoadRover Technology, which will improve the Company's overall profitability in the future and creating a positive impact for Shareholders.

(2) Effect on creditors

The Proposed Spin-off will be conducive to accelerating the development and innovation progress of the aerial work machinery segment, improving the Company's overall strength and further exploring and expanding the channels for separate financing, which in turn will strengthen asset liquidity, improve debt repayment capability, reduce operational risks and safeguard legitimate rights and interests of the Company's creditors.

(3) Effect on other interested parties

In the course of the Proposed Spin-off, the Company, RoadRover Technology and Zoomlion Aerial Machinery will make information disclosure in accordance with relevant laws, regulations and regulatory documents, prudently regulate and deal with processes and procedures which may expose them to potential risks, and use their best endeavours to protect the rights and interests of other interested parties.

Approval process of the Proposed Spin-off

The Proposed Spin-off is subject to the following decision-making and approval procedures:

1. resolution(s) being passed by RoadRover Shareholders at a general meeting;
2. resolution(s) being passed by Shareholders at a general meeting;
3. approval by Hong Kong Stock Exchange;
4. review and approval by Shenzhen Stock Exchange and registration with CSRC; and
5. filing of the Valuation Report for the Acquisition by competent state-owned assets regulatory authorities; and
6. other relevant approvals, consents or filings as may be required by relevant laws.

Reasons for and benefits of the Proposed Spin-off

1. To intensely develop the principal business of machinery and equipment, and promote development of new emerging aerial work machinery segment

As a large-scale international enterprise dedicated to continuous innovation, the Company is principally engaged in the research, development, manufacturing and sales of, and provision of services for, high-tech machinery and equipment such as construction machinery and agricultural machinery, with a leading position in all major business segments globally. Through the Proposed Spin-off, Zoomlion Aerial Machinery, as an operating arm of the aerial work machinery segment of the Company, will be able to establish a more flexible and integrated organisation structure and management system according to its unique and specific industrial characteristics and development requirements, enhance its direct financing capabilities and capital strength, seize the critical period of rapid penetration of the domestic market for aerial work machinery and product substitution in overseas markets, strengthen its leading role in the aerial work machinery sector, increase its market share locally and internationally and intensify its influence in the industry.

After completion of the Proposed Spin-off, the Company and Zoomlion Aerial Machinery will focus on and clearly delineate their respective main business segments and structures, which will be conducive to improving their business structures, promoting the balanced development of businesses within the Group, fortifying the business layout of the emerging aerial work machinery segment, improving the overall asset quality and enhancing the overall profitability of the Company.

2. Seizing the key opportunities derived from rapid penetration of the domestic market for aerial work machinery and product substitution in overseas markets

Regarding the domestic market for aerial work machinery, in view of the rising labour costs and increasing safety concerns on traditional aerial work methods in China, aerial work machinery is gradually gaining recognition in the downstream market due to their notable functional safety, easy operation, environmental-friendly and economical use and rapid increase in applications.

With reference to the inventory of aerial work machinery in those developed overseas markets, there is significant market potential for aerial work platforms in China, which is at the stage of rapid penetration. Regarding overseas markets, the high cost-performance ratio, comprehensive ranges of new energy products, and safe and reliable performance of the Chinese aerial work machinery offer them strong competitive advantage to replace others in those sophisticated overseas markets for aerial work machinery.

After the completion of the Proposed Spin-off, Zoomlion Aerial Machinery may capitalise on its separate listing status to enhance capital strength. This will allow Zoomlion Aerial Machinery to better seize the critical period to develop both local and international markets, improve its own technology and profitability, enhance the commercialisation and large-scale production of scientific and technological achievements, consolidating market position and achieving leap-forward development.

3. *Realising the valuation potential of the emerging business segment and maximising the interests of all Shareholders*

Upon completion, the Proposed Spin-off will be conducive to improving the valuation of numerous business segments of the Company in the capital market and enhance the business clarity and financial transparency of Zoomlion Aerial Machinery. Meanwhile, leveraging on its leading industry position and strong technological base, Zoomlion Aerial Machinery is expected to be reasonably valued in the relevant domestic A-share market and thus the value of high-quality assets of the Company can be fully reflected in the capital market, in turn maximising the interests of all Shareholders.

GENERAL INFORMATION

1. The Company

The Company is a joint stock company incorporated in the PRC with limited liability and together with its subsidiaries, is 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.

2. RoadRover Technology

RoadRover Technology is a joint stock company incorporated in the PRC with limited liability, whose shares are listed on Shenzhen Stock Exchange. It is a non-wholly owned subsidiary of the Company, and one of the earliest companies in China to engage in vehicle-mounted navigation, vehicle intelligent cockpit and the Internet of Vehicle.

3. Zoomlion Aerial Machinery

Zoomlion Aerial Machinery is a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company. It is principally engaged in the research, development, manufacturing and sales of, and provision of services for, aerial work machinery.

HONG KONG LISTING RULES IMPLICATIONS

If materialised, the Proposed Spin-off will constitute a spin-off of Zoomlion Aerial Machinery by the Company under PN15. The Company will submit in due course an application in relation to the Proposed Spin-off to Hong Kong Stock Exchange for its approval pursuant to PN15.

The Proposed Spin-off will be effected by way of the Acquisition and the Placing. Upon completion of the Acquisition, the Company's aggregate interest in Zoomlion Aerial Machinery will be diluted from approximately 64.69% to 62.15%. Accordingly, the Acquisition constitutes a deemed disposal of the Company. As the applicable percentage ratios in respect of the deemed disposal arising from the Acquisition are all less than 5%, it is not subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the date of this announcement, details of the Placing had not been finalised. If the Placing (when materialised) were to give rise to disclosure obligations under Chapter 14 of the Hong Kong Listing Rules, the Company will make further announcement(s) as and when appropriate in compliance with the relevant requirements.

CIRCULAR

Pursuant to PRC laws, the Proposed Spin-off is subject to approval by Shareholders. The Company will convene a general meeting for Shareholders to consider and, if thought fit, approve the Proposed Spin-off and related matters. A circular containing, inter alia, further details of the Proposed Spin-off and notice of the general meeting will be dispatched to Shareholders in due course.

Shareholders and potential investors should note that the Proposed Spin-off may or may not materialise, and are reminded to exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“A Share(s)”	domestic share(s) of RMB1.00 each in the capital of the Company, which are listed on Shenzhen Stock Exchange and traded in RMB
“Acquisition”	the proposed acquisition by RoadRover Technology of Target Shares from all the Existing ZAM Shareholders at a total consideration of RMB9,423,870,000, to be satisfied by the issue of Consideration Shares
“Administrative Measures for Restructuring”	Administrative Measures for Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》)
“Agreement”	an agreement dated 3 February 2023 among all the Existing ZAM Shareholders, RoadRover Technology and Zoomlion Aerial Machinery in respect of the Acquisition
“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
“Consideration Shares”	a total of 394,469,218 new RoadRover Shares to be allotted and issued by RoadRover Technology to the Existing ZAM Shareholders
“CSRC”	China Securities Regulatory Commission
“Daheng Cornerstone”	Wuhu Daheng Cornerstone Equity Investment Partnership (Limited Partnership)* (蕪湖達恒基石股權投資合夥企業 (有限合夥))
“Director(s)”	the director(s) of the Company
“Existing ZAM Shareholders”	all existing shareholders of Zoomlion Aerial Machinery, namely: <ol style="list-style-type: none">1. the Company;2. Zoomlion Fund;3. New Yisheng;4. Zhicheng Gaosheng;5. Zhicheng High-Tech;6. Zhicheng Gaoda;7. Daheng Cornerstone;8. Zhaoyin New Kinetic Energy;9. Changsha Lianying Cornerstone Venture Capital Partnership (Limited Partnership)* (長沙聯盈基石創業投資合夥企業 (有限合夥));

10. National Green Development Fund Co., Ltd.* (國家綠色發展基金股份有限公司);
11. Hunan Xiangtou Junrong Industrial Investment Fund Enterprise (Limited Partnership)* (湖南湘投軍融產業投資基金企業(有限合夥));
12. Hunan Railway High-Tech Industrial Investment Co. Ltd.* (湖南軌道高新產業投資有限公司);
13. Shanghai Shenchuang Pujiang Equity Investment Fund Partnership (Limited Partnership)* (上海申創浦江股權投資基金合夥企業(有限合夥));
14. Shanghai Junhe Tongxing Private Equity Fund Partnership (Limited Partnership)* (上海君和同行私募基金合夥企業(有限合夥));
15. Guoxin Capital Co., Ltd.* (國信資本有限責任公司);
16. Xiamen Merchants Jinyuan Equity Investment Partnership (Limited Partnership)* (廈門招商金圓股權投資合夥企業(有限合夥));
17. Wanlin International Holdings Limited* (萬林國際控股有限公司);
18. Hunan Guoling Qihang Equity Investment Partnership (Limited Partnership)* (湖南省國瓚啟航股權投資合夥企業(有限合夥));
19. Hunan Chanxiang Zhilian High-Tech Machinery Venture Capital Investment Partnership (Limited Partnership)* (湖南產興智聯高機創業投資合夥企業(有限合夥));
20. Hunan Xingxiang Longyin Hi-Tech Industrial Investment Partnership (Limited Partnership)* (湖南興湘隆銀高新產業投資合夥企業(有限合夥));
21. Hunan Anxin Light Salt Medicine and Health Industrial Investment Fund (Limited Partnership)* (湖南安信輕鹽醫藥健康產業投資基金(有限合夥));
22. Changsha Changcaizhi New Industrial Investment Fund Partnership (Limited Partnership)* (長沙市長財智新產業投資基金合夥企業(有限合夥));
23. Dongguan Jinqing Venture Capital Partnership (Limited Partnership)* (東莞錦青創業投資合夥企業(有限合夥));
24. Changsha Advantage Baxing Intellectual Property Investment Fund Partnership (Limited Partnership)* (長沙優勢百興知識產權投資基金合夥企業(有限合夥));
25. Hunan Kunshi Dingli No.1 Venture Capital Investment Partnership (Limited Partnership)* (湖南昆石鼎立一號創業投資合夥企業(有限合夥));
26. Changsha Economic and Technological Development Zone Eastern Industrial Investment Co., Ltd.* (長沙經濟技術開發區東方產業投資有限公司);
27. Hunan Dice Honggao Investment Fund Partnership (Limited Partnership)* (湖南迪策鴻高投資基金合夥企業(有限合夥));
28. Hunan Manufacturing Industry Transformation and Upgrading Equity Investment Fund Partnership (Limited Partnership)* (湖南省製造業轉型升級股權投資基金合夥企業(有限合夥));and
29. Hunan Caixin Jingjin Equity Investment Partnership* (湖南財信精進股權投資合夥企業(有限合夥))

“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“New Yisheng”	Changsha New Yisheng Enterprise Management Partnership (Limited Partnership)* (長沙新一盛企業管理合夥企業(有限合夥))
“Placing”	the proposed placing of shares by RoadRover Technology to not more than 35 designated targets for fund raising purpose
“Placing Share(s)”	such number of new RoadRover Share(s) to be allotted and issued by RoadRover Technology under the Placing
“PN15”	Practice Note 15 to the Hong Kong Listing Rules
“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
“Proposed Spin-off”	the proposed spin-off and separate listing of Zoomlion Aerial Machinery by the Company, to be effected by way of the Acquisition and the Placing
“RMB”	Renminbi, the lawful currency of the PRC
“RoadRover Board”	the board of directors of RoadRover Technology
“RoadRover Share(s)”	ordinary share(s) in the capital of RoadRover Technology
“RoadRover Shareholder(s)”	holder(s) of RoadRover Share(s)
“RoadRover Technology”	Shenzhen RoadRover Technology Co., Ltd.* (深圳市路暢科技股份有限公司), the shares of which are listed on Shenzhen Stock Exchange
“Share(s)”	A Share(s) and H Share(s) or where the context requires, either of them

“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“subsidiaries”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supplemental Agreement”	a supplemental agreement dated 10 July 2023 among all the Existing ZAM Shareholders, RoadRover Technology and Zoomlion Aerial Machinery in respect of the Acquisition
“Target Shares”	all of the equity interest in Zoomlion Aerial Machinery held by the Existing ZAM Shareholders, which aggregate value is equal to RMB813,991,800 in capital contribution
“Transition Period”	the period between 30 April 2023 (being the reference date of the Valuation Report) until the date of completion of the Acquisition (inclusive of such date)
“Valuation Report”	an asset valuation report dated 10 July 2023 issued by Vocation International Certified Public Valuer Co., Ltd., an independent property valuer, in respect of 100% interest in Zoomlion Aerial Machinery
“Zhaoyin New Kinetic Energy”	Shenzhen Zhaoyin New Kinetic Energy Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市招銀新動能私募股權投資基金合夥企業(有限合夥))
“Zhicheng Gaoda”	Changsha Zhicheng Gaoda Enterprise Management Partnership (Limited Partnership)* (長沙智誠高達企業管理合夥企業(有限合夥))
“Zhicheng Gaosheng”	Changsha Zhicheng Gaosheng Enterprise Management Partnership (Limited Partnership)* (長沙智誠高盛企業管理合夥企業(有限合夥))
“Zhicheng High-Tech”	Changsha Zhicheng High-Tech Enterprise Management Partnership (Limited Partnership)* (長沙智誠高新企業管理合夥企業(有限合夥))
“Zoomlion Aerial Machinery”	Hunan Zoomlion Intelligent Aerial Work Machinery Co., Ltd.* (湖南中聯重科智能高空作業機械有限公司), a non-wholly owned subsidiary of the Company

“Zoomlion Fund” Beijing Zoomlion Industrial Investment Fund Partnership (Limited Partnership)* (北京中聯重科產業投資基金合夥企業(有限合夥)), a non-wholly owned subsidiary of the Company

“%” per cent.

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

Changsha, PRC, 10 July 2023

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

* *For identification purpose only*