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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 (the “PRC”) with limited liability)
(Stock Code: 1157)

ANNOUNCEMENT

(1) PROVISIONS FOR ASSET IMPAIRMENT FOR 2025

(2) PROPOSED INTERIM DIVIDEND DISTRIBUTION PLAN FOR 2026

I. PROVISIONS FOR ASSET IMPAIRMENT FOR 2025

Zoomlion Heavy Industry Science and Technology Co. Ltd.* (the “**Company**”) has conducted impairment tests on its accounts receivables, inventories and fixed assets which showed indication of impairment as at 31 December 2025, 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 RMB611.56 million for impairment for 2025, among which (i) bad debts provision for accounts receivables amounted to RMB644.70 million, (ii) bad debts provision for other receivables amounted to RMB20.48 million, (iii) reversal of bad debts provision for long-term receivables amounted to RMB154.47 million, (iv) provision for decline in value of inventories amounted to RMB62.82 million, (v) provision for impairment loss of loans and advances issued amounted to RMB5.38 million, (vi) provision for impairment of contract assets amounted to RMB0.61 million, (vii) provision for impairment of intangible assets amounted to RMB23.37 million, and (viii) bad debts provision for other current assets amounted to RMB8.67 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 2025 was RMB611.56 million in aggregate.

B. Provisions for asset impairment

Receivables

For 2025, the Company made (i) a bad debts provision of RMB644.70 million for accounts receivables, (ii) a bad debts provision of RMB20.48 million for other receivables, (iii) a reversal of bad debts provision of RMB154.47 million for long-term receivables, and (iv) a provision for impairment of contract assets of RMB0.61 million on the following basis:

The provision for bad debts of 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 2025, the Company made a provision of RMB62.82 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 2025, the Company made a provision of RMB5.38 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 of the sector and taking into account current situations and forecasts of future economic conditions.

Intangible assets

For 2025, the Company made a provision of RMB23.37 million for impairment of intangible assets on the following basis:

The Company conducts an annual impairment test for its intangible assets to assess their recoverable amounts. For intangible assets with definite useful lives, impairment testing is conducted when there is any indication of impairment. For intangible assets with indefinite useful lives, impairment testing is conducted regardless of whether there is an indication of impairment.

If the estimated recoverable amount of an intangible asset is lower than the carrying amount of such asset, the carrying amount is reduced to its recoverable amount. The reduced amount is recognised as an impairment loss in profit or loss for the current period, and an impairment provision is made accordingly.

Other current assets

For 2025, the Company made a provision of RMB8.67 million for impairment loss of other current assets on the following basis:

At the end of each reporting period, the Company reviews all other current assets which are expected to be transferred. The net realisable value of each asset is determined by deducting the estimated selling expenses and applicable taxes from its current market price in the region where it is located. If the net realisable value of the asset is lower than its carrying amount due to a sustained decline in market prices, a provision for impairment loss of such other current asset will be made for such difference.

For other current assets showing any indication of possible impairment, the Company would conduct an impairment test by applying the lower of cost and net realisable value method on a recurring basis to ensure sufficient provision is made for decline in the value of other current assets.

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

The profit before tax of the Company decreased by RMB611.56 million for 2025 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. PROPOSED INTERIM DIVIDEND DISTRIBUTION PLAN FOR 2026

In order to further increase the frequency of dividend payment and enhance investor returns, the Company, after taking into account its actual position, proposes the following arrangements relating to the interim dividend for 2026 (if any), in accordance with the Company Law of the PRC, the Guideline No. 3 for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies, the Self-Regulatory Guideline No. 1 for Listed Companies – Standardised Operations of Main Board Listed Companies, other relevant laws, regulations and normative documents and the Articles of Association of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company proposes to seek approval at the upcoming annual general meeting of the Company (the “**AGM**”) to authorise the Board to handle at its full discretion all matters in connection with the interim dividend plan for 2026, including but not limited to the decision to pay cash dividends (if any), to determine the specific amount of cash dividends and the timing for payment, and other matters relating to interim dividend, subject to applicable conditions precedent. The authorisation will be valid from the date on which the relevant resolution is passed at the AGM until the date of the next annual general meeting. Payment of any interim dividend is conditional upon the following:

1. the Company’s profit for the current period and accumulative retained profits are positive;
2. the Company’s cash flows can satisfy the requirements for normal operation and sustainable development; and
3. the amount of interim dividend must not exceed 100% of the net profits attributable to Shareholders of the current period.

Relevant resolution(s) will be put forward to the Company’s shareholders (the “**Shareholders**”) at the AGM for consideration and approval.

III. GENERAL

A circular containing (among other things) further details regarding the proposed interim dividend distribution plan, together with a notice of the AGM and proxy form, will be made available on the website of the Stock Exchange and of the Company and (if required) despatched to Shareholders in due course.

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

Changsha, the PRC, 30 March 2026

As at the date of this announcement, the executive Directors are Dr. Zhan Chunxin and Mr. Liu Xiaoping; 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*