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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 limited company incorporated in the People's Republic of China)

(Stock Code: 1157)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- As at 30 June 2022, total assets of the Group amounted to RMB130,327 million, representing an increase of RMB8,345 million or 6.84% over that of 31 December 2021
- For the six months ended 30 June 2022, revenue of the Group amounted to RMB21,299 million, representing a decrease of RMB21,150 million or 49.82% over the same period of 2021
- For the six months ended 30 June 2022, profit attributable to equity shareholders of the Company amounted to RMB1,736 million, representing a decrease of RMB3,140 million or 64.40% over the same period of 2021
- For the six months ended 30 June 2022, earnings per share amounted to RMB0.20 cents, representing a decrease of RMB0.39 cents over the same period of 2021

The board of directors (the “**Board**”) of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”). The Group’s interim financial report was prepared in accordance with the International Accounting Standard 34 (“**IAS34**”), “Interim Financial Reporting” issued by the International Accounting Standards Board and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

FINANCIAL RESULTS

The financial information set out below in this announcement represents an extract from the unaudited interim financial report for the six months ended 30 June 2022 prepared in accordance with IAS34.

Consolidated statement of comprehensive income (Unaudited)
for the six-month period ended 30 June 2022
(Expressed in RMB)

		For the six-month period ended 30 June	
	<i>Note</i>	2022	2021
		RMB	RMB
		millions	millions
Revenue	2	21,299	42,449
Cost of sales and services		<u>(16,873)</u>	<u>(31,835)</u>
Gross profit		4,426	10,614
Other income		692	644
Sales and marketing expenses		(1,156)	(2,059)
General and administrative expenses		(819)	(1,048)
Impairment loss on trade and other receivables and receivables under finance lease		(219)	(433)
Research and development expenses		<u>(1,122)</u>	<u>(2,005)</u>
Profit from operations		1,802	5,713
Net finance income		225	46
Share of profits less losses of associates		<u>68</u>	<u>97</u>
Profit before taxation	3	2,095	5,856
Income tax	4	<u>(316)</u>	<u>(911)</u>
Profit for the period		<u>1,779</u>	<u>4,945</u>
Profit attributable to:			
Equity shareholders of the Company		1,736	4,876
Non-controlling interests		<u>43</u>	<u>69</u>
		<u>1,779</u>	<u>4,945</u>
Profit for the period		<u>1,779</u>	<u>4,945</u>
Earnings per share (cents)			
Basic	5	<u>20.46</u>	<u>59.66</u>
Diluted	5	<u>20.28</u>	<u>58.88</u>
Profit for the period		<u>1,779</u>	<u>4,945</u>

	For the six-month period ended 30 June	
<i>Note</i>	2022	2021
	RMB	RMB
	millions	millions
Other comprehensive income for the period (after tax):		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	(84)	(2)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside PRC	(201)	(60)
Total other comprehensive income for the period	(285)	(62)
Total comprehensive income for the period	1,494	4,883
Total comprehensive income attributable to:		
Equity shareholders of the Company	1,451	4,814
Non-controlling interests	43	69
Total comprehensive income for the period	1,494	4,883

Consolidated statement of financial position (Unaudited)
at 30 June 2022
(Expressed in RMB)

		As at 30 June 2022 RMB millions	As at 31 December 2021 RMB millions
Non-current assets			
Property, plant and equipment		11,086	9,740
Right-of-use assets		4,431	4,113
Investment properties		162	—
Intangible assets		1,881	1,850
Goodwill	6	2,486	1,908
Interests in associates	7	4,208	4,190
Other financial assets	8	2,279	2,418
Trade and other receivables	9	13,673	16,353
Receivables under finance lease	10	7,768	7,206
Loans and advances		170	140
Pledged bank deposits		126	202
Deferred tax assets		1,123	1,148
		<hr/>	<hr/>
Total non-current assets		49,393	49,268
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		15,840	13,501
Other current assets		1,099	1,156
Financial assets measured at fair value through profit or loss (FVPL)	11	5,967	6,408
Trade and other receivables	9	35,502	32,108
Receivables under finance lease	10	4,691	4,496
Loans and advances		112	80
Pledged bank deposits		1,469	1,775
Cash and cash equivalents		16,254	13,190
		<hr/>	<hr/>
Total current assets		80,934	72,714
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		130,327	121,982
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		As at 30 June 2022 RMB millions	As at 31 December 2021 RMB millions
Current liabilities			
Loans and borrowings		14,005	11,011
Trade and other payables	12	43,073	36,600
Contract liabilities		2,019	1,874
Lease liabilities		118	93
Income tax payable		121	97
		<hr/>	<hr/>
Total current liabilities		59,336	49,675
		<hr/>	<hr/>
Net current assets		21,466	23,039
		<hr/>	<hr/>
Total assets less current liabilities		70,991	72,307
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings		8,171	7,894
Lease liabilities		388	320
Deferred tax liabilities		424	405
Other non-current liabilities		5,364	5,428
		<hr/>	<hr/>
Total non-current liabilities		14,347	14,047
		<hr/>	<hr/>
NET ASSETS		56,644	58,260
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	13	8,678	8,678
Reserves		46,294	48,153
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		54,972	56,831
		<hr/>	<hr/>
Non-controlling interests		1,672	1,429
		<hr/>	<hr/>
TOTAL EQUITY		56,644	58,260
		<hr/>	<hr/>

Notes

1 Basis of preparation

- (a) This Group's financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"). It has been reviewed by the audit committee of the Company and approved for issue on 30 August 2022.

The Group's interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

- (b) The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:
- Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use
 - Amendments to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the Group's interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Revenue and segment reporting

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the six-month period ended 30 June	
	2022	2021
	RMB	RMB
	millions	millions
Revenue from contracts with customers within the scope of IFRS 15, all recognised at point in time		
Disaggregated by major products or service lines		
Construction machinery		
— Concrete machinery	4,702	11,474
— Crane machinery	9,635	22,676
— Others	5,439	6,186
Agricultural machinery	1,095	1,609
	<u>20,871</u>	<u>41,945</u>
Revenue from other sources		
Rental income from construction machinery	189	90
Financial services	239	414
	<u>428</u>	<u>504</u>
	<u>21,299</u>	<u>42,449</u>

(b) *Information about profit or loss*

	For the six-month period ended 30 June	
	2022 RMB millions	2021 RMB millions
Reportable segment profit:		
Construction machinery		
— Concrete machinery	986	2,861
— Crane machinery	1,881	5,839
— Others	1,257	1,294
Agricultural machinery	69	210
Financial services	233	410
	<u>4,426</u>	<u>10,614</u>

(c) *Reconciliations of segment profit*

	For the six-month period ended 30 June	
	2022 RMB millions	2021 RMB millions
Total reportable segment profit	4,426	10,614
Other income	692	644
Sales and marketing expenses	(1,156)	(2,059)
General and administrative expenses	(819)	(1,048)
Impairment loss on trade and other receivables and receivables under finance lease	(219)	(433)
Research and development expenses	(1,122)	(2,005)
Net finance income	225	46
Share of profits less losses of associates	68	97
	<u>2,095</u>	<u>5,856</u>

3 Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(a) *Net finance income:*

	For the six-month period ended 30 June	
	2022 <i>RMB</i> <i>millions</i>	2021 <i>RMB</i> <i>millions</i>
Interest income	(501)	(480)
Interest expense on loans and borrowings	488	457
Interest expense on lease liabilities	9	6
Net exchange gain	(221)	(29)
	<u>(225)</u>	<u>(46)</u>

(b) *Staff costs:*

	For the six-month period ended 30 June	
	2022 <i>RMB</i> <i>millions</i>	2021 <i>RMB</i> <i>millions</i>
Salaries, wages and other benefits	1,772	1,972
Contributions to retirement schemes	269	316
Share incentive scheme expense	85	213
	<u>2,126</u>	<u>2,501</u>

(c) *Other items:*

	For the six-month period ended 30 June	
	2022 <i>RMB</i> <i>millions</i>	2021 <i>RMB</i> <i>millions</i>
Cost of inventories sold	16,873	31,835
Depreciation charge		
— owned property, plant and equipment	349	304
— right-of-use assets	90	90
Amortisation of intangible assets	80	82
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	(8)	(63)
Product warranty costs	98	283
Impairment losses		
— trade receivables	106	226
— receivables under finance lease	75	102
— other receivables	51	17
— loans and advances	1	—
— financial guarantee issued	(14)	88
— inventories	1	2
	<u>1</u>	<u>2</u>

4 Income tax

Taxation charged to profit or loss:

	For the six-month period ended 30 June	
	2022	2021
	RMB	RMB
	millions	millions
Current tax — PRC income tax	256	742
Current tax — Income tax in other tax jurisdictions	4	5
Deferred taxation	56	164
	<hr/>	<hr/>
Tax expenses	316	911
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The PRC statutory income tax rate is 25% (2021: 25%).

The Company's subsidiaries in the Hong Kong Special Administrative Region (HKSAR) are subject to Hong Kong Profits Tax at 16.5% (2021: 16.5%) in respect of assessable profits arising in or derived from Hong Kong. For the six-month period ended 30 June 2022, the Group did not derive any income chargeable to Hong Kong Profits Tax on the basis that all the income was offshore sourced, all the expenses incurred by the subsidiaries in Hong Kong have been disallowed.

The Company's overseas subsidiaries are subject to income tax at rates ranging from 19.0% to 30.0% (2021: 19.0% to 30.0%).

- (b) According to the income tax law and its relevant regulations, entities that qualified as high and new technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.

The 15% preferential tax rate applicable to high and new technology enterprises is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations. One subsidiary has begun the renewal approval process. It is probably qualified as a high and new technology enterprise. Management therefore believes 15% represents the best estimate of the annual tax rate of these entities for the year ending 31 December 2022.

- (c) Under the income tax law and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure for the year ending 31 December 2022 (2021: 100%).

5 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2022 is based on the profit attributable to equity shareholders of the Company of RMB1,736 million (six-month period ended 30 June 2021: RMB4,876 million), and the weighted-average number of ordinary shares in issue of 8,484 million shares (six-month period ended 30 June 2021: 8,173 million shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six-month period ended 30 June 2022 is based on the profit attributable to equity shareholders of the Company of RMB1,736 million (six-month period ended 30 June 2021: RMB4,876 million), and the weighted-average number of ordinary shares in issue of 8,561 million shares (six-month period ended 30 June 2021: 8,281 million shares) after adjusting for the vested restricted shares for the reporting period.

6 Goodwill and business combination

	2022 RMB <i>millions</i>	2021 <i>RMB</i> <i>millions</i>
Balance at 1 January	1,908	2,054
Add: goodwill from new acquisition	616	—
Effect of exchange rate difference	(38)	(146)
Balance at 30 June/31 December	<u>2,486</u>	<u>1,908</u>

In February 2022, the Group entered into Equity Transfer Agreement (the “**Agreement**”) with an independent third party (the “**Seller**”) for the acquisition of 29.99% equity interests in Shenzhen RoadRover Technology Co., Ltd (“**RoadRover Technology**”), a joint stock company listed in the Shenzhen Stock Exchange, and its subsidiaries (collectively “**RoadRover Group**”) with a total consideration of RMB780 million, which could be adjusted downward if the post-acquisition net profits of a subsidiary of RoadRover Technology for the years ending 31 December 2022, 2023 and 2024 do not meet certain target guaranteed by the previous controlling shareholder of RoadRover Technology.

RoadRover Group is mainly engaged in the development, manufacturing, sales and provision of service relating to automotive information, automotive intelligence and smart transportation system products.

On 23 February 2022, the Group completed the acquisition of 29.99% of the issued share capital of RoadRover Technology and obtained the right to appoint 4 out of 5 directors on the Board of Directors of RoadRover Technology. As the Seller (being the largest shareholder of the remaining equity interests) has agreed to relinquish her voting rights in RoadRover Technology’s future shareholders’ meetings, the Group effectively holds 46.74% of the voting rights of RoadRover Technology’s ultimate governing body. The Group’s voting rights are significantly more than the remaining shareholders who are widely dispersed and have less than 5% participation rate in the historical vote casting. Consequently, the Group has determined that it has obtained the ability to direct the relevant activities of RoadRover Technology and commenced consolidation of RoadRover Technology from the date of acquisition.

The acquisition has been accounted for by the Group under the acquisition method. Based on a preliminary assessment of purchase price allocation, the Group has determined that the fair value of net identifiable assets acquired to be approximately RMB547 million, mainly comprising of property, plant and equipment of RMB191 million, investment properties of RMB164 million, intangible assets of RMB88 million, trade and other receivables of RMB156 million, cash and cash equivalents of RMB56 million, trade and other payables of RMB122 million, contract liabilities of RMB28 million, deferred tax liabilities of RMB28 million, non-controlling interest of RMB383 million, arising from this business combination, resulting to a goodwill of RMB616 million.

As the allocation of purchased price to be identifiable assets acquired and liabilities assumed of the above business combination had not been finalised as at 30 June 2022, these items were reported in their provisional amounts in the interim financial statements.

On 9 May 2022, the Group completed the acquisition of additional 23.83% equity interests of RoadRover Technology through a tender offer to other shareholders of RoadRover Technology at a total consideration of RMB620 million in cash. An amount of RMB132 million (being the proportionate share of the carrying amount of the net assets of RoadRover Group) has been transferred from non-controlling interests. The difference of RMB488 million between the decrease in the non-controlling interests and the consideration paid has been debited to capital reserve.

7 Interests in associates

	30 June 2022 RMB millions	31 December 2021 RMB millions
Carrying amount of the individually material associate in the consolidated financial statements	3,110	3,110
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,098	1,080
	4,208	4,190

The above associates are accounted for using the equity method in the consolidated financial statements.

8 Other financial assets

	<i>Note</i>	30 June 2022 RMB millions	31 December 2021 RMB millions
Financial assets at FVOCI			
Equity securities	(i)	2,188	2,307
Financial assets at FVPL			
Listed equity securities	(ii)	91	111
Total		2,279	2,418

- (i) The equity securities comprise equity funds, listed equity securities and other unlisted equity securities. The aggregate fair value of equity funds, listed equity securities and other unlisted equity securities was RMB1,596 million, RMB12 million and RMB580 million, respectively, as at 30 June 2022 (31 December 2021: RMB1,690 million, RMB14 million and RMB603 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB10 million (six-month period ended 30 June 2021: RMB25 million) were received from these investments in equity securities during the six-month period ended 30 June 2022. A loss accumulated in the fair value reserve (non-recycling) of RMB13 million in relation to disposal of equity securities was transferred to retained earnings during the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: RMB30 million).
- (ii) The listed equity securities represent the Group's investments in shares of listed companies in the PRC. The aggregate fair value of these investments was RMB91 million, based on their quoted market prices as at 30 June 2022 (31 December 2021: RMB111 million).

9 Trade and other receivables

	As at 30 June 2022 <i>RMB</i> <i>millions</i>	As at 31 December 2021 <i>RMB</i> <i>millions</i>
Trade receivables	48,393	47,823
Less: loss allowance for doubtful debts	<u>(5,200)</u>	<u>(4,937)</u>
	43,193	42,886
Less: trade receivables due after one year	<u>(13,673)</u>	<u>(16,353)</u>
	29,520	26,533
Bills receivable	<u>1,347</u>	1,882
	30,867	28,415
Amounts due from related parties	283	265
Prepayments for purchase of raw materials	892	639
Prepaid expenses	604	408
VAT recoverable	1,611	1,070
Deposits	186	91
Financial assets at amortised cost	205	200
Others	<u>854</u>	<u>1,020</u>
	35,502	32,108

As at the end of the reporting period, ageing analysis based on the invoice date of trade receivables (which are included in trade and other receivables), net of loss allowance is as follows:

	As at 30 June 2022 <i>RMB</i> <i>millions</i>	As at 31 December 2021 <i>RMB</i> <i>millions</i>
Within 1 year	32,640	34,721
Over 1 year but less than 2 years	6,223	3,768
Over 2 years but less than 3 years	1,089	1,448
Over 3 years but less than 5 years	1,491	1,308
Over 5 years	<u>1,750</u>	<u>1,641</u>
	43,193	42,886

Trade receivables under credit sales arrangement are generally due within 1 to 3 months (2021: 1 to 3 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 40% to 50% (2021: 40% to 50%) of the product price. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 42 months (2021: 6 to 42 months), customers are normally required to make an upfront payment ranging from 30% to 50% (2021: 30% to 50%) of the product price.

10 Receivables under finance lease

	As at 30 June 2022 RMB <i>millions</i>	As at 31 December 2021 <i>RMB</i> <i>millions</i>
Gross investment	14,029	13,344
Unearned finance income	(825)	(688)
	13,204	12,656
Less: loss allowance for doubtful debts	(745)	(954)
	12,459	11,702
Less: receivables under finance lease due after one year	(7,768)	(7,206)
Receivables under finance lease due within one year	4,691	4,496

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement. The finance lease contracts entered into by the Group typically are for a period ranging from 1 to 6 years (2021: 1 to 6 years). Customers are normally required to make an upfront payment ranging from 5% to 50% of the product price (2021: 5% to 50%) and pay a security deposit ranging from 1% to 20% of the product price (2021: 1% to 15%). At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. The leases do not provide any guarantee of residual values.

The minimum lease payments receivable at the end of the reporting period is as follows:

	As at 30 June 2022 <i>RMB</i> <i>millions</i>	As at 31 December 2021 <i>RMB</i> <i>millions</i>
<i>Present value of the minimum lease payments</i>		
Within 1 year	5,113	4,782
Over 1 year but less than 2 years	3,365	3,191
Over 2 years but less than 3 years	2,281	2,217
Over 3 years	2,445	2,466
	<u>13,204</u>	<u>12,656</u>

Unearned finance income

Within 1 year	331	280
Over 1 year but less than 2 years	186	160
Over 2 years but less than 3 years	137	109
Over 3 years	171	139
	<u>825</u>	<u>688</u>

Gross investment

Within 1 year	5,444	5,062
Over 1 year but less than 2 years	3,552	3,351
Over 2 years but less than 3 years	2,418	2,326
Over 3 years	2,615	2,605
	<u>14,029</u>	<u>13,344</u>

Overdue analysis of receivables under finance lease at the end of reporting period is as follows:

	As at 30 June 2022 <i>RMB</i> <i>millions</i>	As at 31 December 2021 <i>RMB</i> <i>millions</i>
Not yet due	12,093	11,299
Within 1 year past due	892	478
Over 1 year but less than 2 years past due	175	145
Over 2 years past due	44	734
Total past due	<u>1,111</u>	<u>1,357</u>
	13,204	12,656
Less: loss allowance	<u>(745)</u>	<u>(954)</u>
	<u>12,459</u>	<u>11,702</u>

Past due receivables refer to the amount remains unpaid after the relevant payment due date, including those receivables that are overdue for only one day.

11 Financial assets at fair value through profit or loss

	<i>Note</i>	As at 30 June 2022 RMB millions	As at 31 December 2021 RMB millions
Financial assets carried at fair value through profit or loss:			
— Wealth management products	(i)	109	1,120
— Structured deposits	(i)	5,087	4,310
— Derivatives		15	—
— Securities investment funds	(ii)	756	978
		5,967	6,408

Notes:

- (i) The Group invests its spare cash in wealth management products and structured deposits offered by banks and other financial institutions. These products generally have a pre-set maturity and expected return, with its underlying assets being a wide range of government and corporate bonds, central bank bills, money market funds as well as other listed and unlisted equity securities in the PRC.
- (ii) The Group invests its spare cash in securities investment funds offered by fund management institutions. The underlying assets of the products are a wide range of government and corporate bonds, asset-backed securities, bond repurchases, bank deposits and other financial instruments.

12 Trade and other payables

	As at 30 June 2022 RMB millions	As at 31 December 2021 RMB millions
Trade creditors	14,255	14,709
Digital bills payable	12,712	5,695
Bills payable	7,354	9,528
Trade payable	34,321	29,932
Amounts due to related parties	16	1
Payable for acquisition of property, plant and equipment	259	618
Accrued staff costs	627	954
Product warranty provision	105	137
VAT payable	1,159	925
Sundry taxes payable	44	108
Security deposits	555	787
Financial guarantees issued	79	94
Dividends payable (Note 13(a))	2,729	—
Other accrued expenses and payables	3,179	3,044
	43,073	36,600

Ageing analysis of trade creditors and bills payable as at the end of the reporting period is as follows:

	As at 30 June 2022 RMB millions	As at 31 December 2021 RMB millions
Due within 1 month or on demand	2,970	6,078
Due after 1 month but within 3 months	14,304	10,188
Due after 3 months but within 6 months	11,984	8,040
Due after 6 months but within 12 months	5,063	5,626
	34,321	29,932

13 Capital, reserves and dividends

(a) Dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 2 June 2022, a final cash dividend of RMB0.32 per share based on 8,678 million ordinary shares in issue, totaling RMB2,777 million in respect of the year ended 31 December 2021 was declared. As at 30 June 2021, RMB2,729 million of such dividends were not paid.

Pursuant to the shareholders' approval at the Annual General Meeting held on 28 May 2021, a final cash dividend of RMB0.32 per share based on 8,674 million ordinary shares in issue, totaling RMB2,778 million in respect of the year ended 31 December 2020 was declared, which was fully paid by 31 December 2021.

(b) Issue of ordinary shares

On 3 February 2021, the Company allotted and issued a total of 193,757,462 H Shares to one subscriber at a subscription price of HKD5.863 per H Share. The total amount of gross proceeds from the additional issuance of H Shares is approximately HKD1,136 million (equivalent to RMB946 million).

On 5 February 2021, the Company allotted and issued a total of 511,209,439 A Shares to eight subscribers at a subscription price of RMB10.17 per A Share. The total amount of net proceeds from the non-public issuance of A Shares is approximately RMB5,142 million.

(c) Share incentive scheme

On 1 November 2017, a Share Incentive Scheme was considered and approved at the first extraordinary general meeting of 2017, the A shareholders' Class Meeting of 2017 and H shareholders' Class Meeting of 2017. On 7 November 2017, the Company adopted the Share Incentive Scheme and the related resolution was considered and passed at the seventh extraordinary meeting of the fifth session of the board of directors, pursuant to which the date of grant for the Share Incentive Scheme of the Company has been set for 7 November 2017, and 171,568,961 share options and 171,568,961 restricted shares were planned to be granted to 1,231 selected current employees (the "**Participants**") of the Group ("**the First Grants**"). Each share option shall entitle its eligible holder to purchase one Zoomlion ordinary A share at an exercise price of RMB4.57, and the Participants are entitled to purchase Zoomlion restricted A shares at RMB2.29 each. The Participants of the Share Incentive Scheme included directors, senior executives and core technical employees. As a result, 168,760,911 share options and 168,760,911 restricted shares were granted to the Participants on 7 November 2017.

On 10 September 2018, the resolution in respect of the grant of additional options and additional restricted shares (the "**Second Grants**") under the Share Incentive Scheme was passed at sixth extraordinary meeting of the fifth session of board of directors, pursuant to which the date of grant for the Share Incentive Scheme of the Company has been set for 10 September 2018 and 19,063,218 share options and 19,063,218 restricted shares were planned to be granted to 405 selected current employees of the Group (the "**Participants**"). Each share option shall entitle its eligible holder to purchase one Zoomlion ordinary A share at an exercise price of RMB3.96, and the Participants are entitled to purchase

Zoomlion restricted A shares at RMB1.98 each. As a result, 18,554,858 share options and 18,554,858 restricted shares were granted to the Participants on 10 September 2018.

On 6 November 2018, the board of directors further resolved to approve the commencement of the first exercise period in respect of options granted under the First Grants. A total number of 65,471,398 share options and 65,877,838 restricted shares granted to the Participants under First Grants were vested or unlocked.

On 10 September 2019, the board of directors further resolved to approve the commencement of the first exercise period in respect of options granted under the Second Grants. A total number of 8,815,482 share options and 9,009,068 restricted shares granted to the Participants under Second Grants were vested or unlocked.

On 8 November 2019, the board of directors further resolved to approve the commencement of the second exercise period in respect of options granted under the First Grants. A total number of 44,640,739 share options and 45,408,457 restricted shares granted to the Participants under First Grants were vested or unlocked.

On 15 November 2019, an Employee Stock Ownership Plan (“**ESOP**”) was considered and approved at the seventh extraordinary meeting of the sixth session of the board of directors. On 6 January 2020, the ESOP and the related resolution were considered and passed at the first extraordinary general meeting of 2020, pursuant to which 390,449,924 restricted shares were planned to be granted to no more than 1200 selected current employees (the “**Participants**”) of the Group. On 3 April 2020, related resolutions were considered and passed at the First meeting of Participants, pursuant to which the date of grant for the ESOP has been set for 3 April 2020. The Participants are entitled to purchase Zoomlion restricted A shares at RMB2.75 each. The Participants of the ESOP included directors, senior executives and core technical employees. As a result, 390,449,924 restricted shares were granted to the ESOP on 3 April 2020 and the transfer of restricted A shares was completed on 29 April 2020.

The first vesting period shall be after expiry of the 12-month period from the date when the Group announced the last transfer of restricted shares, and the restricted shares shall be vested separately in the subsequent 3 vesting periods, whose percentages of restricted shares vested are 40%, 30% and 30% respectively.

During the six-month period ended 30 June 2022, no share options were exercised (six-month period ended 30 June 2021: 31,425,103 share options were exercised at the exercise price of RMB3.92).

There were 117,134,977 restricted shares outstanding at 30 June 2022 (31 December 2021: 234,269,954 restricted shares outstanding).

During the six-month period ended 30 June 2022, share incentive scheme expenses of RMB85 million (six-month period ended 30 June 2021: RMB213 million) were recognised in the consolidated statement of comprehensive income.

14 Non-adjusting events after the reporting period

Pursuant to a resolution passed at the fourth extraordinary meeting of the sixth session of the board of directors on 20 July 2022, the Company will repurchase A shares of the Company from stock market over a period of no more than 12 months from 20 July 2022. All repurchased shares will be used for employee stock ownership plan. The Company will repurchase no less than 2.5% and no more than 5% of the total issued A shares of the Company at a price of not exceeding RMB9.19 per share, and the aggregate repurchase amount is expected to be no more than RMB3,988 million.

BUSINESS REVIEW

In the first half of 2022, the international situation was complex and severe, and the global economic growth was obviously slowing down. The domestic epidemic occurred frequently and spread, with unexpected factors exceeding our expectations. The domestic economy maintained growth despite the difficulties, showing a trend of stabilization and recovery.

In the first half of the year, affected by the decline in projects in the fields of infrastructure and real estate and the impact of the epidemic, the domestic sales of the construction machinery industry dropped significantly. The rigid demand for China's construction machinery in the overseas market continued to increase, and the export sales of the construction machinery industry continued to maintain high growth.

Guided by the idea of “operating the business with Internet mind-set and produce products with finest thoughts”, the Company focused on high-quality development goals, accelerates the pace of digitalization, intelligentization, and green transformation and upgrading, and accelerated the layout of emerging sectors, deepening the expansion of the overseas markets. The development resilience and endogenous momentum continued to increase, thereby achieving the operating quality better than that of the industry.

During the Reporting Period, the main operations of the Company were as follows:

1. Continued to strengthen the growth momentum for industrial echelon

During the Reporting Period, under the overall strategic framework of “equipment manufacturing + Internet” and “industry + finance”, the Company, with development and layout for its three major sectors, namely the construction machinery, agricultural machinery + intelligent agriculture and Zoomlion material being accelerated, thereby continued to strengthen the growth momentum for development, smoothen the impact of cyclical fluctuations in performance.

(1) Stabilization and improvement in construction machinery product market position

① Continued to maintain a leading market position for leading products

Based on the premise of adhering to the business strategy of maintaining superior product quality and implementing stringent control of business risks, the competitiveness of its three major products, namely concrete machinery, construction cranes, and construction crane machinery continued to strengthen, and its market position was consolidated.

The market shares of concrete machinery regarding the long-boom pump trucks, truck-mounted pumps and mixing plants still ranked No. 1 in the industry, the market shares of mixer trucks rose to No. 2 in the industry.

The market share of construction crane machinery maintained the leading position in the industry, the sales volume of all-terrain cranes ranked No. 1 in the industry, and the ZAT24000H, the world's largest tonnage all-terrain crane, has been delivered in batches.

The sales volume of construction crane machinery ranked No. 1 in the world accelerated the iterative upgrade of products, and launched 11 new R-generation tower cranes, which received enthusiastic market response. The LW2460-200 wind power tower crane was upgraded and launched, setting a new world record again.

② Substantial breakthroughs in potential businesses

The Company accomplished the dual manufacturing base layout of “Weinan+Changsha” for earth moving machinery. Changsha excavating machinery intelligent manufacturing demonstration plant was put into full operation. The reliability and intelligence technology of medium and large tonnage excavating products were comprehensively upgraded. The overall market shares continued to increase, and the operating quality continued to improve. In the first half of the year, the domestic sales volume of large excavator products rose to the No. 5 in the industry, and the sales volume climbed to No. 3 in the industry in June.

Work-at-height machinery has become the most comprehensive work-at-height machinery manufacturer in China. While accelerating the product upgrade of conventional models, the development of new categories of products was accelerated, truck-mounted work-at-height operating platform and spider realized small batch production, and the prototypes of telescopic forklifts and aerial work-robots were developed and launched. In the first half of the year, the domestic market share increased to No. 1 in the industry, and the market performance and the reputation among our customers continued to improve. The overseas sales accelerated global layout, and the products covered 71 countries and regions.

Mining machinery is market-oriented, polishing products carefully, focusing on product performance improvement. Mining dump trucks were delivered in batches, and the sales of mining dump trucks exceeded RMB100 million. Mining dump trucks are widely favored by many customers due to their advantages of more loading, high efficiency, low fuel consumption and strong adaptability.

③ Accelerated the independent research and development (**R&D**) of core component

The Company continued to strengthen our capacity in technological R&D, improving the independent R&D and independently controllable production capacity of core components such as oil cylinders, hydraulic valves, engineering bridges and reducer. To continue to improve the industrial chain deployment, the Company has enhanced the self-made proportion of the core components and strengthened the product competitiveness. The intelligent hydraulic valve factory has been completed and put into production, and the production line construction of the intelligent manufacturing factory for mid-to-high-end hydraulic oil cylinders, engineering axles and other components is advancing rapidly.

(2) Accelerated the quality improvement, upgrade and transformation of agricultural machinery industry

The Company implemented the policy of “Consolidate the foundation, transforming and improve.” in agricultural machinery, with the Wuhu base as the core, accelerating the construction of intelligent manufacturing technology, and improving the production efficiency and product quality of agricultural machinery equipment. The Company focused on the development of new products. Several new products, such as large-horsepower high-end tractors, paddy field tractors, crawler harvesters and intelligent seedling thrower, had completed operating experiment. The adaptability of planting machinery products are fully upgraded and the degree of intelligence was higher. The domestic market shares of wheat machine, dryer, rotary tiller, baler, and seedling thrower remained at the forefront of the industry.

In the first half of the year, the Company strategically upgraded the intelligent agriculture orientation. The intelligent agriculture preliminarily formed the “1+3” product system, with one agricultural platform as the fundamental technology core, oriented in different customer groups, constructed three product series including the intelligentized agriculture cloud application, digitalized integrated management platform, agricultural big data regulatory center. In the first half of the year, the Company carried out the promotion of intelligent agriculture digitalized technology services in the Rim Dongting area of Hunan Province, and signed the global strategic cooperation agreements with Yiyang City and Changde City. In addition, intended projects in Jiangxi, Guangxi, Inner Mongolia and Jiangsu are continuing to connect.

(3) Continued to accelerate the dry mortar industry layout

The dry mortar equipment business maintained stable, and its market share ranked in the No. 1 echelon in the domestic market steadily. We made every effort to build the whole industry chain of “intelligent production line + new building materials + construction equipment + construction method”, accelerated the standardization, modularization and localization of dry mortar equipment, and continued to make technological innovations to lead the development of the industry.

The dry mortar new material business, and factory construction and material R&D have proceeded simultaneously. The construction of the factory has advanced rapidly. On July 30, the Xiangyin benchmark factory of Zoomlion Material started construction. After the project is completed, it will become the largest and most automated construction new material production base in China. On July 31, the first phase of the Zoomlion material Ji’an Industrial Park project was opened and put into production. The Company continued to increase investment in R&D, establishing joint experiments for special mortar, carrying out research on emerging products and emerging raw materials. The Company has built an international leading production workshop for pilot products, a mechanized construction testing center, and a R&D laboratory, which fully realized the whole process of high-quality control from raw material testing, laboratory formula testing, product pilot testing, construction small sample test and medium sample test.

(4) Integrating industry with finance to facilitate industrial upgrading

During the Reporting Period, the Company completed the acquisition of RoadRover Technology and became the controlling shareholder. RoadRover Technology is one of the earliest companies in China to engage in vehicle-mounted navigation, vehicle intelligent cockpit and the Internet of Vehicle. It is the first partner of Baidu's unmanned Apollo program. Its main products are related products of intelligent cockpit, intelligent assisted driving, and Internet of Vehicles, as well as intelligent travel solutions and unmanned solutions.

2. Accelerated the progression of digitalized transformation

With the help of internet thinking and new technology empowerment, the Company continued to promote the digitalized transformation of enterprise, and moved towards an intelligent Zoomlion of data operation. The Company continued to focus on the core business scenarios of the enterprise, fully mobilized business management, and accelerated the construction of end-to-end overseas business and digitalized management of intelligent manufacturing, and accelerated the breakthrough and innovation of traditional management model, business model and manufacturing model.

The Company steadily promoted the construction of overseas end-to-end digitalized application platforms, completed the construction of a multi-language, multi-currency, multi-time zone distributed technology base, and accelerated the layout of overseas business.

Around planning, manufacturing, quality, equipment, supply, logistics and other businesses, the Company focused on end-to-end manufacturing and supply, creating a smart manufacturing system and an agile supply system, and empowered the construction of a smart industrial city with digital technology.

3. Accelerated the formation of intelligent manufacturing industry cluster

With the development direction of "digitization, intelligence and green", the Company accelerated the intelligent upgrading of production and manufacturing, and successively implemented the construction of intelligent parks, intelligent factories and intelligent production lines to accelerate the formation of an industry-leading intelligent manufacturing industry cluster, firmly established a benchmark for the intelligent manufacturing industry, and comprehensively consolidated the foundation of the Company's high-quality development.

(1) The intelligent manufacturing industry cluster has been basically formed. The "Excavation Machinery Intelligent Manufacturing Demonstration Factory" of the national intelligent manufacturing pilot project was put into full operation, including four unmanned "light-out" production lines. The industry-leading intelligent factory for work-at-height machinery has achieved the offline production of arm assembly line products, and consolidated the industrial foundation of the first-tier echelon in the industry; The construction of the production lines of Zoomlion Intelligent Industry City High-strength Steel Material Preparation Centre and Thin Plate Centre, the world's largest and most intelligent; The construction of production lines of intelligent manufacturing plant for main engines and

parts such as concrete pump delivery machinery, construction lifting machinery, basic construction machinery, agricultural machinery, axles for construction vehicles, and medium-to-high-end hydraulic oil cylinders is progressing in an orderly manner. The production capacity of intelligent factories such as tower cranes, mixer trucks and key components (hydraulic valves) that have been put into operation continued to be released, and the industrial intelligent manufacturing cluster of was basically formed, so as to continuously manufacture higher-quality products for customers and further consolidate the leading position in the industry.

- (2) Accelerated the transformation and application of intelligent manufacturing technologies. Flexible intelligent production lines were built through integrating AI technology and smart devices. An effective and synergic business chain was built through integrating intelligent control algorithm and digital system. We continuously facilitated the application of more than 150 industry leading advance intelligent manufacturing technologies. 78 key technologies of whole manufacturing process were successfully deployed in the intelligent production line, which accelerated the intelligent upgrading of manufacturing. Among which, 35 advance technologies were first initiated in the industry, which comprehensively facilitated the intelligent development of the Company to play a leading role in the industry.

4. Creating an innovative technological highland by “triple” integration

In the first half of the year, following the philosophy of “technologies as the roots, products as the fundamentals”, the Company implemented innovative product digitalization, intelligence and green integration with independent innovation as its lead, created industry-leading technologies and high-end products, accelerated the development of new energy technologies and products, and supported the rapid development of the Company’s three major business segments, namely new digital, new materials and new energy.

- (1) Major new products set new world records and continued to lead the industry

In the first half of the year, the Company developed and launched 63 major new products and launched 24 major products, achieving the mainframes equipped with industry-leading 29 digitalized technologies and 27 intelligent technology mainframes. The “digital, intelligent and green” projects accounted for nearly 30%.

The world’s largest and world-leading 2,400-tonne all-terrain crane developed by the Group has set a new world record, and has been delivered to users, providing equipment guarantee for the construction of large-scale wind power projects in China, The brand-new R-generation tower crane and the self-developed round tenon standard joint, breaks through the 30-year life design, with small wind resistance, four-directional homogeneity, and better wind resistance capacity. At the same time, it achieves whole-area safety such as connection, operation, limit and climbing, and continued to lead the industry technology. The world’s longest 55-tonne, five-bridge, 70-metre pump truck developed by the Company has set a new benchmark for lightweight pump truck, and made breakthroughs in multiple industry first-in-class innovative technologies such as single-arm controlled placing cloth, operation safety monitoring, and digitalized operation. The products of medium-to-large

tonnage excavators are reliable, with the intelligent technology being comprehensively upgraded, the market share has continued to increase. The new and first ZS080V skid steer loader has achieved mass export to high-end markets such as America and Australia. The first 4LZ-15F self-propelled grain combined harvest machine developed by the Company in China, which has made breakthroughs in cutting vertical drums with low-loss particle removal and high-throughput separation of double vertical reel drums. The product breaks the foreign monopoly and the technology level is leading in China.

(2) First in the world of new energy products to achieve industry-leading technology

The Company has made all-round efforts in integrated R&D of new energy core technology, key components and complete vehicles, leading the new energy of construction machinery.

The Company has completed prototype verification of 13 new energy core technologies such as electric drive bridge integrated control technology and platform-based electric wheel vehicle chassis control strategy, launched 18 new energy parts development projects, launched 15 new energy products including car cranes, truck-mounted concrete pumps, and aerial work platforms, and developed the world's first 27-metre spider aerial work platform with pure electric drive. The Company's self-developed permanent magnet synchronous motor system and lithium-ion power battery have reached the international leading level in terms of energy efficiency and operation performance. The Company has released the world's first 220-tonne hybrid all-terrain crane and the world's first 40-tonne pure electric off-road tire crane.

Up to now, Zoomlion has accumulatively launched more than 60 new energy products, covering truck-mounted concrete pumps, concrete mixers, truck cranes, aerial work platforms, excavators, mining cards, forklifts, emergency vehicles, agricultural machinery, etc. The new energy forms include pure electric, hybrid power and hydrogen fuel. A full range of new energy-based products has basically been formed. The series aerial work platform products have been sold in batches and are at the leading position in the industry.

(3) No. 1 in the high-value patent industry and No. 1 in green product standard development industry

In 2022, the number of Zoomlion's invention patents that have been maintained for more than 10 years was included in the list of Top 100 Enterprises in China, making Zoomlion the only construction machinery company to be included in the list of Top 100 Enterprises. In the first half of the year, nearly 600 patent applications were completed, representing a year-on-year increase of 27%, of which invention patents accounted for more than 40%, and the layout of "digital, intelligent and green" patents accounted for 67%. The Company completed the establishment of one international standard, released two national standards including GB/T 41495-2022 "Specification for Maintenance, Repair and Retirement of Concrete Pump Vehicles", and completed the establishment of four green product group standards including "Technical Specifications for Evaluation of Green Design Products — Concrete Pump Vehicles" and "Technical Specifications for Evaluation of Green Design Products — Crawler Crane". The number of green product standards released or under research ranked first in the industry.

5. Accelerating the pace of internationalization and strong growth in overseas markets

The Company continued to promote the strategy of internationalized and localized development, and built an end-to-end, digital and localized overseas business system, achieving record high operating results in overseas markets.

- (1) The overseas market of construction machinery products continued to grow rapidly. The localization development strategy of key countries such as Indonesia, the United Arab Emirates, Saudi Arabia and Vietnam achieved remarkable results, with sales performance increasing by more than 100% year-on-year.
- (2) Promoting the reform of overseas business management. Taking the aviation port as the business fulcrum and the ground force as the business tentacle, the Company improved localized human, financial, material, software and hardware management capabilities, formed an overseas business end-to-end and digitalized management system, completed the construction of localized business and operation systems in 19 key countries, and realized the globalization of business layout and comprehensive business expansion.
- (3) Continued to promote the expansion and upgrading of overseas production bases. The Company expanded and upgraded CIFA in Italy into a comprehensive global company covering concrete, engineering and construction products, accelerated the integration of tower machinery technology with the German company Wilbert, and used Wilbert as a window to connect the R&D technology of global high-end tower machinery, integrated the synergy between the world's leading agricultural machinery manufacturer, Labe, and the agricultural sector.

6. Continuous improvement of quality and efficiency of operation and management

During the Reporting Period, the Company strengthened risk control, continuously improved the management standards of supply chain, aftersales service and human resources to ensure the high-quality development of the Company.

- (1) Comprehensively strengthening risk control. The Company improved the end-to-end risk control management system, built a solid risk control defence line, used the risk intelligent early warning platform with perception and thinking, actively discovered business risks, firmly grasped the key points of risk control, and promoted the steady growth of business.
- (2) Strengthening the construction of supply chain system. The Company continued to promote the centralized procurement and integration of common materials in multiple categories and strategic procurement of key materials, optimized the layout of the supply chain, and achieved cost reduction and efficiency enhancement.
- (3) Creating excellent service capabilities. The Company launched the operation service dispatch centre, continued to promote the digital and intelligent upgrading of services, promoted the refined management of services, realizing the improvement of service efficiency, continuously improved customer satisfaction, and continuously improved service quality.

(4) Strengthening the construction and incentive of talent team. Adhering to the human resources management concept of “keeping strategy at the same frequency and business at the same time”, the Company gathered the introduction of key talents, optimized the quality structure of employees, strengthened the cultivation of key talents, and launched a key talent team with multiple measures. During the Reporting Period, the Company issued a share repurchase plan. All the repurchased shares will be used for the implementation of the Employee Stock Ownership Plan to further motivate the team, increase the impetus for the Company’s digital transformation and upgrading, internationalization and rapid development of emerging businesses, and promote the Company’s long-term and healthy development.

ANALYSIS OF FINANCIAL POSITION

1. Analysis of operating income and profit

In the first half of 2022, the international situation was complex and challenging, and the world economy showed an obvious trend of economic slow-down. There had been repeated yet sporadic outbreaks of COVID-19 in China, resulting in more unexpected factors. China's economy overcame the difficulties and maintained growth, showing a trend of stabilization and recovery. In the first half of 2022, due to the decline in the number of projects commencing construction in the fields of infrastructure and real estate, as well as the impacts of the COVID-19 outbreak, the domestic sales of the construction machinery industry dropped significantly. With continuous increase in the demand in the international market for Chinese construction machinery, the export sales of the construction machinery industry continued to maintain high-speed growth. Guided by the idea of "operating the business with Internet mind-set and produce products with finest thoughts", the Company accelerated the pace of digitalization, intelligentization, and green transformation and upgrade centered around the objective of high-quality development, strengthened presence in emerging sectors, and continued to expand overseas markets. With continuous increase in development resilience and endogenous driving force, the Company recorded an operating performance better than industry average.

During the Reporting Period, the Company achieved operating income amounting to RMB21,299 million, representing a decrease of 49.82% compared to the same period of 2021, and net profit attributable to equity shareholders of the Company amounting to RMB1,736 million, representing a decrease of 64.40% compared to the same period of 2021. Among which, revenue from concrete machinery and crane machinery products was RMB14,521 million, representing a decrease of 57.48% compared to the same period of 2021, and revenue from agricultural machinery products was RMB1,095 million, representing a decrease of 31.95% compared to the same period of 2021.

2. Cash flow and capital expenditure

The Company finances its operations primarily through bank loans and borrowings. As at 30 June 2022, the Company had RMB16,254 million in cash and cash equivalents. The Company's cash and cash equivalents primarily consist of cash and deposits at bank.

(1) Operating activities

For the six months ended 30 June 2022, net cash generated from operating activities was RMB1,598 million, decreased compared with the same period of 2021, mainly due to the decrease in sales collection as a result of sales decrease during the Reporting Period.

(2) Investing activities

For the six months ended 30 June 2022, net cash used in investing activities was RMB288 million, mainly including payment for acquisition of subsidiaries of RMB724 million.

(3) Financing activities

For the six months ended 30 June 2022, net cash generated from financing activities was RMB1,781 million, mainly including increase in bank and other borrowings of RMB9,697 million, repayment of bank and other borrowings of RMB6,675 million, and payment for acquisition of non-controlling interests of subsidiaries of RMB886 million.

(4) Capital expenditures

For the six months ended 30 June 2022, the capital expenditures for the purchases of property, plant and equipment, intangible assets and lease prepayments amounted to RMB993 million.

CORPORATE GOVERNANCE

The Board has adopted all code provisions in part 2 of the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Listing Rules as the code of the Company. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Code, save and except the only deviation from code provision C.2.1 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Dr. Zhan Chunxin is currently the chairman of the Board and chief executive officer of the Company. The Board is of the view that vesting of these two roles in Dr. Zhan Chunxin can facilitate efficient planning and implementation of business strategies of the Company, and that through the supervision of the Board and its independent non-executive directors as well as the internal effective check-and-balance system, the balance of power and authority between the Board and management of the Company will not be affected. The Board believes that this arrangement is in the interests of the Company and its business.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the rules governing the securities transactions by directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all its directors and supervisors, and all of its directors and supervisors have confirmed that they have fully complied with the Model Code throughout the Reporting Period. The Company has not identified any non-compliance with the Model Code by any of its directors or supervisors.

DIVIDEND

The Board recommended not to declare any interim dividend.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

EVENTS AFTER THE REPORTING PERIOD

On 20 July 2022, the Board resolved to repurchase up to 433,899,611 A shares of the Company by means of centralised bidding for the purpose of procuring healthy and stable long-term development, safeguarding interests of shareholders as a whole, enhancing investors' confidence and improving the long-term incentive mechanism of the Company, taking into account the trend of share prices and financial condition of the Company. The repurchase price shall not exceed RMB9.19 per A share.

All of the A shares to be repurchased will be used for implementation of the Company's employee share ownership scheme in order to further motivate its employees, and effectively amalgamate the interests of shareholders, the Company and its employees for enhancing the long-term and healthy development of the Company.

The repurchase period shall not exceed 12 months from 20 July 2022. Please refer to the Company's announcement dated 20 July 2022 for details.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the interim financial report of the Group for the six months ended 30 June 2022 prepared in accordance with ISA34.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.zoomlion.com). The Company's 2022 interim report containing all the information required under the Listing Rules will be dispatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Changsha, the PRC, 30 August 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. Zhao Songzheng, Mr. Lai Kin Keung, Ms. Liu Guiliang and Mr. Yang Changbo.

* For identification purpose only