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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 2023**

**AND**

## **SUPPLEMENTAL ANNOUNCEMENT TO THE 2022 ANNUAL REPORT**

### **FINANCIAL HIGHLIGHTS**

- As at 30 June 2023, total assets of the Group amounted to RMB133,561 million, representing an increase of RMB10,044 million or 8.13% over that of 31 December 2022
- For the six months ended 30 June 2023, revenue of the Group amounted to RMB24,075 million, representing an increase of RMB2,776 million or 13.03 % over the same period of 2022
- For the six months ended 30 June 2023, profit attributable to equity shareholders of the Company amounted to RMB2,056 million, representing an increase of RMB320 million or 18.43% over the same period of 2022
- For the six months ended 30 June 2023, basic earnings per share amounted to RMB24.95 cents, representing an increase of RMB4.49 cents over the same period of 2022

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 2023 (the “**Reporting Period**”). The Group’s interim financial report was prepared in accordance with the International Accounting Standard 34, “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 2023 prepared in accordance with IAS34.

**Consolidated statement of comprehensive income (Unaudited)**  
**for the six-month period ended 30 June 2023**  
*(Expressed in RMB)*

		<b>For the six-month period ended 30 June</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>RMB</b>	<b>RMB</b>
		<b>millions</b>	<b>millions</b>
<b>Revenue</b>	2	<b>24,075</b>	21,299
Cost of sales and services		<u>(17,359)</u>	<u>(16,873)</u>
<b>Gross profit</b>		<b>6,716</b>	4,426
Other net income		<b>145</b>	692
Sales and marketing expenses		<b>(1,695)</b>	(1,156)
General and administrative expenses		<b>(1,039)</b>	(819)
Expected credit losses		<b>(255)</b>	(219)
Research and development expenses		<u>(1,585)</u>	<u>(1,122)</u>
<b>Profit from operations</b>		<b>2,287</b>	1,802
Net finance income		<b>123</b>	225
Share of profits less losses of associates		<u>75</u>	<u>68</u>
<b>Profit before taxation</b>	3	<b>2,485</b>	2,095
Income tax	4	<u>(249)</u>	<u>(316)</u>
<b>Profit for the period</b>		<b><u>2,236</u></b>	<b><u>1,779</u></b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>2,056</b>	1,736
Non-controlling interests		<u>180</u>	<u>43</u>
		<u>2,236</u>	<u>1,779</u>
<b>Profit for the period</b>		<b><u>2,236</u></b>	<b><u>1,779</u></b>
<b>Earnings per share (cents)</b>			
<b>Basic</b>	5	<b><u>24.95</u></b>	<u>20.46</u>
<b>Diluted</b>	5	<b><u>24.72</u></b>	<u>20.28</u>

**For the six-month  
period ended 30 June**

	2023	2022
	<i>RMB</i>	<i>RMB</i>
	<i>millions</i>	<i>millions</i>

**Other comprehensive income for the period (after tax):**

*Item that will not be reclassified to profit or loss:*

Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(162)	(84)
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*Item that may be reclassified subsequently to profit or loss:*

Exchange differences on translation of financial statements of subsidiaries outside PRC	182	(201)
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<b>Total other comprehensive income for the period</b>	20	(285)
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<b>Total comprehensive income for the period</b>	2,256	1,494
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**Total comprehensive income attributable to:**

Equity shareholders of the Company	2,076	1,451
Non-controlling interests	180	43

<b>Total comprehensive income for the period</b>	2,256	1,494
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**Consolidated statement of financial position (Unaudited)**  
**at 30 June 2023**  
*(Expressed in RMB)*

	<i>Note</i>	<b>As at 30 June 2023 RMB millions</b>	<b>As at 31 December 2022 RMB millions</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>16,072</b>	13,903
Right-of-use assets		<b>3,898</b>	3,995
Investment properties		<b>159</b>	161
Intangible assets		<b>1,983</b>	1,926
Goodwill	<i>6</i>	<b>2,644</b>	2,562
Interests in associates	<i>7</i>	<b>4,503</b>	4,476
Other financial assets	<i>8</i>	<b>2,475</b>	2,263
Contract assets		<b>70</b>	–
Trade and other receivables	<i>9</i>	<b>13,945</b>	11,829
Receivables under finance lease	<i>10</i>	<b>6,173</b>	6,456
Loans and advances		<b>399</b>	277
Pledged bank deposits		<b>80</b>	160
Deferred tax assets		<b>2,256</b>	1,907
		<hr/>	<hr/>
Total non-current assets		<b>54,657</b>	49,915
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>21,184</b>	14,203
Other current assets		<b>875</b>	1,040
Financial assets at fair value through profit or loss ("FVPL")	<i>11</i>	<b>3,505</b>	4,011
Trade and other receivables	<i>9</i>	<b>31,890</b>	33,962
Receivables under finance lease	<i>10</i>	<b>4,793</b>	4,717
Loans and advances		<b>215</b>	170
Pledged bank deposits		<b>1,646</b>	1,708
Cash and cash equivalents		<b>14,796</b>	13,791
		<hr/>	<hr/>
<b>Total current assets</b>		<b>78,904</b>	73,602
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>133,561</b>	123,517
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	<i>Note</i>	<b>As at 30 June 2023 RMB millions</b>	As at 31 December 2022 RMB millions
<b>Current liabilities</b>			
Loans and borrowings		8,777	11,018
Derivative financial instruments		96	–
Trade and other payables	12	42,555	35,259
Contract liabilities		1,922	1,892
Lease liabilities		141	117
Income tax payable		160	107
<b>Total current liabilities</b>		<u>53,651</u>	<u>48,393</u>
<b>Net current assets</b>		<u>25,253</u>	<u>25,209</u>
<b>Total assets less current liabilities</b>		<u>79,910</u>	<u>75,124</u>
<b>Non-current liabilities</b>			
Loans and borrowings		15,072	10,962
Lease liabilities		293	355
Deferred tax liabilities		838	842
Other non-current liabilities		7,849	6,026
<b>Total non-current liabilities</b>		<u>24,052</u>	<u>18,185</u>
<b>NET ASSETS</b>		<u>55,858</u>	<u>56,939</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	8,678	8,678
Reserves		44,517	46,027
<b>Total equity attributable to equity shareholders of the Company</b>		<u>53,195</u>	<u>54,705</u>
<b>Non-controlling interests</b>		<u>2,663</u>	<u>2,234</u>
<b>TOTAL EQUITY</b>		<u>55,858</u>	<u>56,939</u>

## Notes

### 1 Basis of preparation

- (a) This Group's interim 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 2023.

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 and new standard that are first effective for the current accounting period of the Group:

- IFRS 17, Insurance contracts
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12, International tax reform – Pillar Two model rules
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

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 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:

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB</b>	RMB
	<b>millions</b>	millions
<b>Revenue from contracts with customers within the scope of IFRS 15, all recognised at point in time</b>		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	4,555	4,702
– Crane machinery	9,979	9,635
– Aerial machinery	3,355	2,409
– Earth working machinery	2,932	1,476
– Others	1,849	1,554
Agricultural machinery	1,101	1,095
	23,771	20,871
	23,771	20,871
<b>Revenue from other sources</b>		
Rental income from construction machinery	75	189
Rental income from agricultural machinery	2	–
	77	189
Financial services	227	239
	304	428
	24,075	21,299

### (b) Information about profit or loss

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB</b>	RMB
	<b>millions</b>	millions
Reportable segment profit:		
Construction machinery		
– Concrete machinery	1,057	986
– Crane machinery	2,978	1,881
– Aerial machinery	885	551
– Earth working machinery	885	299
– Others	600	407
Agricultural machinery	94	69
Financial services	217	233
	6,716	4,426
	6,716	4,426

(c) **Reconciliations of segment profit**

	For the six-month period ended 30 June	
	2023 RMB millions	2022 RMB millions
Total reportable segment profit	6,716	4,426
Other net income	145	692
Sales and marketing expenses	(1,695)	(1,156)
General and administrative expenses	(1,039)	(819)
Expected credit losses	(255)	(219)
Research and development expenses	(1,585)	(1,122)
Net finance income	123	225
Share of profits less losses of associates	75	68
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Profit before taxation	<b>2,485</b>	<b>2,095</b>

**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	
	2023 RMB millions	2022 RMB millions
Interest income	(387)	(501)
Interest expense on loans and borrowings	366	488
Interest expense on lease liabilities	11	9
Net exchange gain	(113)	(221)
	<hr/>	<hr/>
	<b>(123)</b>	<b>(225)</b>

(b) **Staff costs:**

	For the six-month period ended 30 June	
	2023 RMB millions	2022 RMB millions
Salaries, wages and other benefits	2,268	1,772
Contributions to retirement schemes	334	269
Share incentive scheme expense	38	85
	<hr/>	<hr/>
	<b>2,640</b>	<b>2,126</b>

(c) **Other items:**

	For the six-month period ended 30 June	
	2023 RMB millions	2022 RMB millions
Cost of inventories sold	17,359	16,873
Depreciation charge		
– owned property, plant and equipment	493	349
– right-of-use assets	103	90
Amortisation of intangible assets	80	80
Loss/(gain) on disposal of property, plant and equipment, intangible assets and right-of-use assets	14	(8)
Product warranty costs	104	98
Expected credit losses		
– trade receivables	157	106
– receivables under finance lease	95	75
– other receivables	(2)	51
– loans and advances	5	1
– financial guarantee issued	–	(14)
Provision of inventories	18	1
Loss on disposal of trade receivables and receivables under finance lease	197	30

4 **Income tax**

(a) **Taxation charged to profit or loss:**

	For the six-month period ended 30 June	
	2023 RMB millions	2022 RMB millions
Current tax – PRC income tax	581	256
Current tax – Income tax in other tax jurisdictions	16	4
Deferred taxation	(348)	56
Tax expenses	249	316

*Notes:*

- (a) The PRC statutory income tax rate is 25% (2022: 25%).

The Company's subsidiaries in the Hong Kong Special Administrative Region (HKSAR) are subject to Hong Kong Profits Tax at 16.5% (2022: 16.5%) in respect of assessable profits arising in or derived from Hong Kong. For the six-month period ended 30 June 2023, 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 15.0% to 28.4% (2022: 15.0% to 28.4%).

- (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%.
- (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 2023 (2022: 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 2023 is based on the profit attributable to equity shareholders of the Company of RMB2,056 million (six-month period ended 30 June 2022: RMB1,736 million), and the weighted-average number of ordinary shares in issue of 8,240 million shares (six-month period ended 30 June 2022: 8,484 million shares).

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six-month period ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of RMB2,056 million (six-month period ended 30 June 2022: RMB1,736 million), and the weighted-average number of ordinary shares in issue of 8,317 million shares (six-month period ended 30 June 2022: 8,561 million shares) after adjusting for the vested restricted shares for the reporting period.

## 6 Goodwill and business combination

	<b>2023</b> <b>RMB</b> <b>millions</b>	2022 <b>RMB</b> <i>millions</i>
Balance at 1 January	<b>2,562</b>	1,908
Addition	–	616
Effect of exchange rate difference	<b>82</b>	38
Balance at 30 June/31 December	<b><u>2,644</u></b>	<b><u>2,562</u></b>

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 Luchang Technology Co., Ltd. (“**Shenzhen Luchang**”), a joint stock company listed in the Shenzhen Stock Exchange, and its subsidiaries (collectively “**Shenzhen Luchang Group**”) with a total consideration of RMB780 million, which could be adjusted downward if the post-acquisition net profits of a subsidiary of Shenzhen Luchang for the years ending 31 December 2022, 2023 and 2024 do not meet certain target guaranteed by the previous controlling shareholder of Shenzhen Luchang.

On 23 February 2022, the Group completed the acquisition of 29.99% of the issued share capital of Shenzhen Luchang and obtained the ability to direct the relevant activities of Shenzhen Luchang. The Group commenced consolidation of Shenzhen Luchang from the date of acquisition, and 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 in a goodwill of RMB616 million.

## 7 Interests in associates

	<b>30 June 2023 RMB millions</b>	31 December 2022 RMB millions
Carrying amount of the individually material associate in the consolidated financial statements	<b>3,127</b>	3,132
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<b>1,376</b>	1,344
<b>Total</b>	<b>4,503</b>	4,476

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

## 8 Other financial assets

	<i>Note</i>	<b>30 June 2023 RMB millions</b>	31 December 2022 RMB millions
<b>Financial assets at FVOCI</b>			
Equity securities	<i>(i)</i>	<b>2,312</b>	2,186
<b>Financial assets at FVPL</b>			
Listed equity securities	<i>(ii)</i>	<b>43</b>	77
Private equity fund		<b>120</b>	–
<b>Total</b>		<b>2,475</b>	2,263

- (i) The equity securities comprise listed equity securities and other unlisted equity securities. The aggregate fair value of listed equity securities and other unlisted equity securities was RMB285 million and RMB2,027 million, respectively, as at 30 June 2023 (31 December 2022: RMB12 million and RMB2,174 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB13 million (six-month period ended 30 June 2022: RMB10 million) were received from these investments in equity securities during the six-month period ended 30 June 2023. A loss accumulated in the fair value reserve (non-recycling) of RMB1 million in relation to disposal of equity securities was transferred to retained earnings during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: loss of RMB13 million).
- (ii) The listed equity securities represent the Group's investments in shares of companies listed in the Stock Exchanges of Hong Kong and the PRC. The aggregate fair value of these investments was RMB43 million, based on their quoted market prices as at 30 June 2023 (31 December 2022: RMB77 million).

## 9 Trade and other receivables

	As at 30 June 2023 <i>RMB</i> <i>millions</i>	As at 31 December 2022 <i>RMB</i> <i>millions</i>
Trade receivables	44,192	44,764
Less: loss allowance for doubtful debts	<u>(5,365)</u>	<u>(5,260)</u>
	38,827	39,504
Less: trade receivables due after one year	<u>(13,945)</u>	<u>(11,829)</u>
	24,882	27,675
Bills receivable	<u>1,045</u>	<u>1,239</u>
	25,927	28,914
Amounts due from related parties	507	240
Prepayments for purchase of raw materials	1,044	735
Prepaid expenses	249	215
Prepayments for acquisition of land use right	1,703	1,703
Value-added tax recoverable	1,452	1,458
Deposits	78	99
Others	<u>930</u>	<u>598</u>
	<u><b>31,890</b></u>	<u><b>33,962</b></u>

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 2023 <i>RMB</i> <i>millions</i>	As at 31 December 2022 <i>RMB</i> <i>millions</i>
Within 1 year	23,980	22,232
Over 1 year but less than 2 years	7,094	10,614
Over 2 years but less than 3 years	3,545	2,652
Over 3 years but less than 5 years	1,586	1,990
Over 5 years	<u>2,622</u>	<u>2,016</u>
	<u><b>38,827</b></u>	<u><b>39,504</b></u>

Trade receivables under credit sales arrangement are generally due within 1 to 6 months (2022: 1 to 3 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 30% to 50% (2022: 30% to 50%) of the product price. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 60 months (2022: 6 to 60 months), customers are normally required to make an upfront payment ranging from 10% to 50% (2022: 20% to 50%) of the product price.

**10 Receivables under finance lease**

	<b>As at 30 June 2023 RMB millions</b>	As at 31 December 2022 RMB millions
Gross investment	<b>12,370</b>	12,587
Unearned finance income	<b>(557)</b>	(615)
	<b>11,813</b>	11,972
Less: loss allowance for doubtful debts	<b>(847)</b>	(799)
	<b>10,966</b>	11,173
Less: receivables under finance lease due after one year	<b>(6,173)</b>	(6,456)
Receivables under finance lease due within one year	<b>4,793</b>	4,717

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 (2022: 1 to 6 years). Customers are normally required to make an upfront payment or security deposit ranging from 5% to 50% of the product price (2022: 5% to 50%). 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:

	<b>As at 30 June 2023 RMB millions</b>	As at 31 December 2022 RMB millions
<i>Present value of the minimum lease payments</i>		
Within 1 year	5,132	5,043
Over 1 year but less than 2 years	3,043	3,001
Over 2 years but less than 3 years	1,938	1,968
Over 3 years	1,700	1,960
	<u>11,813</u>	<u>11,972</u>
<i>Unearned finance income</i>		
Within 1 year	263	270
Over 1 year but less than 2 years	127	140
Over 2 years but less than 3 years	88	98
Over 3 years	79	107
	<u>557</u>	<u>615</u>
<i>Gross investment</i>		
Within 1 year	5,395	5,313
Over 1 year but less than 2 years	3,170	3,141
Over 2 years but less than 3 years	2,026	2,066
Over 3 years	1,779	2,067
	<u>12,370</u>	<u>12,587</u>
Overdue analysis of receivables under finance lease at the end of reporting period is as follows:		
	<b>As at 30 June 2023 RMB millions</b>	As at 31 December 2022 RMB millions
Not yet due	10,535	10,841
Within 1 year past due	1,120	929
Over 1 year but less than 2 years past due	136	176
Over 2 years past due	22	26
	<u>1,278</u>	<u>1,131</u>
Total past due	1,278	1,131
	<u>11,813</u>	<u>11,972</u>
Less: loss allowance	(847)	(799)
	<u>10,966</u>	<u>11,173</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 <b>30 June</b> <b>2023</b> <b>RMB</b> <b>millions</b>	As at 31 December 2022 <b>RMB</b> <b>millions</b>
<b>Financial assets carried at fair value through profit or loss</b>			
– Wealth management products and structured deposits	<i>(i)</i>	<b>2,097</b>	2,806
– Securities investment funds	<i>(ii)</i>	<b>1,408</b>	1,205
		<b>3,505</b>	4,011

### 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 investment 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 <b>30 June</b> <b>2023</b> <b>RMB</b> <b>millions</b>	As at 31 December 2022 <b>RMB</b> <b>millions</b>
Trade creditors	<b>15,430</b>	13,075
Digital bills payable	<b>6,993</b>	5,260
Bills payable	<b>8,964</b>	8,159
Trade creditors and bills payable	<b>31,387</b>	26,494
Amounts due to related parties	<b>3</b>	1
Payable for acquisition of property, plant and equipment	<b>2,909</b>	2,314
Accrued staff costs	<b>613</b>	834
Product warranty provision	<b>139</b>	126
Value-added tax payable	<b>1,115</b>	1,120
Sundry taxes payable	<b>57</b>	66
Security deposits	<b>927</b>	774
Financial guarantees issued	<b>57</b>	68
Dividends payable ( <i>Note 13(a)</i> )	<b>2,641</b>	–
Other accrued expenses and payables	<b>2,707</b>	3,462
	<b>42,555</b>	35,259

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

	<b>As at 30 June 2023 RMB millions</b>	As at 31 December 2022 RMB millions
Due within 1 month or on demand	5,220	2,386
Due after 1 month but within 3 months	13,297	14,624
Due after 3 months but within 6 months	9,060	6,026
Due after 6 months but within 12 months	3,810	3,458
	<u>31,387</u>	<u>26,494</u>

### 13 Capital, reserves and dividends

#### (a) Dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 29 June 2023, a final cash dividend of RMB0.32 per share based on 8,254 million ordinary shares in issue, totaling RMB2,641 million in respect of the year ended 31 December 2022 was declared. As at 30 June 2023, RMB2,641 million of such dividends were not paid.

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 which was fully paid by 31 December 2022.

#### (b) Share incentive scheme

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 1,200 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 2023, 117,134,977 restricted shares were vested (six-month period ended 30 June 2022: 117,134,977 restricted shares vested) and there were no restricted shares outstanding at 30 June 2023 (31 December 2022: 117,134,977 restricted shares outstanding).

During the six-month period ended 30 June 2023, share incentive scheme expenses of RMB38 million (six-month period ended 30 June 2022: RMB85 million) were recognised in the consolidated statement of comprehensive income.

(c) **Repurchase of own shares**

During the six-month period ended 30 June 2023, the Company repurchased its own shares on the Shenzhen Stock Exchange as follows:

<b>Month/year</b>	<b>Number of shares repurchased</b>	<b>Highest price paid per share</b> <i>RMB</i>	<b>Lowest price paid per share</b> <i>RMB</i>	<b>Aggregated price paid</b> <i>RMB millions</i>
February to March/2023	164,093,583	6.85	6.49	<u>1,085</u>

The total amount paid for the repurchased shares of RMB1,085 million was paid wholly out of capital reserve.

**14 Non-adjusting events after the reporting period**

***Spin-off and restructuring of Zoomlion Aerial Machinery Co., Ltd.***

On 10 July 2023, resolutions were passed at the first extraordinary meeting in 2023 of the seventh session of the board of directors, which approved the proposal for the spin-off and restructuring of Zoomlion Aerial Machinery Co., Ltd. (the “**Proposed Spin-off**”). On 2 August 2023, resolutions were passed at the first extraordinary general meeting of the Company’s shareholders in 2023 to further approve the proposal. On 23 August 2023, the application for the Proposed Spin-off was accepted by Shenzhen Stock Exchange.

As at the issuance date of this interim financial report, the Proposed Spin-off has not been completed.

## BUSINESS REVIEW

In the first half of 2023, the economic growth of the developed economies slowed down, while the emerging markets and developing economies maintained stable growth. The domestic market demand in China gradually recovered and the overall economy resumed growth.

In the first half of 2023, due to the decline in the number of infrastructure projects and real estate projects under construction and shortage of funds, the demand of the construction machinery industry in the domestic market continued to drop, but the decline gradually narrowed. On the other hand, the demand in overseas markets continued to increase and the overseas competitiveness of Chinese brands improved, and thus the export sales volume of the construction machinery industry maintained a high growth rate.

Under the guidance of the concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company closely focused on the goal of high-quality development, accelerated the transformation and upgradation of digitalisation, intelligentisation and eco-friendliness, sped up the development of emerging sectors, promoted the expansion of overseas markets and enhanced the development tenacity and endogenous momentum of the Company, achieving an unparalleled business quality in the industry.

During the Reporting Period, the main work carried out by the Company was as follows:

### **1. The industrial echelons of the Company gathered momentum continuously**

During the Reporting Period, within the framework of the overall strategies of “equipment manufacturing + Internet” and “industry + finance”, the Company accelerated the development of and the overall arrangement for engineering machinery, agricultural machinery + intelligent agriculture and Zoomlion New Materials to strengthen our industrial echelons, and the above-mentioned fields gathered momentum continuously.

(1) The engineering machinery products of the Company was becoming increasingly important on the market.

① The leading products of the Company were unparalleled on the market.

The competitiveness of the three key products of the Company (i.e. concrete machinery, engineering cranes and construction cranes) was increasing continuously without compromising the high-quality operation strategy and the strict business risk control of the Company, and the market shares were gained steadily.

The market shares of the Company’s concrete long-boom pump trucks, truck-mounted pumps and mixing plants still ranked first in the industry, and the market share of our concrete mixers remained the second place in the industry.

The Company’s engineering cranes still led in the market share in the industry. The sales of our 25-tonne and above truck cranes ranked first in the industry.

The sales of our construction cranes ranked first in the world. The Company delivered the world’s largest tower crane R20000-720 and continued to lead the development of the industry with its mature technologies, product series and ecosystem model.

② New breakthroughs brought by accelerated development of potential businesses

In terms of earthmovers, the Company insisted on focusing on the strategy of developing medium and large excavators, and the market share continued to increase. After the whole demonstrative intelligent plant manufacturing excavators in Changsha went into operation, the reliability and intelligent technologies of our medium and large excavators improved continuously and the product catalogue was fully covered, through which, we accelerated the expansion of product catalogue of electric products and rapidly promoted the development of new products, product iteration and upgrading and market layout for 75-tonne and above super-large excavators. In the first half the year, the expansion of major customers and large projects achieved satisfactory results and the domestic market share of our medium and large excavators doubled year-on-year, maintaining the leading positions in the industry in terms of market share.

The sales of our mobile elevated working platforms (MEWPs) increased steadily in the first half of the year, maintaining the first in the domestic market share of small and medium-sized customers. The product catalogue of our MEWPs was fully covered, with work heights ranging from four metres to seventy-two metres, and the penetration rate of our electric products exceeded 90%, allowing the Company to have the largest number of MEWP models in China. We first launched ZT72J-V, the world's highest 72-metre telescopic boom lift, setting a new world record for telescopic boom lift series MEWPs again. We also launched SR-V800, the world's first high-rise curtain wall installation robot, which successfully realised the transformation from manned operations to intelligent high-rise operations.

③ Accelerating independent research and development of key components

The Company focused on key core technologies, such as perception, interaction, control, transmission, axles, hydraulic, hydraulic cylinders, rubber pipes, high-strength steel, thin plates. We kept on taking the technological research and development of key components and parts to a higher level and tried to connect links of the industrial chain and integrate similar companies in each link of the chain continuously. We enhanced the independent research and development and independent controllable manufacturing capacity of core components and parts such as hydraulic cylinders, hydraulic valves, axles for construction vehicles and reducers, thus improving the self-manufacturing rate of core components and parts. Furthermore, we made breakthroughs in technologies and core process bottlenecks of key components and parts such as middle and high-end hydraulic cylinders, high-end hydraulic components, axles for large-tonnage construction vehicles and reducers.

(2) Promoting the transformation and upgradation of agricultural machinery industry

The Company implemented the policy of “solidifying the foundation, transforming and improving quality” for agricultural machinery. We focused on the staple food grain machinery, and we were committed to the iteration and upgrading of three major staple grain harvesting series of wheat harvesters, rice harvesters and corn harvesters by relying on the technological accumulation and advantageous resources of “digitalisation, intelligentisation and eco-friendliness” in the construction machinery sector. The new products launched in the first half of the year, such as the wheat harvester TK100 and the tractor RS1304/1604, which were fully optimized in terms of product reliability, work efficiency, adaptability to working conditions and maintenance convenience, were sold on a large scale and were well received by customers.

By virtue of intelligent agriculture, we continued to accelerate our process of self-development and external cooperation and were committed to the development and research of the intelligent decision-making system for agricultural production, aiming to basically realise the intelligent management of rice cultivation, management and harvest. The Company continued to focus on the market development in Hunan’s Dongting Lake Plain and Anhui market and facilitated the implementation of key projects.

(3) Steady progress in the dry mortar new material business

By fully combining the application scenarios of featured products of dry mortar new materials and new construction technologies, the Company created a comprehensive solution and launched a combination of new techniques + new materials + new equipment to improve construction quality and construction efficiency and reduce comprehensive usage costs.

The factory construction for dry mortar new material business has proceeded steadily. The Xiangyin benchmark factory has been put into trial production in May and can produce and delivery products on a large scale. We have completed the layout of the sales outlets based on the surrounding areas of the factories that were put into operation and under construction.

(4) The combination of industry and finance facilitated the industrial upgradation

During the Reporting Period, the proposed spin-off and separate listing of Zoomlion Aerial Machinery was approved at a general meeting. Upon completion of the spin-off, it will help Zoomlion Aerial Machinery to expand financing channels, fully release the intrinsic value, and further accelerate the development and innovation progress. The spin-off will also help to promote the leap-forward development of the emerging business segment, consolidate the leading position in the industry, and thus improving the profitability, robustness and the overall asset quality of the Company.

## **2. Promoting digital transformation**

With the help of the Internet thinking and the empowerment of new technology and based on core business scenarios of enterprises, the Company kept on making breakthroughs in core technology fields such as the Internet of Things, Cloud Computing, Big Data, industrial AI, accelerated the construction of systems such as the end-to-end platform for overseas business, the agricultural machinery marketing management platform, digital platform for business and finance, digitalisation of intelligent manufacturing and digitalisation of intelligent industrial cities, and promoted innovations in management modes, business modes and manufacturing modes, forging ahead towards the great goal of equipping Zoomlion with intelligent data operation.

In 2023, ZValley under Zoomlion has been selected as a national “cross-industry and cross-field” platform, which represents the highest level of industrial Internet platforms in China and is an important carrier for the gathering and sharing of industrial resources, the integration and utilisation of industrial data, and the optimisation and innovation of industrial production and services.

## **3. An intelligent manufacturing industry cluster leading the industry development**

(1) The formation of an intelligent manufacturing industry cluster was accelerating. The construction of intelligent plants had satisfactory results, which solidified the Company’s high-quality development foundation in an all-round way. With Zoomlion Intelligent Industrial City as the centre, the intelligent plants manufacturing overall units, components and parts were being built at an accelerated pace. Nine intelligent manufacturing lines of the intelligent plant manufacturing aerial machinery were established and put into operation, among which, the boom product assembly line had a monthly output of 1,200 boom lifts, solidifying our foundation of the first echelon in the industry. Ten intelligent manufacturing lines (e.g. the pump truck overall unit assembly line) of the intelligent plant manufacturing concrete pumping machinery were established. The worlding-leading thin plate centre and the high-strength steel centre were being installed and going through a preliminary test, and the cab products manufactured by the intelligent assembly line of the thin plate centre have been launched. The construction of intelligent plants manufacturing engineering cranes, foundation construction machinery, crane trucks, axles for construction vehicles and middle and high-end hydraulic cylinders was being accelerated.

The manufacturing capacity of intelligent plants manufacturing excavators, tower cranes, concrete mixers and key components (e.g. hydraulic valves) was increasing, among which, the “Demonstrative Intelligent Plant Manufacturing Excavators”, a national intelligent manufacturing demonstrative project, achieved a monthly output of 1,000 excavators. By this means we provided clients with more premium products and solidified our leading position in the intelligent manufacturing industry.

- (2) The application research results in advanced intelligent manufacturing technologies were rapidly applied. With the development direction of “digitalisation, intelligentisation and eco-friendliness”, the Company integrated AI, intelligent manufacturing technology and intelligent equipment in a deep-going way to create intelligent, flexible and green manufacturing lines. The Company also innovated and applied intelligent control algorithms and digital systems to create efficient and collaborative intelligent plants. We kept on promoting the application research in more than 150 industry-leading end-to-end complete sets of intelligent manufacturing technologies. 124 technologies of them were applied to the intelligent manufacturing lines. 56 technologies of them were new technologies in the industry. The research results of advanced intelligent manufacturing technology have been rapidly applied, which facilitated the progress of empowering and upgrading intelligent manufacturing and led the development of the industry.

#### **4. Integrating “digitalisation, intelligentisation and eco-friendliness” to build a platform for scientific and technological innovations**

The Company adhered to the enterprise development philosophy of “technology and products are the foundation”, continuously integrated the “digitalisation, intelligentisation and eco-friendliness” of products to innovate, created industry-leading technologies and high-end products, accelerated the development of new energy technologies and products and supported the Company’s sustainable development.

- (1) The Company continuously promoted core technological breakthroughs and created high-end products in the industry

During the Reporting Period, the Company accelerated the innovation and upgradation of digitalisation, intelligentisation and eco-friendliness, and carried out 267 technology projects in respect of digitalisation, intelligentisation and eco-friendliness, among which two projects, namely “key engineering technologies for complete vehicles of hydrogen-fuel-powered engineering machinery” and “the R&D of high-efficient and intelligent agricultural machinery and equipment applicable to hilly and mountainous areas”, were selected as “Top Ten Technological Breakthrough Projects of Hunan Province in 2023”. 150 new key products were launched, equipped with 48 advanced and mature technologies related to “digitalisation, intelligentisation and eco-friendliness”, which enhanced market competitiveness of the products.

The Company accelerated the productization of intelligent technologies, realised small batch application of technologies to several intelligent and autonomous operations, and completed the sample machine demonstration tests of a number of industry-leading core technologies featuring man-machine coordination and coordination among machines. For example, the one-key control technology for concrete pump truck boom, the key technologies of intelligent driving and operation for concrete mixers and other technologies have realised small batch application; the key technology of Digital Twin visualization for the intelligent construction system, the key technology of anti-collision decision-making in large space and other technologies have completed sample machine demonstration tests; and the R&D of core technologies such as intelligent multi-machine construction dispatching system 2.0 has been carried out.

The Company developed the world's largest tower crane with the rated lifting moment of 20,000 ton-metre, a maximum duty of lifting 720 tonnes and a maximum lifting height of 400 meters, which improved the efficiency of engineering construction and promoted the construction of bridges and other major engineering projects to achieve large-scale modularization. The Company developed the world's tallest 72.3-metre telescopic boom MEWPs, breaking the world record once again and filling in gaps in terms of working at the height of 70 metres or above with boom aerial machinery and equipment in the world. Our ZCC17000 crawler crane was the first crawler crane in the industry to realise hoisting of wind turbines at the height of 190 metres, with a rated duty of lifting 185 tonnes and the world's longest telescopic boom of 204 meters. ZCC17000 could realise maximum duty hoisting of wind turbines, which filled in gaps in the field of wind turbines hoisting for crawler cranes and met the industry's future demand of 7~10MW wind turbine hoisting. The Company managed to develop the industry's first qualified pump truck with a tonnage of 55 tonnes and a vertical reach of 72 metres. With the application of various new technologies in the world, the pump truck broke the world's longest boom record for pump truck with a tonnage of 55 tonnes and realised the perfect combination of construction machinery and cutting-edge material science, creating a new model of lightweight pump trucks with a higher degree of intelligence, stability and reliability.

- (2) The Company accelerated the development of new energy products, leading the green development of the industry

In the fields of lithium battery, electric drive, hydrogen energy, overall unit and other fields, we innovated in multiple dimensions, fully opened up the three technological chains of new energy and a new green prospect. The Company had products in every category of new energy key components. We lead the development of engineering machinery powered by new energy by launching a series of products.

During the Reporting Period, 106 green technology projects were carried out, and 28 new energy products were launched, such as new multi-functional electric crawler crane with a tonnage of 75 tonnes, five-axle lightweight hybrid pump truck with a vertical reach of 70 metres, the pure electric spider boom lift with a work height of 23 metres, and the electric counterbalanced forklift with a tonnage of 7 tonnes.

Up to now, Zoomlion has launched 153 new energy products, covering concrete pump trucks, concrete mixers, truck-mounted cranes, MEWPs, excavators, mining dump trucks, forklifts, emergency vehicles, agricultural machinery, etc. The new energy forms consist of pure electric, hybrid power and hydrogen fuel, and a full range of new energy products has been taking shape. Electric telescopic boom lift series MEWP products were sold on a large scale, and they were in the leading position in the industry.

(3) High-value patents and standards led the innovation and development of the industry

During the Reporting Period, the Company focused on making an overall arrangement for intellectual property rights in respect of “digitalisation, intelligentisation and eco-friendliness” and new industries, recording a year-on-year increase of 44.7% in the number of invention patent applications. The patent of “boom monitoring method and system, engineering machinery readable storage medium” won the 24th China Patent Gold Award, and another 4 patents, namely “engineering machinery and the method, device and system for determining its safety state”, “control circuit and method of hydraulic valve spool”, “mobile elevated working platforms” and “a kind of crop divider, agricultural machinery with the divider and methods of preventing crop losses”, won the 24th China Patent Excellence Award. The growth of high-value patents accelerated and remained at the forefront of the industry.

During the Reporting Period, the international standard “Cranes — Safe use — Part 1: General” (ISO 12480-1) prepared under the lead of the Company was approved by voting for Draft International Standard (DIS); three national standards, including “Cranes — Design principles for loads and load combinations — Part 2: Mobile cranes” prepared under the lead of the Company, completed submission for approval; and five national green product assessment group standards, including “Technical specifications for green-design product assessment — crawler cranes” and “Technical specifications for green-design product assessment — Concrete pump trucks” prepared under the lead of the Company, completed the draft for comments. The number of green product standards released or under research by the Company ranked first in the industry.

## 5. Accelerating the development of overseas business in an all-round way

Adhering to its international development strategy with Zoomlion’s characteristics, the Company made full use of Internet thinking to form an end-to-end, digital and localised overseas business system and achieved leapfrogging development of overseas business, under the strategic development theme of “global village, end-to-end and twin platform”.

- (1) Overseas business kept on breaking records of growth. During the Reporting Period, the Company’s overseas revenue showed a year-on-year increase rate of 115%, with strong growth in overseas business and effective breakthroughs in key markets. Remarkable results of localisation development strategies were achieved in the United Arab Emirates, Saudi Arabia, Turkey, Russia, Kazakhstan, Brazil and other key countries, and the sales showed a year-on-year increase rate of over 200%. Engineering cranes under our brand owned the biggest market share in the Middle East and Russian-speaking regions. The Company maintained its No. 1 position in the markets of Turkey, India and South Korea in terms of construction cranes.

Among them, for engineering cranes, ZAT8000V863 set a record for the largest tonnage crane exported to the South American market by China, and ZAT8000H7 set a record for the largest tonnage crane exported to the Philippines by China. T2850-120 was exported to Mali, setting a record for the largest tonnage tower crane to Africa. The earthmoving machinery ZE1250G set a record for the largest tonnage excavator exported to Russia by Zoomlion. The first batch of tractors RS1304 was delivered to Thailand KTIS Group, the world’s largest sugar manufacturer, breaking the situation that European and American agricultural machinery were dominated in the region.

- (2) Promoting the reform of overseas business management in depth. The Company established a global operation management system, completed the construction of localised business and operation systems in 32 key countries by improving its localisation management in terms of people, funds, materials, software and hardware, and created a professional and efficient localised talent team. The Company facilitated end-to-end digital workflow, established a visualized overseas business system, developed the capability of multi-language system support, and formed a globalized end-to-end, digital and localised business management system for overseas business, so as to promote the continuous improvement of overseas performance and lay a solid foundation for the global layout and comprehensive expansion in respect of overseas business.
- (3) Further promoting the expansion and upgradation of overseas manufacturing bases. CIFA (headquartered in Italy) was expanded and upgraded to a comprehensive global company covering engineering cranes, construction cranes and other kind of products, on top of enhancing the main business of concrete. The Company accelerated the assimilation of M-tec mathis Technik GmbH's technology to foster and develop new materials industry; it also accelerated the assimilation and transformation of WILBERT TowerCranes GmbH's technology to consolidate the presence of construction cranes and other related products in high-end market; and the Company strengthened the synergy between Rabe, the world's leading agricultural machinery manufacturer, in sectors of agricultural machinery and engineering cranes.

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

During the Reporting Period, the Company strengthened risk control, kept on improving its supply chain, after-sales service and human resource management level, escorting the Company's high-quality development.

- (1) Comprehensively strengthening risk control. The Company improved its risk control end-to-end management system, built up solid defenses, used the "risk intelligent early warning platform with perception and thinking" to actively identify operational risks, firmly grasp the key points of risk control and help the steady growth of business.
- (2) Strengthening the construction of a supply chain system. The Company kept on promoting collective procurement and integration of bulk, general and standard materials and the strategic purchase of critical materials, optimised the supply chain ecology and achieved cost-effective.
- (3) Creating the ultimate service capability. The Company kept on promoting the digital and intelligent upgradation of services, promoted the refined management of services and achieved the improvement of service efficiency, customer satisfaction and service quality.

- (4) Strengthening the construction and motivation of talent teams. To keep pace with its strategic development and meet business needs, the Company made every effort to deepen its talent development, thoroughly motivate its talents and improve its talent management. It took multiple measures to develop the key talent team and build a future-oriented talent team to help its stable operation and sustainable development. During the Reporting Period, the Company completed the implementation of share repurchase, and all of the repurchased shares shall be used to implement the Employee Stock Ownership Plan, further mobilising the enthusiasm of teams, boosting the Company's digital transformation, upgradation, internationalisation and rapid development of emerging businesses and promoting the Company's long-term healthy development.

## **ANALYSIS OF FINANCIAL POSITION**

### **1. Analysis of operating income and profit**

In the first half of 2023, the economic growth of the developed economies slowed down, while the emerging markets and developing economies maintained stable growth. The domestic market demand in China gradually recovered and the overall economy resumed growth. Due to the decline in the number of infrastructure projects and real estate projects under construction and shortage of funds, the demand of the construction machinery industry in the domestic market continued to drop, but the decline gradually narrowed. On the other hand, the demand in overseas markets continued to increase and the overseas competitiveness of Chinese brands improved, and thus the export sales volume of the construction machinery industry maintained a high growth rate. Under the guidance of the concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company closely focused on the goal of high-quality development, accelerated the transformation and upgradation of digitalisation, intelligentisation and eco-friendliness, sped up the development of emerging sectors, promoted the expansion of overseas markets and enhanced the development tenacity and endogenous momentum of the Company, achieving an unparalleled business quality in the industry.

During the Reporting Period, the Company achieved operating income amounting to RMB24,075 million, representing a year-on-year increase of 13.03%, and net profit attributable to equity shareholders of the Company amounting to RMB2,056 million, representing a year-on-year increase of 18.43%. Among which, revenue from concrete machinery and crane machinery products was RMB14,603 million, representing a year-on-year increase of 0.56%, and revenue from agricultural machinery products was RMB1,103 million, representing a year-on-year increase of 0.73%.

## 2. Cash flow and capital expenditure

The Company finances its operations primarily through bank loans and borrowings. As at 30 June 2023, the Company had RMB14,796 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 2023, net cash generated from operating activities was RMB733 million derived primarily from the profit before taxation of RMB2,485 million in total, adjusted to reflect interest expense of RMB377 million, interest income of RMB387 million, depreciation and amortisation of RMB676 million, net realised and unrealised losses on financial assets at fair value through profit or loss ("FVPL") of RMB61 million, gains on disposal of property, plant and equipment and intangible assets of RMB14 million, share incentive scheme expenses of RMB38 million, share of profit or loss of associates of RMB75 million, loss on disposal of trade receivables and receivables under finance lease of RMB197 million and added back the effect of (i) the increase in trade and other payables of RMB5,157 million and (ii) the increase in contract liabilities of RMB30 million, and net off the following items: (i) the increase of receivables under finance lease of RMB160 million; (ii) the increase in inventories of RMB6,821 million; (iii) the increase in trade and other receivables of RMB288 million; and (iv) income tax payment of RMB591 million.

### (2) Investing activities

For the six months ended 30 June 2023, net cash used in investing activities was RMB343 million, consisting primarily of: (i) proceeds from disposal of financial assets at FVPL of RMB4,965 million; (ii) interest received of RMB196 million; (iii) proceeds from disposal of property, plant and equipment and intangible assets of RMB28 million; (iv) increase in pledged deposits of RMB142 million, and offset by the following items: (i) investment into financial assets at FVPL of RMB4,514 million; (ii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB934 million; and (iii) payment for acquisition of financial assets at FVOCI of RMB267 million.

### (3) Financing activities

For the six months ended 30 June 2023, net cash generated from financing activities was RMB539 million, consisting primarily of: repayments of bank and other borrowings of RMB8,849 million, proceeds from bank and other borrowings of RMB10,574 million, payment for repurchase of own shares of RMB1,085 million, capital contributions from non-controlling shareholders of subsidiaries of RMB349 million and interest payment of RMB366 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

During the Reporting Period, the Company repurchased a total of 164,093,583 A shares on Shenzhen Stock Exchange for RMB1,084,353,135.69 (excluding stamp duty, brokerage fee and transaction levies). Details are set out below.

Month	Number of A shares repurchased	Highest price paid per A share (RMB)	Lowest price paid per A share (RMB)	Total consideration (RMB)
February	105,632,225	6.85	6.50	694,769,887.65
March	58,461,358	6.85	6.49	389,583,248.04
Total	164,093,583			1,084,353,135.69

All such repurchased A shares will be applied toward the Company’s employee share ownership scheme, when one is implemented. As such, none of the A shares have been cancelled.

Save as disclosed, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company’s listed securities during the Reporting Period.

## 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 2023 prepared in accordance with International Accounting Standard 34.

## 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](http://www.hkexnews.hk)) and the Company's website ([www.zoomlion.com](http://www.zoomlion.com)). The Company's 2023 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.

## EVENTS AFTER THE REPORTING PERIOD

On 5 February 2023, the Board resolved to approve the proposed spin-off and separate listing of 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) (the “**Proposed Spin-off**”). On 10 July 2023, the Board resolved to approve further details relating to the Proposed Spin-off.

On 2 August 2023, the Proposed Spin-off was approved by Shareholders in general meeting. On 23 August 2023, the listing application for the Proposed Spin-off accepted by Shenzhen Stock Exchange. As at the date of this announcement, the Proposed Spin-off remains under consideration by relevant regulatory authorities. For details, please refer to the Company's circular dated 17 July 2023 and announcements dated 2 August 2023 and 24 August 2023.

## ADDITIONAL INFORMATION TO THE 2022 ANNUAL REPORT

Reference is made to the Company's annual report (“**Annual Report**”) for the year ended 31 December 2022 (“**FY2022**”) published on 25 April 2023. The Company wishes to supplement the Annual Report with the following information concerning its stock ownership plan and finance leasing business.

### **Stock ownership plan**

On 6 January 2020, the Company adopted a stock ownership plan for its core management (the “**Plan**”). Set out below is a summary of the terms of the Plan.

#### ***Purpose***

The purpose of the Plan is to further refine the Company's corporate governance structure; establish and refine a mechanism to share benefits with contributors to and owners of the Company; enhance team cohesion amongst employees and create core competitiveness for the Company; promote the philosophy of joint development between the Company and the individual; fully leverage on employees' incentive and creativity; and attract and promote continuity of excellent management talents and core business personnel of the Company.

The remuneration structure of the Company's core management team is relatively flat. The Plan has aided in providing a long-term incentive to and constituting a restraint on the Company's core management team and ensuring the Company achieves its long-term operation goals. The Plan, as an innovative and long-term effective mechanism, has helped to accelerate and promote the stability and team cohesion of the Company's core management team. It has facilitated the establishment of a business which represents the common interest of the Company itself and its core management team, ultimately accelerating the transformation and upgrade of the Company and enhancing its long-term value. Against the background of industry revitalisation, the Plan has allowed the Company to step onto a new track of growth and encourage a long-term, sustainable and healthy development by optimising its management system and business structure.

### ***Scope of participants***

To ensure the implementation of the strategies and to improve market competitiveness and operating results of the Company, participants of the Plan include the Company's core management team and key employees who have a significant role in, and impact on, its overall operating results and mid-to-long term development and such other employees as the Board deemed necessary for inclusion, subject to certain disqualification events as detailed in the terms of the Plan. Employees who participate in the Plan must have in place a service agreement with and receive a salary from the Company.

The list of employees and their respective entitlement to A shares under the Plan (subject to the terms of the Plan) were approved by the Company's shareholders (the "**Shareholders**") on 6 January 2020.

### ***Number of A shares available***

A shares underlying the Plan are those repurchased by the Company for the purpose of the Plan and held in the Company's account specifically designated for share repurchases.

On 3 April 2020, the Board approved the transfer of a total of 390,449,924 A shares so repurchased to the Plan for allocation among 1,046 participants. No further A shares are available for grant to participants after such date.

The total number of A shares available under the Plan represents approximately 4.50% and 4.50% of the Company's total issued share capital as at the date of the Annual Report and the date of this announcement, respectively.

### ***Term***

The Plan has a validity period of 48 months commencing from 29 April 2020, being the last date on which A shares were transferred by the Company to the Plan (the "**Effective Date**"), subject to extension in accordance with the terms of the Plan.

### ***Maximum entitlement of each participant***

The maximum entitlement of each participant of the Plan is 1% of the Company's total issued share capital as at 15 November 2019, being the date on which the Board resolved to approve the Plan.

### ***Vesting period***

The A Shares are subject to vesting periods which are unlocked in three tranches as set out in Table A, subject to the corresponding performance target as set out in Table B being met by the Company.

		<b>Table A</b>
		<b>% of</b>
		<b>available</b>
<b>Tranche</b>	<b>Vesting date</b>	<b>A shares</b>
1	Upon the expiry of a 12-month period from the Effective Date	40
2	Upon the expiry of a 24-month period from the Effective Date	30
3	Upon the expiry of a 36-month period from the Effective Date	30

		<b>Table B</b>
<b>Tranche</b>	<b>Performance target</b>	
1	As compared to the Benchmark <sup>1</sup> , the growth rate of the Net Profits <sup>2</sup> for the year ended 31 December 2020 is no less than 80%	
2	As compared to the Benchmark <sup>1</sup> , the growth rate of the Net Profits <sup>2</sup> for the year ended 31 December 2021 is no less than 90%, or the cumulative growth rate of the Net Profits for the two years ended 31 December 2021 is no less than 170%	
3	As compared to the Benchmark <sup>1</sup> , the growth rate of the Net Profits <sup>2</sup> for the year ended 31 December 2022 is no less than 100%, or the cumulative growth rate for the three years ended 31 December 2022 is no less than 270%	

#### *Notes:*

1. “Benchmark” means the arithmetic mean of the Net Profits for the three years ended 31 December 2019.
2. “Net Profits” means the net profits of the Company attributable to the shareholders of the parent company.

If the applicable performance target is met then the A shares will vest (subject to the terms of the Plan) in participants upon the expiry of the corresponding lock-up period in the stated proportion. Such unlocked A shares will then be sold on the market at such timing and in such manner as determined by the asset management agent appointed by the management committee of the Plan, in accordance with the terms of the Plan. The sale proceeds, after deducting tax and expenses, will be distributed to the participants on a prorated basis.

If the applicable performance target is not met then A shares will be sold upon the expiry of the corresponding lock-up period, and the sales proceeds belong to the Company. The Company will return the subscription funds contributed to the Plan by participants together with interests accrued thereon based on bank deposit rates during the corresponding period, up to the total amount of sales proceeds received.

### ***Amount payable on acceptance***

The number of A shares allocated to each participant is represented by his/her prorated interest in units held in the Plan (totalling 1,073,737,300 units). Such allocation was subject to the participant's full payment of requisite subscription funds toward the Plan by 17 April 2020, for such number of units based on his/her prorated interest in all the A shares allocated, at a price of RMB1.00 per unit.

### ***Basis of determining purchase price***

The purchase price of A shares subject to the Plan was RMB2.75 per A share, representing not less than 50% of the actual repurchase price paid by the Company per A share.

The purchase price was determined on the principle of balance between incentive and restraints, taking into account the confidence in the Company's prospects and recognition of its underlying value, with an objective to promote long-term development and protect the interest of Shareholders.

Implementation of the Plan is to ensure the effectiveness of incentive and restraints and further stabilise and motivate the Company's core management team, ultimately fuelling the sustainable development of the Company. Since the realisation of the participants' interests in the Plan is subject to the future performance and growth of market capitalisation of the Company, the interest of the employees aligns closely with that of Shareholders and are tied together in the long-term.

Based on the above and taking into account the prevailing competition in attracting talents, fees and costs of implementing the Plan and the level of interest of the Company's core management team in participating in the Plan, subject to relevant laws and regulations and regulatory documents, A shares were transferred to the Plan at a purchase price of RMB2.75 per A share. This pricing method combines the two elements of incentive and restraint – on the one hand, to enhance the motivation of the participants to join the Plan and on the other, to set a relatively challenging performance target to be met and a mechanism to unlock A shares in batches.

### ***Movements of A shares during the reporting period***

Movements of A shares subject to the Plan during the year ended 31 December 2022 are as follows:

<b>Name/category</b>	<b>Date of grant</b>	<b>Number of A shares unvested as at 1 January 2022</b>	<b>Number of A shares granted during the year</b>	<b>Number of A shares lapsed/ cancelled during the year</b>	<b>Number of A shares vested during the year<sup>5</sup></b>	<b>Number of A shares unvested as at 31 December 2022</b>
<b>Director</b>						
Zhan Chunxin	3 April 2020	23,428,080	–	–	11,714,040	11,714,040
<b>Supervisors</b>						
He Jianming <sup>1</sup>	3 April 2020	3,360,000	–	–	1,680,000	1,680,000
Liu Xiaoping	3 April 2020	2,700,000	–	–	1,350,000	1,350,000
Xiong Yanming <sup>2</sup>	3 April 2020	4,260,000	–	–	2,130,000	2,130,000
<b>Five highest paid individuals<sup>3</sup></b>	3 April 2020	39,388,080	–	–	19,694,040	19,694,040
<b>Other employees</b>	3 April 2020	188,821,874	–	–	94,410,937	94,410,937

*Notes:*

1. He Jianming retired as a supervisor of the Company on 29 June 2023.
2. Xiong Yanming was appointed as a supervisor of the Company on 29 June 2023.
3. Such individuals are Zhan Chunxin (executive Director), Xiong Yanming (supervisor) and three senior management members.
4. Such A shares became vested as to 50% on 29 April 2022 (being the date after the expiry of a 24-month lock-up period from the Effective Date) and will vest as to 50% on 29 April 2023 (being the date after the expiry of a 36-month lock-up period from the Effective Date). The purchase price paid per A share was RMB2.75.
5. The purchase price paid per A share was RMB2.75. The weighted average closing price of the A shares immediately before the date on which such A shares were vested was RMB4.97 per A share.

Save as disclosed, all information set out in the Annual Report remains unchanged.

### **Finance leasing business**

As disclosed in the Annual Report, the Group provides finance leasing services to customers who purchase its machinery products. The Company wishes to provide further details on such business as follows.

The aggregate amount of outstanding finance lease receivables due to the Group as at the end of FY2022 was RMB11,972 million (net of unearned finance income), from a total of 8,731 customers. Interest rate chargeable to customers of the Group's finance leasing services during FY2022 were in the region of 4.5% to 6.5% per annum.

The Group's finance leasing services are offered to both PRC customers and overseas customers. As at the end of FY2022, PRC customers and overseas customers accounted for approximately 92.45% and 7.55% respectively, of the total amount of finance lease receivables due to the Group. Among PRC customers, lease finance is predominately extended to (i) construction machinery and equipment leasing companies, (ii) construction and engineering companies, as well as (iii) agricultural companies/farmers. A breakdown of the finance lease receivables due as at the end of FY2022 from these three types of customers is follows: as to 90.03% from (i), 0.25% from (ii) and 2.17% from (iii). Receivables from top five customers of the Group's finance leasing business accounted for approximately 12.27% of the total finance lease receivables as at the end of FY2022.

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

Changsha, the PRC, 30 August 2023

*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. 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