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ZOOMLION 中 聯 重 科

Zoomlion Heavy Industry Science and Technology Co., Ltd.*

中聯重科股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1157)

THIRD QUARTERLY REPORT OF 2023

SUMMARY

The Board of Zoomlion Heavy Industry Science and Technology Co., Ltd.* hereby announces the Third Quarterly Report of 2023 of the Company. The financial data contained in the Report has been prepared in accordance with PRC GAAP and is unaudited.

This announcement is made in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (the “**Company**”) hereby announces the unaudited results of the Company for the nine months ended 30 September 2023 (the “**Third Quarterly Report of 2023**”, the “**Report**”). The financial data contained in the Report has been prepared in accordance with China Accounting Standards for Business Enterprises (“**PRC GAAP**”) and is unaudited. This announcement is made in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Third Quarterly Report of 2023 is written in both Chinese and English. In the case of any discrepancies, the Chinese version of the Report shall prevail.

**THIRD QUARTERLY REPORT OF 2023 OF
ZOOMLION HEAVY INDUSTRY SCIENCE AND
TECHNOLOGY CO., LTD. ***

1. IMPORTANT

- 1.1 The Board, the Supervisory Board of the Company and its directors, supervisors and senior management warrant that there are no mis-representations, misleading statements or material omissions in the Report, and they shall, individually and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of the Report.
- 1.2 None of the directors, supervisors and senior management declared to be unable to confirm or held objection to the truthfulness, accuracy and completeness of the Report.
- 1.3 All members of the Board attended the Board meeting in person for the review of the Report.
- 1.4 The third quarterly financial statements of the Company are unaudited.

2. CORPORATE INFORMATION

2.1 Principal Financial Data and Indicators prepared in accordance with PRC GAAP

Unit: RMB

Item	The Reporting Period	Increase/ decrease over corresponding period of last year	Changes from the beginning of the year to the end of the Reporting Period as compared with the corresponding period of last year	
			From the beginning of the year to the end of the Reporting Period	
Operating income (RMB)	11,438,960,671.44	22.35%	35,514,132,109.66	15.87%
Net profit attributable to equity shareholders of the Company (RMB)	814,952,252.14	79.98%	2,855,056,429.34	31.65%
Net profit after extraordinary gain and loss attributable to equity shareholders of the Company (RMB)	673,191,364.63	87.23%	2,361,684,185.04	51.10%
Net cash flow from operating activities (RMB)	–	–	1,142,237,660.61	1.45%
Basic earnings per share (RMB/share)	0.09	80.00%	0.34	36.00%
Diluted earnings per share (RMB/share)	0.09	80.00%	0.34	36.00%
Weighted average return on net assets	1.50%	0.68%	5.23%	1.27%

Item	As at the end of the reporting period		Change in the end of the reporting period as compared with the end of last year	
	As at the end of last year		As at the end of last year	
Total assets (RMB)	136,730,233,792.00	123,553,025,612.04	10.67%	
Owners' equity attributable to the equity shareholders of the Company (RMB)	54,122,794,586.75	54,741,097,896.87	-1.13%	

Note 1: From the beginning of the year to the end of the reporting period, the domestic revenue was RMB22,485,482,573.31, representing a year-on-year decrease of 6.90% and further quarter-over-quarter narrowing the decline; the overseas revenue was RMB13,028,649,536.35, representing a year-on-year increase of 100.53%. Among overseas revenue, export revenue was RMB11,529,299,515.79, representing a year-on-year increase of 127.63%.

Note 2: During the reporting period, domestic revenue was RMB6,782,618,167.52, representing a year-on-year increase of 0.66%; overseas revenue was RMB4,656,342,503.93, representing a year-on-year increase of 78.33%. Among overseas revenue, export revenue was RMB4,378,863,672.56, representing a year-on-year increase of 103.78%.

Items	Amount of the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period	Description
Gain or loss on disposal of non-current assets (including written off of provision for impairment of assets)	8,334,533.68	-5,961,040.51	Gain or loss on disposal of related assets such as non-current assets
Government grants recorded in current profit or loss, except government grants of fixed continuous amount or quantity closely related to normal business operations of the Company and entitled pursuant to the government policy	119,786,969.67	577,542,964.83	Government project support funds and incentives, etc.
Gain or loss on changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities, and investment gains from disposal of held-for-trading financial assets, held-for-trading financial liabilities and financial assets available for sale, other than effective hedging activities related to normal business operations of the Company	40,937,313.93	13,164,745.58	Gains from disposal of financial assets and liabilities such as wealth management, stocks, forward exchange rate contracts and changes in fair value, other than related to normal business operations of the Company
Non-operating income and expenses other than those set out above	4,317,573.81	44,742,056.00	
Less: Income tax effect	29,611,692.34	112,318,475.71	
Minority interests after tax	2,003,811.24	23,798,005.89	
Total	<u>141,760,887.51</u>	<u>493,372,244.30</u>	-

2.2 Total number of shareholders and top ten holders of shares not subject to sales restriction as at the end of the reporting period

Unit: Share(s)

Top ten shareholders			
Name of shareholders	Nature of shareholder	Shareholding percentage	Number of shares held
HKSCC NOMINEES LIMITED	Overseas legal person	18.19%	1,578,266,901
Hunan Xing Xiang Investment Holding Group Co., Ltd.	State-owned legal person	14.48%	1,256,337,046
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	Domestic non state-owned Legal person	7.86%	682,201,864
Zoomlion Heavy Industry Science and Technology Co., Ltd.* – Phase I Employee Stock Ownership Plan	Other	4.50%	390,449,961
Hong Kong Securities Clearing Company Limited	Overseas legal person	3.80%	329,398,073
China Securities Finance Corporation Limited	State-owned legal person	2.69%	233,042,928
Real Smart International Limited	Overseas legal person	1.94%	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership – Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	Other	1.72%	148,869,223
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership – Phoenix Cornerstone Tongli Private Equity Investment Fund	Other	0.86%	74,434,611
Ning Chen	Domestic natural person	0.55%	47,573,859

3. Significant changes in major items of the financial statements and financial indicators and reasons (based on statements reported under PRC GAAP)

Unit: RMB

Item	Percentage of changes	Reason of changes
Bill receivables	-50.63%	Mainly due to the decrease in commercial acceptance bills received
Inventories	54.32%	Mainly due to the growth of overseas markets, the increase in overseas distribution and the increase in land purchases by real estate companies
Loans and advances granted	77.50%	Mainly due to the increase in loans granted to the buyer's credit business
Other non-current financial assets	115.73%	Mainly due to the increase in investment in the funds in the current period
Construction in progress	56.51%	Mainly due to the increase in engineering projects and expenses
Other non-current assets	122.32%	Mainly due to the increase in prepayment for construction cost of smart industry city
Other current liabilities	121.17%	Mainly attributable to the increase in notes such as Yun Xin (雲信) in the current period
Long-term borrowings	34.36%	Mainly attributable to the increase in long-term financing
Bonds payable	-100.00%	Mainly due to the reclassification of bonds near maturity to non-current liabilities due within one year
Accrued liabilities	194.93%	Mainly due to the increase in accrued product quality assurance and repurchase guarantee obligations
Deferred income	73.14%	Mainly due to the increase in government grants related to assets received during the current period
Treasury shares	69.71%	Mainly due to the repurchase of shares during the current period
Selling expenses	36.43%	Mainly attributable to the increase in marketing expenses, travel expenses and others in relation to the improvement of overseas sales
Research and development expenses	43.42%	Mainly attributable to the increase in the investment in research and development
Financial expenses	-73.51%	Mainly due to the decrease in net exchange gain or loss
Income from investment	41.34%	Mainly due to the increase of investment income from associates

Item	Percentage of changes	Reason of changes
Gain on change in fair value	-169.74%	Mainly due to the decrease in change in fair value of financial assets such as shares and forward foreign exchange
Non-operating expenses	-41.80%	Mainly attributable to the decrease of expenses arising from liquidated damages and asset retirement
Net cash flow from financing activities	-104.54%	Mainly due to the increase in debt repayment and share repurchase

4. Appendix

4.1 Consolidated Balance Sheet

Unit: RMB

Item	30 September 2023	1 January 2023
Current assets:		
Cash and cash equivalents	15,595,386,399.37	15,498,545,905.21
Financial assets held-for-trading	3,769,973,097.95	4,010,628,545.21
Derivative financial assets		
Bill receivables	141,622,183.95	286,877,907.24
Account receivables	26,851,245,512.55	27,915,299,278.22
Account receivable financing	1,115,852,743.16	951,659,926.40
Prepayments	2,961,459,905.99	2,632,392,860.75
Other receivables	881,976,191.18	684,939,241.17
Including: Interest receivable		
Dividends receivable	43,913,612.49	
Purchases of resold financial assets		
Inventories	21,917,352,019.18	14,202,648,421.87
Contract assets	2,092,320.00	2,405,355.00
Held-for-sale assets		
Non-current assets due within one year	5,037,748,565.36	4,886,338,226.84
Other current assets	2,094,539,671.96	2,513,969,315.06
Total current assets	80,369,108,610.65	73,585,704,982.97

Item	30 September 2023	1 January 2023
Non-current assets:		
Loans and advances granted	491,291,184.92	276,783,089.65
Debt investments		
Other debt investments		
Long-term receivables	20,718,719,618.08	18,285,982,168.56
Long-term equity investment	4,509,499,922.05	4,475,778,991.28
Investments in other equity instruments	2,436,248,003.86	2,185,937,691.85
Other non-current financial assets	166,095,871.25	76,992,915.25
Investment property	157,767,912.60	161,403,069.56
Fixed assets	11,235,145,026.66	10,418,455,813.66
Construction in progress	5,279,546,924.68	3,373,322,782.12
Right-of-use assets	481,652,379.84	542,928,424.67
Intangible assets	5,263,467,352.25	5,325,558,319.39
Development expenses	15,332,636.05	18,630,319.83
Goodwill	2,627,433,365.42	2,598,029,526.89
Long-term deferred expenditures	14,377,237.37	15,950,273.08
Deferred income tax assets	2,287,562,922.71	1,907,056,617.50
Other non-current assets	676,984,823.61	304,510,625.78
	<u>56,361,125,181.35</u>	<u>49,967,320,629.07</u>
Total non-current assets		
	<u>56,361,125,181.35</u>	<u>49,967,320,629.07</u>
Total assets	<u>136,730,233,792.00</u>	<u>123,553,025,612.04</u>

Item	30 September 2023	1 January 2023
Current liabilities:		
Short-term borrowings	6,593,131,350.93	6,200,631,040.82
Financial liabilities held-for-trading		
Derivative financial liabilities	99,050,196.61	
Bills payable	8,339,942,886.55	8,159,041,902.00
Account payable	13,090,239,842.34	13,074,723,114.62
Advances from customers		
Contract liabilities	2,036,384,877.53	1,891,875,140.26
Accrued payroll	606,277,464.81	789,632,770.92
Taxes payable	354,139,184.58	371,716,576.47
Other payables	6,679,848,892.90	6,584,390,919.65
Including: Interest payable		
Dividends payable		
Non-current liabilities due within one year	4,586,906,617.33	4,990,727,735.33
Other current liabilities	13,997,086,587.13	6,328,625,967.78
	<u>56,383,007,900.71</u>	<u>48,391,365,167.85</u>
Total current liabilities	<u>56,383,007,900.71</u>	<u>48,391,365,167.85</u>
Non-current liabilities:		
Deposits for insurance contract		
Long-term borrowings	14,695,203,035.15	10,936,951,171.44
Bonds payable	25,337,499.98	
Including: Preference shares		
Perpetual bonds		
Lease liabilities	403,556,874.24	355,356,454.41
Long-term payables	467,381,756.32	593,567,328.47
Long-term accrued payroll		
Accrued liabilities	54,163,129.44	18,364,638.72
Deferred income	3,978,625,960.87	2,297,978,405.98
Deferred income tax liabilities	802,712,098.76	841,722,663.63
Other non-current liabilities	3,114,982,892.74	3,117,160,878.00
	<u>23,516,625,747.52</u>	<u>18,186,439,040.63</u>
Total non-current liabilities	<u>23,516,625,747.52</u>	<u>18,186,439,040.63</u>
Total liabilities	<u>79,899,633,648.23</u>	<u>66,577,804,208.48</u>

Item	30 September 2023	1 January 2023
Owners' equity:		
Share capital	8,677,992,236.00	8,677,992,236.00
Capital reserve	19,781,445,160.25	19,625,127,525.84
Less: Treasury shares	2,641,002,729.02	1,556,215,452.58
Other comprehensive income	-1,518,787,895.72	-1,593,364,017.77
Special reserves	155,953,367.64	132,598,236.72
Surplus reserve	4,384,443,521.49	4,384,443,521.49
General risk provisions	203,987,421.39	168,800,178.20
Undistributed profit	25,078,763,504.72	24,901,715,668.97
Total owners' equity attributable to the equity holders of the parent company	54,122,794,586.75	54,741,097,896.87
Minority interests	2,707,805,557.02	2,234,123,506.69
	<u>56,830,600,143.77</u>	<u>56,975,221,403.56</u>
Total owners' equity	<u>56,830,600,143.77</u>	<u>56,975,221,403.56</u>
Total liabilities and owners' equity	<u>136,730,233,792.00</u>	<u>123,553,025,612.04</u>

4.2 Consolidated Income Statement from the Beginning of the Year to the end of the Reporting Period

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Total operating income	35,514,132,109.66	30,648,916,221.19
Including: Operating income	35,514,132,109.66	30,648,916,221.19
II. Total operation costs	32,164,475,216.78	28,661,065,080.18
Including: Operation cost	25,656,918,241.65	24,221,260,263.98
Taxes and surcharges	246,995,795.60	203,464,305.10
Selling expenses	2,570,093,751.10	1,883,793,504.34
Administrative expenses	1,267,869,572.41	1,109,628,067.15
Research and development expenses	2,567,568,014.85	1,790,279,714.45
Financial expenses	-144,970,158.83	-547,360,774.84
Including: Interest expenses	566,379,365.74	773,965,604.81
Interest income	596,411,739.60	848,413,821.61
Add: Other gains	469,818,994.63	641,234,436.05
Income from investment (“-” refers to loss)	49,572,346.39	35,073,310.19
Including: Investment income from associates and joint ventures	114,786,910.11	82,536,578.13
Gains from derecognition of financial assets at amortized cost	-196,803,060.74	-92,346,533.58
Exchange gains (“-” refers to loss)		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)	-126,902,135.32	181,960,407.55
Losses on credit impairment (“-” refers to loss)	-376,579,682.64	-301,567,564.86
Impairment losses on assets (“-” refers to loss)	-19,698,910.23	-1,791,108.08
Gains from asset disposal (“-” refers to loss)	-19,294,476.63	4,470,533.34

Item	Amount during the current period	Amount during the previous period
III. Operating profits (“-” refers to loss)	3,326,573,029.08	2,547,231,155.20
Add: Non-operating profits	73,066,661.46	99,607,398.35
Less: Non-operating expenses	24,277,952.85	41,716,119.08
IV. Total profits (“-” refers to total loss)	3,375,361,737.69	2,605,122,434.47
Less: Income tax expenses	312,700,585.24	389,167,970.44
V. Net profits (“-” refers to net loss)	3,062,661,152.45	2,215,954,464.03
(I) Classified by operation continuity		
1. Net profits from continuing activities (“-” refers to net loss)	3,062,661,152.45	2,215,954,464.03
2. Net profits from discontinuing activities (“-” refers to net loss)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the parent company (“-” refers to net loss)	2,855,056,429.34	2,168,633,307.95
2. Net profits attributable to minority interests (“-” refers to net loss)	207,604,723.11	47,321,156.08
VI. Net amount of other comprehensive income after tax	73,046,122.05	-503,919,320.47
Net amount of other comprehensive income after tax attributable to owners of the parent company	73,046,122.05	-503,919,320.47
(I) Other comprehensive income not to be reclassified into profit or loss subsequently	-23,883,864.44	-84,585,600.48
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments	-23,883,864.44	-84,585,600.48
4. Change in fair value of own credit risk		
5. Others		

Item	Amount during the current period	Amount during the previous period
(II) Other comprehensive income to be reclassified into profit or loss subsequently	96,929,986.49	-419,333,719.99
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Credit impairment provisions of other debt investments		
5. Cash flows hedging reserve		
6. Exchange differences from translation of financial statements	96,929,986.49	-419,333,719.99
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders		
VII. Total comprehensive income	3,135,707,274.50	1,712,035,143.56
(I) Total comprehensive income attributable to owners of the parent company	2,928,102,551.39	1,664,713,987.48
(II) Total comprehensive income attributable to minority shareholders	207,604,723.11	47,321,156.08
VIII. Earnings per share:		
(1) Basic earnings per share	0.34	0.25
(2) Diluted earnings per share	0.34	0.25

4.3 Consolidated Cash Flow Statement from the beginning of the year to the end of the Reporting Period

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	35,651,312,275.66	36,971,134,848.58
Refunds of taxes received	1,697,983,722.58	965,966,725.36
Cash received relating to other operating activities	3,276,265,455.24	2,085,033,709.22
Sub-total of cash inflow from operating activities	40,625,561,453.48	40,022,135,283.16
Cash paid for purchasing goods and receiving services	28,689,111,090.38	30,281,042,697.76
Net increase in customer loans and advances to customers	217,632,253.97	102,333,126.82
Cash paid to and for employees	3,905,198,665.80	3,427,089,056.95
Cash paid for taxes and surcharges	1,839,972,821.01	1,546,055,625.94
Cash paid relating to other operating activities	4,831,408,961.71	3,539,657,670.80
Sub-total of cash outflow from operating activities	39,483,323,792.87	38,896,178,178.27
Net cash flow from operating activities	1,142,237,660.61	1,125,957,104.89
II. Cash flow from investing activities:		
Cash received from disposal of investments	6,876,178,116.74	9,702,075,636.73
Cash received from returns on investments	52,497,146.44	95,793,267.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	31,025,434.72	78,482,612.87
Cash received relating to other investing activities	451,390,629.99	
Sub-total of cash inflow from investing activities	6,959,700,697.90	10,327,742,147.01
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	1,224,894,413.80	1,465,441,731.38
Cash paid for investment	6,839,284,066.20	10,238,402,908.11
Net cash received from subsidiaries and other operating business units	723,785,145.89	
Cash paid relating to other investing activities	487,105,102.63	
Sub-total of cash outflow from investing activities	8,551,283,582.63	12,427,629,785.38
Net cash flow from investing activities	-1,591,582,884.73	-2,099,887,638.37

Item	Amount during the current period	Amount during the previous period
III. Cash flow from financing activities:		
Cash received from investment	387,213,196.18	91,142,312.36
Including: Cash received by subsidiaries from the investment of minority shareholders	387,213,196.18	91,142,312.36
Cash received from borrowings	14,389,455,750.00	16,005,134,622.30
Cash received related to other financing activities	169,839,581.50	
Sub-total of cash inflow from financing activities	14,946,508,527.68	16,096,276,934.66
Cash paid for repaying debts	10,592,477,598.03	9,469,024,147.78
Cash paid for distributing dividends and profits and interest repayment	3,204,952,157.70	3,188,359,713.31
Including: Dividends and profits paid by subsidiaries to minority shareholders	15,570,000.00	9,514,382.91
Cash paid related to other financing activities	1,196,025,662.98	2,404,283,485.55
Sub-total of cash outflow from financing activities	14,993,455,418.71	15,061,667,346.64
Net cash flow from financing activities	-46,946,891.03	1,034,609,588.02
IV. Effect of foreign exchange rate changes to cash and cash equivalents	26,370,451.00	162,756,114.48
V. Net increase in cash and cash equivalents	-469,921,664.15	223,435,169.02
Add: Balance of cash and cash equivalents at the beginning of the period	13,790,932,148.03	13,190,243,110.65
VI. Balance of cash and cash equivalents at the end of the period	13,321,010,483.88	13,413,678,279.67

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

Changsha, the PRC, 30 October 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