ZOOMLION
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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 2020

FINANCIAL HIGHLIGHTS

- As at 30 June 2020, total assets of the Group amounted to RMB108,337 million, representing an increase of RMB16,306 million or 17.72% over that of 31 December 2019

- For the six months ended 30 June 2020, revenue of the Group amounted to RMB28,827 million, representing an increase of RMB6,565 million or 29.49 % over the same period of 2019

- For the six months ended 30 June 2020, profit attributable to equity shareholders of the Company amounted to RMB4,025 million, representing an increase of RMB1,440 million over the same period of 2019

- For the six months ended 30 June 2020, earnings per share amounted to RMB54.10 cents, representing an increase of RMB20.30 cents over the same period of 2019

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 2020 (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 ("**IAS34**") 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 2020 prepared in accordance with IAS34.

Consolidated statement of comprehensive income

	Note	For the six-month period ended 30 June **2020** *RMB millions*	2019 *RMB millions*
Revenue	2	**28,827**	22,262
Cost of sales and services		**(20,364)**	(15,584)
Gross profit		**8,463**	6,678
Other income		**662**	622
Sales and marketing expenses		**(1,916)**	(1,881)
General and administrative expenses		**(1,464)**	(1,324)
Research and development expenses		**(1,048)**	(461)
Profit from operations		**4,697**	3,634
Net finance costs		**(37)**	(596)
Share of profits less losses of associates		**66**	82
Profit before taxation	3	**4,726**	3,120
Income tax	4	**(668)**	(540)
Profit for the period		**4,058**	2,580
Profit attributable to:			
Equity shareholders of the Company		**4,025**	2,585
Non-controlling interests		**33**	(5)
		4,058	2,580
Profit for the period		**4,058**	2,580
Earnings per share (cents)			
Basic	5	**54.10**	33.80
Diluted	5	**54.02**	33.80
Profit for the period		**4,058**	2,580

	Note	For the six-month period ended 30 June **2020** *RMB millions*	2019 *RMB millions*
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)		**94**	(48)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside PRC		**(289)**	33
Total other comprehensive income for the period		**(195)**	(15)
Total comprehensive income for the period		**3,863**	2,565
Total comprehensive income attributable to:			
Equity shareholders of the Company		**3,830**	2,570
Non-controlling interests		**33**	(5)
Total comprehensive income for the period		**3,863**	2,565

Consolidated statement of financial position

	Note	**As at 30 June 2020** *RMB millions*	As at 31 December 2019 *RMB millions*
Non-current assets			
Property, plant and equipment		**6,726**	6,735
Right-of-use assets		**2,412**	2,433
Intangible assets		**1,991**	2,043
Goodwill		**2,043**	2,017
Interests in associates	6	**3,914**	3,909
Other financial assets	7	**3,107**	2,644
Trade and other receivables	8	**10,532**	9,072
Receivables under finance lease	9	**11,718**	7,771
Pledged bank deposits		**157**	84
Deferred tax assets		**1,408**	1,271
Total non-current assets		**44,008**	37,979
Current assets			
Inventories		**13,280**	11,772
Other current assets		**1,377**	1,413
Financial assets at fair value through profit or loss	10	**6,508**	4,311
Trade and other receivables	8	**23,588**	20,839
Receivables under finance lease	9	**11,073**	9,229
Pledged bank deposits		**1,233**	1,415
Cash and cash equivalents		**7,270**	5,073
Total current assets		**64,329**	54,052
Total assets		**108,337**	92,031

	Note	As at 30 June 2020 RMB millions	As at 31 December 2019 RMB millions
Current liabilities			
Loans and borrowings		**6,435**	7,312
Trade and other payables	11	**32,067**	25,012
Financial liabilities at fair value through profit or loss		**—**	37
Contract liabilities		**2,409**	1,934
Lease liabilities		**85**	88
Income tax payable		**611**	186
Total current liabilities		**41,607**	34,569
Net current assets		**22,722**	19,483
Total assets less current liabilities		**66,730**	57,462
Non-current liabilities			
Loans and borrowings		**16,637**	14,515
Lease liabilities		**333**	329
Deferred tax liabilities		**502**	455
Other non-current liabilities		**4,055**	2,666
Total non-current liabilities		**21,527**	17,965
NET ASSETS		**45,203**	39,497
CAPITAL AND RESERVES			
Share capital		**7,899**	7,875
Reserves		**36,375**	30,952
Total equity attributable to equity shareholders of the Company		**44,274**	38,827
Non-controlling interests		**929**	670
TOTAL EQUITY		**45,203**	39,497

Notes

1 Basis of preparation

(a) The 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 21 August 2020.

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 a number of standards and amendments to IFRSs that are first effective for the current accounting period of the Group. 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 this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Revenue and segment reporting

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2020	2019
	RMB millions	*RMB millions*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Construction machinery		
— Concrete machinery	**8,630**	7,481
— Crane machinery	**15,330**	10,992
— Others	**3,372**	2,510
Agricultural machinery	**1,056**	911
	28,388	21,894
Revenue from other sources		
Construction machinery		
— Concrete machinery	**7**	9
— Crane machinery	**9**	13
— Others	**4**	12
Rental income from construction machinery	**20**	34
Financial services	**419**	334
	439	368
	28,827	22,262

Disaggregation of revenue from contracts with customers by timing of revenue recognition regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six-month period ended 30 June 2020 is set out below:

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Point in time	**Over time**	**Total**	Point in time	Over time	Total
	RMB millions	***RMB millions (Note)***	***RMB millions***	*RMB millions*	*RMB millions (Note)*	*RMB millions*
Reportable segment revenue:						
Construction machinery						
— Concrete machinery	**8,630**	**7**	**8,637**	7,481	9	7,490
— Crane machinery	**15,330**	**9**	**15,339**	10,992	13	11,005
— Others	**3,372**	**4**	**3,376**	2,510	12	2,522
Agricultural machinery	**1,056**	**—**	**1,056**	911	—	911
Financial services	**—**	**419**	**419**	—	334	334
	28,388	**439**	**28,827**	21,894	368	22,262

Note:

Revenue recognised over time include rental income and service income.

(b) Information about profit or loss

	For the six-month period ended 30 June	
	2020	2019
	RMB millions	*RMB millions*
Reportable segment profit:		
Construction machinery		
— Concrete machinery	**2,393**	2,050
— Crane machinery	**4,790**	3,541
— Others	**733**	662
Agricultural machinery	**130**	91
Financial services	**417**	334
	8,463	6,678

(c) Reconciliations of segment profit

	For the six-month period ended 30 June	
	2020	2019
	RMB millions	*RMB millions*
Total reportable segment profit	**8,463**	6,678
Other income	**662**	622
Sales and marketing expenses	**(1,916)**	(1,881)
General and administrative expenses	**(1,464)**	(1,324)
Research and development expenses	**(1,048)**	(461)
Net finance costs	**(37)**	(596)
Share of profits less losses of associates	**66**	82
Profit before taxation	**4,726**	3,120

3 Profit before taxation

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

	For the six-month period ended 30 June	
	2020	2019
	RMB millions	*RMB millions*
Cost of inventories sold	**20,364**	15,584
Depreciation charge		
— owned property, plant and equipment	**286**	290
— right-of-use assets	**64**	47
Amortisation of intangible assets	**99**	104
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	**(187)**	(2)
Product warranty costs	**93**	115
Impairment losses		
— trade receivables	**361**	107
— receivables under finance lease	**21**	105
— inventories	**48**	81

4 Income tax

Taxation charged/(credited) to profit or loss:

	For the six-month period ended 30 June	
	2020	2019
	RMB millions	*RMB millions*
Current tax — PRC income tax	**788**	372
Current tax — Income tax in other tax jurisdictions	**3**	5
Deferred taxation	**(123)**	163
Tax expenses	**668**	540

The PRC statutory income tax rate is 25% (2019: 25%).

The Company's subsidiaries in the HKSAR are subject to Hong Kong Profits Tax at 16.5% (2019: 16.5%) in respect of assessable profits arising in or derived from Hong Kong. For the six-month period ended 30 June 2020, the Group did not derive any income chargeable to Hong Kong Profits Tax on the basis that all the income was offshore sourced, all the expenses incurred by the subsidiaries in Hong Kong have been disallowed.

The Company's overseas subsidiaries are subject to income tax at rates ranging from 19.0% to 30.0% (2019: 19.0% to 28.4%).

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

The 15% preferential tax rate applicable to high-technology enterprises is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations. The Company and its PRC subsidiaries have begun the renewal approval process. It is probable that they are qualified as high-technology enterprises. Management therefore believes 15% represents the best estimate of the annual tax rate of these entities for the year ending 31 December 2020.

Under the income tax law and its relevant regulations, a 75% additional tax deduction is allowed for qualified research and development expenditure for the year ending 31 December 2020 (2019: 75%).

5 Earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 is based on the profit attributable to equity shareholders of the Company of RMB4,025 million (six months ended 30 June 2019: RMB2,585 million), and the weighted-average number of ordinary shares in issue of 7,440 million shares (six-month period ended 30 June 2019: 7,647 million shares).

The calculation of diluted earnings per share for the six-month period ended 30 June 2020 is based on the profit attributable to equity shareholders of the Company of RMB4,025 million (six months ended 30 June 2019: RMB2,585 million), and the weighted-average number of ordinary shares in issue of 7,451 million shares (six-month period ended 30 June 2019: 7,647 million shares) after adjusting for the exercisable options in year 2020.

6 Interests in associates

	30 June 2020 *RMB millions*	31 December 2019 *RMB millions*
Infore Environment Technology Group Co., Ltd. ("Infore Environment")	**2,992**	2,933
Aggregate carrying amount of individually material associates in the consolidated financial statements	**2,992**	2,933
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**922**	976
	3,914	3,909

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

The following list contains only the particulars of a material associate, which is a listed corporate entity whose quoted market price is available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital *(millions)*	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activities
Infore Environment *(Note)*	Incorporated	China	RMB3,163	12.62%	12.62%	Environmental construction and project operation

Note:

Infore Environment is listed on the main board of Shenzhen Stock Exchange. On 30 June 2020, the quoted market price of Infore Environment was RMB8.25 (31 December 2019: RMB6.17) per share and the fair value of the investment in Infore Environment was RMB3,293 million (31 December 2019: RMB2,463 million).

7 Other financial assets

	Note	30 June 2020 *RMB millions*	31 December 2019 *RMB millions*
Financial assets at fair value through other comprehensive income			
Equity securities	(i)	**2,602**	2,367
Financial assets at fair value through profit or loss			
Listed equity securities	(ii)	**353**	127
Securities investment funds	(iii)	**152**	150
Total		**3,107**	2,644

(i) The equity securities comprises equity funds and other unlisted equity securities. The aggregate fair value of equity funds and unlisted equity securities was RMB1,491 million and RMB1,111 million at 30 June 2020 (31 December 2019: RMB1,264 million and RMB1,103 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. No dividends were received on investments in equity securities during the period (period ended 30 June 2019: RMB76 million).

(ii) The listed equity securities represent the Group's investments in shares of listed companies in the PRC. The aggregate fair value of these investments was RMB353 million, based on their quoted market prices as at 30 June 2020 (31 December 2019: RMB127 million).

(iii) The Group invests its spare cash in securities investment funds offered by fund management institutions. The underlying assets of the products are a wide range of government and corporate bonds, asset-backed securities, bond repurchases, bank deposits and other financial instruments.

8 Trade and other receivables

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Trade receivables	**33,734**	30,437
Less: loss allowance for doubtful debts	**(5,281)**	(5,146)
	28,453	25,291
Less: trade receivables due after one year	**(10,532)**	(9,072)
	17,921	16,219
Bills receivable	**2,273**	1,748
	20,194	17,967
Amounts due from related parties	**156**	181
Prepayments for purchase of raw materials	**752**	644
Prepaid expenses	**379**	368
VAT recoverable	**739**	771
Deposits	**190**	197
Others	**1,178**	711
	23,588	20,839

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 is as follows:

	As at 30 June 2020 ***RMB millions***	As at 31 December 2019 *RMB millions*
Within 1 year	**18,255**	16,984
Over 1 year but less than 2 years	**4,779**	3,086
Over 2 years but less than 3 years	**1,896**	1,641
Over 3 years but less than 5 years	**2,394**	2,698
Over 5 years	**1,129**	882
	28,453	25,291

Trade receivables under credit sales arrangement are generally due within 1 to 3 months (2019: 1 to 3 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 40% to 50% (2019: 40% to 50%) of the product price. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 42 months (2019: 6 to 42 months), customers are normally required to make an upfront payment ranging from 30% to 50% (2019: 30% to 50%) of the product price.

9 Receivables under finance lease

	As at 30 June 2020 ***RMB millions***	As at 31 December 2019 *RMB millions*
Gross investment	**25,222**	19,406
Unearned finance income	**(764)**	(760)
	24,458	18,646
Less: loss allowance for doubtful debts	**(1,667)**	(1,646)
	22,791	17,000
Less: receivables under finance lease due after one year	**(11,718)**	(7,771)
Receivables under finance lease due within one year	**11,073**	9,229

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 2 to 5 years (2019: 2 to 5 years). Customers are normally required to make an upfront payment ranging from 5% to 40% of the product price (2019: 5% to 40%) and pay a security deposit ranging from 1% to 20% of the product price (2019: 1% to 10%). At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. The leases do not provide any guarantee of residual values.

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

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Present value of the minimum lease payments		
Within 1 year	**13,200**	10,670
Over 1 year but less than 2 years	**5,436**	4,223
Over 2 years but less than 3 years	**3,531**	2,498
Over 3 years	**2,291**	1,255
	24,458	18,646
Unearned finance income		
Within 1 year	**471**	468
Over 1 year but less than 2 years	**189**	192
Over 2 years but less than 3 years	**77**	76
Over 3 years	**27**	24
	764	760
Gross investment		
Within 1 year	**13,671**	11,138
Over 1 year but less than 2 years	**5,625**	4,415
Over 2 years but less than 3 years	**3,608**	2,574
Over 3 years	**2,318**	1,279
	25,222	19,406

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

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Not yet due	**19,586**	13,360
Within 1 year past due	**1,493**	1,621
Over 1 year but less than 2 years past due	**830**	1,114
Over 2 years past due	**2,549**	2,551
Total past due	**4,872**	5,286
	24,458	18,646
Less: loss allowance	**(1,667)**	(1,646)
	22,791	17,000

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.

10 Financial assets at fair value through profit or loss

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Financial assets carried at fair value through profit or loss:		
— Wealth management products *(Note)*	**3,622**	3,953
— Structured deposits *(Note)*	**1,912**	—
Securities investment funds *(Note7 (iii))*	**974**	358
	6,508	4,311

Note:

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.

11 Trade and other payables

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Trade creditors	**13,630**	9,301
Bills payable	**11,772**	9,760
Trade creditors and bills payable	**25,402**	19,061
Amounts due to related parties	**1**	3
Amounts due to non-controlling shareholders of certain subsidiaries	**174**	254
Payable for acquisition of property, plant and equipment	**170**	284
Accrued staff costs	**821**	786
Product warranty provision	**126**	99
VAT payable	**1,060**	640
Sundry taxes payable	**120**	125
Security deposits	**596**	607
Interest payable	**259**	81
Financial guarantees issued	**77**	67
Other accrued expenses and payables	**3,161**	2,592
Dividends payable	**—**	313
Locked restricted share	**100**	100
	32,067	25,012

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

	As at 30 June 2020 *RMB millions*	As at 31 December 2019 *RMB millions*
Due within 1 month or on demand	**4,718**	5,119
Due after 1 month but within 3 months	**10,478**	5,935
Due after 3 months but within 6 months	**6,682**	7,619
Due after 6 months but within 12 months	**3,524**	388
	25,402	19,061

12 Capital, reserves and dividends

(a) Dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 29 June 2020, no cash dividend in respect of the year ended 31 December 2019 was declared.

Pursuant to the shareholders' approval at the Annual General Meeting held on 21 June 2019, a final cash dividend of RMB0.25 per share based on 7,460 million ordinary shares in issue, totaling RMB1,863 million in respect of the year ended 31 December 2018 was declared, of which RMB27 million was declared to restricted shareholders who are expected to be unlocked and RMB2 million was declared to restricted shareholders who are not expected to be unlocked. RMB1,550 million of the dividends was paid in 2019, and 313 million was paid in March 2020.

(b) Share incentive scheme

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

On 10 September 2018, the resolution in respect of the grant of additional options and additional restricted shares (the "**Second Grants**") under the Share Incentive Scheme was passed at sixth extraordinary meeting of the fifth session of board of directors, pursuant to which the date of grant for the Share Incentive Scheme of the Company has been set for 10 September 2018 and 19,063,218 share options and 19,063,218 restricted shares were planned to be granted to 405 selected current employees of the Group (the "**Participants**"). Each share option shall entitle its eligible holder to purchase one Zoomlion ordinary A share at an exercise price of RMB3.96, and the Participants are entitled to purchase Zoomlion restricted A shares at RMB1.98 each. As a result, 18,554,858 share options and 18,554,858 restricted shares were granted to the Participants on 10 September 2018.

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

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

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

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

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

During the six months ended 30 June 2020, 25,811,889 share options were exercised at an exercise price of RMB4.11 (six months ended 30 June 2019: 36,035,558 share options at an exercise price of RMB4.37). No share option was granted during the six months ended 30 June 2020 and 2019. There were 3,309,759 share options forfeited during the six months ended 30 June 2020 (six months ended 30 June 2019: nil). There were 77,213,962 share options outstanding and 21,206,109 share options exercisable at 30 June 2020 (31 December 2019: 106,335,610 and 47,017,998).

During the six-month period ended 30 June 2020, 390,449,924 restricted shares were granted (six-month period ended 30 June 2019: nil). There were 2,008,515 restricted shares forfeited during the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: nil). There were 446,457,711 restricted shares outstanding at 30 June 2020 (31 December 2019: 58,016,302).

During the six months ended 30 June 2020, share incentive scheme expenses of RMB198 million (six-month period ended 30 June 2019: RMB59 million) were recognised in the consolidated statement of comprehensive income.

BUSINESS REVIEW

In the first half of 2020, with the epidemic of novel coronavirus, the global economy slowdown was obvious. Nevertheless, China's economy has gradually overcome the adverse effects brought by the epidemic, and its economic operation has shown a recovering growth, moving steadily toward revitalization, thereby further demonstrating its development resilience and vitality.

Driven by the multiple favorable drivers such as the renewal of aged equipment, effect of machinery replacement and continuous advancement of the "two new and one heavy" construction, the construction machinery industry remained prosperous in the first half of 2020. Under the current epidemic environment, the country continues to increase its emphasis on the agricultural sector. With rigid constraints imposed on the farming red lines, land circulation, and expected increase in food prices have brought a more positive support to the industry. Potential opportunities in the agricultural machinery industry have begun to emerge, thereby the market becomes more active.

Since 2020, by adhering to the philosophy of "technologies as the roots, products as the fundamentals" and driven by the momentum of scale, profits, operating cash flow and sustainable growth, the Company optimised the business end-to-end management model, deepened its digitalized transformation as well as imposed stringent control on business risks. Therefore, the management efficiency was steadily improved while the advantages in market competitiveness were strengthened, while the room for development of newly emerged industries continues to open up, thereby realizing a high quality and sustainable growth in business performance.

During the Reporting Period, the major works carried out by the Company were as follows:

(1) Deepening the implementation of focal strategies and business sectors maintaining positive growth

During the Reporting Period, under the overall strategic framework of "equipment manufacturing + Internet" and "industry + finance", the Company achieved a high quality and steady development by focusing on its main business of equipment manufacturing, optimizing resource allocation and strengthening the product echelon; to further promote industrial upgrade and continue to create a "digitalized enterprise".

1. Strengthening construction machinery.

   ① Market share of major products continues to lead in the domestic market.

   During the Reporting Period, upon the premise of adhering to the business strategy of keeping premium quality and stringent control of business risks, orders and sales of core products continued to increase substantially. The scale of sales of construction cranes led the industry growth, and the scale of sales of construction crane machinery maintained No. 1 in the world while the market position of concrete machinery upheld its leading position.

Against the background of a substantial increase in the market share of truck cranes in 2019, the market share of truck cranes still increased steadily and strived to consolidate in the first half of the year; while the revenue of crawler cranes doubled in the first half of the year, and it ranked first in the domestic market of the industry.

The sales of construction crane machinery hit a record high and remained No. 1 around the world in terms of sales volume. With the increase in production capacity and introduction of a new W series of cross generation tower cranes, the Company's market share continued to increase, firmly consolidating a leading position in the industry.

The market share of concrete machinery increased significantly, of which the market share of long-boom pump trucks and truck-mounted pumps still ranked No. 1 in the industry. Leveraging on the product advantages of lightweight mixer trucks, its market shares rose to the top Three in the industry.

② Achieving breakthrough in potential market.

By engaging in an all-round development in product innovation, sales model, market deployment, and service network, the latecomer advantages of the earth working machinery have begun to emerge. The E-10 series of excavators have reached industry advanced level in terms of product efficiency, fuel consumption, and controllability, along with other prominent advantages such as high efficiency, reliability, energy saving, and economical, they are widely complimented by customers in the industry. In the first half of the year, the sales of E-10 excavators rose to No. 7 among the domestic brands, with the sales volume ranking No. 5 among domestic brands in June this year.

The new products such as ZT42J, ZT38J and other long-meter boom arm aerial work platforms delivered by the work-at-height machinery are equipped with the automatic control technology tailored for intelligent arm frame, becoming the leading technological indicator in the industry. The Company is the first to launch the full AC (Alternating Current) electric crank arms and high-performance and full AC lithium-ion scissor type products, which received wide acclaims from customers. In the first half of the year, the sales of these new products increased by more than 100% year-on-year, with market share ranking the No. 1 echelon in the industry.

The dry mortar business continued to promote the localized production and application of core technologies such as the dry mortar construction equipment, intelligent control, and precise measurement. In the first half of the year, sales increased by more than 50% year-on-year, thereby indicating a favourable development trend. Integrating market needs, the wet spraying machinery business researched and developed two new products, namely the ZLCP-3017 vehicle-mounted wet spraying machine and ZLHP-3017 engineering chassis wet spraying machine, featuring the advantages of being "fast", "easy" and "economical" which are widely complimented by the industry users.

③ Continue to strengthen the layout of the key components industry.

The Company continued to strengthen our capacity in technological research and development, improving the independent research and development and independently controllable production capacity of core components such as oil cylinders, hydraulic valves and engineering bridges. To continue to improve the industrial chain deployment, the Company has enhanced the self-made proportion of the core components and strengthened the product competitiveness.

2. Deepen the transformation and upgrade of agricultural machinery. The Company set clear strategic objectives for the development of agricultural machinery, strategically transforming and upgrading the Company from manufacturing traditional agricultural machinery to high-tech agricultural machinery.

① Focus on upgrading core products and consolidate market advantages. Market advantages were further consolidated through integration of channels, deepening market cultivation, increased investment in research and development, optimization of the product structure as well as enhancement of product quality. The market shares of our products such as wheat harvester machinery, drying machinery, rotary tillers and baler maintained their leading positions in the domestic market while machine for full mechanization of sugarcane achieved a breakthrough in the overseas markets.

② Continue to deepen the use of artificial intelligence. The Company established three large platforms, namely the agricultural machinery industrial Internet, artificial intelligence big data, and intelligent agriculture to promote the implementation of artificial intelligence in the field of agricultural machinery. The construction of a digital agriculture model was completed, which was equipped with the capacity to implement commercial promotion, accelerating the formation of smart agricultural companies. The Company's AI artificial intelligence harvester helps the main summer grain production regions across the country to achieve green and efficient harvesting, greatly improving the operation efficiency of agricultural machinery.

3. Deepened the expansion of the financial market and promote industrial upgrade

Riding on Zoomlion Capital as platform and Industrial Fund as its core, the Company fully cooperated with the industrial sector to improve the industrial chain deployment and promote industrial transformation and upgrade. By synergizing with the finance companies, financial leasing companies, commercial factoring companies and financing guarantee companies, the Company provided all-rounded financial support to the upstream and downstream of the industrial chain, thereby facilitating sound development of the industrial chain and making a good in the integration between the industry and the finance sector.

4. Accelerated digitalized transformation and strived towards industrial intelligent upgrading.

   The Company expedited the development of digitalization transformation, comprehensively strengthening end-to-end business management, thoroughly opening up the market chain, thereby supporting business to operation at high efficiency. Based on digitalization and intelligentization as the carrier, the Company released a combined solution of intelligent service and digitalized service platform in order to create convenient and highly effective intelligent services for the full-scenario application of customers. With its continuous efforts to promoting the digitalization and intelligent upgrade of products, manufacturing, supply chain and management as well as establishing a "digitalized Zoomlion", it will boost the move of the Company towards industrial intelligentization.

(2) Accelerated the advancement of intelligent manufacturing and created a new model for the development of the industry

The Company speeded up the construction of smart factories, intelligent production lines and intelligent manufacturing technologies, as well as continued to make every effort to build up core capacities in intelligent manufacturing in order to create a new model for the development of high-end equipment manufacturing industry.

1. Expedite the construction of smart factories. To accelerate the construction of smart factories swiftly, the Zoomlion Smart Industry City and the Yuanjiang Mixer Truck Products Intelligent Manufacturing Upgrade Industrial Park begin to take shape. The second phase construction project of the Changde Crane Machinery Industry Base (the second phase of the tower crane smart factory) has entered into stage of plant installation while the on-site installation and adjustment of the Changde Key Hydraulic Components (Hydraulic Valves) Intelligent Production Line has been progressing. The contract for the project of East China Intelligent Manufacturing Base of Tower Crane was signed. With the intelligent production lines of various industrial parks starting operations one by one subsequently, intelligent manufacturing is in full swing, thereby consolidating the foundation of the Company towards high quality development.

2. Accelerated the research and development and application of intelligent technologies. More than 30 industry-leading intelligent manufacturing technologies were developed, covering 7 fields such as material preparation, welding, machining, painting, assembly and adjustment, warehousing and logistics, and testing, thereby expediting the intelligent production upgrade and fully promoting the Company to become an intelligent enterprise.

(3) Leading the market by technological innovation, acquiring new fruitful results through research and development innovation

Adhering to our technology innovation development philosophy of "technologies as the roots and products as the fundamentals", the Company is committed to improving independent innovation capabilities and creating industry-leading technologies and high-end products.

1. Guided by standards, we resumed sound achievements. We realized a full coverage of product 4.0 standard. The Company is the first domestic construction machinery enterprise that takes the initiative to lead the formulation of international standards. The number of registered international standardization experts increased to 16. During the Reporting

period, one new national standard proposal was added while one international standard, two national standards and one industry standard were approved. The formulation and implementation of 4.0 product standard amounted to 34. The Company achieved a full coverage of 4.0 standard for its major products.

2. Achieving outstanding results through independent innovation

① Construction machinery products

During the Reporting period, the Company created and successfully launched the ZAT2200H8 all-terrain crane equipped with 5 bridges and 8 booms single-head for super lifting which was unique in China and launched the new 4.0 product W series of tower crane which was up to the international advanced level, achieving a cross-generation technology upgrade in terms of three technology upgrades in ETI intelligent control, structure and transmission. The "Lingyun" series of four-bridges 59-meter pump trucks was also launched, featuring hollowed out steel boom technology and dual independent hydraulic systems and having the weight of the whole machinery being reduced by 5%, thereby becoming a benchmark product for lightweight pump trucks in the industry.

The Company successfully launched several products such as the industry's lightest 4-bridges 8F Dongfeng chassis National V lightweight L3 mixer and the industry's first products of U-boom ZT42J straight-arm aerial work platform and stepped-manufacturing sand production line ZSM100D, all of which have led the development of the industry.

The Company completed the development of various products including the world's first 25-ton new energy truck crane, 25-meter single-span folding emergency bridge truck, environmentally friendly and highly efficient container modular mixing plant HZS120R/180R and the large-tonnage crushing excavator ZE550EK-10, thereby creating a cluster of high-end products in the industry.

② Agricultural machinery products

The Company focused on the research and development of high-end and high-horsepower products to overcome the shortcomings of the industry, among which the ordered rice seedling throwing machine was successfully launched; the AI wheat harvester machinery completed field trials and technology replacement; and the AC90 large-scale sugarcane machine completed internal verification. The development of key research and development products such as the 9GZ large bundling machine, 240 horsepower CVT tractors and orchard operation platform, second generation ordered rice seedling throwing machine as well as the 1288 large-feeding multi-functional harvester were progressing as scheduled. The development and application item of the segmented sugarcane combine harvester won the first prize of Anhui Province Scientific and Technological Progress Award.

3. Maintaining the lead in the industry with patent layout

   During the Reporting period, the number of patent applications increased by 291% year-on-year and that of invention patents increased by 180% year-on-year. The total number of authorized patents was nearly 140, among which 72 were invention patents, representing a year-on-year increase of 167%. The patent layout in the field of smart hoisting and smart sensing components was preliminarily completed. The number of valid invention patents being authorized ranked No. 1 in the industry.

(4) Deepening the global "localization" strategy and achieving continuous breakthrough in oversea high-end market

In view of the worldwide COVID-19 epidemic, the Company continued to focus on major countries and regions and deepened the "localization" strategy, steadily enhancing its status in overseas market.

1. The export of construction machinery products grew despite downward trend. Under the negative impacts of general decline in market and changes in international environment, the Company continued to intensify our effort on "One Belt, One Road" market and adopted differentiated marketing strategy on different countries and regions. The revenue from exported products achieved growth despite downward trend and have made a new breakthrough in core countries and regions. During the Reporting Period, the ZAT4000 all-terrain truck cranes of the Company was exported to Malaysia, breaking the long-term monopoly of European and American brands on large-tonnage all-terrain truck cranes in Southeast Asian market. The Company cooperated with the largest local tower crane leaser in Slovenia, and deepened its development in European high-end tower crane market. The first T600-32R flat top tower crane was exported to the United State, marking a milestone of the deepening of our efforts in North American market.

2. Speeding up the "go global" process of agricultural machinery. Fully leveraging on the resource advantage of overseas market, the Company deeply explored the demand of overseas market, gradually realizing the deployment and sales in the overseas market of main cultivating areas for agricultural product. In the first half of the year, serval batches of products of the Company, including equipment for complete mechanization of sugarcane production, such as sugarcane harvesting machine, large horsepower tractors, sugarcane transport vehicles and ancillary agricultural tools, were exported to overseas market, realizing the crossover form exporting sugarcane machine products to providing overall solution.

3. Facilitating the in-depth reform on overseas management. The Company established its overseas business operating system and developed localized function support team. With serving the market as guideline, the Company has also developed a backstage specialist team to collaborate and coordinate every business division and function department, with an aim to establish core competitiveness in overseas market.

(5) Continuously optimizing management innovation, operational quality reaching new heights

During the Reporting Period, the management level and operational efficiency of the Company have reached new heights through the implementation of comprehensive end-to-end business management, strengthening the supply chain management, improving the service capacity, developing new marketing model and enhancing the cultivation of talent.

1. Implementing comprehensive end-to-end business management. For business management, the Company integrated business system to achieve interconnection and sharing of information. Leveraging on big data and digital technology, automatic business operation, online receipts, automatic review and approval were perfectly achieved. For risk management, the Company built a solid risk control line and developed an effective, transparent and controllable risk control system by means of informatization, so as to facilitate the stable operation and sustainable development of the Company.

2. Strengthening the construction of supply chain system. The Company sped up the centralized procurement and integration of common materials as well as the strategic procurement of key materials. It has also introduced quality suppliers and established multimodal and comprehensive cooperation relationship to jointly develop a stable, effective and low-cost supply chain system.

3. Establishing core competitiveness in services. The Company has facilitated the iterative upgrade of service platform and realized the smart analysis and decision-making under service big data. The “hyperlink” with customers is developed through smart service platform solution and digital service platform, which formed a new benchmark for services in the industry by realizing seamless connection between user, equipment and service to provide simpler and more effective service.

4. Developing new marketing model. The Company implemented quality brand strategies by initialing multiple theme promotional activities, such as live selling, cross-border shopping and product demonstration event, and integrating with cloud launching, cloud announcement, cloud experience and cloud sales. It has also formulated a comprehensive marketing flow that integrated online and offline channel, which contributed to the enhancement in sales and reputation of product.

5. Strengthening the cultivation of talent. The Company strived to introduce quality talent, upgrade mobile learning platform and develop new talent cultivation model in order to facilitate the development and growth of key talent. By insisting on a 3-dimensional incentive mechanism of “creating mutual value and sharing common benefits”, the Company inspired the viability of the team as a whole.

ANALYSIS OF FINANCIAL POSITION

1. Analysis of operating income and profit

Driven by the multiple favorable drivers such as the replacement of aged equipment, effect of machinery replacement and continuous advancement of the "two new and one heavy" construction, generally speaking, the construction machinery industry remained prosperous in the first half of the year. Under the current epidemic environment, the country continues to increase its emphasis on the agricultural sector. With rigid constraints imposed on the farming red lines, land circulation, and expected increase in food prices have brought a more positive support to the industry. Potential opportunities in the agricultural machinery industry have begun to emerge, thereby the market becomes more active. For the six months ended 30 June 2020, the Group's revenue was RMB28,827 million, representing an increase of 29.49% as compared to the same period of 2019. In which, the Group recorded revenue of RMB23,976 million in concrete machinery and crane machinery products, representing an increase of 29.64% as compared to the same period of last year. The Group recorded revenue of RMB1,056 million in agricultural machinery products, representing an increase of 15.92% as compared to the same period of last year.

2. Cash flow and capital expenditure

The Company finances its operations primarily through bank loans and borrowings. As at 30 June 2020, the Company had RMB7,270 million in cash and cash equivalents. The Company's cash and cash equivalents primarily consist of cash and deposits at bank.

(1) Operating activities

Despite the COVID-19 epidemic, resulting in a slight impact on the payment collection, orders of the core product segment and sales volume continued to increase significantly and payment collection continued to grow, due to the strong demand from the domestic infrastructure, new energy and other downstream industries. For the six months ended 30 June 2020, net cash generated from operating activities was RMB1,387 million.

(2) Investing activities

For the six months ended 30 June 2020, net cash used in investing activities was RMB1,203 million, mainly attributable to the Company utilized part of its idle funds for the purchase of capital-guaranteed wealth management products and structured deposits to improve the utilization efficiency of its idle funds.

(3) Financing activities

For the six months ended 30 June 2020, net cash generated from financing activities was RMB2,020 million, including the repayment of bank and other borrowings of RMB40,598 million, increase in bank and other borrowings of RMB41,719 million and interest payment of RMB337 million.

(4) Capital expenditures

For the six months ended 30 June 2020, the capital expenditures for the purchases of property, plant and equipment, intangible assets and right-of-use assets amounted to RMB479 million.

CORPORATE GOVERNANCE

The Board has adopted all code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (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 A.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

Pursuant to a resolution passed at the Board meeting on 21 August 2020, an interim dividend for the six months ended 30 June 2020 of RMB0.21 per share was proposed, totaling RMB1,662 million (based on the number of shares in issue as at the date of this announcement). Such proposal is subject to shareholders' approval at the forthcoming extraordinary general meeting of the Company. The proposed interim dividend is expected to be paid to the shareholders of the Company on or about 30 October 2020. Information regarding the record date and book close date to determine the entitlement to the interim dividend and attendance of the extraordinary general meeting will be announced in due course.

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

During the Reporting Period, the Company repurchased off market and cancelled a total of 2,008,515 A shares pursuant to the terms of its restricted A share incentive scheme as follows:

Month/year	**Number of A shares repurchased**	**Price paid or highest price paid per A share** *(RMB)*	**Lowest price paid per A share** *(RMB)*	**Aggregate consideration** *(RMB)*
01/2020	2,008,515	1.84	NA	3,695,667.60
TOTAL	2,008,515			3,695,667.60

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

On 12 August 2020, resolutions were passed by the shareholders of the Company to approve, among other things, the proposed non-public issuance of not more than 1,249,999,998 A shares of the Company to four subscribers under the general mandate granted to the Board at the Company's annual general meeting held on 29 June 2020. Please refer to the announcements of the Company dated 5 July 2020, 6 July 2020, 9 July 2020 and 12 August 2020 and the circular of the Company dated 27 July 2020 for details. Save as disclosed, no important events affecting the Group have occurred since the end of 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 2020 prepared in accordance with IAS34.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.zoomlion.com). The Company's 2020 interim report containing all the information required under the Listing Rules will be dispatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Changsha, the PRC, 21 August 2020

As at the date of this announcement, the executive director of the Company is Dr. Zhan Chunxin; the non-executive directors are Mr. He Liu and Mr. Zhao John Huan; and the independent non-executive directors are Mr. Lai Kin Keung, Mr. Zhao Songzheng, Ms. Liu Guiliang and Mr. Yang Changbo.

* *For identification purpose only*