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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)

FIRST QUARTERLY REPORT OF 2023

SUMMARY

The Board of Zoomlion Heavy Industry Science and Technology Co., Ltd.* hereby announces the First 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 three months ended 31 March 2023 (the “**First 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 First 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.

FIRST 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 first quarterly financial statements of the Company are unaudited.

2. CORPORATE INFORMATION

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

	The Reporting Period	Corresponding period of last year	Increase/ decrease over corresponding period of last year
			<i>Unit: RMB</i>
Operating income	10,425,507,345.20	10,011,935,134.49	4.13%
Net profit attributable to equity shareholders of the Company	810,064,655.82	906,366,156.05	-10.63%
Net profit after extraordinary gain and loss attributable to equity shareholders of the Company	650,914,784.87	881,753,080.61	-26.18%
Net cash flow from operating activities	285,973,243.10	589,988,021.55	-51.53%
Basic earnings per share	0.10	0.11	-9.09%
Diluted earnings per share	0.10	0.11	-9.09%
Weighted average return on net assets	1.48%	1.58%	-0.10%
			Change in the end of the reporting period as compared with the end of last year
	As at the end of the reporting period	As at the end of last year	
Total assets	129,652,011,790.69	123,553,025,612.04	4.94%
Net assets attributable to the equity shareholders of the Company	54,592,775,398.15	54,741,097,896.87	-0.27%

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

Total number of the shareholders as at the end of the Reporting Period 395,854

Top ten shareholders

Name of shareholders	Shareholding percentage	Number of shares held
HKSCC NOMINEES LIMITED	18.19%	1,578,464,401
Hunan Xing Xiang Investment Holding Group Co., Ltd.	14.44%	1,253,314,876
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	7.86%	682,201,864
Zoomlion Heavy Industry Science and Technology Co., Ltd.* — Phase I Employee Stock Ownership Plan	4.50%	390,449,924
China Securities Finance Corporation Limited	2.69%	233,042,928
Hong Kong Securities Clearing Company Limited	2.55%	221,242,983
Real Smart International Limited	1.94%	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	1.72%	148,869,223
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Phoenix Cornerstone Tongli Private Equity Investment Fund	0.86%	74,434,611
Ning Chen	0.52%	44,787,259

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
Financial assets held-for-trading	30.53%	Mainly attributable to the increase in purchase of wealth management products with idle fund
Inventories	37.80%	Mainly due to the growth of overseas markets, the increase in overseas distribution and the increase in land purchases by real estate companies
Other non-current assets	46.91%	Mainly due to the increase in prepayment for construction cost of smart industry city
Short-term borrowings	27.58%	Mainly attributable to the increase in short-term financing
Accrued payroll	-47.72%	Mainly attributable to the decrease in performance bonuses granted in the last year
Deferred income	67.66%	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
Taxes and surcharges	52.09%	Mainly due to the increase in additional taxes paid during the current period
Selling expenses	35.78%	Mainly attributable to the increase in sales-related performance and advertising expenses
Research and development expenses	48.70%	Mainly attributable to the increase in the investment in research and development
Other gains	-49.46%	Mainly due to the decrease in government grants received during the current period compared with the previous period
Gain on change in fair value	-92.65%	Mainly due to the decrease in change in fair value of financial assets such as shares
Net cash flow from operating activities	-51.53%	Mainly due to the relative increase in purchase and payment
Net cash flow from investing activities	-65.78%	Mainly due to the increase in redemption of wealth management products
Net cash flow from financing activities	-96.71%	Mainly due to the increase in debt repayment and share repurchase

Note: Operating income of the Company recorded year-on-year increase of 4.13%. In particular, as the Company accelerated the use of global village thinking to expand overseas markets and continued to develop the end-to-end, digitalized and localized overseas business system, income generated from overseas operation recorded year-on-year increase of 123%. New business segments such as earth machinery and aerial work machinery achieved notable growth.

4. APPENDIX

4.1 Consolidated Balance Sheet

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash equivalents	14,381,998,113.82	15,498,545,905.21
Balance with clearing companies		
Placements with other financial institutions		
Financial assets held-for-trading	5,235,068,519.92	4,010,628,545.21
Derivative financial assets		
Bill receivables	262,685,866.52	286,877,907.24
Account receivables	27,106,770,881.20	27,915,299,278.22
Account receivable financing	649,450,041.38	951,659,926.40
Prepayments	3,064,006,795.97	2,632,392,860.75
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance contract		
Other receivables	869,045,448.98	684,939,241.17
Including: Interest receivable		
Dividends receivable		
Purchases of resold financial assets		
Inventories	19,571,761,548.96	14,202,648,421.87
Contract assets	2,339,335.00	2,405,355.00
Held-for-sale assets		
Non-current assets due within one year	4,731,196,020.17	4,886,338,226.84
Other current assets	2,868,903,682.06	2,513,969,315.06
Total current assets	78,743,226,253.98	73,585,704,982.97

Item	Balance at the end of the period	Balance at the beginning of the year
Non-current assets:		
Loans and advances granted	304,085,568.60	276,783,089.65
Debt investments		
Other debt investments		
Long-term receivables	18,212,240,802.43	18,285,982,168.56
Long-term equity investment	4,525,663,107.24	4,475,778,991.28
Investments in other equity instruments	2,330,776,792.40	2,185,937,691.85
Other non-current financial assets	63,896,627.85	76,992,915.25
Investment property	160,191,350.57	161,403,069.56
Fixed assets	11,455,724,054.72	10,418,455,813.66
Construction in progress	2,850,294,913.43	3,373,322,782.12
Biological assets for production		
Oil and gas assets		
Right-of-use assets	550,892,487.10	542,928,424.67
Intangible assets	5,452,145,323.05	5,325,558,319.39
Development expenses	19,759,048.90	18,630,319.83
Goodwill	2,610,725,726.55	2,598,029,526.89
Long-term deferred expenditures	14,850,939.46	15,950,273.08
Deferred income tax assets	1,910,196,429.24	1,907,056,617.50
Other non-current assets	447,342,365.17	304,510,625.78
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Total non-current assets	50,908,785,536.71	49,967,320,629.07
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Total assets	129,652,011,790.69	123,553,025,612.04
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Item	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-term borrowings	7,910,535,359.27	6,200,631,040.82
Bills payable	11,144,261,927.39	8,159,041,902.00
Account payable	13,131,867,256.83	13,074,723,114.62
Advances from customers		
Contract liabilities	2,105,364,826.24	1,891,875,140.26
Accrued payroll	412,807,292.17	789,632,770.92
Taxes payable	347,476,249.80	371,716,576.47
Other payables	6,672,965,593.72	6,584,390,919.65
Including: Interest payable		
Dividends payable		
Non-current liabilities due within one year	3,720,703,158.85	4,990,727,735.33
Other current liabilities	6,708,540,045.77	6,328,625,967.78
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Total current liabilities	52,154,523,710.04	48,391,365,167.85
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Item	Balance at the end of the period	Balance at the beginning of the year
Non-current liabilities:		
Deposits for insurance contract		
Long-term borrowings	11,556,028,272.79	10,936,951,171.44
Bonds payable	25,506,249.98	25,337,499.98
Including: Preference shares		
Perpetual bonds		
Lease liabilities	355,293,294.38	355,356,454.41
Long-term payables	570,453,802.86	593,567,328.47
Long-term accrued payroll		
Accrued liabilities	20,975,591.13	18,364,638.72
Deferred income	3,852,739,919.49	2,297,978,405.98
Deferred income tax liabilities	843,748,237.49	841,722,663.63
Other non-current liabilities	3,113,850,858.00	3,117,160,878.00
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Total non-current liabilities	20,338,596,226.12	18,186,439,040.63
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Total liabilities	72,493,119,936.16	66,577,804,208.48
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Owners' equity:		
Share capital	8,677,992,236.00	8,677,992,236.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	19,699,585,843.21	19,625,127,525.84
Less: Treasury shares	2,641,002,729.02	1,556,215,452.58
Other comprehensive income	-1,545,251,579.07	-1,593,364,017.77
Special reserves	137,957,602.55	132,598,236.72
Surplus reserve	4,384,443,521.49	4,384,443,521.49
General risk provisions	168,800,178.20	168,800,178.20
Undistributed profit	25,710,250,324.79	24,901,715,668.97
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Total owners' equity attributable to the equity holders of the parent company	54,592,775,398.15	54,741,097,896.87
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Minority interests	2,566,116,456.38	2,234,123,506.69
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Total owners' equity	57,158,891,854.53	56,975,221,403.56
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Total liabilities and owners' equity	129,652,011,790.69	123,553,025,612.04
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4.2 Consolidated Income Statement

Unit: RMB

Item	Amount during the current period	Amount during the previous period
I. Total operating income	10,425,507,345.20	10,011,935,134.49
Including: Operating income	10,425,507,345.20	10,011,935,134.49
II. Total operation costs	9,582,147,601.15	9,322,371,683.88
Including: Operation cost	7,673,823,347.79	8,002,468,211.42
Taxes and surcharges	86,926,276.96	57,154,317.61
Selling expenses	676,840,069.16	498,474,788.55
Administrative expenses	375,117,706.45	335,976,852.22
Research and development expenses	645,455,754.47	434,069,288.93
Financial expenses	123,924,446.32	-5,771,774.85
Including: Interest expenses	181,685,746.88	286,622,501.99
Interest income	227,944,552.98	141,223,860.47
Add: Other gains	170,732,842.65	337,795,336.27
Income from investment (“-” refers to loss)	25,707,566.07	40,919,287.01
Including: Investment income from associates and joint ventures	32,091,248.53	48,224,860.20
Gains from derecognition of financial assets at amortized cost	-2,525,129.60	-392,961.46
Exchange gains (“-” refers to loss)		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)	4,352,543.64	59,210,694.83
Losses on credit impairment (“-” refers to loss)	-104,928,085.59	-94,761,658.10
Impairment losses on assets (“-” refers to loss)	-2,187,231.29	-9,820,013.98
Gains from asset disposal (“-” refers to loss)	-4,286,491.89	3,301,790.93

Item	Amount during the current period	Amount during the previous period
III. Operating profits (“-” refers to loss)	932,750,887.64	1,026,208,887.57
Add: Non-operating profits	18,181,133.22	27,965,742.53
Less: Non-operating expenses	6,485,846.09	12,638,189.17
IV. Total profits (“-” refers to total loss)	944,446,174.77	1,041,536,440.93
Less: Income tax expenses	85,696,434.97	105,482,092.31
V. Net profits (“-” refers to net loss)	858,749,739.80	936,054,348.62
(I) Classified by operation continuity		
1. Net profits from continuing activities (“-” refers to net loss)	858,749,739.80	936,054,348.62
2. Net profits from discontinuing activities (“-” refers to net loss)		
(II) Classified by ownership		
1. Net profits attributable to owners of the parent company	810,064,655.82	906,366,156.05
2. Net profits attributable to minority interests	48,685,083.98	29,688,192.57
VI. Net amount of other comprehensive income after tax	48,112,438.70	-46,691,502.70
Net amount of other comprehensive income after tax attributable to owners of the parent company	48,112,438.70	-46,691,502.70
(I) Other comprehensive income not to be reclassified into profit or loss subsequently	3,618,084.39	-19,354,793.41
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	3,618,084.39	-19,354,793.41
4. Change in fair value of own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss subsequently	44,494,354.31	-27,336,709.29
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	44,494,354.31	-27,336,709.29
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders		

Item	Amount during the current period	Amount during the previous period
VII. Total comprehensive income	906,862,178.50	889,362,845.92
Total comprehensive income attributable to owners of the parent company	858,177,094.52	859,674,653.35
Total comprehensive income attributable to minority shareholders	48,685,083.98	29,688,192.57
VIII. Earnings per share:		
(1) Basic earnings per share	0.10	0.11
(2) Diluted earnings per share	0.10	0.11

4.3 Consolidated Cash Flow Statement

		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	11,777,322,372.82	11,776,066,915.07
	Net increase in customer bank deposits and due to banks and other financial institutions	78,497,825.73	
	Refunds of taxes received	481,543,049.24	171,639,745.36
	Cash received relating to other operating activities	2,323,260,886.67	322,311,298.60
	Sub-total of cash inflow from operating activities	14,582,126,308.73	12,348,515,784.76
	Cash paid for purchasing goods and receiving services	10,689,536,006.84	8,795,770,341.24
	Net increase in customer loans and advances to customers	27,302,478.95	
	Cash paid to and for employees	1,393,380,675.66	1,115,100,377.72
	Cash paid for taxes and surcharges	682,612,272.87	591,418,207.77
	Cash paid relating to other operating activities	1,503,329,631.31	1,256,238,836.48
	Sub-total of cash outflow from operating activities	14,296,153,065.63	11,758,527,763.21
	Net cash flow from operating activities	285,973,243.10	589,988,021.55
II.	Cash flow from investing activities:		
	Cash received from disposal of investments	2,138,873,548.20	228,226,655.05
	Cash received from returns on investments	16,513,248.64	3,309,281.96
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	781,226.05	67,866,001.24
	Net cash received from disposal of subsidiaries and other operating business units		
	Cash received relating to other investing activities	329,943,100.54	311,402,762.57
	Sub-total of cash inflow from investing activities	2,486,111,123.43	610,804,700.82
	Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	186,245,315.12	376,550,930.00
	Cash paid for investment	3,521,935,761.97	3,004,000,000.00
	Net increase in pledge loans		
	Net cash received from subsidiaries and other operating business units	801,935,064.00	
	Cash paid relating to other investing activities		
	Sub-total of cash outflow from investing activities	3,708,181,077.09	4,182,485,994.00
	Net cash flow from investing activities	-1,222,069,953.66	-3,571,681,293.18

Item	Amount during the current period	Amount during the previous period
III. Cash flow from financing activities:		
Cash received from investment	348,268,752.50	18,000,000.00
Including: Cash received by subsidiaries from the investment of minority shareholders	348,268,752.50	18,000,000.00
Cash received from borrowings	4,930,032,020.56	4,622,814,598.10
Cash received related to other financing activities		
Sub-total of cash inflow from financing activities	5,278,300,773.06	4,640,814,598.10
Cash paid for repaying debts	3,861,467,686.21	344,248,129.05
Cash paid for distributing dividends and profits and interest repayment	152,427,094.20	133,153,617.14
Including: Dividends and profits paid by subsidiaries to minority shareholders	9,514,382.91	
Cash paid related to other financing activities	1,127,272,336.27	
Sub-total of cash outflow from financing activities	5,141,167,116.68	477,401,746.19
Net cash flow from financing activities	137,133,656.38	4,163,412,851.91
IV. Effect of foreign exchange rate changes to cash and cash equivalents	12,358,363.33	-21,894,462.68
V. Net increase in cash and cash equivalents	-786,604,690.85	1,159,825,117.61
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	13,004,327,457.18	14,350,068,228.26

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

Changsha, the PRC, 27 April 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. Zhao John Huan; and the independent non-executive directors are Mr. Zhao Songzheng, Mr. Lai Kin Keung, Ms. Liu Guiliang and Mr Yang Changbo.

* For identification purpose only