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ZOOMLION 中 聯 重 科

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

中聯重科股份有限公司

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

(Stock Code: 1157)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- As at 30 June 2024, total assets of the Group amounted to RMB130,654 million, representing a decrease of RMB171 million or 0.13% over that of 31 December 2023
- For the six months ended 30 June 2024, revenue of the Group amounted to RMB24,535 million, representing an increase of RMB460 million or 1.91% over the same period of 2023
- For the six months ended 30 June 2024, profit attributable to equity shareholders of the Company amounted to RMB2,281 million, representing an increase of RMB225 million or 10.94% over the same period of 2023
- For the six months ended 30 June 2024, earnings per share amounted to RMB0.28, representing an increase of RMB0.03 over the same period of 2023

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 2024 (the “**Reporting Period**”). The Group’s interim financial report was prepared in accordance with the International Accounting Standard 34, “Interim Financial Reporting” issued by the International Accounting Standards Board and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

FINANCIAL RESULTS

The financial information set out below in this announcement represents an extract from the unaudited interim financial report for the six months ended 30 June 2024 prepared in accordance with IAS34.

Consolidated statement of comprehensive income (Unaudited)
for the six-month period ended 30 June 2024
(Expressed in RMB)

		For the six-month period ended 30 June	
		2024	2023
	<i>Note</i>	RMB millions	RMB millions
Revenue	3	24,535	24,075
Cost of sales and services		<u>(17,589)</u>	<u>(17,359)</u>
Gross profit		6,946	6,716
Other net income		930	145
Sales and marketing expenses		(1,902)	(1,695)
General and administrative expenses		(1,340)	(1,039)
Expected credit losses		(377)	(255)
Research and development expenses		<u>(1,306)</u>	<u>(1,585)</u>
Profit from operations		<u>2,951</u>	<u>2,287</u>
Finance income		320	500
Finance costs		<u>(439)</u>	<u>(377)</u>
Net finance (costs)/income		<u>(119)</u>	<u>123</u>
Share of profits less losses of associates		<u>25</u>	<u>75</u>
Profit before taxation	4	2,857	2,485
Income tax	5	<u>(322)</u>	<u>(249)</u>
Profit for the period		<u>2,535</u>	<u>2,236</u>
Profit attributable to:			
Equity shareholders of the Company		2,281	2,056
Non-controlling interests		<u>254</u>	<u>180</u>
Profit for the period		<u>2,535</u>	<u>2,236</u>
Earnings per share (cents)			
Basic	6	<u>27.64</u>	<u>24.95</u>
Diluted	6	<u>27.08</u>	<u>24.72</u>

	For the six-month period ended 30 June	
	2024	2023
	<i>RMB</i>	<i>RMB</i>
	<i>millions</i>	<i>millions</i>
Profit for the period	<u>2,535</u>	<u>2,236</u>
Other comprehensive income for the period (after tax):		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(297)	(162)
<i>Item that is or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside PRC	<u>(218)</u>	<u>182</u>
Other comprehensive income for the period	<u>(515)</u>	<u>20</u>
Total comprehensive income for the period	<u>2,020</u>	<u>2,256</u>
Total comprehensive income attributable to:		
Equity shareholders of the Company	1,766	2,076
Non-controlling interests	<u>254</u>	<u>180</u>
Total comprehensive income for the period	<u>2,020</u>	<u>2,256</u>

Consolidated statement of financial position (Unaudited)
at 30 June 2024
(Expressed in RMB)

	<i>Note</i>	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Non-current assets			
Property, plant and equipment		18,520	17,364
Right-of-use assets		3,536	3,621
Investment properties		58	90
Intangible assets		2,005	1,988
Goodwill	<i>7</i>	2,605	2,641
Interests in associates	<i>8</i>	4,437	4,497
Other financial assets	<i>9</i>	2,253	2,669
Trade and other receivables	<i>10</i>	9,649	10,882
Receivables under finance lease	<i>11</i>	4,762	6,120
Loans and advances		543	568
Pledged bank deposits		64	76
Deferred tax assets		2,548	2,303
		<hr/>	<hr/>
Total non-current assets		50,980	52,819
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories	<i>12</i>	23,847	22,504
Other current assets		626	708
Financial assets at fair value through profit or loss ("FVPL")	<i>13</i>	1,585	1,767
Trade and other receivables	<i>10</i>	33,054	32,033
Receivables under finance lease	<i>11</i>	4,456	4,843
Loans and advances		303	280
Pledged bank deposits		2,231	2,265
Cash and cash equivalents		13,572	13,606
		<hr/>	<hr/>
Total current assets		79,674	78,006
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Total assets		130,654	130,825
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	<i>Note</i>	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Current liabilities			
Loans and borrowings		8,815	7,377
Trade and other payables	<i>14</i>	40,849	40,522
Contract liabilities		1,938	1,817
Lease liabilities		117	126
Income tax payable		119	154
Total current liabilities		<u>51,838</u>	<u>49,996</u>
Net current assets		<u>27,836</u>	<u>28,010</u>
Total assets less current liabilities		<u>78,816</u>	<u>80,829</u>
Non-current liabilities			
Loans and borrowings		14,595	14,944
Lease liabilities		305	308
Deferred tax liabilities		781	807
Other non-current liabilities		4,347	5,639
Total non-current liabilities		<u>20,028</u>	<u>21,698</u>
NET ASSETS		<u>58,788</u>	<u>59,131</u>
CAPITAL AND RESERVES			
Share capital		8,678	8,678
Reserves		47,129	47,693
Total equity attributable to equity shareholders of the Company		55,807	56,371
Non-controlling interests		2,981	2,760
TOTAL EQUITY		<u>58,788</u>	<u>59,131</u>

Notes to the unaudited interim financial report for the six-month period ended 30 June 2024

1 Principal activities of reporting entity

Zoomlion Heavy Industry Science and Technology Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, referred to as the “**Group**”) are principally engaged in the research, development, manufacturing and sale of construction machinery and agricultural machinery, as well as the provision of finance leasing services.

2 Basis of preparation

- (a) This 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 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of these changes in accounting policies are set out in Note 2(b).

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

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

- (b) The IASB has issued the following amendments to IFRS Accounting Standards and new standard that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Supplier finance arrangements*

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.

3 Revenue and segment reporting

(a) Disaggregation of revenue

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

	For the six-month period ended 30 June	
	2024	2023
	RMB	RMB
	millions	millions
Revenue from contracts with customers within the scope of IFRS 15, all recognised at point in time		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	4,210	4,555
– Crane machinery	8,228	9,979
– Aerial machinery	3,953	3,355
– Earth working machinery	3,516	2,932
– Others	2,032	1,849
Agricultural machinery	2,341	1,101
	24,280	23,771
	24,280	23,771
Revenue from other sources		
Rental income	48	77
Financial services	207	227
	255	304
	24,535	24,075
	24,535	24,075

(b) Information about profit or loss

	For the six-month period ended 30 June	
	2024	2023
	RMB	RMB
	millions	millions
Reportable segment profit:		
Construction machinery		
– Concrete machinery	925	1,057
– Crane machinery	2,667	2,978
– Aerial machinery	1,084	885
– Earth working machinery	1,134	885
– Others	616	600
Agricultural machinery	319	94
Financial services	201	217
	6,946	6,716
	6,946	6,716

(c) **Reconciliations of segment profit**

	For the six-month period ended 30 June	
	2024 RMB millions	2023 RMB millions
Total reportable segment profit	6,946	6,716
Other net income	930	145
Sales and marketing expenses	(1,902)	(1,695)
General and administrative expenses	(1,340)	(1,039)
Expected credit losses	(377)	(255)
Research and development expenses	(1,306)	(1,585)
Net finance (costs)/income	(119)	123
Share of profits less losses of associates	25	75
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Profit before taxation	2,857	2,485

4 **Profit before taxation**

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

(a) **Net finance costs/(income):**

	For the six-month period ended 30 June	
	2024 RMB millions	2023 RMB millions
Interest income	(320)	(387)
Interest expense on loans and borrowings	306	366
Interest expense on lease liabilities	8	11
Net exchange loss/(gain)	162	(113)
Less: interest expense capitalised into construction in progress	(37)	—
	<hr/>	<hr/>
	119	(123)

(b) **Staff costs:**

	For the six-month period ended 30 June	
	2024 RMB millions	2023 RMB millions
Salaries, wages and other benefits	2,373	2,268
Contributions to retirement schemes	365	334
Share incentive scheme expense	481	38
	<hr/>	<hr/>
	3,219	2,640

(c) **Other items:**

	For the six-month period ended 30 June	
	2024 RMB millions	2023 RMB millions
Cost of inventories sold	17,589	17,359
Depreciation charge		
– owned property, plant and equipment	495	493
– right-of-use assets	111	103
Amortisation of intangible assets	73	80
(Gain)/Loss on disposal of property, plant and equipment, intangible assets and right-of-use assets	(636)	14
Product warranty costs	93	104
Expected credit losses		
– trade receivables	310	157
– receivables under finance lease	60	95
– other receivables	7	(2)
– loans and advances	–	5
Impairment loss on inventories	12	18
Loss on disposal of trade receivables and receivables under finance lease	88	197

5 **Income tax**

(a) **Taxation charged to the consolidated statement of comprehensive income:**

	For the six-month period ended 30 June	
	2024 RMB millions	2023 RMB millions
Current tax – PRC income tax	486	581
Current tax – Income tax in other tax jurisdictions	57	16
Deferred taxation	(221)	(348)
Tax expenses	322	249

(b) Reconciliation between actual income tax expenses and accounting profit at applicable tax rates:

	For the six-month period ended 30 June	
	2024	2023
	RMB	RMB
	millions	millions
Profit before taxation	<u>2,857</u>	<u>2,485</u>
Notional tax on profit before taxation, calculated at the statutory income tax rate applicable to the jurisdictions concerned (<i>Note (a)</i>)	714	621
Tax effect of non-deductible expenses	21	35
Current year loss for which no deferred tax asset was recognised	52	67
Tax effect of non-taxable income	(10)	(54)
Tax effect of tax concessions (<i>Note (b)</i>)	(195)	(174)
Additional deduction for qualified research and development expenses (<i>Note (c)</i>)	(260)	(225)
Others	—	(21)
Actual income tax expenses	<u>322</u>	<u>249</u>

Notes:

- (a) The PRC statutory income tax rate is 25% (2023: 25%).

The Company's subsidiaries in the Hong Kong Special Administrative Region (HKSAR) are subject to Hong Kong Profits Tax at 16.5% (2023: 16.5%) in respect of assessable profits arising in or derived from Hong Kong. For the six-month period ended 30 June 2024, the Group did not derive any income chargeable to Hong Kong Profits Tax on the basis that all the income was offshore sourced, all the expenses incurred by the subsidiaries in Hong Kong have been disallowed.

The Company's overseas subsidiaries are subject to income tax at rates ranging from 15% to 34% (2023: 15% to 34%).

- (b) According to the income tax law and its relevant regulations, entities that qualified as high and new technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.
- (c) Under the income tax law and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure for the year ending 31 December 2024 (2023: 100%).

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company of RMB2,281 million (six-month period ended 30 June 2023: RMB2,056 million) and the weighted-average number of ordinary shares in issue of 8,254 million shares (six-month period ended 30 June 2023: 8,240 million shares), calculated as follows:

Weighted average number of ordinary shares

	2024 <i>millions</i>	2023 <i>millions</i>
Issued ordinary shares at 1 January	8,254	8,301
Effect of repurchase of ordinary A shares	–	(101)
Effect of restricted A shares vested	–	40
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June	8,254	8,240
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(b) Diluted earnings per share

The calculation of diluted earnings per share for the six-month period ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company of RMB2,281 million (six-month period ended 30 June 2023: RMB2,056 million) and the weighted-average number of ordinary shares of 8,424 million shares (six-month period ended 30 June 2023: 8,317 million shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2024 <i>millions</i>	2023 <i>millions</i>
Weighted average number of ordinary shares at 30 June	8,254	8,240
Effect of deemed issue of restricted A shares	170	77
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 30 June	8,424	8,317
	<hr/> <hr/>	<hr/> <hr/>

7 Goodwill

	2024 RMB millions	2023 RMB millions
Balance at 1 January	2,641	2,562
Effect of exchange rate difference	<u>(36)</u>	<u>79</u>
Balance at 30 June/31 December	<u>2,605</u>	<u>2,641</u>

8 Interests in associates

	30 June 2024 RMB millions	31 December 2023 RMB millions
Carrying amount of the individually material associate in the consolidated financial statements Infore Environment Technology Group Co., Ltd.	<u>3,156</u>	<u>3,191</u>
Aggregate carrying amount of individually material associates in the consolidated financial statements	3,156	3,191
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<u>1,281</u>	<u>1,306</u>
Total	<u>4,437</u>	<u>4,497</u>

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

9 Other financial assets

	<i>Note</i>	30 June 2024 RMB millions	31 December 2023 RMB millions
Financial assets at FVOCI			
Equity securities	<i>(i)</i>	2,016	2,417
Financial assets at FVPL			
Listed equity securities	<i>(ii)</i>	31	44
Private equity fund		<u>206</u>	<u>208</u>
Total		<u>2,253</u>	<u>2,669</u>

(i) The equity securities comprise listed equity securities and other unlisted equity securities. The aggregate fair value of listed equity securities and other unlisted equity securities was RMB141 million and RMB1,875 million, respectively, as at 30 June 2024 (31 December 2023: RMB422 million and RMB1,995 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB13 million (six-month period ended 30 June 2023: RMB13 million) were received from these investments in equity securities during the six-month period ended 30 June 2024.

(ii) The listed equity securities represent the Group's investments in shares of companies listed in the Stock Exchanges of Hong Kong and the PRC. The aggregate fair value of these investments was RMB31 million, based on their quoted market prices as at 28 June 2024 (31 December 2023: RMB44 million).

10 Trade and other receivables

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Trade receivables	40,183	41,008
Less: loss allowance for doubtful debts	<u>(5,397)</u>	<u>(5,514)</u>
	34,786	35,494
Less: trade receivables due after one year	<u>(9,649)</u>	<u>(10,882)</u>
	25,137	24,612
Bills receivable	<u>1,653</u>	<u>1,572</u>
	26,790	26,184
Amounts due from related parties	191	137
Prepayments for purchase of raw materials	1,061	930
Prepaid expenses	801	334
Prepayments for land use right for property development	1,703	1,703
VAT recoverable	1,602	2,120
Deposits	89	75
Others	<u>817</u>	<u>550</u>
	<u>33,054</u>	<u>32,033</u>

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

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Within 1 year	21,699	21,237
Over 1 year but less than 2 years	5,417	5,849
Over 2 years but less than 3 years	2,887	4,078
Over 3 years but less than 5 years	2,262	1,859
Over 5 years	<u>2,521</u>	<u>2,471</u>
	<u>34,786</u>	<u>35,494</u>

Trade receivables under credit sales arrangement are generally due within 1 to 6 months (2023: 1 to 6 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 5% to 30% (2023: 5% to 30%) of the product price. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 60 months (2023: 6 to 60 months), customers are normally required to make an upfront payment ranging from 5% to 30% (2023: 5% to 30%) of the product price.

11 Receivables under finance lease

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Gross investment	10,599	12,364
Unearned finance income	<u>(564)</u>	<u>(572)</u>
	10,035	11,792
Less: loss allowance for doubtful debts	<u>(817)</u>	<u>(829)</u>
	9,218	10,963
Less: receivables under finance lease due after one year	<u>(4,762)</u>	<u>(6,120)</u>
Receivables under finance lease due within one year	<u>4,456</u>	<u>4,843</u>

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement. The finance lease contracts entered into by the Group typically are for a period ranging from 1 to 6 years (2023: 1 to 6 years). Customers are normally required to make an upfront payment or security deposit ranging from 5% to 50% of the product price (2023: 5% to 50%). At the end of the lease term, the lessee has an option to purchase the leased machinery at nominal value and the ownership of the leased machinery is then transferred to the lessee. The leases do not provide any guarantee of residual values.

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

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
<i>Present value of the minimum lease payments</i>		
Within 1 year	4,789	5,157
Over 1 year but less than 2 years	1,192	3,070
Over 2 years but less than 3 years	1,105	1,906
Over 3 years	2,949	1,659
	<u>10,035</u>	<u>11,792</u>
<i>Unearned finance income</i>		
Within 1 year	274	265
Over 1 year but less than 2 years	66	131
Over 2 years but less than 3 years	61	88
Over 3 years	163	88
	<u>564</u>	<u>572</u>
<i>Gross investment</i>		
Within 1 year	5,063	5,422
Over 1 year but less than 2 years	1,258	3,201
Over 2 years but less than 3 years	1,166	1,994
Over 3 years	3,112	1,747
	<u>10,599</u>	<u>12,364</u>
Overdue analysis of receivables under finance lease at the end of reporting period is as follows:		
	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Not yet due	8,485	10,498
Within 1 year past due	1,250	1,084
Over 1 year but less than 2 years past due	231	72
Over 2 years past due	69	138
	<u>1,550</u>	<u>1,294</u>
Total past due	1,550	1,294
	10,035	11,792
Less: loss allowance	(817)	(829)
	<u>9,218</u>	<u>10,963</u>

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

12 Inventories

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Raw materials	5,158	4,762
Work in progress	2,176	2,799
Finished goods	14,079	12,510
Land to be developed	2,434	2,433
	<u>23,847</u>	<u>22,504</u>

Land to be developed are related to land use rights owned by subsidiaries of the Group engaging in real estate development.

13 Financial assets at fair value through profit or loss

	<i>Note</i>	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Financial assets carried at fair value through profit or loss			
– Wealth management products and structured deposits	<i>(i)</i>	20	349
– Securities investment funds	<i>(ii)</i>	1,565	1,418
		<u>1,585</u>	<u>1,767</u>

Notes:

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

14 Trade and other payables

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Trade creditors	12,779	11,215
Digital bills payable	5,946	8,663
Bills payable	<u>10,920</u>	<u>11,836</u>
Trade creditors and bills payable	29,645	31,714
Amounts due to related parties	7	–
Derivative financial instruments	1	9
Payable for acquisition of property, plant and equipment	2,396	2,778
Accrued staff costs	543	895
Product warranty provision	135	127
Value-added tax payable	1,228	992
Sundry taxes payable	80	74
Security deposits	651	764
Financial guarantees issued	38	43
Dividends payable	2,777	–
Other accrued expenses and payables	<u>3,348</u>	<u>3,126</u>
	<u>40,849</u>	<u>40,522</u>

As at the end of the reporting period, ageing analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	As at 30 June 2024 RMB millions	As at 31 December 2023 RMB millions
Due within 1 month or on demand	4,428	8,288
Due after 1 month but within 3 months	10,423	11,261
Due after 3 months but within 6 months	10,781	9,159
Due after 6 months but within 12 months	<u>4,013</u>	<u>3,006</u>
	<u>29,645</u>	<u>31,714</u>

15 Capital, reserves and dividends

(a) Dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 28 June 2024, a final cash dividend of RMB0.32 per share based on 8,678 million ordinary shares in issue, totaling RMB2,777 million in respect of the year ended 31 December 2023 was declared. As at 30 June 2024, RMB2,777 million of such dividends were not paid.

Pursuant to the shareholders' approval at the Annual General Meeting held on 29 June 2023, a final cash dividend of RMB0.32 per share based on 8,254 million ordinary shares in issue, totaling RMB2,641 million in respect of the year ended 31 December 2022 was declared, which was fully paid by 31 December 2023.

(b) Share incentive scheme

On 15 November 2019, an Employee Stock Ownership Plan (“**ESOP**”) was considered and approved at the seventh extraordinary meeting of the sixth session of the board of directors. On 6 January 2020, the ESOP and the related resolution were considered and passed at the first extraordinary general meeting of 2020, pursuant to which 390,449,924 restricted shares were planned to be granted to no more than 1,200 selected current employees (the “**Participants**”) of the Group. On 3 April 2020, related resolutions were considered and passed at the First meeting of Participants, pursuant to which the date of grant for the ESOP has been set for 3 April 2020. The Participants are entitled to purchase Zoomlion restricted A shares at RMB2.75 each. The Participants of the ESOP included directors, senior executives and core technical employees. As a result, 390,449,924 restricted shares were granted to the ESOP on 3 April 2020 and the transfer of restricted A shares was completed on 28 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.

On 30 August 2023, a new Employee Stock Ownership Plan (Phase II) (“**ESOP II**”) was considered and approved at the second extraordinary meeting of the seventh session of the board of directors. On 27 September 2023, the ESOP II and the related resolution were considered and passed at the second extraordinary general meeting of 2023, pursuant to which 423,956,766 restricted shares were planned to be granted to no more than 1,500 selected current employees (“**the Participants**”) of the Group. On 28 September 2023, the Participants signed the share subscription agreement under ESOP II, pursuant to which the date of grant for the ESOP II has been set for 28 September 2023. The Participants are entitled to purchase Zoomlion restricted A shares at RMB3.17 each. The Participants of the ESOP II included directors, senior executives and core technical employees. As a result, 423,956,766 restricted shares were granted to the Participants of the ESOP II on 28 September 2023 and the transfer of restricted A shares was completed on 17 October 2023.

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

During the six-month period ended 30 June 2024, no restricted shares were vested (six-month period ended 30 June 2023: 117,134,977 restricted shares vested).

During the six-month period ended 30 June 2024, share incentive scheme expenses of RMB481 million (six-month period ended 30 June 2023: RMB38 million) were recognised in the consolidated statement of comprehensive income.

BUSINESS REVIEW

In the first half of 2024, the domestic economy progressed with stability as a whole, and while confronting difficulties and challenges such as insufficiency of effective demands. Emerging markets in overseas and developing economies demonstrated strong resilience of growth, large population base, abundant resources endowment as well as huge potential of urbanisation, which provided a broad market space and new development opportunities for China's construction machinery industry.

In the first half of 2024, affected by factors such as the continuous adjustment of the real estate market, the domestic construction machinery industry was still in the bottoming stage of the adjustment period. The demand in overseas markets kept growing as the Chinese brands continued to increase their investments in overseas markets. The global competitiveness was steadily enhanced, while the export sales of the construction machinery industry maintained a good growth momentum.

Under the guidance of the concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company closely focused on the goal of high-quality development, accelerated the transformation and upgradation of digitisation, intelligentisation, and eco-friendliness, sped up the development of emerging businesses, nurtured new growth poles and points, advanced the in-depth internationalisation and continued to strengthen the development resilience and endogenous momentum of the Company, realizing a significant expansion of the industrial echelons and a great leap forward of overseas business.

During the Reporting Period, the Company's operating income amounted to RMB24.535 billion, representing a year-on-year increase of 1.91%, and the net profit attributable to the equity shareholders of the Company amounted to RMB2.281 billion, representing a year-on-year increase of 10.94%.

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

1. Accelerating the competitive development of industrial echelons

During the Reporting Period, we accelerated the formation of a pattern of synergistic integration and competitive development of traditional competitive industries and emerging industries, further strengthened the implementation of strategies and highlighted the effectiveness of the overall strategy. The traditional competitive industries have been solidly upgraded for forging sustainable competitiveness; the emerging industries have grown and contributed to new growth poles.

(1) Our leading products remained solid in the market

We strengthened value sales strategy and strictly controlled business risks for our product lines of the three key traditional competitive products (i.e. concrete machinery, engineering cranes and construction cranes), and downsized the products with high resources consumption and low gross margins. In the first half of the year, we maintained a stable position in the domestic market of concrete machinery, engineering cranes and construction cranes, while the scale of overseas business and market position continued to increase.

(2) *Steady progress in earth working machinery*

In terms of earth working machinery, we promptly complemented the product spectrum of super-large excavation and micro-excavation and enhanced the competitiveness of products by leveraging on the world's leading "lighthouse factory". In the domestic market, we focused on the development of leading customers and mining fields, and our ultimate products won the reputation of customers, and the market share of medium and large excavators ranked the forefront of the industry; in terms of overseas business, we accelerated the dual development of the advantageous markets and emerging markets. In the first half of the year, the sales of this sector increased by over 16% year-on-year.

(3) *Vigorous development in aerial machinery*

With strengthening the innovation ability of technologies and products of aerial machinery and forming an absolute advantage in technology, quality, cost and service, we have become the most complete manufacturer of aerial equipment in China. The penetration rate of electrification products exceeded 90%, and the electrification technology continued to be in the leading position. The Company took the lead to launch a new generation of distributed drive electro-hydraulic integrated control technology in the industry, injecting new momentum for the green development of the global aerial machinery industry. The Company also launched the industry's first intelligent installation system for glass curtain walls. Technologies such as safety control technology for electric drive system and the control technology for end-of-arm linear motion have been widely applied. In the first half of the year, the sales of this sector increased by over 17% year-on-year.

(4) *Achieving breakthroughs in scale and efficiency of agricultural machinery*

In terms of agricultural machinery, we gave full play to our advantages in construction machinery resources to optimize our product structure, vigorously promoted the upgrading and integration of our products to improve the productivity and efficiency in all aspects, making our products high-end, intelligent and green. Our drying machines ranked first in the domestic industry, and wheat machines ranked second in the industry. Our overall sales of tractors grew rapidly, and our new corn machines, rice machines and rice transplanters were launched into the market, which have accumulated new momentum for the sustained growth of agricultural machinery. In the first half of the year, the sales of agricultural machinery increased by over 112% year-on-year.

(5) *Rapid growth of other emerging businesses*

In terms of emerging businesses such as mining machinery, emergency equipment, and Zoomlion's new materials, we focused on technologies and products, and utilized the advantages of Zoomlion's brand and platform to achieve breakthroughs in the expansion of categories. In the first half of the year, the sales of other emerging businesses increased by over 26% year-on-year.

2. Solidly promoting the development of overseas businesses by leaps and bounds

The Company firmly adhered to the internationalisation strategy with Zoomlion's characteristics, accelerated the construction of the Zoomlion's overseas system with wide coverage, high efficiency, orderliness and safety, expanded its business through end-to-end direct sales model, empowered sales growth with airports, in order to achieve the great leap forward in overseas businesses.

- (1) Forming a basic diversified structure of overseas market. In the first half of the year, the Company's overseas revenue grew strongly with a year-on-year increase of more than 39.2%. With the market breakthroughs in developing regions such as Latin America, Africa, and India, as well as developed regions such as the European Union and North America, the sales share of the original three major "staple grain areas" of the Middle East, Central Asia, and Southeast Asia has dropped to about 36%. The layout of overseas market has become more diversified, and the regional sales structure has been further optimised, showing a "multi-point blossoming" and continuous high-speed growth trend.
- (2) Deepening the direct sales system featuring "end-to-end, digitalised, and localised" for overseas business, which supported the balanced development of overseas business with simultaneous enhancement of diversified competitiveness, such as market expansion, risk prevention and localisation. We focused on the four directions of "business management, risk control, talent team and operational capabilities" to promote the end-to-end business model to deepen localisation, improve the digital platform of overseas business, build the Zoomlion's overseas big data monitoring system, and promote the "pin-shaped" management system to directly reach the overseas frontline to manage overseas personnel, finance, and materials, and form an efficient and orderly management and control system based on a digital system; we strengthened risk identification and management to build a solid risk control line, and improve the quality of overseas business operations; and we continued to strengthen the construction of the team, business, service, and financial system to improve the operational capabilities of the overseas airport platform, and promote the steady and rapid development of overseas business.
- (3) Promoting the in-depth construction and layout of outlets. We continued to strengthen the capacity building of airports and promote the refined management of airports to empower the development of local business; tapped into the growth potential and expand the business scale based on emerging markets, emerging sectors and new customers to further achieve incremental development; promoted the vertical layout of outlets and market penetration and continued to strengthen the breadth and depth of outlet construction. More than 30 first-level business airports and more than 370 second-level outlets have been built around the world, further deploying the outlet construction from regional centers to important cities. The total number of overseas localised employees worldwide exceeds 3,000, and products cover more than 140 countries and regions.
- (4) Continuing to promote the expansion and upgrading of overseas R&D and manufacturing bases. We made full use of the technical advantages, resource advantages, and location advantages of overseas R&D and manufacturing bases such as CIFA in Italy, Wilbert in Germany, Belarusian factory, Indian factory, and Mexican factory to optimize resource sharing and enhance the global competitiveness of the enterprise.

3. Accelerating digital transformation

The Company has been accelerating the transformation of the market with Internet thinking and reshaping management and business models with digitalisation. We have been deepening the construction of overseas business digital platforms and building a twin mapping mechanism to form an efficient and orderly management and control system based on digital systems.

By implementing end-to-end management of overseas business, integrating digital control over the entire process of overseas R&D, manufacturing, logistics, sales and services. The end-to-end direct sales model can effectively manage each customer, each order and each transaction. Through the industrial Internet platform, digital control over the entire process of overseas business, including personnel, finance and materials, was achieved. With a digital flat architecture to manage global business, the headquarters backend operations team can conduct real-time control and tracking guidance of the front end and obtain the activities of front-line business personnel in real time, and realizes the direct connection between the Company and the clients.

With the digitalised management of the global market, the Company can directly address the real needs of global customers and gaining favorable returns in terms of R&D innovation, product iteration, delivery capabilities, and risk management improvements in the Company, and achieve deeper localisation.

4. Intelligent manufacturing clusters leading a high-quality development of the industry

(1) Accelerating the formation of intelligent manufacturing industry clusters. The Company made fruitful progress in promoting the construction of intelligent factories, laying a solid foundation for the Company's high-quality development. With Zoomlion Smart Industrial City as the core, the Company has promoted the construction of intelligent factories from mainframes to parts. All production lines of the intelligent factory for engineering hoisting machinery in Zoomlion Smart Industrial City have entered the installation and commissioning stage. As of the end of the Reporting Period, the Company has built and put into production 12 intelligent factories and more than 230 intelligent production lines, helping to build an important national advanced manufacturing highland.

- (2) Rapid transformation of advanced intelligent manufacturing technology applications. The Company deeply integrated artificial intelligence, intelligent manufacturing technology and intelligent equipment to create intelligent, flexible and green intelligent production lines; innovatively developed intelligent control algorithms and digital systems to build flexible, efficient and collaborative intelligent factories. The Company continued to promote the application research of more than 150 industry-leading full-process sets of intelligent manufacturing technologies independently developed, and has completed the installation of more than 140 key technologies in intelligent production lines, of which 70 were the first in the industry, demonstrating the Company's strong intelligent manufacturing technology strength and cutting-edge leading advantages, accelerating the empowerment of production and manufacturing intelligent upgrades, and continuously promoting the Company's intelligent manufacturing to lead the development of the industry.
- (3) Comprehensively deepening the all-round digital transformation of manufacturing and supply chain. We focused on the construction of factory-level industrial Internet platforms to achieve industrial interconnection of all factors in factories; opened up the information links of planning, logistics, production and supply chain to ensure refined management of the entire production and manufacturing process, and achieved human-machine interaction and full-time control; we integrated cutting-edge technologies such as artificial intelligence, cloud computing, and digital twins to create an intelligent manufacturing process control system, optimized the integrated intelligent manufacturing platform, comprehensively improved management capabilities, and maximized factory automation efficiency.

5. Leading industry innovation, accelerating the formation of new quality productive forces

In the first half of 2024, in the face of the new situation of global competition, the Company firmly followed the development path of digitalisation, intelligentisation, eco-friendliness and globalization through scientific and technological innovations, cultivated new quality productive forces, and practiced the technological innovation concept of “more intelligent, more eco-friendly, more industrial Internet” to support the ultimate improvement of product performance, quality and service. In terms of product R&D, we aimed for the global market, focused on market access and took international benchmarks as reference. Each of our main engine divisions has established overseas product R&D institutions, and has quickly completed the layout of overseas products. Nearly 300 products have passed international certification, and 197 products have been launched overseas, which promoted a significant increase in the proportion of overseas product sales.

During the Reporting Period, there were 1,684 scientific research projects under research, including 260 new technology projects in respect of “digitalisation, intelligentisation and eco-friendliness”, and 77 projects that completed sample machine demonstration tests. 361 new main engine products were launched, including 114 domestically or internationally advanced products and 22 new energy products. We built benchmark products such as the world’s longest five-axle compliant steel boom pump truck with a vertical reach of 73 metres, the industry’s first qualified ultra-light pure electric mixer with a tonnage of 32 tonnes and a volume of 8 cubic meters, and the industry’s first qualified fully domestically produced electric drive mining dump truck with a tonnage of 120 tonnes. We carried out research and development of key components by focusing on the new business segments such as agricultural machinery, aerial machinery and earthmoving machinery to improve the self-manufacturing rate of products components and parts, and completed the batch installation of 45 key components including intelligent control components, hydraulic components and transmission components in main engine products. The innovative achievements achieved during the Reporting Period are as follows:

(1) The continuous application of the “digitalisation, intelligentisation and eco-friendliness” technology provides support for the enhancement of product competitiveness

In terms of digitalisation, 71 digitalisation projects were carried out, and 11 have completed sample machine demonstration tests. We further strengthened the improvement of the “four extremes” of digital-driven products, realized the commercial application of a number of digital achievements, and made significant progress in the research of structure, transmission and electrical system service cycle health management technology. For example, digital technologies such as hoisting method simulation and construction plan output software system, concrete station digital twin technology, tower crane intelligent command center system, aerial machinery equipment data management and standard API system have been applied.

In terms of intelligentisation, 101 intelligentisation projects were carried out, and 38 have completed sample machine demonstration tests. We further promoted the application process of engineering and productization of intelligent technology achievements, and further improved the degree of autonomous operations of the whole process of products and the technologies featuring man-machine coordination and coordination among machines. For example, the intelligent translation technology of crane machinery and the linear motion control technology of the boom end of the aerial work platform have been widely applied. Relying on the Company’s construction machinery intelligent construction innovation consortium, the core technology of intelligent construction has been applied in the construction of large-scale nuclear power plants, intelligent mines and other national key projects.

In terms of eco-friendliness, 88 eco-friendliness projects were carried out, and 28 have completed sample machine demonstration tests. We innovated a batch of green product technologies to continuously promote energy saving and emission reduction of products; and applied a batch of green safety technologies to maintain the industry-leading performance in operation safety. For example, the new energy electronic control direct drive system is installed on the concrete mixers, the high-pressure technology of the hydraulic system is installed on the excavators, the energy-saving technology of the hydraulic system is installed on the wide-body trucks, and the energy-saving control technology of the hybrid system is installed on the wheat harvesters.

(2) *Continue to expand new energy main engine products and accelerate the industrialization of key components*

In the first half of the year, 22 new energy main machine products were launched, covering aerial machinery, concrete machinery, construction crane machinery and earth working machinery. A batch of new energy main engine products including pure electric telescopic boom crawler crane with a tonnage of 100 tonnes and towline electric excavator with a tonnage of 55 tonnes have been rolled off the production line.

We are committed to creating a complete new energy construction machinery application ecosystem, providing overall solutions for new energy construction machinery, making technical breakthroughs in the industrialization of key components and new energy equipment such as three-electricity, hydrogen and energy supplementation, and creating research and development and testing capabilities of new energy equipment and key components, thus enhancing the core competitiveness of the whole industry chain. In terms of three-electric components, 120kVA motor driver with a vibration resistance level 1.7 times higher than the national standard, 10kWh hybrid power battery pack, 11.5kWh high-power battery pack, 9.6kWh light hybrid battery pack, etc. were launched; in terms of hydrogen energy, 190kW fuel cell stack and 2Nm³ flow channel PEM electrolyzer were launched; in terms of energy supplementation and energy equipment, special swap station for mixers, a series of DC fast charging piles and integrated energy storage cabinet were launched. Aiming at high efficiency, reliability and intelligence, we have made breakthroughs in technology, including dynamic torque distribution control technology, inter-bridge torque dynamic compensation technology, extended-range hybrid high-efficiency energy management technology, forward design of large standard PEM electrolyzer and multi-component integration technology, gas-liquid two-phase flow simulation and high consistency PEM electrolyzer cell plate optimization technology.

(3) Accelerate the research on key core technologies and products of agricultural machinery, and build a series of advanced agricultural machinery

In the plowing process, the newly developed and marketed 200-horsepower PG2004 tractor with power shift has improved operating efficiency by 15%, and the power transmission is seamless during gear shifting, leading to fuel economy improving by 8.6%; the new generation of 300-horsepower tractor PZ3004 and hybrid 350-horsepower tractor DL3504 were launched. In the planting process, the 2ZGQ-630/825 ride-on high-speed rice transplanter has been sold in batches. It has intelligent functions such as automatic driving, automatic lifting and lowering of the planting equipment, automatic leveling and automatic alignment, which can save users RMB5,000 in labor costs per year. In the harvesting process, the domestically produced TF180 multi-grain combine harvester with a maximum feeding capacity of 18kg/s carried out field wheat operation tests and completed third-party verification of product performance and technical indicators. It integrated high-efficiency compound threshing technology with an ultra-large area cleaning system, making the loss rate reach as low as 0.1% and the average loss rate over 25% lower than the industry level, which reduced the loss by 3,000 catties per day. With more than 3,000 many advanced functions such as intelligent monitoring of loss rate and impurity content and blockage warning, it is a heavyweight representative of domestic harvesters. The world's first 10-kilogram hybrid combine harvester TE100-DH has completed field operation tests in Sichuan, Henan, Shandong and other places. It has demonstrated superior performance, with the harvesting speed increasing by 10% and energy consumption decreasing by 30%. It allows the users to harvest 16,000 more catties of grain and save 70 liters of fuel per day, bringing them RMB50,000 more income each year. The PL80 large-feed intelligent rice combine harvester is equipped with the nation's first automatic workload control system and a newly upgraded threshing and cleaning system, causing the loss rate and grain cleanliness more than 5% better than those of domestic products of the same level. Equipped with fuel-saving control system, the fuel consumption of the whole machine was reduced by 7% year-on-year, which was the lowest among domestic brands. In the storage process, we launched the self-developed multi-grain intelligent variable temperature and variable speed control technology, centralized control system, and remote monitoring and integrated control system to realize the full automation of the whole process from raw grain entering, drying, to exiting, thus promoting the rapid development of complete sets of equipment and key technologies for domestic drying engineering.

(4) Leading industry innovation and development with high-value patents and standards

During the Reporting Period, the Company has applied for nearly 900 patents worldwide, representing a year-on-year increase of 26.1%, of which 463 were invention patents, accounting for 56.3% of the total and 463 were granted patents, of which 151 were invention patents, together with a breakthrough in terms of the granted invention patents in Europe, America and Japan. In 2023, the Company was honored to be included in the List of Top 500 Patent Strength of Chinese Enterprises with No. 1 overall score of 90.2 in the industry. The Company took the lead in the formulation and revision of seven international standards in the field of engineering machinery, ranking first in the industry. Among them, the ISO 12480-1 known as "Cranes – Safe use – Part 1: General" and ISO 21573-1 known as "Building construction machinery and equipment – Concrete pumps – Part 1: Terminology and commercial specifications" will be published during the year.

The Company took the lead in the drafting and approval of five national green product assessment group standards, including concrete pump trucks, concrete mixing stations, crawler cranes, and undertook four product standards such as electric concrete mixing trucks and electric vehicle cranes and two green factory evaluation industry standards, with the number of green product standards ranking first in the industry. At the same time, the Company actively promoted the development of standards for digital technology and intelligent products, and led nine national or industrial or association standards under research including “Engineering machinery – Internet of Things”, “Industrial Internet – Equipment health management standard – Part 3: Engineering machinery”, “Communication terminal technical specifications for mobile crane”, “Building construction machinery and equipment – Concrete machinery – Site data communication – Part 1: Technical requirements”, “Walking rescue robot Part 3: Code for environmental adaptability testing” etc., in order to lead the industry to create advanced, intelligent and green products.

6. Continuous improvement of operation quality and effectiveness

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

- (1)** Comprehensively strengthening risk control. We have always taken the control of risk management as the primary guarantee, resolutely implementing end-to-end management of the business side, continuously improving the end-to-end control management system combined with prevention and treatment, monitoring the overdue status of each customer, order and equipment at the terminal, ensuring all risks under control at all times. We applied a “sensing and thinking” risk intelligence early warning platform to actively identify operational risks, digitally empower the enhancement of risk control management capabilities, firmly grasp the key points of risk control, and help the business grow steadily.
- (2)** Strengthening the construction of a supply chain system. We not only kept on promoting collective procurement and integration of bulk and general materials, but also deepened strategic cooperation on key materials and optimised the supply chain ecology. Apart from accelerating the construction of informatisation and systematisation of supply chain, we built a digital supply chain management platform and created an end-to-end supply chain system as well. Besides, we also concentrated on promoting special overseas assistance, sorted out optimal process routes and process quota standards to help reduce costs and increase efficiency.
- (3)** Deepening the development of ultimate service capability. We strengthened digital intelligence capability, enhanced service quality and focus on promoting the construction of digital service capabilities. Moreover, we fully implemented end-to-end and refined management of the service side, promoted high-quality and efficient services, enhanced service efficiency, and continuously improved customer satisfaction and service quality.

- (4) Strengthening the construction of talent teams. We have optimized our organizational structure, giving priority to matching company-level talents with overseas markets; established a complete mechanism of “strict entry and exit, capable of upward and downward mobility” to cultivate a team consisting of capable cadre and employee with “four strengths”; optimised the salary management system for core and backbone employees, and continued to carry out the salary adjustment based on performance and competitive recruitment of the cadre to stimulate the motivation of the core and backbone employee.

ANALYSIS OF FINANCIAL POSITION

1. Analysis of operating income and profit

In the first half of 2024, under the guidance of the concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company closely focused on the goal of high-quality development, accelerated the transformation and upgradation of digitisation, intelligentisation, and eco-friendliness, sped up the development of emerging businesses, nurtured new growth poles and points, advanced the in-depth internationalisation and continued to strengthen the development resilience and endogenous momentum of the Company, realizing a significant expansion of the industrial echelons and a great leap forward of overseas business.

During the Reporting Period, the Company’s operating income amounted to RMB24.535 billion, representing a year-on-year increase of 1.91%, and the net profit attributable to the equity shareholders of the Company amounted to RMB2.281 billion, representing a year-on-year increase of 10.94%.

2. Cash flow and capital expenditure

The Company finances its operations primarily through bank loans and borrowings and operating. As at 30 June 2024, the Company had RMB13,572 million in cash and cash equivalents. The Company’s cash and cash equivalents primarily consist of cash and deposits at bank.

1. *Operating activities*

For the six months ended 30 June 2024, net cash generated from operating activities was RMB676 million derived primarily from the profit before taxation of RMB2,857 million in total, adjusted to reflect interest expense of RMB320 million, depreciation and amortisation of RMB679 million, share incentive scheme expenses of RMB481 million, net realised and unrealised losses on financial assets at fair value through profit or loss (“**FVPL**”) of RMB8 million, gains on disposal of property, plant and equipment and intangible assets of RMB636 million, loss on disposal of trade receivables and receivables under finance lease of RMB88 million and the effect of (i) the decrease in receivables under finance lease of RMB1,745 million and (ii) the increase in contract liabilities of RMB121 million, and net of the following items: (i) the decrease of trade and other payables of RMB2,384 million; (ii) the increase in inventories of RMB632 million; (iii) the increase in trade and other receivables of RMB1,014 million; and (iv) income tax payment of RMB594 million.

2. *Investing activities*

For the six months ended 30 June 2024, net cash used in investing activities was RMB1,441 million, consisting primarily of: (i) proceeds from disposal of financial assets at FVPL of RMB1,061 million; (ii) interest received of RMB149 million; (iii) proceeds from disposal of property, plant and equipment and intangible assets of RMB16 million; (iv) decrease in pledged deposits of RMB46 million, and offset by the following items: (i) payment for acquisition of financial assets at FVPL of RMB895 million; (ii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,885 million.

3. *Financing activities*

For the six months ended 30 June 2024, net cash generated from financing activities was RMB758 million, consisting primarily of: repayments of bank and other borrowings of RMB4,801 million, increase in bank and other borrowings of RMB5,952 million, payment for acquisition of non-controlling interests of a subsidiary of RMB51 million, payments of interest of RMB254 million and payments for principal and interests of lease liabilities of RMB72 million.

CORPORATE GOVERNANCE

The Board has adopted all code provisions in Part 2 of the Corporate Governance Code (the “**Code**”) set out in Appendix C1 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 Part 2 of the Code, save and except the only deviation from code provision C.2.1 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Dr. Zhan Chunxin is currently the chairman of the Board and chief executive officer of the Company. The Board is of the view that vesting of these two roles in Dr. Zhan Chunxin can facilitate efficient planning and implementation of business strategies of the Company, and that through the supervision of the Board and its independent non-executive directors as well as the internal effective check-and-balance system, the balance of power and authority between the Board and management of the Company will not be affected. The Board believes that this arrangement is in the interests of the Company and its business.

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

The Company has adopted the rules governing the securities transactions by directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry to all its directors and supervisors, and all of its directors and supervisors have confirmed that they have fully complied with the Model Code throughout the Reporting Period. The Company has not identified any non-compliance with the Model Code by any of its directors or supervisors.

DIVIDEND

The Board of the Company recommended not to declare any interim dividend for the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

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 2024 prepared in accordance with International Accounting Standard 34.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.zoomlion.com). The Company's 2024 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, 29 August 2024

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*